# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM 40-F

**REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2025 Commission File Number: 000-56241**

# Cresco Labs Inc.

**(Exact name of Registrant as specified in its charter)**

**British Columbia, Canada**
**(Province or Other Jurisdiction of Incorporation or Organization)**

**2833**
**(Primary Standard Industrial Classification Code)**

**98-1505364**
**(I.R.S. Employer Identification No.)**

**600 W Fulton St Suite 800**
**Chicago, IL 60661 United States**
**(312) 929-0993**
**(Address and telephone number of Registrant's principal executive offices)**

**Cresco Labs Inc.**
**600 W Fulton St Suite 800**
**Chicago, IL 60661 United States**
**(312) 929-0993**
**(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)**

Securities registered or to be registered pursuant to Section 12(b) of the Securities Exchange Act of 1934: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Securities Exchange Act of 1934: **Subordinate Voting Shares, no par value**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Exchange Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

☒ **Annual Information Form** ☒ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report:

**As at December 31, 2025, 158,940,757 Special Subordinate Voting Shares, 343,232,815 Subordinate Voting Shares, 81,492 Proportionate Voting Shares, and 500,000 Super Voting Shares of the Registrant were issued and outstanding.**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

## EXPLANATORY NOTE

Cresco Labs Inc. (the "**Company**" or the "**Registrant**") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is a Canadian issuer eligible to file its annual report (" **Annual Report**") pursuant to Section 13 of the Exchange Act on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "**MJDS**") adopted by the United States Securities and Exchange Commission (the "**SEC**").

## PRINCIPAL DOCUMENTS

The following principal documents are filed as exhibits to, and incorporated by reference into this Annual Report:

| Document | Exhibit No. |
|---|---|
| Annual Information Form of the Company for the year ended December 31, 2025 (the " **AIF**") | 99.4 |
| Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2025 and 2024 (the "**MD&A**") | 99.5 |
| Audited Consolidated Financial Statements of the Company and notes thereto as at and for the years ended December 31, 2025 and 2024, together with the report thereon of the independent registered public accounting firms | 99.6 |

## FORWARD-LOOKING STATEMENTS

This Annual Report of the Registrant, including the exhibits incorporated by reference herein, includes "forward-looking information" and "forward-looking statements" within the meaning of 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. All information, other than statements of historical facts, included in this Annual Report, including the exhibits attached hereto, that address activities, events, or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect," or similar expressions and includes, among others, information regarding: the Company's intention regarding cash flows from operating activities in future periods; statements relating to the business; and future activities of, and developments related to, the Company after the date of this Annual Report, including but not limited to such things as future business strategy, competitive strengths, goals, expansion, and growth of the Company's business, operations, and plans, including new revenue streams, the completion of contemplated acquisitions by the Company, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional states within the United States, international markets and Canada; any potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the United States and the states in which the Company operates; expectations for other economic, business, regulatory, and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions, estimates, analysis, and opinions of management of the Company at the time they were provided or made, in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company, as applicable, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking information and statements. Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including, among other things, assumptions about: development costs remaining consistent with budgets; the ability to manage anticipated and unanticipated costs; access to favorable equity and debt capital markets; the ability to raise sufficient capital to

advance the business of the Company; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favorable production levels and costs from the Company's operations; the pricing of various cannabis products; the level of demand for cannabis products; the availability of third-party service providers and other inputs for the Company's operations; and the Company's ability to conduct operations in a safe, efficient, and effective manner. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive, and other risks and uncertainties, contingencies, and other factors that could cause actual performance, achievements, actions, events, results, or conditions to be materially different from those projected in the forward-looking information and statements. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

See "Risk Factors" in the AIF filed as Exhibit 99.4 to this Annual Report and incorporated by reference herein for discussion of material risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company, as applicable, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking information and statements.

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions that may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes. Forward-looking information and statements are provided and made as of the date of this Annual Report and the Company does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

## CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in United States dollars.

## TAX MATTERS

Purchasing, holding, or disposing of securities of the Registrant may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report.

## DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer ("**CEO**") and Chief Financial Officer (" **CFO**"), of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our CEO and CFO concluded that the Company's disclosure controls and procedures, as defined in Rule 13a-15(e), were not effective as of such date, as a result of the material weaknesses in our internal control described below.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing adequate internal control over financial reporting (" **ICFR**"). ICFR is designed by, or under the supervision of, the Company's CEO and CFO and effected by the Company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Company's management, including the Company's CEO and CFO, assessed the effectiveness of the Company's ICFR as of December 31, 2025, based on the criteria set forth in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of December 31, 2025, the Company's ICFR was not effective due to material weaknesses identified in our ICFR discussed below, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

We identified material weaknesses in internal control related to ineffective information technology general controls (" **ITGCs**") in the areas of program change-management and job monitoring controls that support our financial reporting processes and ensure that system changes are appropriately authorized, tested, and approved prior to implementation and that critical automated jobs, interfaces, and batch processes are appropriately monitored and exceptions resolved in a timely manner. As a result, our business process automated and manual controls that were dependent on the affected ITGCs were ineffective because they could have been adversely impacted. The material weaknesses did not result in any identified material misstatements in our financial statements for the year ended December 31, 2025 or any quarterly period in fiscal 2025.

**Remediation of Material Weaknesses in Internal Control over Financial Reporting**

During 2025, management completed remediation of previously identified material weaknesses related to logical access controls (including provisioning, deprovisioning, and periodic user access reviews), service organization control report reviews, and controls over account reconciliations. Management enhanced related policies and procedures, implemented additional monitoring activities, and tested the design and operating effectiveness of these controls. Based on such testing, management concluded that these material weaknesses were remediated as of December 31, 2025.

Management continues to implement remediation plans to address the remaining ITGC material weakness, including further strengthening change management and automated job monitoring controls and enhancing controls to validate information produced by the entity, which includes system-generated reports and data used in financial reporting. We believe that these actions will remediate the material weaknesses. The material weaknesses will not be considered remediated, however, until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively.

**Limitations on Effectiveness of Controls**

The Company's ICFR may not prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additional controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions in the Company's

business, including increased complexity resulting from the Company's growth and acquisitions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected on a timely basis, notwithstanding the remediation of the material weaknesses.

**Changes to the Company's Internal Control over Financial Reporting**

Except for the remediation activities described above, there were no other changes in the Company's ICFR during the year ended December 31, 2025, that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

## CORPORATE GOVERNANCE

The Board of Directors is responsible for the Company's corporate governance and has the following separately designated standing committees: the Executive Committee, the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. The Company's Audit Committee Charter is included as Appendix A to the AIF filed as Exhibit 99.4 to this Annual Report.

## AUDIT COMMITTEE

The Audit Committee is comprised of Gerald F. Corcoran, who acts as chair of this committee, Randy D. Podolsky, and Robert M. Sampson. All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The Board of Directors has determined Mr. Corcoran is a financial expert (as defined in paragraph (8)(b) of General Instruction B to Form 40-F) and qualifies as independent (as defined by the corporate governance standards of the NASDAQ Stock Market).

## PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees billed by the Company's external auditors in the years ending December 31, 2025 and 2024 are set out below:

| | Baker Tilly | | Marcum | |
|---|---|---|---|---|
| **Category** | **2025** | **2024** | **2025** | **2024** |
| Audit Fees | $ 1,704,091 | $ — | $ 1,381,635 | $ 2,473,090 |
| Audit-Related Fees | 90,000 | — | 61,180 | 8,000 |
| Tax Fees | — | — | — | — |
| Other Fees | — | — | — | 1,200 |
| Total | $ 1,794,091 | $ — | $ 1,442,815 | $ 2,482,290 |

**Audit Fees**

Audit Fees include fees for performance of the annual audit of the Company's financial statements, reviews of quarterly financial statements, review of the AIF, reviews of periodic reports and reviews of other documents required by legislation or regulation.

**Audit-Related Fees**

Audit-Related Fees include fees related to consents and reviews of other securities filings.

**Other Fees**

Other Fees includes fees related to a background check conducted for the newly appointed Chief Financial Officer.

**Audit Committee Pre-Approval Policies**

The Audit Committee has adopted specific policies and procedures for the engagement of its external auditors for the performance of non-audit services. Pursuant to such policies, the Audit Committee is required to review and preapprove all non-audit services to be performed by the external auditor. The Audit Committee may delegate this function to a member of the Audit Committee so that between meetings such member may pre-approve the non-audit services, as long as such member reports the approval to the Audit Committee at the next ensuing meeting.

## 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

For analysis of the Company's material cash requirements from known contractual and other obligations, please refer to the sections titled "Liquidity and Capital Resources" and "Contractual Obligations" in the MD&A, which sections are incorporated by reference herein.

