

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
Under the Securities Exchange Act of 1934**

For the month of August, 2025

**000-56241
(Commission File Number)**

Cresco Labs Inc.
(Exact name of Registrant as specified in its charter)

**600 W. Fulton Street, Suite 800
Chicago, IL 60661**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Exhibit Index

Exhibit No.	Description
99.1	Unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2025 and 2024
99.2	Management Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2025 and 2024
99.3	News Release dated August 7, 2025

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 7, 2025

CRESCO LABS INC.

By: /s/ Charles Bachtell
Charles Bachtell
Chief Executive Officer

CRESCO LABS INC.

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

**AS OF AND FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2025 AND 2024**

(Expressed in United States Dollars)

CRESCO LABS INC.**INDEX TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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Cresco Labs Inc.
Unaudited Condensed Interim Consolidated Balance Sheets
As of June 30, 2025 and December 31, 2024

(In thousands of United States Dollars, except share amounts)

	June 30, 2025	December 31, 2024
ASSETS		(audited)
Current assets:		
Cash and cash equivalents	\$ 146,609	\$ 137,564
Restricted cash	3,152	3,439
Accounts receivable, net	39,494	51,563
Inventory, net	89,173	83,343
Prepaid expenses	19,306	16,120
Assets held for sale	10,349	—
Other current assets	6,522	2,228
Total current assets	314,605	294,257
Non-current assets:		
Property and equipment, net	332,600	344,846
Right-of-use assets - operating, net	87,457	95,846
Right-of-use assets - finance, net	13,677	14,811
Intangible assets, net	289,268	293,994
Goodwill	283,484	283,484
Deferred tax asset	12,770	13,127
Other non-current assets	13,898	14,990
Total non-current assets	1,033,154	1,061,098
TOTAL ASSETS	\$ 1,347,759	\$ 1,355,355
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,990	\$ 13,651
Accrued liabilities	54,430	54,296
Short-term borrowings	12,413	11,934
Income taxes payable	—	348
Current portion of operating lease liabilities	8,838	9,629
Current portion of finance lease liabilities	2,183	1,994
Deferred and contingent consideration, short-term	1,167	2,486
Liabilities held for sale	5,303	—
Total current liabilities	101,324	94,338
Non-current liabilities:		
Long-term notes and loans payable, net	461,169	460,750
Operating lease liabilities	127,384	135,273
Finance lease liabilities	18,919	20,061
Deferred tax liability	38,823	38,950
Deferred and contingent consideration, long-term	8,078	7,736
Tax receivable agreement liability	72,614	79,457
Uncertain tax position liability	150,536	122,468
Other long-term liabilities	8,000	8,146
Total non-current liabilities	885,523	872,841
TOTAL LIABILITIES	\$ 986,847	\$ 967,179
COMMITMENTS AND CONTINGENCIES (Note 13)		
SHAREHOLDERS' EQUITY		
Super Voting Shares, no par value; Unlimited shares authorized; 500,000 shares issued and outstanding at June 30, 2025 and December 31, 2024		
Subordinate Voting Shares, no par value; Unlimited shares authorized; 338,504,083 and 331,490,358 issued and outstanding at June 30, 2025 and December 31, 2024, respectively		
Proportionate Voting Shares ¹ , no par value; Unlimited shares authorized; 16,926,706 and 17,106,732 issued and outstanding at June 30, 2025 and December 31, 2024, respectively		
Special Subordinate Voting Shares ² , no par value; Unlimited shares authorized; 1,589 shares issued and outstanding at June 30, 2025 and December 31, 2024		
Share capital	1,716,641	1,706,822
Additional paid-in-capital	119,342	122,750

Accumulated other comprehensive loss	(1,590)	(2,232)
Accumulated deficit	(1,389,919)	(1,352,486)
Equity of Cresco Labs Inc.	444,474	474,854
Non-controlling interests	(83,562)	(86,678)
TOTAL SHAREHOLDERS' EQUITY	360,912	388,176
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,347,759	\$ 1,355,355

¹Proportionate Voting Shares ("PVS") presented on an "as-converted" basis to Subordinate Voting Shares ("SVS") (1-to-200)

²Special Subordinate Voting Shares ("SSVS") presented on an "as-converted" basis to SVS (1-to-0.00001)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended June 30, 2025 and 2024

(In thousands of United States Dollars, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues, net	\$ 163,624	\$ 184,356	\$ 329,381	\$ 368,651
Costs of goods sold	80,368	89,578	167,494	181,661
Gross profit	83,256	94,778	161,887	186,990
Operating expenses:				
Selling, general, and administrative	57,850	62,398	122,892	125,447
Impairment loss	9,265	—	9,265	—
Total operating expenses	67,115	62,398	132,157	125,447
Income from operations	16,141	32,380	29,730	61,543
Other income (expense), net:				
Interest expense, net	(12,562)	(13,813)	(27,386)	(27,884)
Other expense, net	(836)	(59,508)	(519)	(58,652)
Total other expense, net	(13,398)	(73,321)	(27,905)	(86,536)
Income (loss) before income taxes	2,743	(40,941)	1,825	(24,993)
Income tax expense	(16,636)	(10,238)	(30,952)	(28,241)
Net loss	\$ (13,893)	\$ (51,179)	\$ (29,127)	\$ (53,234)
Net income attributable to non-controlling interests, net of tax	2,441	3,153	1,639	6,291
Net loss attributable to Cresco Labs Inc.	\$ (16,334)	\$ (54,332)	\$ (30,766)	\$ (59,525)
Net loss per share - attributable to Cresco Labs Inc. shareholders:				
Basic and diluted loss per share	\$ (0.05)	\$ (0.16)	\$ (0.09)	\$ (0.17)
Basic and diluted weighted-average shares outstanding	354,294,665	344,934,086	352,280,164	343,282,820
Comprehensive loss:				
Net loss	\$ (13,893)	\$ (51,179)	\$ (29,127)	\$ (53,234)
Foreign currency translation differences, net of tax	630	(132)	642	(445)
Total comprehensive loss for the period	(13,263)	(51,311)	(28,485)	(53,679)
Comprehensive income attributable to non-controlling interests, net of tax	2,441	3,153	1,639	6,291
Total comprehensive loss attributable to Cresco Labs Inc.	\$ (15,704)	\$ (54,464)	\$ (30,124)	\$ (59,970)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three and Six Months Ended June 30, 2025 and 2024
(In thousands of United States Dollars)

	Share capital	Additional paid-in capital	Accumulated other comprehensive income (loss), net of tax	Accumulated deficit	Non-controlling interests	Total
Balance as of April 1, 2025	\$ 1,714,279	\$ 119,126	\$ (2,220)	\$ (1,369,238)	\$ (86,378)	\$ 375,569
Issuance of vested restricted stock units	75	(75)	—	—	—	—
Share-based compensation	—	2,397	—	—	—	2,397
Employee taxes withheld on certain share-based payment arrangements	(2)	(688)	—	—	—	(690)
Payable pursuant to tax receivable agreements	39	—	—	—	—	39
Equity issued related to settlement of acquisition related contingent consideration	500	—	—	—	—	500
Equity issuances for consulting services	20	—	—	—	—	20
Net change in tax distribution accrual	—	(1,418)	—	—	—	(1,418)
Tax distributions to non-controlling interest holders	—	—	—	—	(832)	(832)
Excess cash distributions to non-controlling interest holders	—	—	—	—	(1,410)	(1,410)
Cresco LLC shares redeemed	1,730	—	—	(4,347)	2,617	—
Foreign currency translation	—	—	630	—	—	630
Net (loss) income	—	—	—	(16,334)	2,441	(13,893)
Ending balance as of June 30, 2025	\$ 1,716,641	\$ 119,342	\$ (1,590)	\$ (1,389,919)	\$ (83,562)	\$ 360,912
Balance as of January 1, 2025	\$ 1,706,822	\$ 122,750	\$ (2,232)	\$ (1,352,486)	\$ (86,678)	\$ 388,176
Issuance of vested restricted stock units	6,006	(6,006)	—	—	—	—
Share-based compensation	—	4,932	—	—	—	4,932
Employee taxes withheld on certain share-based payment arrangements	(2)	(688)	—	—	—	(690)
Payable pursuant to tax receivable agreements	12	—	—	—	—	12
Equity issued related to settlement of acquisition related contingent consideration	500	—	—	—	—	500
Equity issuances for consulting services	396	—	—	—	—	396
Net change in tax distribution accrual	—	(1,646)	—	—	—	(1,646)
Tax distributions to non-controlling interest holders	—	—	—	—	(873)	(873)
Excess cash distributions to non-controlling interest holders	—	—	—	—	(1,410)	(1,410)
Cresco LLC shares redeemed	2,907	—	—	(6,667)	3,760	—
Foreign currency translation	—	—	642	—	—	642
Net (loss) income	—	—	—	(30,766)	1,639	(29,127)
Ending balance as of June 30, 2025	\$ 1,716,641	\$ 119,342	\$ (1,590)	\$ (1,389,919)	\$ (83,562)	\$ 360,912

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three and Six Months Ended June 30, 2025 and 2024

(In thousands of United States Dollars)

	Share capital	Additional paid-in capital	Accumulated other comprehensive loss, net of tax	Accumulated deficit	Non-controlling interests	Total
Balance as of April 1, 2024	1,695,565	82,823	(1,464)	(1,273,618)	(83,334)	\$ 419,972
Exercise of stock options	11	(4)	—	—	—	7
Issuance of vested restricted stock units	559	(559)	—	—	—	—
Share-based compensation	—	3,321	—	—	—	3,321
Employee taxes withheld on certain share-based payment arrangements	—	(587)	—	—	—	(587)
Payable pursuant to tax receivable agreements	(365)	—	—	—	—	(365)
Equity issuances related to acquisitions	3,001	—	—	—	—	3,001
Net change in tax distribution accrual	—	15,939	—	—	—	15,939
Tax distributions to non-controlling interest holders	—	—	—	—	(13,252)	(13,252)
Excess cash distributions to non-controlling interest holders	—	—	—	—	(2,217)	(2,217)
Cresco LLC shares redeemed	5,504	—	—	(7,992)	2,488	—
Foreign currency translation	—	—	(132)	—	—	(132)
Net (loss) income	—	—	—	(54,332)	3,153	(51,179)
Ending balance as of June 30, 2024	\$ 1,704,275	\$ 100,933	\$ (1,596)	\$ (1,335,942)	\$ (93,162)	\$ 374,508
Balance as of January 1, 2024	1,689,452	82,927	(1,151)	(1,265,536)	(77,625)	428,067
Exercise of stock options	14	(5)	—	—	—	9
Issuance of vested restricted stock units	4,978	(4,978)	—	—	—	—
Share-based compensation	—	7,791	—	—	—	7,791
Employee taxes withheld on certain share-based payment arrangements	—	(587)	—	—	—	(587)
Payable pursuant to tax receivable agreements	(362)	—	—	—	—	(362)
Equity Issuances	(200)	—	—	—	—	(200)
Equity issuances related to acquisitions	3,001	—	—	—	—	3,001
Net change in tax distribution accrual	—	15,785	—	—	—	15,785
Tax distributions to non-controlling interest holders	—	—	—	—	(22,018)	(22,018)
Excess cash distributions to non-controlling interest holders	—	—	—	—	(3,299)	(3,299)
Cresco LLC shares redeemed	7,392	—	—	(10,881)	3,489	—
Foreign currency translation	—	—	(445)	—	—	(445)
Net (loss) income	—	—	—	(59,525)	6,291	(53,234)
Ending balance as of June 30, 2024	\$ 1,704,275	\$ 100,933	\$ (1,596)	\$ (1,335,942)	\$ (93,162)	\$ 374,508

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024
(In thousands of United States Dollars)

	Six Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (29,127)	\$ (53,234)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	25,096	30,261
Amortization of operating lease assets	3,641	3,476
Bad debt recovery and provision expense for expected credit loss	(687)	(119)
Share-based compensation expense	5,269	7,668
Loss on investments	13	64
Gain on changes in fair value of deferred consideration	—	(598)
Tax receivable agreement expense	(97)	60,670
Loss on inventory write-offs and provision	1,380	2,377
Change in deferred taxes	(141)	3,931
Accretion of discount and deferred financing costs on debt arrangements	2,896	2,393
Foreign currency loss (gain)	639	(419)
Loss on disposals of property and equipment	827	555
Impairment loss	9,265	—
Loss on lease termination	63	—
Proceeds of contingent consideration in excess of costs over estimated earnings	—	598
Loss on other adjustments to net income	—	24
Changes in operating assets and liabilities:		
Accounts receivable	12,538	(2,472)
Inventory	(9,796)	6,808
Prepaid expenses and other assets	(5,334)	71
Accounts payable and accrued liabilities	3,306	(12,113)
Operating lease liabilities	(4,902)	(3,814)
Income taxes payable	24,445	7,504
NET CASH PROVIDED BY OPERATING ACTIVITIES	39,294	53,631
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(18,942)	(10,216)
Purchase of intangibles	(1,389)	(3,482)
Proceeds from tenant improvement allowances	501	584
Payment of acquisition consideration, net of cash acquired	(1,750)	(3,230)
Proceeds from disposals of property and equipment	142	397
Payments of loans and advances	100	—
NET CASH USED IN INVESTING ACTIVITIES	(21,338)	(15,947)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	—	9
Proceeds (payment) of acquisition-related contingent consideration	—	705
Payment for equity transfer	—	(200)
Tax distribution payments in accordance with the tax receivable agreement	(4,251)	—
Tax distributions to non-controlling interest redeemable unit holders and other members	(873)	(22,018)
Excess cash distributions to non-controlling interest redeemable unit holders and other members	(1,410)	(3,299)
Principal payment of property, plant, and equipment vendor financing	(212)	(365)
Payment of debt issuance costs	(171)	—
Principal payments on finance lease obligations	(2,282)	(1,812)
NET CASH USED IN FINANCING ACTIVITIES	(9,199)	(26,980)
Effect of exchange rate changes on cash and cash equivalents	—	(23)
Net increase in cash and cash equivalents	8,757	10,681
Cash and cash equivalents and restricted cash, beginning of period	144,255	108,520
Cash and cash equivalents, end of period	146,609	112,296
Restricted cash, end of period	3,152	3,654
Restricted cash included in other non-current assets, end of period	3,251	3,251
Cash and cash equivalents and restricted cash, end of period	\$ 153,012	\$ 119,201
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR:		
Income tax, net	\$ (10,802)	\$ 16,806
Interest	25,290	27,463
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Issuance of shares under business combinations and acquisitions	\$ 500	\$ 3,001
Non-controlling interests redeemed for equity	3,761	3,489
Increase to net lease liability	910	—

Cresco Labs Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024
(In thousands of United States Dollars)

	Six Months Ended June 30,	
	2025	2024
Liability incurred to purchase property, equipment and intangibles	1,232	1,498
Liability of property, plant and equipment purchased through vendor financing	179	683
(Overpaid) unpaid declared distributions to non-controlling interest redeemable unit holders	(16,588)	375
Receivable related to financing lease transactions	612	612
Liability incurred in accordance with tax receivable agreement	79,122	84,457
Issuance of shares for services	396	—

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2025 and 2024

NOTE 1. NATURE OF OPERATIONS

Cresco Labs Inc. (“**Cresco Labs**” or the “**Company**”), formerly known as Randsburg International Gold Corp. was incorporated in the Province of British Columbia under the Company Act on July 6, 1990. The Company is one of the largest vertically-integrated multi-state cannabis operators in the United States licensed to cultivate, manufacture, and sell retail and medical cannabis products primarily through Sunnyside[®], Cresco Labs’ national dispensary brand and third-party retail stores. Employing a consumer-packaged goods approach to cannabis, Cresco Labs’ house of brands is designed to meet the needs of all consumer segments and includes some of the most recognized and trusted national brands including Cresco[®], High Supply[®], Mindy’s[™], Good News[®], Remedi[™], Wonder Wellness Co.[®], and FloraCal[®] Farms. As of June 30, 2025, the Company operates in Illinois, Pennsylvania, Ohio, California, New York, Massachusetts, Michigan, and Florida pursuant to applicable state and local laws and regulations. These include the Illinois Compassionate Use of Medical Cannabis Program Act and the Illinois Cannabis Regulation and Tax Act; the Pennsylvania Medical Marijuana Act; Chapters 3796 and 3780 of the Ohio Revised Code; the California Medicinal and Adult-Use Cannabis Regulation and Safety Act; the New York Marihuana Regulation and Taxation Act; Massachusetts General Laws Chapters 94G and 94I; the Michigan Medical Marihuana Act, the Michigan Medical Marihuana Facilities Licensing Act, the Michigan Regulation and Taxation of Marihuana Act, and the Michigan Marihuana Tracking Act; and Article X section 29 of the Florida Constitution and section 381.986, Florida Statutes, respectively.