## CODE OF ETHICS

We have adopted a Code of Conduct and Ethics (the "**Code**") that applies to our officers (including without limitation, our CEO and CFO), employees, and directors of the Company and its subsidiaries, and promotes, among other things, honest and ethical conduct. The Company undertakes to provide copies of the Code without charge. A copy of the Code is available on the Governance Documents page of the Company's investor website at investors.crescolabs.com. The Code meets the requirements for a "code of ethics" within the meaning of that term in Form 40-F.

No waivers of the Code or amendments to the Code were granted to any principal officer of the Company or any person performing similar functions during the fiscal year ended December 31, 2025.

## NOTICES PURSUANT TO REGULATION BTR

The Company was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the fiscal year ended December 31, 2025.

## MINE SAFETY DISCLOSURE

Not applicable.

## DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

## UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

**Undertaking**

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

**Consent to Service of Process**

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

**EXHIBIT INDEX**

| Exhibit Number | Exhibit Description |
|---|---|
| 99.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 99.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 99.3 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 99.4 | Annual Information Form of the Company for the year ended December 31, 2025 |
| 99.5 | Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2025 and 2024 |
| 99.6 | Audited consolidated financial statements of the Company and notes thereto as at and for the years ended December 31, 2025 and 2024, together with the report of the Independent Registered Public Accounting Firms thereon |
| 99.7 | News Release dated March 5, 2026 |
| 99.8 | Consent of Baker Tilly, LLP |
| 99.9 | Consent of Marcum LLP |
| 101.INS | XBRL Instance |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

**SIGNATURES**

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CRESCO LABS INC.**

Date: March 5, 2026

By: /s/ Charles Bachtell

**Name:** Charles Bachtell

**Title:** Chief Executive Officer

**Exhibit 99.1**

**RULE 13a-14(a) CERTIFICATION**

I, Charles Bachtell, certify that:

1. I have reviewed this annual report on Form 40-F of Cresco Labs Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 5, 2026

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

**Exhibit 99.2**

**RULE 13a-14(a) CERTIFICATION**

I, Sharon Schuler, certify that:

1. I have reviewed this annual report on Form 40-F of Cresco Labs Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 5, 2026

By: /s/ Sharon Schuler
Sharon Schuler
Chief Financial Officer

**Exhibit 99.3**

**SECTION 1350 CERTIFICATIONS**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350 of chapter 63 of title 18 of the United States Code), the undersigned officer of Cresco Labs Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

This annual report on Form 40-F for the fiscal year ended December 31, 2025 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 05, 2026

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

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**SECTION 1350 CERTIFICATIONS**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350 of chapter 63 of title 18 of the United States Code), the undersigned officer of Cresco Labs Inc. (the "Company"), hereby certifies, to such officer's knowledge, that:

This annual report on Form 40-F for the fiscal year ended December 31, 2025 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 05, 2026

By: /s/ Sharon Schuler
Sharon Schuler
Chief Financial Officer

Exhibit 99.4

# CRESCO LABS INC.

## ANNUAL INFORMATION FORM

## FOR THE YEAR ENDED DECEMBER 31, 2025

DATED MARCH 5, 2026

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## GENERAL

Unless otherwise noted herein, information in this annual information form (the " **AIF**") applies to the business activities and operations of Cresco Labs Inc. (together with its subsidiaries, as the context requires, "**Cresco**", "**Cresco Labs**" or the "**Company**") for the year ended December 31, 2025, as updated where applicable to March 5, 2026. Financial information presented in this AIF is presented in United States (" **U.S.**") dollars ("**USD**" or "**$**"), unless otherwise indicated. All references to " **C$**" refer to Canadian dollars.

Reference is made to the audited consolidated financial statements (the " **Financial Statements**"), together with the auditor's report thereon, and management's discussion and analysis (the "**MD&A**") for Cresco Labs for the financial year ended December 31, 2025. Additional financial information is provided in the Financial Statements and MD&A, which are available for review under the Company's profile on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov/edgar.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This AIF includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. All information, other than statements of historical facts, included in this AIF that address activities, events, or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect," or similar expressions and includes, among others, information regarding: the Company's intention regarding cash flows from operating activities in future periods; statements relating to the business; and future activities of, and developments related to, the Company after the date of this AIF, including but not limited to such things as future business strategy, competitive strengths, goals, expansion, and growth of the Company's business, operations, and plans, including new revenue streams, the completion of contemplated acquisitions by the Company, the application for additional licenses and the grant of licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional states within the U.S., international markets and Canada; any potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory, and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions, estimates, analysis, and opinions of management of the Company at the time they were provided or made, in light of its experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company, as applicable, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking information and statements. Forward-looking information and statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including, among other things, assumptions about: development costs remaining consistent with budgets; the ability to manage anticipated and unanticipated costs; access to favorable equity and debt capital markets; the ability to raise sufficient capital to advance the business of the Company; favorable operating and economic conditions; political and regulatory stability; obtaining and maintaining all required licenses and permits; receipt of governmental approvals and permits; sustained labor stability; stability in financial and capital goods markets; favorable production levels and costs from the Company's operations; the pricing of various cannabis products; the level of demand for cannabis products; the availability of third-party service providers and other inputs for the Company's operations; and the Company's ability to conduct operations in a safe, efficient, and effective manner. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic,

political, regulatory, competitive, and other risks and uncertainties, contingencies, and other factors that could cause actual performance, achievements, actions, events, results, or conditions to be materially different from those projected in the forward-looking information and statements. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

See "*Risk Factors*" for discussion of material risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company, as applicable, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking information and statements.

Readers are cautioned that the foregoing lists are not exhaustive of all factors and assumptions that may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes. Forward-looking information and statements are provided and made as of the date of this AIF and the Company does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

**Financial Information Not in Accordance with Generally Accepted Accounting Principles in the U.S. ( "GAAP")**

In certain of its financial disclosures such as its Financial Statements, MD&A, and earnings releases the Company uses pro forma financial information as well as 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. The Company provides 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, 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. However, such 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 most comparable GAAP financial measures. As such, these supplemental non-GAAP financial measures shall always include reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP.

**Foreign Currency Information**

The Company's expenses are primarily denominated in USD and its operations are primarily in the U.S. The Company's current exposure to exchange rate fluctuations relate primarily to the activities of its Canadian entities.

## MARKET DATA AND INDUSTRY FORECASTS

This AIF includes market and industry data that has been obtained from third-party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources and as such the Company does not

make any representation as to the accuracy of such information. Further, market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. See also "*Cautionary Statement Regarding Forward-Looking Information.*"

## CORPORATE STRUCTURE

The Company, formerly known as Randsburg International Gold Corp. (" **Randsburg**"), was incorporated in the Province of British Columbia under the *Company Act* (British Columbia) on July 6, 1990. On December 30, 1997, the Company changed its name from Randsburg Gold Corporation to Randsburg International Gold Corp., and consolidated its outstanding common shares on a five (5) old for one (1) new basis. On November 30, 2018, a series of transactions were completed among Randsburg and Cresco Labs, LLC ("**Cresco LLC**") resulting in a reorganization of Cresco LLC and Randsburg, pursuant to which Randsburg became the indirect parent and sole voting unitholder of Cresco LLC (the "**Business Combination**"). The Business Combination constituted a reverse takeover of Randsburg by Cresco LLC under applicable securities laws.

Cresco LLC was formed as a limited liability company under the laws of the state of Illinois on October 8, 2013, and is governed by a Pre-Combination LLC Agreement[1]. The Pre-Combination LLC Agreement was further amended and restated (the " **A&R LLC Agreement**") in connection with the completion of the Business Combination. Please see "*Description of Capital Structure – A&R LLC Agreement* " for additional details as to the A&R LLC Agreement.

On November 30, 2018, in connection with the Business Combination, the Company:

(i) consolidated its outstanding Randsburg common shares on an 812.63 old for one (1) new basis, and

(ii) filed an alteration to its Notice of Articles with the British Columbia Registrar of Companies to change its name from Randsburg International Gold Corp. to Cresco Labs Inc. and to amend the rights and restrictions of its existing class of common shares, redesignate such class as the class of Subordinate Voting Shares ("**SVS")**, and create the classes of Proportionate Voting Shares (" **PVS**") and Super Voting Shares ("**MVS**").

On June 29, 2020, the Company filed an alteration to its Notice of Articles with the British Columbia Registrar of Companies to create a class of Special Subordinate Voting Shares ("**SSVS**") and amend the rights and restrictions of SVS, PVS, and MVS.

On June 3, 2022, the Company amended and restated the investment agreement originally dated as of November 30, 2018, among the holders of MVS and the Company. As amended and restated, the investment agreement provides that the Company will repurchase all of the MVS not later than the first business day after the first annual meeting of shareholders of the Company following any future listing of the SVS on a U.S. national securities exchange.