The Company’s SVS are listed on the Canadian Securities Exchange under the ticker symbol “CL” and are quoted on the Over-the-Counter Market under the ticker symbol “CRLBF” and on the Frankfurt Stock Exchange under the symbol “6CQ.”

The Company’s corporate office is located at 600 W. Fulton Street, Suite 800, Chicago, IL 60661. The registered office is located at 666 Burrard Street, Suite 2500, Vancouver, BC V6C 2X8.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“**GAAP**”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to Accounting Standards Codification (“**ASC**”) 270 *Interim Reporting*. The financial data presented herein should be read in conjunction with the Company’s audited annual consolidated financial statements and accompanying notes as of and for the years ended December 31, 2024 and 2023 as filed on SEDAR+ and EDGAR. The Consolidated Balance Sheet for the year ended December 31, 2024 was derived from audited financial statements filed on SEDAR+ and EDGAR on March 14, 2025. In the opinion of management, the unaudited financial data presented includes all adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods presented. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of results that may be expected for any other reporting period. These unaudited condensed interim consolidated financial statements include estimates and assumptions of management that affect the amounts reported. Actual results could differ from these estimates.

(b) Basis of Measurement

The accompanying unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain loans receivable, investments, and contingent considerations, which are recorded at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets acquired and the contractual obligation for liabilities incurred.

Cresco Labs Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2025 and 2024

(c) Functional and Presentation Currency

The Company's functional currency and that of the majority of its subsidiaries is the United States ("U.S.") dollar. The Company's reporting currency is the U.S. dollar ("USD"). Foreign currency denominated assets and liabilities are remeasured into the functional currency using period-end exchange rates. Gains and losses from foreign currency transactions are included in Other expense, net in the Unaudited Condensed Interim Consolidated Statements of Operations.

Assets and liabilities of foreign operations having a functional currency other than USD (e.g., Canadian dollars) are translated at the rate of exchange prevailing at the reporting date; revenues and expenses are translated at the monthly average rate of exchange during the period. Gains or losses on translation of foreign subsidiaries and net investments in foreign operations are included in Foreign currency translation differences, net of tax in the Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss and Accumulated other comprehensive loss on the Unaudited Condensed Interim Consolidated Balance Sheets.

(d) Basis of Consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries with intercompany balances and transactions eliminated upon consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable involvement with the investee; and has the ability to use its power to affect its returns. The following are Cresco Labs' wholly-owned or controlled entities as of June 30, 2025:

Entity	Location	Purpose	Percentage Held
Cresco Labs Inc.	British Columbia, Canada	Parent Company	
Cali-Antifragile Corp.	California	Holding Company	100%
River Distributing Co., LLC	California	Holding Company	100%
Sonoma's Finest fka FloraCal	California	Cultivation	100%
Cub City, LLC	California	Cultivation	100%
CRHC Holdings Corp.	Ontario, Canada	Holding Company	100%
Cannroy Delaware Inc.	Delaware	Holding Company	100%
Laurel Harvest Labs, LLC	Pennsylvania	Cultivation and Dispensary Facility	100%
JDRC Mount Joy, LLC	Illinois	Holding Company	100%
JDRC Scranton, LLC	Illinois	Holding Company	100%
Bluma Wellness Inc.	British Columbia, Canada	Holding Company	100%
Cannabis Cures Investments, LLC	Florida	Holding Company	100%
3 Boys Farm, LLC	Florida	Cultivation, Production and Dispensary Facility	100%
Farm to Fresh Holdings, LLC	Florida	Holding Company	100%
Cresco U.S. Corp.	Illinois	Holding Company	100%
Keystone Integrated Care, LLC	Pennsylvania	Dispensary	100%
Arizona Facilities Supply, LLC	Arizona	Holding Company	100%
Cresco Labs Michigan Management, LLC	Michigan	Holding Company	100%
MedMar Inc.	Illinois	Holding Company	100%
MedMar Lakeview, LLC	Illinois	Dispensary	88%
MedMar Rockford, LLC	Illinois	Dispensary	75%
Gloucester Street Capital, LLC	New York	Holding Company	100%
Valley Agriceuticals, LLC	New York	Cultivation, Production and Dispensary Facility	100%
Valley Agriceuticals Real Estate	New York	Holding Company	100%
JDRC Ellenville, LLC	Illinois	Holding Company	100%
CMA Holdings, LLC	Illinois	Holding Company	100%
BL Real Estate, LLC	Massachusetts	Holding Company	100%
BL Pierce, LLC	Massachusetts	Holding Company	100%
BL Uxbridge, LLC	Massachusetts	Holding Company	100%
BL Main, LLC	Massachusetts	Holding Company	100%
BL Burncoat, LLC	Massachusetts	Holding Company	100%

Cresco Labs Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2025 and 2024

Entity	Location	Purpose	Percentage Held
BL Framingham, LLC	Massachusetts	Holding Company	100%
BL Worcester, LLC	Massachusetts	Holding Company	100%
Cultivate Licensing LLC	Massachusetts	Holding Company	100%
Cultivate Worcester, Inc.	Massachusetts	Dispensary	100%
Cultivate Leicester, Inc.	Massachusetts	Cultivation, Production and Dispensary Facility	100%
Cultivate Framingham, Inc.	Massachusetts	Dispensary	100%
Cultivate Cultivation, LLC	Massachusetts	Cultivation and Production Entity	100%
High Road Holdings LLC	Delaware	Holding Company	100%
SPS Management, LLC	Delaware	Holding Company	100%
Altus, LLC	Delaware	Holding Company	100%
GoodNews Holdings, LLC	Illinois	Licensing Company	100%
Wonder Holdings, LLC	Illinois	Licensing Company	100%
JDRC Seed, LLC	Illinois	Educational Company	100%
CP Pennsylvania Holdings, LLC	Illinois	Holding Company	100%
Bay, LLC	Pennsylvania	Dispensary	100%
Bay Asset Management, LLC	Pennsylvania	Holding Company	100%
Ridgeback, LLC	Colorado	Holding Company	100%
Cresco Labs Texas, LLC	Texas	Holding Company	100%
CL Kentucky HoldCo, LLC	Delaware	Holding Company	100%
CL Kentucky Cultivation, LLC	Delaware	Cultivation Entity	100%
CL Kentucky Processing, LLC	Delaware	Production Entity	100%
CL Kentucky Dispensing, LLC	Delaware	Dispensary	100%
Cresco Labs, LLC	Illinois	Operating Entity	65%
Cresco Labs Ohio, LLC	Ohio	Cultivation, Production and Dispensary Facility	99%
Cresco Labs Notes Issuer, LLC	Illinois	Holding Company	
Wellbeings, LLC	Delaware	CBD Wellness Product Development	100%
Cresco Labs SLO, LLC	California	Holding Company	100%
SLO Cultivation Inc.	California	Holding Company	80%
Cresco Labs Joliet, LLC	Illinois	Cultivation and Production Facility	100%
Cresco Labs Kankakee, LLC	Illinois	Cultivation and Production Facility	100%
Cresco Labs Logan, LLC	Illinois	Cultivation and Production Facility	100%
Cresco Labs PA, LLC	Illinois	Holding Company	100%
Cresco Yeltrah, LLC	Pennsylvania	Cultivation, Production and Dispensary Facility	100%
Strip District Education Center	Pennsylvania	Holding Company	100%
JDC Newark, LLC	Ohio	Holding Company	100%
Verdant Creations Newark, LLC	Ohio	Dispensary	100%
Strategic Property Concepts, LLC	Ohio	Holding Company	100%
JDC Marion, LLC	Ohio	Holding Company	100%
Verdant Creations Marion, LLC	Ohio	Dispensary	100%
Strategic Property Concepts 4, LLC	Ohio	Holding Company	100%
JDC Chillicothe, LLC	Ohio	Holding Company	100%
Verdant Creations Chillicothe, LLC	Ohio	Dispensary	100%
Strategic Property Concepts 5, LLC	Ohio	Holding Company	100%
JDC Columbus, LLC	Ohio	Holding Company	100%
Care Med Associates, LLC	Ohio	Dispensary	100%
PDI Medical III, LLC	Illinois	Dispensary	100%
Phoenix Farms of Illinois, LLC	Illinois	Dispensary	100%
FloraMedex, LLC	Illinois	Dispensary	100%
Cresco Edibles, LLC	Illinois	Holding Company	100%
TSC Cresco, LLC	Illinois	Licensing	75%
Cresco HHH, LLC	Massachusetts	Cultivation, Production and Dispensary Facility	100%
Cresco Labs Missouri Management, LLC	Missouri	Holding Company	100%
JDRC Acquisitions, LLC	Illinois	Holding Company	100%
JDRC 7841 Grand LLC	Illinois	Holding Company	100%
JDRC Lincoln, LLC	Illinois	Holding Company	100%

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Entity	Location	Purpose	Percentage Held
JDRC Danville, LLC	Illinois	Holding Company	100%
JDRC Kankakee, LLC	Illinois	Holding Company	100%
JDRC Brookville, LLC	Illinois	Holding Company	100%
Cresco Labs Michigan, LLC ¹	Michigan	Cultivation and Production Facility	85%

¹Legally, Cresco Labs Michigan, LLC is 42.5% owned by a related party within management of the Company.

Cresco U.S. Corp., which is wholly owned by the Company, is the sole manager of Cresco Labs, LLC; Cresco Labs, LLC is the sole owner and manager of Cresco Labs Notes Issuer, LLC. Therefore, the Company controls Cresco Labs Notes Issuer, LLC and has consolidated its results into the unaudited condensed interim consolidated financial statements.

Non-controlling interests (“NCI”) represent ownership interests in consolidated subsidiaries by parties that are not shareholders of the Company. They are shown as a component of total equity in the Unaudited Condensed Interim Consolidated Balance Sheets, and the share of income attributable to NCI is shown as Net income attributable to non-controlling interests, net of tax in the Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss. Changes in the parent company’s ownership that do not result in a loss of control are accounted for as equity transactions.

(e) Assets and Liabilities Held for Sale

The Company classifies an asset or disposal group as held for sale in accordance with ASC 360 *Property, Plant and Equipment*, when the following criteria are met:

- (i) management, having the authority to approve the action, commits to a plan to sell the asset (disposal group);
- (ii) the asset (disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (disposal groups);
- (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset (disposal group) have been initiated;
- (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale, within one year;
- (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Disposal groups held for sale are reported at the lower of carrying amount or fair value less costs to sell. Long-lived assets classified as held for sale are not subject to depreciation or amortization, and both the assets and any liabilities directly associated with the disposal group are presented separately within our Unaudited Condensed Interim Consolidated Balance Sheets. Subsequent changes to the estimated fair value less cost to sell are recorded as gains or losses in our Unaudited Condensed Interim Consolidated Statements of Operations, and any subsequent gains are limited to the cumulative losses previously recognized. See Note 3 “Assets and Liabilities Held For Sale” for additional information.

(f) Newly Adopted Accounting Pronouncements

The Company did not adopt any new accounting pronouncements during the three and six months ended June 30, 2025.

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(g) Recently Issued Accounting Standards

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient to measure credit losses on accounts receivable and contract assets. This guidance is effective for annual periods beginning after December 15, 2025, including interim periods within those annual periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company is currently assessing the impact of the disclosure requirements on our consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03, *Business Combination (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (“VIE”)*, which provides clarifying guidance on determining the accounting acquirer in certain transactions involving VIEs. The update aims to improve consistency and comparability in financial reporting. This guidance is effective for annual periods beginning after December 15, 2026, including interim periods within those annual periods. Early adoption is permitted. Upon adoption, the guidance will be applied prospectively. The Company is currently assessing the impact of the disclosure requirements on our consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) — Disaggregation of Income Statement Expenses*. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarified the effective date for non-calendar year-end entities. ASU 2024-03 is intended to enhance transparency into the nature and function of expenses. ASU 2024-03 requires that on an annual and interim basis, entities disclose disaggregated operating expense information about specific categories, including purchases of inventory, employee compensation, depreciation, amortization, and depletion. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Upon adoption, ASU 2024-03 should be applied on a prospective basis, while retrospective application is permitted. The Company is currently assessing the impact of the disclosure requirements on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) — Improvements to Income Tax Disclosures*. The ASU expands disclosures in an entity’s income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation, as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis, with retrospective application permitted. The Company plans to adopt this ASU for the fiscal year ended December 31, 2025 and is currently assessing the impact on our consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the Securities and Exchange Commission’s (“SEC”) Disclosure Update and Simplification Initiative*. The amendments in this update represent changes to clarify or improve disclosure and presentation requirements of a variety of Topics in the ASC. The amendments should be applied on a prospective basis and allow users to more easily compare entities subject to SEC’s existing disclosure with those entities that were not previously subject to the SEC’s requirements. The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

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(h) Reclassifications

Certain immaterial prior period amounts were reclassified to conform to the current presentation. The Company is presenting separately operating and finance right-of-use assets, current and long-term lease liabilities previously included in right-of-use assets, current portion of lease liabilities, and lease liabilities on the Consolidated Balance Sheets. The reclassifications had no effect on total assets or total liabilities.

NOTE 3. ASSETS AND LIABILITIES HELD FOR SALE

On June 13, 2025, the Company's board of directors approved plans for the sale of its Cub City and Sonoma's Finest cultivation facilities. The Company accounted for this transaction in accordance with held for sale criteria under ASC 360 *Property, Plant and Equipment*.

The following table summarizes the major classes of assets and liabilities of the Company's classified as held for sale as of June 30, 2025 on the consolidated balance sheets:

(\$ in thousands)

	June 30, 2025
ASSETS	
Accounts receivable, net	\$ 6
Inventory, net	2,306
Prepaid expenses	55
Other current assets	35
Property and equipment, net	7,218
Right-of-use assets operating, net	607
Deferred tax asset	122
TOTAL ASSETS HELD FOR SALE	\$ 10,349
LIABILITIES	
Current portion of operating lease liabilities	\$ 1,380
Operating lease liabilities	3,923
TOTAL LIABILITIES HELD FOR SALE	\$ 5,303

Based on an analysis of the fair value of these assets, the book value was written down by \$9.3 million during the second quarter of 2025 in the Unaudited Condensed Interim Consolidated Statements of Operations. Including \$4.7 million impairment of right-of-use assets, \$4.3 million impairment of intangible assets, and \$0.3 million impairment of property and equipment.