At the meeting of shareholders of the Company held on July 15, 2022, the shareholders approved a special resolution that the Company's articles be altered. On June 1, 2023, the Company amended its articles with the approved shareholder resolution, such that following a listing of the SVS on a U.S. national securities exchange:

(i) the Company may not issue any new MVS,

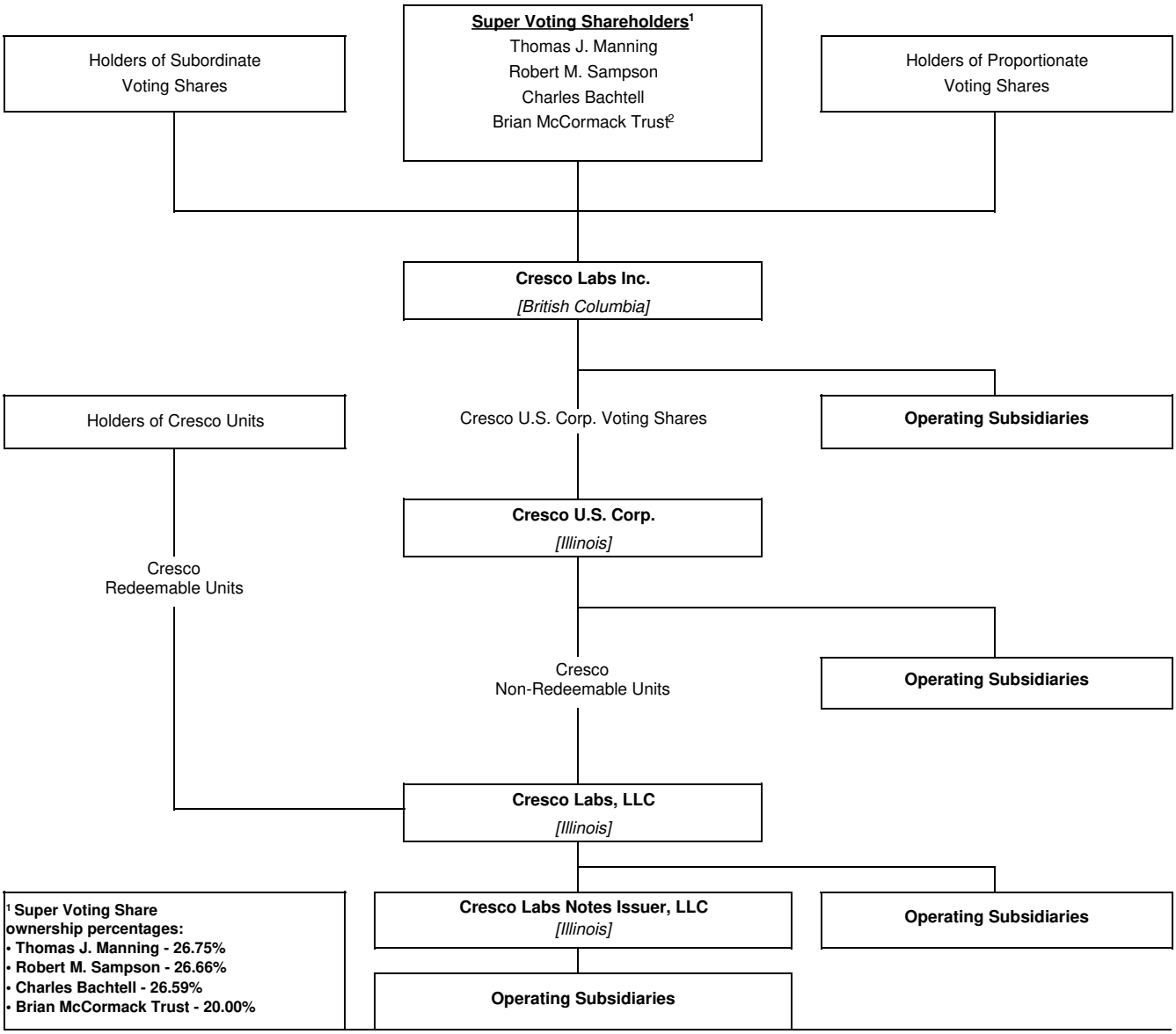
(ii) any MVS repurchased by the Company must be cancelled and may not be reissued, and

(iii) at the time that there are no MVS outstanding, the Company may take such appropriate action (without the need for shareholder action or approval) as may be necessary to remove the MVS from the Company's authorized share structure.