NOTE 4. INVENTORY

Inventory as of June 30, 2025 and December 31, 2024, consisted of the following:

(\$ in thousands)

	June 30, 2025	December 31, 2024
Raw materials	\$ 12,049	\$ 12,010
Raw materials - non-cannabis	12,862	13,213
Work-in-process	34,118	33,803
Finished goods	28,831	22,931
Finished goods - non-cannabis	1,313	1,386
Inventory, net	\$ 89,173	\$ 83,343

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During the three months ended June 30, 2025 and 2024, the net impact to inventory reserve was an increase of \$0.5 million and a decrease of \$2.5 million, respectively. During the six months ended June 30, 2025 and 2024, the net impact to inventory reserve was an increase of \$1.4 million and \$2.4 million, respectively. The expense related to the change in inventory reserve is included in Cost of goods sold presented in the Unaudited Condensed Interim Consolidated Statements of Operations.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2025 and December 31, 2024 consisted of the following:

<i>(\$ in thousands)</i>	June 30, 2025	December 31, 2024
Land and Buildings	\$ 212,200	\$ 209,668
Machinery and Equipment	41,883	44,347
Furniture and Fixtures	45,282	43,054
Leasehold Improvements	162,899	183,522
Website, Computer Equipment and Software	11,766	11,853
Vehicles	2,626	2,784
Construction In Progress	21,345	12,037
Total property and equipment, gross	498,001	507,265
Less: Accumulated depreciation	(165,401)	(162,419)
Property and equipment, net	\$ 332,600	\$ 344,846

As of June 30, 2025 and December 31, 2024, costs related to unfinished construction at the Company's facilities and dispensaries were capitalized in construction in progress and not depreciated. Depreciation will commence when construction is completed and the facilities and dispensaries are available for their intended use.

The following table reflects depreciation expense related to property and equipment for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Depreciation expense included in cost of goods sold and ending inventory	\$ 6,662	\$ 7,005	\$ 13,908	\$ 14,276
Depreciation expense included in selling, general, and administrative expense	3,322	3,688	6,843	7,728
Total depreciation expense	\$ 9,984	\$ 10,693	\$ 20,751	\$ 22,004

As of June 30, 2025 and December 31, 2024, ending inventory includes \$8.0 million and \$8.2 million of capitalized depreciation, respectively.

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The following table reflects depreciation expense capitalized to cost of goods sold and depreciation expense capitalized to ending inventory for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Capitalized expense included in cost of goods sold	\$ 7,075	\$ 8,583	\$ 14,088	\$ 17,664
Capitalized expense to inventory for prior periods	5,924	6,685	8,016	11,278

During the six months ended June 30, 2025, the Company disposed of \$0.9 million of property and equipment no longer in use in various states. The Company recorded a total \$0.9 million net loss on the disposals of those assets. In the same period, the Company sold \$0.1 million of property and equipment in various states and recorded \$0.1 million net gain. The gains and losses on disposals and sale of these assets are recorded in Other expense, net on the Unaudited Condensed Interim Consolidated Statements of Operations.

During the six months ended June 30, 2024, the Company sold \$0.3 million of property and equipment and recorded a \$0.1 million net gain, primarily related to the sale of a medical dispensary in Pennsylvania. The gain is recorded in Other expense, net on the Unaudited Condensed Interim Consolidated Statements of Operations.

The Company recorded impairment of property and equipment during the second quarter of 2025. See Note 3 “Assets and Liabilities Held For Sale” for additional information.

NOTE 6. INTANGIBLE ASSETS AND GOODWILL

(a) Intangible Assets

Intangible assets consisted of the following as of June 30, 2025 and December 31, 2024:

<i>(\$ in thousands)</i>	June 30, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Definite-Lived Intangible Assets:						
Customer Relationships	\$ 30,600	\$ (17,243)	\$ 13,357	\$ 31,300	\$ (15,736)	\$ 15,564
Trade Names	1,400	(1,400)	—	2,100	(1,750)	350
Permit Application Costs	20,739	(18,649)	2,090	20,699	(18,270)	2,429
Other Intangibles	6,013	(6,013)	—	6,013	(6,013)	—
Indefinite-Lived Intangible Assets:						
Licenses	273,821	—	273,821	275,651	—	275,651
Total Intangible Assets	\$ 332,573	\$ (43,305)	\$ 289,268	\$ 335,763	\$ (41,769)	\$ 293,994

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The following table reflects the amortization expense related to definite-lived intangible assets for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amortization expense included in cost of goods sold and ending inventory	\$ 707	\$ 696	\$ 1,556	\$ 1,487
Amortization expense included in selling, general, and administrative expense	507	338	1,551	1,058
Total amortization expense	\$ 1,214	\$ 1,034	\$ 3,107	\$ 2,545

As of June 30, 2025 and December 31, 2024, ending inventory included \$0.3 million and \$0.2 million of capitalized amortization, respectively.

The following table reflects amortization expense capitalized to cost of goods sold and amortization expense capitalized to ending inventory for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Capitalized expense included in cost of goods sold	\$ 695	\$ 1,158	\$ 1,432	\$ 1,985
Capitalized expense to inventory for prior periods	264	625	237	905

The following table outlines the estimated amortization expense related to intangible assets for each of the next five years:

<i>(\$ in thousands)</i>	Estimated Amortization Expense
2025	\$ 3,190
2026	4,514
2027	3,211
2028	2,893
2029	1,639
Total estimated amortization expense	\$ 15,447

(b) Goodwill

The changes in carrying amount of goodwill are as follows for the year ended December 31, 2024 and the six months ended June 30, 2025:

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<i>(\$ in thousands)</i>	Total
Balance at January 1, 2024	\$ 279,697
Additions from acquisitions	3,637
Measurement period adjustments	150
Balance at December 31, 2024	283,484
Balance at June 30, 2025	\$ 283,484

(c) Impairment

See Note 3 “Assets and Liabilities Held For Sale” for additional information on impairment of intangible assets during the second quarter of 2025.

NOTE 7. SHARE CAPITAL

(a) Authorized

The authorized share capital of the Company is outlined in the Company’s audited annual consolidated financial statements and accompanying notes as of and for the years ended December 31, 2024 and 2023, which were previously filed on SEDAR+ and EDGAR. There have been no changes in authorized share capital as of June 30, 2025.

(b) Issued and Outstanding Shares

As of June 30, 2025 and 2024, issued and outstanding capital consisted of the following:

<i>(shares in thousands)</i>	Redeemable Units¹	SVS²	PVS³	MVS⁴	SSVS⁵
Beginning balance, January 1, 2025	92,057	331,490	17,107	500	2
RSUs ⁶ issued	—	1,552	—	—	—
Issuance of shares related to settlement of acquisition contingent consideration	—	250	—	—	—
Cresco LLC redemptions	(3,756)	3,756	—	—	—
PVS converted to SVS	—	180	(180)	—	—
Issuances related to employee taxes on certain share-based payment arrangements	—	733	—	—	—
Issuance of shares for consulting services	—	543	—	—	—
Ending Balance, June 30, 2025	88,301	338,504	16,927	500	2
Beginning balance, January 1, 2024	96,699	320,757	18,950	500	2
Stock options exercised	—	5	—	—	—
RSUs issued	—	2,182	—	—	—
Issuance of shares related to acquisitions	—	1,497	—	—	—
Cresco LLC redemptions	(3,894)	3,894	—	—	—
PVS converted to SVS	—	1,222	(1,222)	—	—
Issuances related to employee taxes on certain share-based payment arrangements	—	382	—	—	—
Ending Balance, June 30, 2024	92,805	329,939	17,728	500	2

¹ Redeemable units of Cresco Labs, LLC (“Redeemable Units”)

² SVS includes shares pending issuance or cancellation

³ PVS presented on an “as-converted” basis to SVS (1-to-200)

⁴ Super Voting Shares (“MVS”)

⁵ SSVS presented on an “as-converted” basis to SVS (1-to-0.00001)

⁶ Restricted stock units (“RSUs”)

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(i) Issuance of Shares - Acquisitions

During the six months ended June 30, 2025 and 2024, the Company issued shares in conjunction with certain acquisitions as follows:

<i>(in thousands)</i>	Acquisition date	SVS shares issued	Equity-based consideration
Six Months Ended June 30, 2025			
Keystone ¹ - Contingent Consideration	April 24, 2024	250	\$ 500
Six Months Ended June 30, 2024			
Keystone ¹	April 24, 2024	1,497	\$ 3,001

¹ Keystone Integrated Care, LLC (“Keystone”)

(c) Distribution to Non-controlling Interest Holders

Tax distributions are based off the tax rate determined by Cresco Labs Inc. (which is currently the highest U.S. individual income tax rates) applied to taxable income generated from Cresco Labs, LLC (i.e., not the whole Cresco group), which is the Company’s most significant distribution, and attributable to the NCI members. The Company has other tax and non-tax distributions that are calculated in accordance with each relevant operating agreement.

As of June 30, 2025, the Company had an asset of \$15.8 million for tax-related distributions to 2025 and 2024 unit holders of Cresco Labs, LLC and other minority interest holders. As of December 31, 2024, the Company had an asset of \$17.4 million for tax-related distributions to the 2024 and 2023 unit holders of Cresco Labs, LLC and other minority interest holders. During the second quarter of 2024, the Company recorded significant tax and tax-related items due to uncertain tax positions that its operations are not subject to IRC Section 280E. Due to this updated position, the Company determined it had overpaid tax distributions to 2024 and 2023 unit holders, and thus is currently in a net asset position.

In accordance with the underlying operating agreements, the Company declared and paid required distribution amounts to 2025 and 2024 unit holders of Cresco Labs, LLC and other minority holders a \$2.2 million and \$2.3 million amount during the three and six months ended June 30, 2025, respectively. Similarly, the Company declared and paid required tax distribution amounts to 2024 and 2023 unit holders of Cresco Labs, LLC and other minority interest holders of \$14.4 million and \$24.2 million during the three and six months ended June 30, 2024, respectively.

(d) Changes in Ownership and Non-controlling Interests

During the three and six months ended June 30, 2025, redemptions of 2.6 million and 3.8 million Redeemable Units occurred, respectively, which were converted into an equivalent number of SVS. During each respective period, these redemptions resulted in a decrease of 0.9% and 1.4% in non-controlling interest in Cresco Labs, LLC.

During the three and six months ended June 30, 2024, redemptions of 2.7 million and 3.9 million Redeemable Units occurred, respectively, which were converted into an equivalent number of SVS. During each respective period, these redemptions resulted in a decrease of 1.1% and 1.5% in non-controlling interest in Cresco Labs, LLC.

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The effects of changes in the Company's ownership interests in less than 100% owned subsidiaries during the three and six months ended June 30, 2025 and 2024 were as follows:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss attributable to Cresco Labs Inc.	\$ (16,334)	\$ (54,332)	\$ (30,766)	\$ (59,525)
Changes in Cresco Labs Inc. equity due to redemptions of Cresco Labs, LLC units:				
Share capital	1,730	5,504	2,907	7,392
Accumulated deficit	(4,347)	(7,992)	(6,667)	(10,881)
Total change from net loss attributable to Cresco Labs Inc. and change in ownership interest in Cresco Labs, LLC.	\$ (18,951)	\$ (56,820)	\$ (34,526)	\$ (63,014)

NOTE 8. SHARE-BASED COMPENSATION

The Company has a share-based compensation plan (the “Plan”) for employees, board members, and service providers. Under the Plan, stock options and RSUs issued have no voting rights and vest proportionately over periods ranging from the grant date to 5 years from the issuance date. Stock options exercised and RSUs issued are converted to SVS. Stock option expiration dates range from 8 years to 10 years after the grant date. In July 2024, the Plan was amended to increase the maximum number of shares that can be reserved for issuance under the Plan to 10% of the issued and outstanding shares (on an as converted to SVS basis) plus an additional 20 million shares. The calculation for the maximum number of shares that can be reserved for issuance under the Plan will remain in place until the 10% of the issued and outstanding shares (on an as converted to SVS basis) is greater than such number. At that point, the maximum number of shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding shares (on an as converted to SVS basis).

(a) Stock Options

The following table summarizes activity related to stock options outstanding as of and for the six months ended June 30, 2025:

<i>(Stock options and intrinsic value in thousands)</i>	Number of stock options outstanding	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Outstanding – January 1, 2025	24,153	\$ 2.91	6.33	\$ —
Granted	3,993	0.91		
Exercised	—	—		
Forfeited, cancelled, and expired	(1,757)	2.39		
Outstanding¹ - June 30, 2025	26,389	\$ 2.64	6.31	\$ —
Exercisable - June 30, 2025	18,702	\$ 2.98	5.43	\$ —

¹ Outstanding stock options include stock options granted to the Company's Chief Executive Officer during the year ended December 31, 2024, that vest based on the achievement of certain market-based performance goals over the performance period, including the achievement of certain stock price performance targets.

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The fair value of stock options granted under the Plan during the six months ended June 30, 2025 and 2024 was determined using the Black-Scholes option-pricing model with the following range of assumptions at the time of the grant:

	June 30, 2025	June 30, 2024
Risk-free annual interest rate	4.1% to 4.4%	3.9% to 4.3%
Expected annual dividend yield	0%	0%
Expected stock price volatility	72.8% to 92.8%	80.3% to 84.3%
Expected life of stock options	1.5 to 7.0 years	5.5 to 7.5 years
Forfeiture rate	19.3%	9.9% to 34.0%
Fair value at grant date	\$0.33 to \$0.67	\$0.94 to \$1.55
Stock price at grant date	\$0.51 to \$0.95	\$1.35 to \$2.05
Exercise price range	\$0.51 to \$0.95	\$1.35 to \$2.05

Volatility was estimated by using the average historical volatility of comparable companies from a representative group of direct and indirect peers of publicly traded companies, as the Company and the cannabis industry have minimal historical share price history available. An increase in volatility would result in an increase in fair value at grant date. The expected life, in years, represents the period of time that stock options issued are expected to be outstanding, is estimated using the simplified method. The risk-free rate is based on U.S. treasury bills with a term equal to the expected life of the stock options. The forfeiture rate is estimated based on historical forfeitures experienced by the Company.

(b) Restricted Stock Units

The Company has an RSU program to provide employees an additional avenue to participate in the successes of the Company. The fair value of RSUs granted was determined by the fair value of the Company's share price on the date of grant.

The following table summarizes activity related to RSUs outstanding as of and for the six months ended June 30, 2025:

<i>(shares in thousands)</i>	Number of RSUs outstanding	Weighted-average fair value
Outstanding – January 1, 2025	8,927	\$ 2.14
Granted	7,472	0.94
Vested and settled	(2,469)	2.43
Forfeited	(1,107)	1.66
Outstanding - June 30, 2025	12,823	\$ 1.40

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(c) Expense Attribution

(i) Stock options

The following table sets forth the classification of share-based compensation expense related to stock options for the three and six months ended June 30, 2025 and 2024:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 125	\$ 213	\$ 264	\$ 627
Selling, general, and administrative expense	757	1,308	1,451	2,775
Total share-based compensation expense for stock options	\$ 882	\$ 1,521	\$ 1,715	\$ 3,402

Unrecognized share-based compensation expense as of June 30, 2025, for unvested stock options was \$3.0 million and will be recorded over the course of the next 2.0 years.

(ii) RSUs

The following table sets forth the classification of share-based compensation expense related to RSUs for the three and six months ended June 30, 2025 and 2024:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 240	\$ 254	\$ 561	\$ 696
Selling, general, and administrative expense	1,275	1,546	2,656	3,693
Total share-based compensation expense for RSUs	\$ 1,515	\$ 1,800	\$ 3,217	\$ 4,389

Unrecognized share-based compensation expense related to RSUs as of June 30, 2025, is \$6.4 million and will be recognized over the course of the next 1.7 years.

(iii) Capitalized Inventory

As of June 30, 2025 and December 31, 2024, ending inventory includes \$0.5 million and \$0.8 million, respectively, of capitalized share-based compensation expense related to both stock options and RSUs.

The following table reflects share-based compensation expense capitalized to cost of goods sold and share-based compensation expense capitalized to ending inventory for the three and six months ended June 30, 2025 and 2024:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Capitalized expense to cost of goods sold	\$ 514	\$ 617	\$ 1,162	\$ 1,200
Capitalized expense to inventory for prior periods	476	520	827	609

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NOTE 9. NET LOSS PER SHARE

The following is a reconciliation for the calculation of basic and diluted loss per share for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net loss	\$ (13,893)	\$ (51,179)	\$ (29,127)	\$ (53,234)
Less: Net income attributable to non-controlling interests, net of tax	2,441	3,153	1,639	6,291
Net loss attributable to Cresco Labs Inc.	\$ (16,334)	\$ (54,332)	\$ (30,766)	\$ (59,525)
Denominator:				
Weighted-average basic and diluted shares outstanding	354,294,665	344,934,086	352,280,164	343,282,820
Loss per Share:				
Basic and diluted loss per share	\$ (0.05)	\$ (0.16)	\$ (0.09)	\$ (0.17)

For the three and six months ended June 30, 2025 and 2024, potentially dilutive shares were not included in the computation of diluted loss per common share due to the net loss during the periods presented because the shares would have had an anti-dilutive effect. Potentially dilutive shares for the three and six months ended June 30, 2025 and 2024, consisted of the following:

<i>(shares in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Redeemable Units	88,706	92,805	89,839	92,805
Stock options	26,599	26,299	26,780	26,299
RSUs	12,727	9,220	12,665	9,220
Total potentially dilutive shares	128,032	128,324	129,284	128,324

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NOTE 10. LONG-TERM NOTES AND LOANS PAYABLE, NET

The following table represents the Company's Long-term notes and loans payable, net balances as of June 30, 2025 and December 31, 2024:

<i>(\$ in thousands)</i>	June 30, 2025	December 31, 2024
Senior Loan	\$ 360,000	\$ 360,000
Mortgage Loans	19,536	19,787
Short-term borrowings and interest payable	9,469	9,325
Financing liability	92,396	93,689
Total borrowings and interest payable	\$ 481,401	\$ 482,801
Less: Unamortized debt issuance costs	(7,819)	(10,117)
Less: Short-term borrowings and interest payable	(9,469)	(9,325)
Less: Current portion of financing liability	(2,944)	(2,609)
Total Long-term notes and loans payable, net	\$ 461,169	\$ 460,750

(a) Senior Loan

On August 12, 2021, the Company closed on an agreement for a senior secured term loan with an undiscounted principal balance of \$400.0 million (as amended, the "Senior Loan") and an original issue discount of \$13.0 million. A portion of proceeds from the Senior Loan were used to retire the then existing term loan, with the remainder to fund capital expenditures and pursue other targeted growth initiatives within the U.S. cannabis sector.

The Senior Loan accrues interest at a rate of 9.5% per annum, payable in cash semi-annually and has a stated maturity of August 12, 2026. The Company's effective interest rate for the Senior Loan is 11.0%. Upon inception of the Senior Loan, the Company capitalized \$10.9 million of deferred financing fees related to the Senior Loan, of which \$7.0 million is payable upon principal repayment of the Senior Loan and thus, is reflected within Other long-term liabilities on the Unaudited Condensed Interim Consolidated Balance Sheets.

The Senior Loan is secured by a guarantee from substantially all material subsidiaries of the Company, as well as by a security interest in certain assets of the Company and such material subsidiaries. The Senior Loan contains negative covenants which restrict the actions of the Company and its subsidiaries during the term of the loan, including restrictions on paying dividends, making investments and incurring additional indebtedness. The Company is also subject to compliance with affirmative covenants, some of which may require management to exercise judgment. In addition, the Company is required to maintain a minimum cash balance of \$50.0 million. As of June 30, 2025, the Company was in compliance with all covenants.

On September 22, 2023, the Company amended the Senior Loan pursuant to which certain terms of the original Senior Loan were modified and consent was provided for the Company to enter into the Mortgage Loans further discussed below.

On August 29, 2024, the Company entered into a second amendment the Senior Secured Term Loan Agreement (the "Amended Loan Agreement"). Pursuant to the terms of the Amended Loan Agreement, the Company may from time-to-time purchase by assignment all or a portion of the lender's loans, plus applicable accrued and unpaid interest, on the terms and conditions set forth in the Amended Loan Agreement.

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On October 25, 2024, the Company repurchased \$40.0 million principal amount of the Senior Loan and paid \$0.3 million of accrued interest. There were no prepayment penalties or exit fees due on this repurchase. The purpose of this transaction was to reduce the Senior Loan balance and annual cash interest cost at an amount less than what would have been due at maturity.

The Company may prepay in whole, or in part, the Senior Loan at any time prior to the stated maturity date, subject to certain conditions. Any prepayment of the outstanding principal amount must also include all accrued and unpaid interest and fees. Interest expense is discussed in Note 17 “Interest Expense, Net.” No additional prepayment premium is payable in connection with the Amended Loan Agreement.

(b) Mortgage Loans

On September 26, 2023, JDRC Ellenville, LLC (“**Ellenville**”), an indirect subsidiary of the Company, entered into loan agreements to borrow an undiscounted principal amount of \$25.3 million (the “**Mortgage Loans**”). Borrowings under the terms of the Mortgage Loans bear an initial interest rate of 8.4% per annum, which is equal to the Federal Home Loan Bank (“**FHLB**”) Five Year Classic Regular Advance Rate, plus a 375-basis point spread. The Mortgage Loans have an effective interest rate of 10.2%. The Mortgage Loans are secured by real estate in Ellenville, New York and improvements thereto, and converts to a permanent term loan on the conversion date of November 1, 2028. The Mortgage Loans contains certain affirmative and negative covenants which restrict the actions of Ellenville during the term of the loan.

As of June 30, 2025, the full commitment amount was not fully drawn, as \$5.1 million of the principal balance will be advanced to Ellenville as it completes the buildout of the Ellenville cultivation center. Upon inception of the Mortgage Loans, the Company incurred \$2.0 million, in deferred financing fees reflected within Long-term notes and loans payable on the Consolidated Balance Sheets. These deferred financing fees are amortized and expensed in accordance with ASC 835 *Interest*. See Note 17 “Interest Expense, Net.”

(d) Financing Liabilities

The Company has additional financing liabilities for which the incremental borrowing rates range from 11.3% to 17.5% with remaining terms between 4.6 and 15.0 years, consistent with the underlying lease liabilities. The interest expense associated with financing liabilities is discussed in Note 17 “Interest Expense, Net.”

NOTE 11. REVENUES AND LOYALTY PROGRAMS

(a) Revenues

The following table represents the Company’s disaggregated revenue by source, due to the Company’s contracts with its customers, for the three and six months ended June 30, 2025 and 2024:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Wholesale	\$ 53,801	\$ 65,807	\$ 107,968	\$ 132,118
Dispensary	109,823	118,549	221,413	236,533
Total Revenues	\$ 163,624	\$ 184,356	\$ 329,381	\$ 368,651

The Company generates revenues, net of sales discounts, at the point in time the control of the product is transferred to the customer, as the Company has a right to payment and the customer has assumed significant risks and rewards of such product without any remaining performance obligation. Sales discounts were approximately 30.0% and 23.1% of gross revenue for the three months ended June 30, 2025

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and 2024, respectively. Sales discounts were approximately 29.4% and 21.5% of gross revenue for the six months ended June 30, 2025 and 2024, respectively. The Company does not enter into long-term sales contracts.

(b) Loyalty Programs

In the states of Illinois, New York, Florida, Ohio and Massachusetts; the Company has customer loyalty programs where retail customers accumulate points based on their level of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis products as part of an in-store sales transaction or the points expire after six months of no spend activity. Loyalty points may be redeemed by customers for \$0.03 for each point off of future purchases. The Company records a performance obligation as a reduction of revenue of \$0.02 per loyalty point, inclusive of breakage expectations in respective markets.

Upon redemption, the loyalty program obligation is relieved, and the offset is recorded as revenue. As of June 30, 2025 and December 31, 2024, there were 70.5 million and 76.2 million points outstanding, respectively. The contract liability totaled \$1.3 million and \$1.4 million as of June 30, 2025 and December 31, 2024, respectively, which is included in Accrued liabilities on the Unaudited Condensed Interim Consolidated Balance Sheets. The Company expects outstanding loyalty points to be redeemed within one year.

NOTE 12. RELATED PARTY TRANSACTIONS

(a) Transactions with Key Management Personnel and Certain Board Members

As of June 30, 2025 and December 31, 2024, related parties, including key management personnel and certain board members, hold 69.5 million and 78.0 million, respectively, of Redeemable Units, which accounts for a deficit of \$65.8 million and \$77.9 million, respectively, in non-controlling interests. During the three months ended June 30, 2025, the Company did not make any required tax distribution payments to unit holders of Cresco Labs, LLC which includes related parties, key management personnel and certain board members. During the six months ended June 30, 2025, 56.3% of required tax distribution payments to unit holders of Cresco Labs, LLC were made to related parties including to key management personnel and certain board members. During the three and six months ended June 30, 2024, 62.0% and 69.9%, respectively, of required tax distribution payments to unit holders of Cresco Labs, LLC were made to related parties including to key management personnel and certain board members.

(b) Related Parties – Leases

For the three and six months ended June 30, 2025 and 2024, the Company had lease liabilities for real estate lease agreements in which the lessors have a minority interest in MedMar Inc. (“**MedMar**”). The lease liabilities were incurred in January 2019 and May 2020 and expire in 2027 through 2030.

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Below is a summary of the expense resulting from the related party lease liabilities for the three and six months ended June 30, 2025 and 2024:

(\$ in thousands)	Classification	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Operating Leases					
Lessor has minority interest in MedMar	Rent expense	\$ 71	\$ 71	\$ 144	\$ 144
Finance Leases					
Lessor has minority interest in MedMar	Depreciation expense	\$ 77	\$ 77	\$ 153	\$ 153
Lessor has minority interest in MedMar	Interest expense	47	55	96	112

Additionally, below is a summary of the ROU assets and lease liabilities attributable to related party leases as of June 30, 2025 and December 31, 2024:

(\$ in thousands)	June 30, 2025		December 31, 2024	
	ROU Asset	Lease Liability	ROU Asset	Lease Liability
Operating Leases				
Lessor has minority interest in MedMar	\$ 1,083	\$ 1,143	\$ 1,158	\$ 1,216
Finance Leases				
Lessor has minority interest in MedMar	\$ 1,271	\$ 1,772	\$ 1,423	\$ 1,929

NOTE 13. COMMITMENTS AND CONTINGENCIES

(a) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. The Company accrues for estimated costs for a contingency when a loss is probable and can be reasonably estimated. As of June 30, 2025 and December 31, 2024, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's results of operations, financial positions, or cash flows. There are also no proceedings in which any of the Company's directors, officers, or affiliates are an adverse party or has a material interest adverse to the Company's interest.

In February 2024, the Company received a demand letter on behalf of former and current Cresco employees. The demand letter alleges the Company violated certain laws around regulations related to employee compensation. The demand letter proposed, and the parties have agreed, to mediate the potential claims. As of June 30, 2025, the parties have agreed to a settlement of \$0.7 million, however, the settlement is not fully effective until it is granted approval by the presiding court. The amount for the pending settlement is included in Accrued liabilities on the Unaudited Condensed Interim Consolidated Balance Sheets.

(b) Contingencies

The Company's operations are subject to a variety of federal, state, and local regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on the Company's operations, suspension or revocation of permits or licenses, or other disciplinary actions (collectively, "**Disciplinary Actions**") that could adversely affect the Company's financial position and results of operations. While

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management believes that the Company is in substantial compliance with state and local regulations as of June 30, 2025 and December 31, 2024, and through the date of filing of these financial statements, these regulations continue to evolve and are subject to differing interpretations and enforcement. As a result, the Company may be subject to Disciplinary Actions in the future.

(e) Commitments

As of June 30, 2025 and December 31, 2024, the Company had total commitments of \$3.9 million and \$1.9 million, respectively, related to material construction projects.

The Company also has employment agreements with key management personnel which include severance in the event of termination with additional equity and/or compensation benefits totaling approximately \$5.4 million and \$3.7 million as of June 30, 2025 and December 31, 2024, respectively.

NOTE 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments are held at amortized cost (adjusted for impairment or expected credit losses ("ECL"), as applicable) or fair value. The carrying values of financial instruments held at amortized cost approximate their fair values as of June 30, 2025 and December 31, 2024, due to their nature and relatively short maturity dates. There have been no transfers into or out of Level 3 for the periods ended June 30, 2025 and December 31, 2024.

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The following tables summarize the Company's financial instruments as of June 30, 2025 and December 31, 2024:

(\$ in thousands)	June 30, 2025				
	Amortized Cost	Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and cash equivalents	\$ 146,609	\$ —	\$ —	\$ —	\$ 146,609
Restricted cash ¹	6,403	—	—	—	6,403
Security deposits ²	4,044	—	—	—	4,044
Accounts receivable, net	39,494	—	—	—	39,494
Loans receivable, short-term ³	573	—	—	—	573
Loans receivable, long-term ³	1,626	—	—	—	1,626
Investments ⁴	—	43	—	600	643
Financial Liabilities:					
Accounts payable	\$ 16,990	\$ —	\$ —	\$ —	\$ 16,990
Accrued liabilities	47,922	—	—	—	47,922
Short-term borrowings	12,413	—	—	—	12,413
Current portion of operating lease liabilities	8,838	—	—	—	8,838
Current portion of finance lease liabilities	2,183	—	—	—	2,183
Deferred and contingent consideration, short-term	—	—	—	1,167	1,167
Long-term notes and loans payable, net	461,169	—	—	—	461,169
Operating lease liabilities	127,384	—	—	—	127,384
Finance lease liabilities	18,919	—	—	—	18,919
Deferred and contingent consideration, long-term	—	—	—	8,078	8,078
Tax receivable agreement liability ⁵	79,122	—	—	—	79,122
Other long-term liabilities ⁶	8,000	—	—	—	8,000

¹Restricted cash balances include various escrow accounts related to investments, acquisitions and facility licensing requirements, which are included in "Restricted cash" and "Other non-current assets" on the Unaudited Condensed Interim Consolidated Balance Sheets.

²Security deposits are included in "Other non-current assets" on the Unaudited Condensed Interim Consolidated Balance Sheets.

³Loans receivable, short-term and Loans receivable, long-term are included in "Other current assets" and "Other non-current assets" respectively, on the Unaudited Condensed Interim Consolidated Balance Sheets.

⁴Investments are included in "Other non-current assets" on the Unaudited Condensed Interim Consolidated Balance Sheets.

⁵Short-term portion of the tax receivable agreement liability is included in "Accrued Liabilities" on the Unaudited Condensed Interim Consolidated Balance Sheets.

⁶Other long-term liabilities primarily includes deferred financing fees on our Senior Loan and escrow amounts related to a previous acquisition.

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(\$ in thousands)	December 31, 2024					Total
	Amortized Cost	Level 1	Level 2	Level 3		
Financial Assets:						
Cash and cash equivalents	\$ 137,564	\$ —	\$ —	\$ —	\$ —	\$ 137,564
Restricted cash ¹	6,690	—	—	—	—	6,690
Security deposits ²	4,079	—	—	—	—	4,079
Accounts receivable, net	51,563	—	—	—	—	51,563
Loans receivable, short-term ³	545	—	—	—	—	545
Loans receivable, long-term ³	1,695	—	—	—	—	1,695
Investments ⁴	—	53	—	600	—	653
Financial Liabilities:						
Accounts payable	\$ 13,651	\$ —	\$ —	\$ —	\$ —	\$ 13,651
Accrued liabilities	50,271	—	—	—	—	50,271
Short-term borrowings	11,934	—	—	—	—	11,934
Current portion of operating lease liabilities	9,629	—	—	—	—	9,629
Current portion of finance lease liabilities	1,994	—	—	—	—	1,994
Deferred and contingent consideration, short-term	—	—	—	2,486	—	2,486
Long-term notes and loans payable, net	460,750	—	—	—	—	460,750
Operating lease liabilities	135,273	—	—	—	—	135,273
Finance lease liabilities	20,061	—	—	—	—	20,061
Deferred and contingent consideration, long-term	—	—	—	7,736	—	7,736
Tax receivable agreement liability ⁵	83,482	—	—	—	—	83,482
Other long-term liabilities ⁶	8,146	—	—	—	—	8,146

¹Restricted cash balances include various escrow accounts related to investments, acquisitions and facility licensing requirements, which are included in “Restricted cash” and “Other non-current assets” on the Consolidated Balance Sheets.