[1] Pre-Combination LLC Agreement means the Cresco LLC limited liability company agreement dated October 8, 2013, as amended and restated as of March 28, 2015, and as further amended and restated as of March 17, 2018, and as of July 1, 2018.

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

Set forth below is the condensed organization chart of the Company as of March 5, 2026 .




[2] During the year ended December 31, 2024, MVS shares owned by Brian McCormack were transferred to the Brian T. McCormack Self Declaration of Trust ("**Brian McCormack Trust**").

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 Financial Statements for the years ended December 31, 2025 and 2024, which section is incorporated by reference herein.

## GENERAL DEVELOPMENT OF THE BUSINESS

Cresco exists to provide high-quality and consistent cannabis-based products to consumers. Cresco blends regulatory compliance expertise with best practices from the agricultural, pharmaceutical, and consumer-packaged goods industries. As of March 5, 2026, Cresco owns and/or operates cultivation, manufacturing, and retail dispensary businesses across eight (8) highly regulated markets: Illinois, Pennsylvania, Ohio, Kentucky, New York, Massachusetts, Michigan, and Florida. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which Cresco has created the opportunity for sustainable growth.

Cresco plans to leverage the success in our current markets to expand into legalized cannabis markets in other states, while focusing on compliance, control, efficiency, and product performance in the medicinal or adult-use cannabis industry.

This ownership of wholesale and retail businesses supports Cresco’s strategy of distributing brands at scale by enabling Cresco to capture market share, generate brand awareness, and earn customer loyalty in its operating markets by guaranteeing share-of-shelf in its own retail stores and its ability to foster mutually beneficial relationships with its third-party dispensary customers as a large supplier of a portfolio of distinct and trusted cannabis brands.

### Acquisitions and Dispositions

**Keystone Integrated Care, LLC (“Keystone”)**

On April 24, 2024, the Company successfully finalized its acquisition of Keystone for aggregate consideration of $8.5 million which includes a mix of $3.4 million in cash consideration, $2.8 million of equity, and $2.3 million in deferred consideration. Prior to the acquisition, Keystone operated two (2) dispensaries in Pittsburgh, PA and Greensburg, PA and held a third dispensary license giving the Company to expand our presence in the Commonwealth. On May 28, 2025, the Company announced the opening of a Sunnyside® in Chippewa Township, PA, utilizing the third dispensary license.

No acquisitions were completed in fiscal years 2023 or 2025. The Keystone acquisition did not meet the definition of a “significant acquisition” as defined in Canadian securities law.

**AFS Maryland, LLC**

On June 22, 2023, the Company completed a divestiture of its AFS Maryland, LLC production facility. The Company received cash proceeds of $3.3 million for the sale of property, equipment, and intangible assets and recorded a gain of $1.4 million from the completed divestiture.

**Encanto Green Cross Dispensary** (“**Encanto**”)

On October 18, 2023, the Company closed on the sale of the assets of Encanto. The sale of the assets generated cash proceeds of $6.5 million and resulted in a net loss of $1.0 million.

**Sonoma’s Finest Cultivation Facility**

On October 31, 2025, the Company completed the sale of its Sonoma’s Finest cultivation facility, which was classified as held for sale as of September 30, 2025. The Company received $2.1 million in proceeds from the sale

comprised of $0.4 million of cash on closing along with a $1.7 million seller note with an 8% interest rate payable over an 18-month period.

No dispositions were completed in fiscal year 2024.

**Equity Financing Activities**

**Shelf Prospectus**

On August 16, 2023, the Company filed a short form base shelf prospectus (the " **2023 Shelf Prospectus**") with the securities commissions in each of the provinces of Canada, except Québec. On August 17, 2023, the Company received a receipt for the 2023 Shelf Prospectus and filed a corresponding shelf registration statement on Form F-10 (the "**2023 Registration Statement**") with the U.S. Securities and Exchange Commission ("**SEC**") under the U.S./Canada Multijurisdictional Disclosure System (" **MJDS**"). The 2023 Shelf Prospectus and the 2023 Registration Statement allow the Company to offer SVS, debt securities, subscription receipts, warrants, and units, or any combination thereof, from time to time during the 25-month period that the 2023 Shelf Prospectus is effective (subject to MJDS eligibility). The 2023 Shelf Prospectus replaced a shelf prospectus that had been filed in 2021 and expired during 2023.