²Security deposits are included in “Other non-current assets” on the Consolidated Balance Sheets.

³Loans receivable, short-term and Loans receivable, long-term are included in “Other current assets” and “Other non-current assets” respectively, on the Consolidated Balance Sheets.

⁴Investments are included in “Other non-current assets” on the Consolidated Balance Sheets.

⁵Short-term portion of the tax receivable agreement liability is included in “Accrued Liabilities” on the Consolidated Balance Sheets.

⁶Other long-term liabilities primarily includes deferred financing fees on our Senior Loan and escrow amounts related to a previous acquisition.

The following table presents a roll-forward of the balance sheet amounts measured at fair value on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on inputs for assets or liabilities that are not based on observable market data.

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Three and Six Months Ended June 30, 2025

Level 3 Fair Value Measurements		
<i>(\$ in thousands)</i>	Deferred and contingent consideration, short-term	Deferred and contingent consideration, long-term
Balance as of December 31, 2024	\$ 2,486	\$ 7,736
Change in fair value recorded in Interest expense, net	(20)	3
Balance as of March 31, 2025	\$ 2,466	\$ 7,739
Change in fair value recorded in Interest expense, net	(799)	339
Payments ¹	(500)	—
Balance as of June 30, 2025	\$ 1,167	\$ 8,078

¹See Note 7 “Share Capital” for additional information of payments of equity-based consideration.

Three and Six Months Ended June 30, 2024

Level 3 Fair Value Measurements		
<i>(\$ in thousands)</i>		Deferred and contingent consideration, long-term
Balance as of December 31, 2023		\$ 6,577
Change in fair value recorded in Interest expense, net		304
Balance as of March 31, 2024		\$ 6881
Additions		2304
Change in fair value recorded in Interest expense, net		25
Balance as of June 30, 2024		\$ 9,210

The following table presents information about the significant unobservable inputs for financial liabilities measured at fair value:

Financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred consideration	Discounted cash flow	1) Expected future cash flows	Increase or decrease in expected future cash flows will result in an increase or decrease in fair value.
		2) Discount rate	Increase or decrease in the discount rate will result in a lower or higher fair value, respectively.
Contingent consideration	Discounted cash flow	1) Probability and timing of consideration payment	Increase or decrease in probability of consideration payment and earlier or later timing of payment will result in an increase or decrease in fair value.
		2) Discount rate	Increase or decrease in the discount rate will result in a lower or higher fair value, respectively.

(a) Loans receivable, short-term

As of June 30, 2025 and December 31, 2024, the Company had Loans receivable, short-term balances of \$0.6 million and \$0.5 million, respectively, related to their Kurvana loan receivable, net of ECL.

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(b) Loans receivable, long-term

The following is a summary of Loans receivable, long-term balances and valuation classifications (discussed further below) as of June 30, 2025 and December 31, 2024:

<i>(\$ in thousands)</i>	Valuation classification	June 30, 2025	December 31, 2024
Long-term loans receivable - Illinois Incubator, net of ECL	Amortized cost	\$ 829	\$ 829
Long-term loans receivable - Spark'd, net of ECL	Amortized cost	797	866
Total Loans receivable, long-term		\$ 1,626	\$ 1,695

Pursuant to the Illinois Cannabis Regulation and Tax Act, the Company has issued \$0.3 million in loans to an Illinois company which has secured a Craft Grower License to operate in the state and \$1.0 million in loans to groups that have been identified by the state of Illinois as having the opportunity to receive Conditional Adult Use Dispensing Organization Licenses. One (1) \$0.1 million loan related to the Craft Grower License matures on July 20, 2026. The remaining loans of \$1.2 million mature on July 20, 2027. The loans are measured at amortized cost and bear no interest. Loss on provision on short-term and long-term loans receivable is recorded in Other expense, net in the Unaudited Condensed Interim Consolidated Statements of Operations.

(c) Investments

The Company currently has investments in three (3) entities: 420 Capital Management, LLC (“**420 Capital**”), a cannabis investment company; IM Cannabis Corp. (“**IMC**”), a pharmaceutical manufacturer that specializes in cannabis, and OLD PAL LLC (“**Old Pal**”), a cannabis operator/licensor. 420 Capital and Old Pal investments are held at fair value and are classified as equity securities without a readily determinable fair value. The IMC investment is classified as a marketable security with a readily determinable fair value.

(d) Deferred and Contingent Considerations

As of June 30, 2025 and December 31, 2024, the Company had \$1.2 million and \$2.5 million, respectively, of short-term deferred and contingent consideration related to the Keystone acquisition. Additionally, as of June 30, 2025 and December 31, 2024, long-term deferred and contingent consideration related to the Valley Agriceuticals, LLC (“**Valley Ag**”) acquisition was \$8.1 million and \$7.7 million, respectively. The total estimated liability for Keystone and Valley Ag is based on the present value of expected payments associated with future cash flows. Expense related to our deferred and contingent considerations in connection with the Keystone and Valley Ag acquisitions is recorded in Interest expense, net in the Unaudited Condensed Interim Consolidated Statements of Operations. See Note 17 “Interest Expense, Net” for additional information.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors and Company management mitigate these risks by assessing, monitoring, and approving the Company’s risk management processes:

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(a) Credit and Banking Risk

Credit risk is the risk of a potential loss to the Company if a customer or a third-party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as of June 30, 2025 and December 31, 2024 is the carrying amount of cash, accounts receivable, and loans receivable. The Company does not have significant credit risk with respect to its growth in its key retail markets, as payment is typically due upon transferring the goods to the customer at our dispensaries, which currently accept only cash and debit cards. Additionally, the Company does not have significant credit risk with respect to its loan counterparties as the interest rate on the Senior Loan is not variable and therefore, is not materially impacted by interest rate increases enacted by the Federal Reserve. The interest rate on our Mortgage Loans is based on the FHLB Five Year Classic Regular Advance Rates which matures every five (5) years and does not pose a significant credit risk. Although all deposited cash is placed with U.S. financial institutions in good standing with regulatory authorities, changes in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry require additional reforms and protections. In 2023, the Senate Banking Committee passed the SAFER Banking Act with bipartisan support, moving it forward for a Senate floor vote. However, the bill did not receive a vote in the U.S. House. The bill is anticipated to be reintroduced by Congress in 2025. Given that current U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept or deposit funds from businesses involved with the cannabis industry, leading to an increased risk of legal actions against the Company and forfeitures of the Company's assets.

The Company's aging of accounts receivables as of June 30, 2025 and December 31, 2024 was as follows:

<i>(\$ in thousands)</i>	June 30, 2025	December 31, 2024
0 to 60 days	\$ 33,232	\$ 38,370
61 to 120 days	5,003	6,395
120 days +	7,166	15,106
Total accounts receivable, gross	45,401	59,871
Allowance for credit losses	5,907	8,308
Total accounts receivable, net	\$ 39,494	\$ 51,563

As of June 30, 2025, the Company had one customer that accounted for \$5.4 million or 12.8% of the Company's gross accounts receivable balance. As of December 31, 2024, two customers accounted for \$12.7 million, or 21.2%, of the Company's gross accounts receivable balance.

For the three and six months ended June 30, 2025, the Company recorded \$0.9 million recovery of provision, respectively for both periods. These recoveries were offset by bad debt expense related to invoice write-offs of \$0.0 million and \$0.1 million for the three and six months ended June 30, 2025, respectively. For the three and six months ended June 30, 2024, the Company recorded a recovery on provision of \$0.3 million and \$0.4 million, respectively. An additional recover on provision of \$0.2 million was recorded compared to \$0.2 million in bad debt expense related to invoice write-offs was recorded for the same three and six month periods, respectively.

Cresco Labs Inc.
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For the Three and Six Months Ended June 30, 2025 and 2024

(b) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

(c) Liquidity Risk

The accompanying unaudited condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. For the six months ended June 30, 2025, the Company has generated positive cash flows from operations and implemented certain cost cutting measures, which are expected to improve cash from operations.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company primarily manages liquidity risk through the management of its capital structure by ensuring that it will have sufficient liquidity to settle obligations and liabilities when due. As of June 30, 2025, the Company had working capital (defined as current assets less current liabilities) of \$213.3 million. The Company also expects to be able to continue to raise debt or equity based capital, or sell certain assets, if needed, to fund operations and the expansion of its business.

(d) Market Risk

(i) Currency Risk

The operating results and balance sheet of the Company are reported in USD. As of June 30, 2025 and December 31, 2024, the Company's financial assets and liabilities are primarily in USD. However, from time to time, some of the Company's financial transactions are denominated in currencies other than USD. The results of the Company's operations are subject to currency transaction and translation risks. During the three and six months ended June 30, 2025, the Company recorded a \$0.6 million loss, respectively for both periods, in foreign currency exchange. The company recorded \$0.1 million and \$0.4 million in foreign currency exchange gains during the three and six months ended June 30, 2024, respectively.

As of June 30, 2025 and December 31, 2024, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. An increase or decrease in the Company's incremental borrowing rate would result in an associated increase or decrease in deferred considerations and interest expense, net. The Company's Amended Senior Loan accrues interest at a rate of 9.5% per annum and has an effective interest rate of 11.0%. The Company's Mortgage Loans accrue interest at a rate of 8.4% per annum and have an effective interest rate of 10.2%.

Cresco Labs Inc.
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(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company is subject to price risk related to deferred and contingent considerations that are valued based on the Company's own stock price. An increase or decrease in stock price would result in an associated increase or decrease to deferred and contingent considerations with a corresponding change to Other expense, net.

(iv) Tax Risk

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on the Company's business, results of operations, and financial condition. Currently, state-licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to Internal Revenue Code ("IRC") Section 280E, which bars businesses from deducting all expenses except their cost of goods sold when calculating federal tax liability. Any increase in tax levies resulting from additional tax measures may have a further adverse effect on the operations of the Company, while any decrease in such tax levies will be beneficial to future operations. See Note 18 "Provision for Income Taxes and Deferred Income Taxes" for the Company's disclosure of uncertain tax positions.

(v) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operations, and financial condition. The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although the regulatory outlook on the cannabis industry has been moving in a positive trend, any unforeseen regulatory changes could have a material adverse impact on the goals and operations of the Company's business.

(vi) Economic Risk

The Company's business, financial condition, and operating results may be negatively impacted by challenging global economic conditions. A global economic slowdown would cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy and declining consumer and business confidence, which can lead to decreased levels of consumer spending. These macroeconomic developments could negatively impact the Company's business, which depends on the general economic environment and levels of consumer spending. As a result, the Company may not be able to maintain its existing customers or attract new customers, or the Company may be forced to reduce the price of its products. The Company is unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets or adverse global economic conditions. Any general or market-specific economic downturns could have a material adverse effect on our business, financial condition, and operating results.

(vii) Inflation Risk

The Company anticipates inflationary pressures to continue throughout 2025. The Company maintains strategies to mitigate the impact of higher raw material, energy, and commodity costs, which include cost reduction, sourcing, and other actions, which may help to offset a portion of the adverse impact.

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NOTE 15. VARIABLE INTEREST ENTITIES

On February 25, 2025, the Company entered into a management service agreement (“MSA”) with KSKYAPP, LLC, holder of a Kentucky cultivation license, effectively obtaining control as the primary beneficiary of the VIE. Similarly, on March 3, 2025, the Company entered into a MSA with BSRKYAPP, LLC, holder of a Kentucky dispensing license, effectively obtaining control as the primary beneficiary of the VIE. On June 7, 2025, the Company entered into another MSA with RSKYAPP, LLC, effectively obtaining control as the primary beneficiary of the VIE holder of a Kentucky processing license. As of June 30, 2025, the Company has not recorded any significant costs or capitalized assets related to the agreement with RSKYAPP, LLC. Additionally, Cresco Labs Michigan, LLC was determined to be a VIE, as the Company possesses the power to direct activities through written agreements and is subject to the risks and rewards as a primary beneficiary.

The following table presents the summarized financial information about the Company’s consolidated VIEs before eliminations, which are included in the Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024.

	<u>June 30, 2025</u>	<u>June 30, 2025</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>
<i>(\$ in thousands)</i>	<u>BSRKYAPP, LLC</u>	<u>KSKYAPP, LLC</u>	<u>Cresco Labs Michigan, LLC</u>	<u>Cresco Labs Michigan, LLC</u>
Current assets	\$ 4,913	\$ 3,216	\$ 9,617	\$ 15,056
Non-current assets	5,175	14,757	76,578	82,910
Current liabilities	—	(36)	(1,682)	(1,741)
Non-current liabilities	(10,108)	(18,208)	(122,999)	(132,230)
Non-controlling interests	—	—	1,375	981
Deficit attributable to Cresco Labs Inc.	20	271	37,111	35,024

The following table presents the summarized financial information about the Company’s consolidated VIE before eliminations, which are included in the Unaudited Condensed Interim Consolidated Statements of Operations for the three and six months ended June 30, 2025 and 2024:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<i>(\$ in thousands)</i>	<u>Cresco Labs Michigan, LLC</u>	<u>Cresco Labs Michigan, LLC</u>	<u>Cresco Labs Michigan, LLC</u>	<u>Cresco Labs Michigan, LLC</u>
Revenue	5,511	5,458	11,124	\$ 11,611
Net loss attributable to non-controlling interests	(186)	(347)	(394)	(513)
Net loss attributable to Cresco Labs Inc.	(1,018)	(2,011)	(2,159)	(3,035)
Net loss	(1,204)	(2,358)	(2,553)	(3,548)

NOTE 16. SEGMENT INFORMATION

The Company operates in one (1) segment, the cultivation, manufacturing, distribution, and sale of cannabis. The Chief Executive Officer, President, and Chief Financial Officer of the Company have been identified as the Chief Operating Decision Makers (“CODMs”) and manage the Company’s operations as a whole. For the purpose of evaluating financial performance and allocating resources, the CODMs review certain financial information presented on a consolidated basis accompanied by information disaggregated by wholesale and retail customers and geographic region. For both the three and six months ended June 30, 2025 and 2024, the Company generated 100.0% of its revenue in the U.S.

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Significant Expenses

The CODMs review significant expenses, including cost of goods sold and selling, general, and administrative expenses, which are included in the Unaudited Condensed Interim Consolidated Statements of Operations.

Measures of Profitability

The CODMs use multiple measures of profitability to evaluate performance and make decisions about allocating capital and other resources throughout the business, including gross profit, operating income, operating cash flow, and adjusted earnings before interest, taxes, depreciation, and amortization (“**Adjusted EBITDA**”). Since the Company operates as a single reporting segment, gross profit, operating income, and operating cash flow can be found in the consolidated financial statements. These measures are reviewed quarterly on a consolidated basis. Adjusted EBITDA, a non-GAAP financial measure, is defined as net loss (income) before depreciation and amortization; interest expense, net; income tax expense (benefit); other (income) expense, net; fair value mark-up for acquired inventory; adjustments for acquisition and other non-core costs; impairment loss; and share-based compensation. Non-core costs include non-operating costs, such as costs related to acquisitions and restructuring, unique legal expenses and other expenses that are mostly one-time in nature. The CODMs use Adjusted EBITDA to provide additional perspectives and insights when analyzing the core operating performance of the business. The CODMs also consider budget to current forecast and budget to actual variances for Adjusted EBITDA on a quarterly basis for evaluating performance and allocating capital decisions. This provides useful information for investors, allowing them to gain a clearer understanding of the Company’s operating performance and make more informed investment decisions. Adjusted EBITDA is not a standardized financial measure under GAAP and might not be comparable to similar financial measures disclosed by other issuers.

The following table presents a reconciliation of Net loss to Adjusted EBITDA, which is not calculated or presented in accordance with GAAP, to the most directly comparable financial measures calculated and presented in accordance with GAAP:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss ¹	(13,893)	(51,179)	(29,127)	(53,234)
Depreciation and amortization	12,190	14,930	25,096	30,261
Interest expense, net	12,562	13,813	27,386	27,884
Income tax expense	16,636	10,238	30,952	28,241
Other income, net	836	59,508	519	58,652
Adjustments for acquisition and other non-core costs	734	3,129	7,749	7,599
Impairment loss	9,265	—	9,265	—
Share-based compensation	2,546	3,471	5,269	7,668
Adjusted EBITDA (non-GAAP)	\$ 40,876	\$ 53,910	\$ 77,109	\$ 107,071

¹Net loss includes amounts attributable to non-controlling interests.

Cresco Labs Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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NOTE 17. INTEREST EXPENSE, NET

Interest expense, net consisted of the following for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest expense – notes and loans payable ¹	\$ (9,070)	\$ (9,605)	\$ (19,934)	\$ (19,211)
Interest expense – financing activities ¹	(2,825)	(2,890)	(5,669)	(5,805)
Accretion of debt discount and amortization of deferred financing fees ¹	(1,259)	(1,213)	(2,470)	(2,393)
Interest expense – leases	(739)	(791)	(1,484)	(1,588)
Interest income (expense) – deferred and contingent considerations ²	460	(49)	490	(353)
Interest income	873	746	1,686	1,494
Other interest expense	(2)	(11)	(5)	(28)
Interest expense, net	\$ (12,562)	\$ (13,813)	\$ (27,386)	\$ (27,884)

¹See Note 10 “Long-term Notes and Loans Payable, Net” for additional information on Interest expense – notes and loans payable, Interest expense – financing activities, and Accretion of debt discount and amortization of deferred financing fees.

²See Note 14 “Financial Instruments and Financial Risk Management” for additional information related to deferred and contingent considerations.

NOTE 18. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES

The U.S. federal government treats cannabis as subject to the limits of Internal Revenue Code (“IRC”) Section 280E for U.S. federal income tax purposes, which also applies to certain states. Under IRC Section 280E, the Company is only allowed to deduct expenses directly related to cost of goods sold. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. However, certain states including California, Illinois, Maryland, Massachusetts, Michigan, New York, and Pennsylvania do not conform to IRC Section 280E and, accordingly, the Company generally deducts all operating expenses on its income tax returns in these states.

During the second quarter of 2025 and 2024, the Company recorded the following significant tax and tax-related items due to uncertain tax positions that its operations are not subject to IRC Section 280E and therefore intends to deduct such expenses with a related uncertain tax liability offsetting such deductions.

- During the three months ended June 30, 2025, the Company recorded \$14.7 million in Uncertain tax position liability on the Unaudited Condensed Interim Consolidated Balance Sheets.
- During the three months ended June 30, 2024, the Company’s tax receivable agreement liability increased by \$61.1 million recorded in Other long-term liabilities on the Unaudited Condensed Interim Consolidated Balance Sheets, which was materially driven by this change.
- During the three months ended June 30, 2024, the Company recorded \$25.8 million in Uncertain tax position liability in Other long-term liabilities on the Unaudited Condensed Interim Consolidated Balance Sheets.

The Company is treated as a United States corporation for U.S. federal income tax purposes under IRC Section 7874 and is subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes the Company, regardless of any application of IRC Section 7874, is treated as a Canadian resident company, as defined in the Income Tax Act (Canada), for Canadian income tax purposes. As a result, the Company is subject to taxation both in Canada and the United States.

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Provision for income taxes consists of the following for the three and six months ended June 30, 2025 and 2024:

<i>(\$ in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Income (loss) before income taxes	\$ 2,743	\$ (40,941)	\$ 1,825	\$ (24,993)
Income tax expense	16,636	10,238	30,952	28,241
Effective tax rate	606.5 %	(25.0)%	1696.0 %	(113.0)%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Cresco Labs Inc. (the "Company," "Cresco Labs," "we," or "our") is dated August 7, 2025 and has been prepared for the three and six months ended June 30, 2025 and 2024. It is supplemental to, and should be read in conjunction with, the Company's audited Consolidated Financial Statements and accompanying notes as of and for the years ended December 31, 2024 and 2023, which were previously filed on SEDAR+ and EDGAR, and the Company's unaudited condensed interim consolidated financial statements and accompanying notes as of and for the three and six months ended June 30, 2025 and 2024. The Company's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Financial information presented in this MD&A is presented in United States ("U.S.") dollars ("USD" or "\$") unless otherwise indicated.

The Company has provided certain supplemental non-GAAP financial measures in this MD&A. Where the Company has provided such non-GAAP financial measures, we have also provided a reconciliation to the most comparable GAAP financial measure. Please see the information under the heading "Non-GAAP Financial Measures" for additional information on the Company's use of non-GAAP financial measures.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable U.S. securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Statement Regarding Forward-Looking Information," located at the beginning of the Company's Annual Information Form for the year ended December 31, 2024, filed on SEDAR+ and EDGAR. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information. Please refer to the discussion of risks and uncertainties set out under the heading "Risk Factors," located within the Company's Annual Information Form for the year ended December 31, 2024, filed on SEDAR+ and EDGAR.

OVERVIEW OF THE COMPANY

Incorporated on July 6, 1990, in the Province of British Columbia, Cresco Labs ("the Company") is licensed to grow, manufacture, and sell cannabis and cannabis-based products in several U.S. states. The Company's headquarters is located at 600 W. Fulton Street, Suite 800, Chicago, IL 60661, and its registered office is at 666 Burrard Street, Suite 2500, Vancouver, BC V6C 2X8. As of June 30, 2025, the Company had approximately 2,900 employees.

Cresco Labs primarily engages in the cultivation of medical-grade cannabis, the production of cannabis-derived medical-grade products, and their distribution to consumers in legalized cannabis markets in the United States, whether for medical or adult-use. The Company strives to provide consumers with high-quality and consistent cannabis-based products, focusing on regulatory adherence while developing condition-specific cannabis strains and non-invasive delivery methods. These non-invasive delivery methods, which are alternatives to smoke inhalation, aim to deliver controlled-dosage medicinal cannabis relief to qualified patients and consumers in legalized cannabis markets in the United States.

As of August 7, 2025, the Company operates a total of seventy-three (73) dispensaries and thirteen (13) cultivation and production facilities across eight (8) states, where cannabis use, medical or both medical and adult-use, has been approved by state and local regulatory bodies. Of the states in which we operate, California, Illinois, Massachusetts, Michigan, New York, and Ohio have adult-use cannabis programs.

As of August 7, 2025, the Company operates the following number of dispensaries, cultivation, and production facilities by state:

State	Adult-Use and Medical Dispensaries	Adult-Use Dispensaries	Medical Dispensaries	Cultivation and Production Facilities
California	—	—	—	1
Florida	—	—	33	1
Illinois	5	5	—	3
Massachusetts ¹	2	1	1	3
Michigan	—	—	—	1
New York	—	—	3	1
Ohio	5	—	—	1
Pennsylvania	—	—	18	2
Total	12	6	55	13

¹The cultivation facility in Leicester, MA is currently closed.

The Company operates its dispensaries under the brand, Sunnyside*^{®1}. Our Sunnyside* dispensaries are home for a judgement-free cannabis shopping experience, where all are welcome to explore, discover, and purchase a wide array of high-quality products. The Company's portfolio of owned cannabis consumer-packaged goods includes Cresco^{®1}, High Supply^{®2}, Mindy's[™], Good News^{®2}, Remedi[™], Wonder Wellness Co.^{®2}, and FloraCal[®] Farms². The Company distributes and markets these products both to third-party licensed retail cannabis stores across the U.S. and to the Company's owned retail stores.

The Company operates its business through its directly and indirectly owned subsidiaries that hold licenses and have entered into managed service agreements in the states in which they operate. For additional information on wholly-owned or effectively controlled subsidiaries and affiliates of Cresco Labs, refer to Note 2 "Summary of Significant Accounting Policies" under the heading "Basis of Consolidation" of the Company's Unaudited Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2025 and 2024.

FEDERAL REGULATORY ENVIRONMENT

In accordance with the Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352"), information regarding the current U.S. federal regulatory environment is disclosed in the Company's 2024 Annual MD&A filed on SEDAR+ and EDGAR under the heading "Federal Regulatory Environment," which section is incorporated by reference herein. The Company will evaluate, monitor and reassess the disclosures contained herein, and incorporated by reference herein, and any related risks, on an ongoing basis and the same will be supplemented, amended, and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws, or regulations regarding marijuana regulation.

THE STATES IN WHICH WE OPERATE, THEIR LEGAL FRAMEWORK AND HOW IT AFFECTS OUR BUSINESS

The Company currently derives a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. As of August 7, 2025, the Company believes its operations are in material compliance with all applicable local laws, regulations, and licensing requirements in the states in which we operate.

In accordance with Staff Notice 51-352, information regarding the states that the Company operates in, their legal frameworks and how it affects the Company's business, is disclosed in the Company's 2024 Annual MD&A filed on

¹The Sunnyside*[®] (inclusive of the stand-alone asterisk mark) and Cresco[®] brands maintain federal trademark registrations for websites pertaining to medical cannabis and cannabis educational services, as well as multiple state trademark registrations.

²The High Supply[®], Good News[®], Wonder Wellness Co.[®], and FloraCal[®] Farms brands maintain federal trademark registrations for apparel and multiple state trademark registrations.

SEDAR+ and EDGAR under the heading, “The States in Which We Operate, Their Legal Framework and How It Affects Our Business,” which section is incorporated by reference herein.

For more information about risks related to the U.S. marijuana operations, refer to the discussion of risks and uncertainties set out under the heading “Risk Factors,” located within the Company’s Annual Information Form for the year ended December 31, 2024, filed on SEDAR+ and EDGAR. Additional information relating to the Company, including the Company’s Annual Information Form for the year ended December 31, 2024, is available on SEDAR+ at www.sedarplus.ca.

RECENT DEVELOPMENTS

On June 13, 2025, the Company’s board of directors approved plans for the sale of its Cub City and Sonoma’s Finest cultivation facilities.

On March 10, 2025, the Company announced its management services agreement (“MSAs”) with a tier 3 cultivation license in Kentucky. The agreement entitles the Company to manage and operate a cultivation facility with up to 25,000 square feet of canopy, establishing the Company as one of only two operators of Kentucky’s coveted Tier 3 cultivation licenses. As of June 30, 2025, the Company has entered into three (3) MSAs with KSKYAPP, LLC, holder of a Kentucky cultivation license, BSRKYAPP, LLC, holder of a Kentucky dispensing license, and RSKYAPP, LLC, holder of a Kentucky processing license.

COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

For the three months ended June 30, 2025 and 2024, approximately 67.1% and 64.3%, respectively, of our revenue was derived from Company-owned retail dispensary locations. Retail revenue includes medical and adult-use cannabis sales. Revenue from the wholesale of cannabis products represents the remaining 32.9% and 35.7%, respectively, for the same periods. For the six months ended June 30, 2025 and 2024, approximately 67.2% and 64.2%, respectively, of our revenue was derived from Company-owned retail dispensary locations. Retail revenue includes medical and adult-use cannabis sales. Revenue from the wholesale of cannabis products represents the remaining 32.8% and 35.8%, respectively, for the same periods.

Gross profit

Gross profit is calculated as revenue less cost of goods sold (“COGS”). COGS includes the direct and indirect costs attributable to the cultivation and production of the products sold and is comprised of the following:

- Direct and indirect labor costs: Include all salaries, benefits, and taxes for all employees at the cultivation and manufacturing facilities.
- Direct supplies: Include direct material costs for maintenance of the plant, supplies and nutrients, production expenses including inventory purchases, packaging costs, and equipment used to process marijuana.
- Facility expenses: The facility expenses for the cultivation operations are the cost for the facility, utilities, property taxes, maintenance, and costs associated with monitoring the security systems.
- Other operating expenses: Include all costs associated with the facility itself, including insurance, community benefit fees, professional services related to licenses and compliance, uniforms, employee training programs, tracking and inventory management systems, product testing, business development, information technology, license renewal fees, and certain excise taxes.

In addition to market fluctuations, cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis products. The changes in regulatory environments may create fluctuations in gross profit

over comparative periods. Additionally, gross profit may include the cost of inventory required to be marked to fair value as part of purchase accounting in a business combination.

Selling, general, and administrative expenses (“SG&A”)

SG&A consist of salary and benefit costs of employees, depreciation and amortization, professional fees, advertising and marketing, legal, office and retail operation costs, share-based compensation, certain excise taxes, technology, insurance, security, travel and entertainment, and rent expense. SG&A is a component of Total operating expenses as discussed in the “*Selected Financial Information*” section below.

For the three and six months ended June 30, 2025 and 2024, SG&A was comprised of the following:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Payroll and employee costs	\$ 30,805	\$ 32,109	\$ 67,183	\$ 64,338
Depreciation and amortization	4,420	5,189	9,576	10,611
Professional fees	2,159	2,997	6,452	7,374
Utilities and facility expenses	3,134	3,098	5,951	6,461
Rental fees	4,039	4,033	7,953	8,214
Selling and marketing expense	3,534	2,645	5,135	4,308
Share-based compensation	2,032	2,854	4,107	6,468
Excise taxes	2,416	3,180	4,911	5,770
Computer and software expense	1,677	1,929	3,877	3,849
Business insurance	890	1,278	2,127	2,364
Legal	1,280	928	1,479	1,738
Travel and employee expense	753	596	1,367	1,123
Bad debt (recovery) expense	(884)	75	(803)	(254)
Supplies expense	533	760	1,285	1,352
Other expense	1,062	727	2,292	1,731
Total SG&A	\$ 57,850	\$ 62,398	\$ 122,892	\$ 125,447

Other expense, net

Other expense, net consists mainly of reoccurring gains (losses) on investments, foreign currency, loss on provision for loan receivables, gain (loss) on disposition of assets, as well as ad hoc expenses, such as gain (loss) on lease termination, and loss on debt extinguishment. These gains (losses) do not generally correlate to revenue. Other expense, net is added to Interest expense, net, to sum to Total other expense, net discussed in the “*Selected Financial Information*” section below.

For the three and six months ended June 30, 2025 and 2024, Other expense, net consisted of the following:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Tax receivable agreement expense	\$ —	\$ (60,670)	\$ 194	\$ (60,670)
Loss on disposal of assets	(636)	(586)	(805)	(476)
Loss on provision - loan receivable	(76)	(68)	(115)	(135)
(Loss) gain on foreign currency	(612)	121	(642)	419
Unrealized loss on investments held at fair value	—	(82)	(13)	(64)
Other income, net	488	1,777	862	2,274
Other expense, net	\$ (836)	\$ (59,508)	\$ (519)	\$ (58,652)

Interest expense, net

Interest expense, net consists mainly of interest on notes and loans payable, financing activities, leases, accretion of debt discount and amortization of deferred financing fees, and interest income. Interest expense, net is included in Total other expense, net discussed in the “Selected Financial Information” section below.