On October 3, 2025, the Company filed a short form base shelf prospectus (the " **2025 Shelf Prospectus**") with the securities commissions in each of the provinces of Canada, except Québec. On October 6, 2025, the Company received a receipt for the 2025 Shelf Prospectus and filed a corresponding shelf registration statement on Form F-10 (the "**2025 Registration Statement**") with the SEC under the U.S./Canada MJDS. The 2025 Shelf Prospectus and the 2025 Registration Statement allow the Company to offer SVS, debt securities, subscription receipts, warrants, and units, or any combination thereof, from time to time during the 25-month period that the 2025 Shelf Prospectus is effective (subject to MJDS eligibility). The 2025 Shelf Prospectus replaced the 2023 Shelf Prospectus that expired during 2025.

**At-the-Market Offering**

In January 2026, the Company entered into an equity distribution agreement with Haywood Securities Inc. Pursuant to this agreement, the Company is able, from time to time, to sell up to C$140 million of its SVS in Canada (the "**ATM Program**"). The ATM Program was made pursuant to the 2025 Shelf Prospectus and a prospectus supplement dated January 29, 2026. The ATM Program will expire in November of 2027.

**Debt Financing Activities**

**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 a pre-existing term loan that was entered into on February 2, 2020, with the remainder to fund capital expenditures and pursue other targeted growth initiatives within the U.S. cannabis sector. Under the agreement, the Company is subject to certain financial and non-financial covenants.

The Senior Loan accrued interest at a rate of 9.5% per annum, payable in cash semi-annually and had a stated maturity of August 12, 2026. The Company's effective interest rate for the Senior Loan was 11.0%.

On September 22, 2023, the Company amended the Senior Loan to modify certain terms of the original Senior Loan, 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 to the Senior Loan (the " **Amended Loan Agreement**"). Pursuant to the terms of the Amended Loan Agreement, the Company was permitted, from time-to-

time, to 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.

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.

**Senior Secured Term Loan**

On August 13, 2025, the Company closed a refinancing of the Senior Loan and replacement of the Amended Loan Agreement with a new senior secured term loan agreement ("**Senior Secured Term Loan**"). The new $325 million Senior Secured Term Loan bears an interest rate of 12.5% per annum and matures on August 13, 2030. Proceeds from the new facility, together with cash on hand, were used to repay in full the Senior Loan. The Senior Secured Term Loan contains no equity or convertible features and includes customary financial and operational covenants.

**Mortgage Loans**

On September 26, 2023, JDRC Ellenville, LLC ( "**Ellenville**"), an indirect subsidiary of the Company, entered into a loan agreement 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's 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.

October 3, 2025, the Company amended the Mortgage Loans, extending the interest-only payment period through October 1, 2026. All other terms of the Mortgage Loans remain the same.

**U.S. Industry Background and Trends**

The emergence of the legal cannabis sector in the U.S., both for medical and adult-use, has been rapid as more states adopt regulations for its production and sale. Today more than 50% of Americans live in a state where cannabis is fully legalized for adult-use.[2]

The use of cannabis and cannabis derivatives to treat or alleviate the symptoms of a wide variety of chronic conditions has been generally accepted by a majority of citizens with a growing acceptance by the medical community as well. A review of the research, published in 2015 in the Journal of the American Medical Association, found strong evidence that cannabis can treat pain and muscle spasms.[3] The pain component is particularly important because other studies have suggested that cannabis can replace pain patients' use of highly addictive, potentially deadly opiates — meaning marijuana legalization has the potential to save lives.[4]

Polls throughout the U.S. consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis. It is estimated that 88% of the U.S. voters support legalizing cannabis for medical and/or adult-use.[5] These represent large increases in public support over the past 40 years in favor of legal cannabis use.

[2] https://worldpopulationreview.com/states

[3] Grant, Igor MD (2015). *Medical Use of Cannabinoids. Journal of American Medical Association, 314: 16,* 1750-1751. doi: 10.1001/jama.2015.11429.

[4] Bachhuber, MA, Saloner B, Cunningham CO, Barry CL. (2014). Medical Cannabis Laws and Opioid Analgesic Overdose Mortality in the U.S., 1999-2010. *JAMA Intern Med.* 174(10):1668-1673. doi: 10.1001/jamainternmed.2014.4005.