For the three and six months ended June 30, 2025 and 2024, Interest expense, net consisted of the following:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest expense – notes and loans payable	\$ (9,070)	(9,605)	\$ (19,934)	\$ (19,211)
Interest expense – financing activities	(2,825)	(2,890)	(5,669)	(5,805)
Accretion of debt discount and amortization of deferred financing fees	(1,259)	(1,213)	(2,470)	(2,393)
Interest expense – leases	(739)	(791)	(1,484)	(1,588)
Interest income (expense) - deferred and contingent consideration	460	(49)	490	(353)
Interest income	873	746	1,686	1,494
Other interest expense	(2)	(11)	(5)	(28)
Interest expense, net	\$ (12,562)	\$ (13,813)	\$ (27,386)	\$ (27,884)

Income Taxes

The Company is classified for U.S. federal income tax purposes as a U.S. corporation under Section 7874 of the Internal Revenue Code (“IRC”). The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Company operates in the cannabis industry, the Company is subject to the limits of IRC Section 280E for U.S. federal income tax purposes as well as state income tax purposes. Under IRC Section 280E, the Company is only allowed to deduct expenses directly related to the cost of goods sold. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

However, beginning in 2024, the Company is taking an uncertain tax position that its operations are not subject to IRC Section 280E and therefore intends to deduct such expenses with a related uncertain tax liability offsetting such deductions.

Additionally, certain states including Arizona, California, Illinois, Maryland, Massachusetts, Michigan, Pennsylvania, and New York do not conform to IRC Section 280E and, accordingly, the Company generally deducts all operating expenses on its income tax returns in these states.

SELECTED FINANCIAL INFORMATION

The Company reports results of operations of its affiliates from the date that control commences, either through the purchase of the business, through a management agreement, or through other arrangements that grant such control. The following selected financial information includes only the results of operations after the Company established control of its affiliates. Accordingly, the information included below may not be representative of the results of operations if such affiliates had included their results of operations for the entire reporting period. For discussion of our fiscal 2024 results of operations and comparison with fiscal 2023 results of operations, please refer to “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” filed on SEDAR+ and EDGAR on March 14, 2025.

Summary of Unaudited Quarterly Results

(\$ in thousands)	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues, net	\$ 163,624	\$ 165,757	\$ 175,909	\$ 179,783	\$ 184,356	\$ 184,295	\$ 188,237	\$ 190,559
Income (loss) from operations	16,141	13,589	19,406	26,343	32,380	29,163	27,099	(107,756)
Net (loss) income attributable to Cresco Labs Inc.	(16,334)	(14,432)	(4,372)	(10,541)	(54,332)	(5,193)	2,635	(115,572)
Basic and Diluted EPS	\$ (0.05)	\$ (0.04)	\$ (0.01)	\$ (0.03)	\$ (0.16)	\$ (0.02)	\$ 0.01	\$ (0.34)

Results of Operations

Three Months Ended June 30, 2025 Compared to the Three Months Ended June 30, 2024

The following tables set forth selected consolidated financial information for the periods indicated that are derived from our Unaudited Condensed Interim Consolidated Financial Statements and the respective accompanying notes prepared in accordance with GAAP.

The selected unaudited consolidated financial information set out below may not be indicative of the Company’s future performance:

(\$ in thousands)	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
Revenues, net	\$ 163,624	\$ 184,356	\$ (20,732)	(11.2)%
Cost of goods sold	80,368	89,578	(9,210)	(10.3)%
Gross profit	83,256	94,778	(11,522)	(12.2)%
Selling, general, and administrative	57,850	62,398	(4,548)	(7.3)%
Impairment loss	9,265	—	9,265	100.0 %
Total operating expenses	67,115	62,398	4,717	7.6 %
Total other expense, net	(13,398)	(73,321)	59,923	(81.7)%
Income tax expense	(16,636)	(10,238)	(6,398)	62.5 %
Net loss¹	\$ (13,893)	\$ (51,179)	\$ 37,286	(72.9)%

¹Net loss includes amounts attributable to non-controlling interests.

Revenues, net

Revenue for the three months ended June 30, 2025, decreased \$20.7 million, or 11.2%, compared to the three months ended June 30, 2024. The decrease in revenue was primarily driven by price compression and increased

competition in the Illinois, Pennsylvania, and Florida markets compared to the prior year period. The decrease was partially offset by retail growth in Ohio compared to the prior year period.

COGS and Gross profit

COGS for the three months ended June 30, 2025, decreased \$9.2 million, or 10.3%, compared to the three months ended June 30, 2024. The decrease was primarily attributable to decreased sales in Illinois offset by increased sales in Ohio.

Gross profit decreased by \$11.5 million, or 12.2%, for the three months ended June 30, 2025, compared to the three months ended June 30, 2024. The decrease in gross profit was primarily driven by lower sales in Illinois, Pennsylvania, and Florida offset by increased sales in Ohio. As a percentage of revenue, gross profit was 50.9% and 51.4% for the three months ended June 30, 2025 and June 30, 2024, respectively. The decrease in gross profit as a percentage of revenue was driven by lower sales from higher margin states from increased competition, and price compression.

Total operating expenses

Total operating expenses for the three months ended June 30, 2025, increased \$4.7 million, or 7.6% compared to the three months ended June 30, 2024. The increase was primarily attributable to \$9.3 million of impairment charges recorded during the second quarter of 2025 related to the Company's plans to sell its Cub City and Sonoma's Finest cultivation facilities in California. The increase was partially offset by a reduction in SG&A of \$4.5 million, which was primarily attributable to a reduction in payroll and employee costs, share based compensation, and professional fees.

Total other expense, net

Total other expense, net for the three months ended June 30, 2025, decreased \$59.9 million, or 81.7%, compared to the three months ended June 30, 2024. The decrease was primarily attributable to an elevated tax receivable agreement expense in 2024 related the Company's IRC Section 280E position.

Provision for income taxes

Income tax expense for the three months ended June 30, 2025, increased \$6.4 million, compared to the three months ended June 30, 2024. The increase was primarily due to the cumulative effect of Pennsylvania decoupling from IRC Section 280E in 2024.

Net loss

Net loss for the three months ended June 30, 2025, decreased \$37.3 million compared to the three months ended June 30, 2024. The change is primarily driven by the decrease in other expense, net discussed above. Partially offset by the reduction in revenue discussed above.

Six Months Ended June 30, 2025 Compared to the Six Months Ended June 30, 2024

The following tables set forth selected consolidated financial information for the periods indicated that are derived from our Unaudited Condensed Interim Consolidated Financial Statements and the respective accompanying notes prepared in accordance with GAAP.

The selected consolidated financial information set out below may not be indicative of the Company's future performance:

(\$ in thousands)	Six Months Ended June 30,			
	2025	2024	\$ Change	% Change
Revenues, net	\$ 329,381	\$ 368,651	\$ (39,270)	(10.7)%
Costs of goods sold	167,494	181,661	(14,167)	(7.8)%
Gross profit	161,887	186,990	(25,103)	(13.4)%
Selling, general, and administrative	122,892	125,447	(2,555)	(2.0)%
Impairment loss	9,265	—	9,265	100.0 %
Total operating expenses	132,157	125,447	6,710	5.3 %
Total other expense, net	(27,905)	(86,536)	58,631	(67.8)%
Income tax expense	(30,952)	(28,241)	(2,711)	9.6 %
Net loss¹	\$ (29,127)	\$ (53,234)	\$ 24,107	(45.3)%

¹Net loss includes amounts attributable to non-controlling interests.

Revenues, net

Revenue for the six months ended June 30, 2025 decreased \$39.3 million, or 10.7%, compared to the six months ended June 30, 2024. The decrease in revenue was primarily driven by increased competition, price compression, and price discounting in the Illinois, Pennsylvania, and Florida markets. This decrease was partially offset by retail growth in Ohio legalizing adult-use of cannabis.

COGS and Gross profit

COGS for the six months ended June 30, 2025 decreased \$14.2 million, or 7.8%, compared to the six months ended June 30, 2024. The decrease was primarily attributable to lower sales in Illinois, partially offset by retail growth in Ohio legalizing adult-use of cannabis.

Gross profit decreased by \$25.1 million, or 13.4%, for the six months ended June 30, 2025, compared to the six months ended June 30, 2024. The decrease in gross profit was primarily driven by lower sales in Illinois, Pennsylvania, and Florida offset by offset by increased sales in Ohio. As a percentage of revenue, gross profit was 49.1% and 50.7% for the six months ended June 30, 2025 and June 30, 2024, respectively. The decrease in gross profit as a percentage of revenue was driven by lower sales from higher margin states from increased competition, and price compression.

Total operating expenses

Total operating expenses for the six months ended June 30, 2025 increased \$6.7 million, or 5.3%, compared to the six months ended June 30, 2024. The increase was primarily attributable to \$9.3 million of impairment charges recorded during the second quarter of 2025 related to the Company's plans to sell its Cub City and Sonoma's Finest cultivation facilities in California. The increase was partially offset by a reduction in SG&A of \$2.6 million, which was primarily driven by a reduction in share based compensation.

Total other expense, net

Total other expense, net for the six months ended June 30, 2025 decreased \$58.6 million, or 67.8%, compared to the six months ended June 30, 2024. The decrease was primarily attributable to an elevated tax receivable agreement expense in 2024 related to the Company's IRC Section 280E position.

Provision for income taxes

Income tax expense for the six months ended June 30, 2025, increased \$2.7 million, or 9.6%, compared to the six months ended June 30, 2024. The increase was primarily due to the cumulative effect of Pennsylvania decoupling from IRC Section 280E in 2024, offset by less operating income in 2025.

Net loss

Net loss for the six months ended June 30, 2025 decreased \$24.1 million compared to the six months ended June 30, 2024. The decrease in net loss was primarily driven by the decrease in other expense, net discussed above. Partially offset by the reduction in revenue discussed above.

NON-GAAP FINANCIAL MEASURES

Earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) and Adjusted EBITDA (defined below) are non-GAAP financial measures and do not have standardized definitions under GAAP and may not be comparable to similar measures presented by other issuers. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspectives and insights when analyzing the core operating performance of the business. This provides useful information for investors, allowing them to gain a clearer understanding of the Company’s operating performance and make more informed investment decisions. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to and should only be considered in conjunction with, the GAAP financial measures presented herein. Accordingly, the Company has included below reconciliations of the supplemental non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

(\$ in thousands)	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
Net loss ¹	\$ (13,893)	\$ (51,179)	\$ 37,286	(72.9) %	\$ (29,127)	\$ (53,234)	\$ 24,107	(45.3) %
Depreciation and amortization	12,190	14,930	(2,740)	(18.4) %	25,096	30,261	(5,165)	(17.1) %
Interest expense, net	12,562	13,813	(1,251)	(9.1) %	27,386	27,884	(498)	(1.8) %
Income tax expense	16,636	10,238	6,398	62.5 %	30,952	28,241	2,711	9.6 %
EBITDA (non-GAAP)	\$ 27,495	\$ (12,198)	\$ 39,693	(325.4) %	\$ 54,307	\$ 33,152	\$ 21,155	63.8 %
Other income, net	836	59,508	(58,672)	(98.6) %	519	58,652	(58,133)	(99.1) %
Adjustments for acquisition and other non-core costs	734	3,129	(2,395)	(76.5) %	7,749	7,599	150	2.0 %
Impairment loss	9,265	—	9,265	100.0 %	9,265	—	9,265	100.0 %
Share-based compensation	2,546	3,471	(925)	(26.6) %	5,269	7,668	(2,399)	(31.3) %
Adjusted EBITDA (non-GAAP)	\$ 40,876	\$ 53,910	\$ (13,034)	(24.2) %	\$ 77,109	\$ 107,071	\$ (29,962)	(28.0) %

¹Net loss includes amounts attributable to non-controlling interests.

Adjusted EBITDA, a non-GAAP financial measure, is defined as Net loss, excluding depreciation and amortization; interest expense, net; income taxes; Other income, net; adjustments for acquisition and other non-core costs; and shares-based compensation. Non-core costs include non-operating costs, such as costs related to acquisitions and restructuring, unique legal expenses, and other expenses that are mostly one-time in nature. Adjusted EBITDA was \$40.9 million for the three months ended June 30, 2025, compared to \$53.9 million for the three months ended June 30, 2024. The decrease in adjusted EBITDA of \$13.0 million is primarily due to a decrease in gross profit. Adjusted EBITDA was \$77.1 million for the six months ended June 30, 2025, compared to \$107.1 million for the six months ended June 30, 2024. The decrease in adjusted EBITDA of \$30.0 million is primarily driven by a decrease in gross profit.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary sources of liquidity are cash and cash equivalents from the operations of our business, debt, and equity offerings. Our principal uses of cash include working capital related items, capital expenditures, debt, and tax related payments. Additionally, we may use cash for acquisitions and other investing or financing activities.

As of June 30, 2025, the Company held \$146.6 million in Cash and cash equivalents and \$6.4 million in Restricted cash, included in both Restricted cash and Other non-current assets on the Unaudited Condensed Interim Consolidated Balance Sheets, compared to \$137.6 million in Cash and Cash equivalents, and \$6.7 million in Restricted cash at December 31, 2024.

The Company is generally able to access private and/or public financing through, but not limited to, institutional lenders, such as the agreement for the Senior Loan of \$400.0 million, effective August 12, 2021, and amended on

September 22, 2023, and August 29, 2024. On October 25, 2024, the Company repurchased \$40.0 million principal amount of the Senior Loan and paid \$0.3 million of accrued interest. There were no prepayment penalties or exit fees due on this repurchase. JDRC Ellenville, LLC (“**Ellenville**”), an indirect subsidiary of the Company, entered into a \$25.3 million loan on September 26, 2023, secured by real estate and improvements thereto. In addition, the Company has received and has access to private loans through individual investors and private and public equity raises. As of June 30, 2025, the Company was in compliance with all covenants.

The Company expects cash on hand and cash flows from operations, along with the private and/or public financing options discussed above, will be adequate to meet capital requirements and operational needs for the next twelve months. We cannot guarantee this will be the case, or that our assumptions regarding revenues and expenses underlying this belief will be accurate. If, in the future, we require more liquidity than contemplated, we may need to raise additional funds through debt and/or equity offerings. Adequate funds may not be available when needed or may not be available on terms favorable to us. If additional funds are raised by issuing equity securities, dilution to existing shareholders may result. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and would also require us to fund additional interest expense. If funding is insufficient at any time in the future, we may be unable to develop or enhance our products or services, take advantage of business opportunities, or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Cash Flows

Operating Activities

Net cash provided by operating activities was \$39.3 million for the six months ended June 30, 2025, a decrease of \$14.3 million compared to \$53.6 million of net cash provided by operating activities during the six months ended June 30, 2024. The \$14.3 million decrease was primarily attributable to a reduction in our income taxes payable related to our updated position on 280E as well as improvements in working capital management, including a net benefit from improved collections of accounts receivables, partially offset by inventory buildup in certain states.

Investing Activities

Net cash used in investing activities was \$21.3 million for the six months ended June 30, 2025, an increase of \$5.4 million compared to \$15.9 million during the six months ended June 30, 2024. The increase in net cash used in investing activities was primarily driven by an increase in capital expenditures, acquisition related considerations, partially offset by a decrease in operating license intangibles expenditures.

Financing Activities

Net cash used in financing activities was \$9.2 million for the six months ended June 30, 2025, a decrease of \$17.8 million compared to \$27.0 million for the six months ended June 30, 2024. The decrease was primarily driven by a decrease in distributions to non-controlling interest redeemable unit holders and other members due to our updated tax position on 280E.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have a current or future effect on financial performance or financial condition, including without limitation, such considerations as liquidity and capital resources.

CONTRACTUAL OBLIGATIONS

The Company has the following contractual obligations as of June 30, 2025:

<i>(\$ in thousands)</i>	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable & Accrued liabilities	\$ 64,912	\$ —	\$ —	\$ —	\$ 64,912
Deferred and contingent consideration, short-term	1,167	—	—	—	1,167
Operating leases liabilities	29,825	59,695	112,399	68,109	270,028
Finance lease liabilities	5,095	10,377	14,216	6,684	36,372
Deferred and contingent consideration, long-term	—	8,078	—	—	8,078
Short-term borrowings and Long-term notes and loans payable	27,000	389,165	63,582	65,383	545,130
Tax receivable agreement liability	6,508	10,728	11,300	50,586	79,122
Other long-term liabilities	—	8,000	—	—	8,000
Total obligations as of June 30, 2025	\$ 134,507	\$ 486,043	\$ 201,497	\$ 190,762	\$ 1,012,809

RELATED PARTY TRANSACTIONS

See Note 12 “Related Party Transactions” in the Unaudited Condensed Interim Consolidated Financial Statements for the Company’s disclosures on related party transactions.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors and Company management mitigate these risks by assessing, monitoring, and approving the Company’s risk management processes. See Note 14 “Financial Instruments and Financial Risk Management” in the Unaudited Condensed Interim Consolidated Financial Statements for the Company’s disclosures on financial instruments and financial risk management.

SUMMARY OF OUTSTANDING SHARE AND SHARE-BASED DATA

Cresco Labs has the following securities issued and outstanding, as of June 30, 2025:

Securities	Number of Shares <i>(in thousands)</i>
Super Voting Shares	500
Subordinate Voting Shares ¹	338,504
Proportionate Voting Shares ²	16,927
Special Subordinate Voting Shares ³	2
Redeemable Units ⁴	88,301

¹Subordinate Voting Shares includes shares pending issuance or cancellation

²Proportionate Voting Shares presented on an “as-converted” basis to Subordinate Voting Shares (1-to-200)

³Special Subordinate Voting Shares presented on an “as-converted” basis to Subordinate Voting Shares (1-to-0.00001)

⁴Redeemable units of Cresco Labs, LLC, each of which is exchangeable for one (1) Subordinate Voting Shares

Cresco Labs Solid Q2 Performance and Debt Refinancing Strengthen Foundation for Long-Term Value Creation

CHICAGO – August 7, 2025 – Cresco Labs Inc. (CSE: CL) (OTCQX: CRLBF) (FSE: 6CQ) (“Cresco Labs” or the “Company”), the industry leader in branded cannabis products with a portfolio of America’s most popular brands and the operator of Sunnyside dispensaries, today released its financial and operating results for the second quarter ended June 30, 2025. All financial information presented in this release is reported in accordance with U.S. GAAP and in U.S. dollars, unless otherwise indicated, and is available on the Company’s investor website, here.

Second Quarter 2025 Highlights

- Second quarter revenue of \$164 million. Second quarter operating cash flow of \$9 million.
- Gross profit of \$83 million. Adjusted gross profit¹ of \$83 million; and an Adjusted gross margin¹ of 50.6% of revenue.
- SG&A of \$51 million or 31.4% of revenue.
- Net loss of \$14 million, includes non-cash impairment charges of \$9 million related to California assets being considered held for sale.
- Second quarter Adjusted EBITDA¹ of \$41 million and Adjusted EBITDA margin¹ of 25.0%.
- Retained the No. 1 share position in multiple billion dollar markets.²

Management Commentary

"In Q2, we delivered solid performance in line with guidance, maintained our market share in a highly competitive environment, and continued to drive cash flow through operational discipline. Crucially, we signed a commitment letter to refinance our debt with a new \$325 million term loan. This milestone reinforces our balance sheet, preserves our equity value and creates financial flexibility for years to come. The improved structure and terms give us a stronger foundation to execute against both near-term priorities and long-term growth opportunities."

"The cannabis industry is entering a new phase, defined by consolidation and rationalization. We’re seeing more opportunities for M&A in very productive states that will be incremental for Cresco. As previously stated, we’re going to be opportunistic while staying patient and disciplined so we can invest in sustainable growth when the right opportunities arise. With our proven operating model, focused and productive footprint, and clean capital structure, we’re built for this moment and are well-positioned to be a partner of choice as the industry consolidates."

Balance Sheet, Liquidity, and Other Financial Information

- As of June 30, 2025, current assets were \$315 million, including cash and cash equivalents of \$147 million. The Company had senior secured term loan debt, net of discount and issuance costs, of \$354 million and a mortgage loan, net of discount and issuance costs of \$18 million.
- Total shares on a fully converted basis to Subordinate Voting Shares were 483,444,948 as of June 30, 2025.

Conference Call and Webcast

The Company will host a conference call and webcast to discuss its financial results on **Thursday, August 7, 2025**, at 8:30am Eastern Time (7:30am Central Time). The conference call may be accessed via webcast or by dialing 1-833-470-1428 (US Toll Free) or 1-404-975-4839 (US Local), providing access code 158138. Archived access to the webcast will be available for one year on Cresco Labs’ investor website, here.

¹ See “Non-GAAP Financial Measures” at the end of this press release for more information regarding the Company’s use of non-GAAP financial measures.

² According to Hoodie Analytics.

Consolidated Financial Statements

The financial information reported in this press release is based on unaudited management prepared financial statements for the quarter ended June 30, 2025. These financial statements have been prepared in accordance with U.S. GAAP. The Company expects to file its unaudited condensed interim consolidated financial statements for the quarter ended June 30, 2025, on SEDAR+ and EDGAR on or about August 7, 2025. Accordingly, such financial information may be subject to change. All financial information contained in this press release is qualified in its entirety with reference to such financial statements. While the Company does not expect there to be any material changes between the information contained in this press release and the consolidated financial statements it files on SEDAR+ and EDGAR, to the extent that the financial information contained in this press release is inconsistent with the information contained in the Company's financial statements, the financial information contained in this press release shall be deemed to be modified or superseded by the Company's filed financial statements. The making of a modifying or superseding statement shall not be deemed an admission, for any purposes, that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws. Further, the reader should refer to the additional disclosures in the Company's audited financial statements for the year ended December 31, 2024, filed on SEDAR+ and EDGAR.

Cresco Labs references certain non-GAAP financial measures throughout this press release, which may not be comparable to similar measures presented by other issuers. Please see the "Non-GAAP Financial Measures" section below for more detailed information.

Non-GAAP Financial Measures

This release reports its financial results in accordance with U.S. GAAP and includes certain non-GAAP financial measures that do not have standardized definitions under U.S. GAAP. The non-GAAP measures include: Earnings before interest, taxes, depreciation, and amortization ("EBITDA"); Adjusted EBITDA; Adjusted EBITDA margin; Adjusted gross profit; Adjusted gross profit margin; Adjusted selling, general, and administrative expenses ("Adjusted SG&A"), Adjusted SG&A margin; and Free Cash Flow are non-GAAP financial measures and do not have standardized definitions under U.S. GAAP. The Company defines these non-GAAP financial measures as follows: EBITDA as net loss (income) before interest, taxes, depreciation, and amortization; Adjusted EBITDA as EBITDA less other (expense) income, net, fair value mark-up for acquired inventory, adjustments for acquisition and non-core costs, impairment and share-based compensation; Adjusted EBITDA Margin as Adjusted EBITDA divided by revenues, net; Adjusted gross profit as gross profit less fair value mark-up for acquired inventory and adjustments for acquisition and non-core costs; Adjusted gross profit margin as Adjusted gross profit divided by revenues, net; Adjusted SG&A as SG&A less adjustments for acquisition and non-core costs; Adjusted SG&A margin as Adjusted SG&A divided by revenues, net; and Free Cash Flow as Net cash provided by operating activities less purchases of property and equipment and proceeds from tenant improvement allowances. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with U.S. GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with U.S. GAAP and may not be comparable to similar measures presented by other issuers. These supplemental non-GAAP financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the U.S. GAAP financial measures presented herein. Accordingly, the Company has included below reconciliations of the

supplemental non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

About Cresco Labs Inc.

Cresco Labs' mission is to normalize and professionalize the cannabis industry through a CPG approach to building national brands and a customer-focused retail experience, while acting as a steward for the industry on legislative and regulatory-focused initiatives. As a leader in cultivation, production, and branded product distribution, the Company is leveraging its scale and agility to grow its portfolio of brands that include Cresco, High Supply, FloraCal, Good News, Wonder Wellness Co., Mindy's, and Remedi, on a national level. The Company also operates highly productive dispensaries nationally under the Sunnyside brand that focus on building patient and consumer trust and delivering ongoing education and convenience in a wonderfully traditional retail experience. Through year-round policy, community outreach and SEED initiative efforts, Cresco Labs embraces the responsibility to support communities through authentic engagement, economic opportunity, investment, workforce development, and legislative initiatives designed to create the most responsible, respectable and robust cannabis industry possible. Learn more about Cresco Labs' journey by visiting www.crescolabs.com or following the Company on Facebook, X or LinkedIn.

Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). Such forward-looking statements are not representative of historical facts or information or current condition but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking statements can be identified by the use of forward-looking terminology such as, 'may,' 'will,' 'should,' 'could,' 'would,' 'expects,' 'plans,' 'anticipates,' 'believes,' 'estimates,' 'projects,' 'predicts,' 'potential,' or 'continue,' or the negative of those forms or other comparable terms. The Company's forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to those risks discussed under "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2024, filed on SEDAR+ and EDGAR, other documents filed by the Company with Canadian securities regulatory authorities; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Because of these uncertainties, you should not place undue reliance on the Company's forward-looking statements. No assurances are given as to the future trading price or trading volumes of Cresco Labs' shares, nor as to the Company's financial performance in future financial periods. The Company does not intend to update any of these factors or to publicly announce the result of any revisions to any of the Company's forward-looking statements contained herein, whether as a result of new information, any future event, or otherwise. Except as otherwise indicated, this press release speaks as of the date hereof. The distribution of this press release does not imply that there has been no change in the affairs of the Company after the date hereof or create any duty or commitment to update or supplement any information provided in this press release or otherwise.

Cresco Labs Inc.
Financial Information and Non-GAAP Reconciliations
 (All amounts expressed in thousands of U.S. Dollars)

Unaudited Consolidated Statements of Operations
For the Three Months Ended June 30, 2025, March 31, 2025, and June 30, 2024

(\$ in thousands)	For the Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Revenue, net	\$ 163,624	165,757	184,356
Cost of goods sold	80,368	87,126	89,578
Gross profit	83,256	78,631	94,778
Gross profit %	50.9 %	47.4 %	51.4 %
Operating expenses:			
Selling, general, and administrative	51,398	57,811	54,355
Share-based compensation	2,032	2,075	2,854
Depreciation and amortization	4,420	5,156	5,189
Impairment loss	9,265	—	—
Total operating expenses	67,115	65,042	62,398
Income from operations	16,141	13,589	32,380
Other (expense) income, net:			
Interest expense, net	(12,562)	(14,824)	(13,813)
Other (expense) income, net	(836)	317	(59,508)
Total other expense, net	(13,398)	(14,507)	(73,321)
Income (loss) before income taxes	2,743	(918)	(40,941)
Income tax expense	(16,636)	(14,316)	(10,238)
Net loss¹	\$ (13,893)	\$ (15,234)	\$ (51,179)

¹ Net loss includes amounts attributable to non-controlling interests.

Cresco Labs Inc.
Unaudited Reconciliation of Gross Profit to Adjusted Gross Profit (Non-GAAP)
For the Three Months Ended June 30, 2025, March 31, 2025, and June 30, 2024

(\$ in thousands)	For the Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Revenue, net	\$ 163,624	\$ 165,757	\$ 184,356
Cost of goods sold ¹	80,368	87,126	89,578
Gross profit	\$ 83,256	\$ 78,631	\$ 94,778
Cost of goods sold adjustments for acquisition and other non-core costs	(508)	3,144	1,881
Adjusted gross profit (Non-GAAP)	\$ 82,748	\$ 81,775	\$ 96,659
Adjusted gross profit % (Non-GAAP)	50.6 %	49.3 %	52.4 %

¹ Production (cultivation, manufacturing, and processing) costs related to products sold during the period.

Cresco Labs Inc.
Summarized Consolidated Statements of Financial Position
As of June 30, 2025 and December 31, 2024

(\$ in thousands)

	June 30, 2025	December 31, 2024
	<i>(unaudited)</i>	
Cash and cash equivalents	\$ 146,609	\$ 137,564
Other current assets	167,996	156,693
Property and equipment, net	332,600	344,846
Intangible assets, net	289,268	293,994
Goodwill	283,484	283,484
Other non-current assets	127,802	138,774
Total assets	\$ 1,347,759	\$ 1,355,355
Total current liabilities	\$ 101,324	\$ 94,338
Total non-current liabilities	885,523	872,841
Total shareholders' equity	360,912	388,176
Total liabilities and shareholders' equity	\$ 1,347,759	\$ 1,355,355

Cresco Labs Inc.
Unaudited Reconciliation of SG&A to Adjusted SG&A (Non-GAAP)
For the Three Months Ended June 30, 2025, March 31, 2025, and June 30, 2024

(\$ in thousands)

	For the Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Selling, general, and administrative	\$ 51,398	\$ 57,811	\$ 54,355
Adjustments for acquisition and other non-core costs	1,864	4,841	1,633
Adjusted SG&A (Non-GAAP)	\$ 49,534	\$ 52,970	\$ 52,722
Adjusted SG&A % (Non-GAAP)	30.3 %	32.0 %	28.6 %

Cresco Labs Inc.
Unaudited Reconciliation of Net Loss to Adjusted EBITDA (Non-GAAP)
For the Three Months Ended June 30, 2025, March 31, 2025, and June 30, 2024

<i>(\$ in thousands)</i>	For the Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Net loss¹	\$ (13,893)	\$ (15,234)	\$ (51,179)
Depreciation and amortization	12,190	12,906	14,930
Interest expense, net	12,562	14,824	13,813
Income tax expense	16,636	14,316	10,238
EBITDA (Non-GAAP)	\$ 27,495	\$ 26,812	\$ (12,198)
Other expense (income), net	836	(317)	59,508
Adjustments for acquisition and other non-core costs	734	7,015	3,129
Impairment loss	9,265	—	—
Share-based compensation	2,546	2,723	3,471
Adjusted EBITDA (Non-GAAP)	\$ 40,876	\$ 36,233	\$ 53,910
Adjusted EBITDA % (Non-GAAP)	25.0 %	21.9 %	29.2 %

¹ Net loss includes amounts attributable to non-controlling interests.

Cresco Labs Inc.
Unaudited Summarized Consolidated Statements of Cash Flows
For the Three Months Ended June 30, 2025, March 31, 2025, and June 30, 2024

<i>(\$ in thousands)</i>	For the Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Net cash provided by operating activities	\$ 8,831	\$ 30,463	\$ 17,160
Net cash used in investing activities	(14,469)	(6,869)	(10,270)
Net cash used in financing activities	(3,466)	(5,733)	(15,831)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(2)	2	(10)
Net (decrease) increase in cash and cash equivalents	\$ (9,106)	\$ 17,863	\$ (8,951)
Cash and cash equivalents and restricted cash, beginning of period	162,118	144,255	128,152
Cash and cash equivalents and restricted cash, end of period	\$ 153,012	\$ 162,118	\$ 119,201

Cresco Labs Inc.
Unaudited Reconciliation of Operating Cash Flow to Free Cash Flow (Non-GAAP)
For the Three Months Ended June 30, 2025, March 31, 2025, and June 30, 2024

<i>(\$ in thousands)</i>	For the Three Months Ended		
	June 30, 2025	March 31, 2025	June 30, 2024
Net cash provided by operating activities	\$ 8,831	\$ 30,463	\$ 17,160
Purchases of property and equipment	(13,124)	(5,818)	(6,434)
Proceeds from tenant improvement allowances	451	50	106
Free Cash Flow (Non-GAAP)	\$ (3,842)	\$ 24,695	\$ 10,832

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