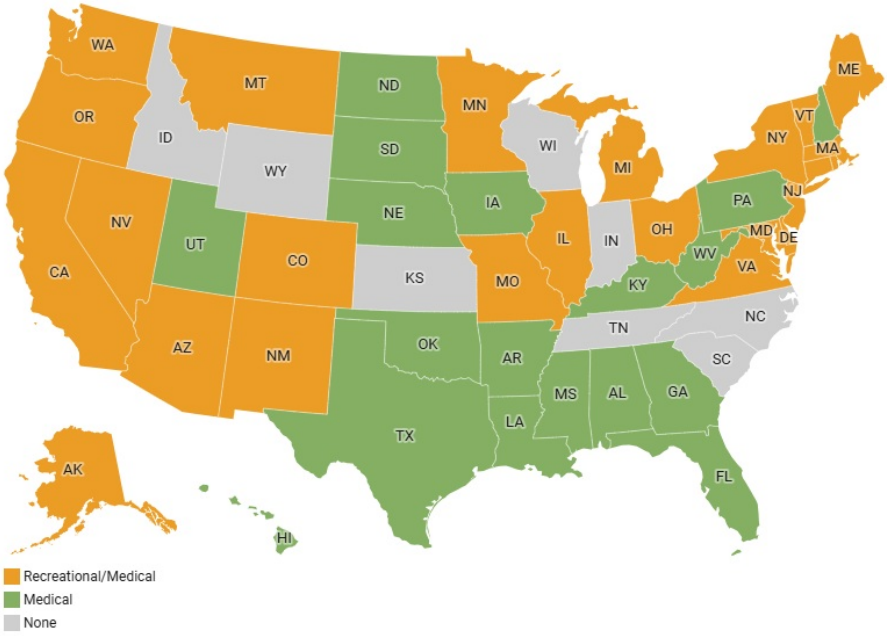
[5] https://www.pewresearch.org/politics/2024/03/26/most-americans-favor-legalizing-marijuana-for-medical-recreational-use/

Although more than 80% of the U.S. states have now legalized adult-use and/or medical marijuana, marijuana remains illegal under U.S. federal law with marijuana listed as a Schedule I drug under the *U.S. Controlled Substances Act* (the "**CSA**"). On April 30, 2024, the U.S. Drug Enforcement Administration ("**DEA**") publicly recommended that cannabis be rescheduled from a Schedule I controlled substance to a Schedule III controlled substance. The DEA recommendation was reviewed by the White House Office of Management and Budget ("**OMB**"). Subsequent to OMB's review, the DEA proposal was published in the federal register and the formal rule making process began during which the DEA received public comment on its rescheduling plan. After the close of the public comment period, the DEA scheduled proceedings before an administrative law judge, which began in December 2024 and continued into early 2025, to consider differing expert opinions on the rescheduling of cannabis. Administrative proceedings have remained paused since January 2025. See "*Description of the Business*" and "*Risk Factors*" below. However, President Donald Trump signed an Executive Order on December 18, 2025, ordering Attorney General Pam Bondi to expedite and complete the rescheduling process moving cannabis from Schedule I to Schedule III of the CSA. The CSA defines Schedule I drugs, substances, or chemicals as drugs with no currently accepted medical use and a high potential for abuse and Schedule III drugs, substances or chemicals as drugs with a moderate to low potential for physical and psychological dependence. In accordance with the CSA, the U.S. Department of Justice ("**DOJ**") views the potential for abuse of Schedule III drugs as less than Schedule I and Schedule II drugs but more than Schedule IV drugs. The U.S. Food and Drug Administration ("**FDA**") has not approved marijuana as a safe and effective drug for any indication. The agency has, however, approved one cannabis derived drug product, Epidolex, for the treatment of seizures associated with Lennos-Gastaut syndrome or Dravet syndrome.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale, and possession of medical marijuana under the *Cannabis Act* (Canada), marijuana is largely regulated at the state level in the U.S.

State laws regulating cannabis are in direct conflict with the CSA, which makes cannabis use and possession federally illegal in the U.S. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under U.S. federal law under any and all circumstances under the CSA. Although Cresco and its subsidiaries' activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve Cresco and its subsidiaries of liability under U.S. federal law, nor provide a defense to any U.S. federal proceeding which may be brought against Cresco or its subsidiaries.

**Current U.S. Cannabis Market**




Source: https://mjbizdaily.com/map-of-us-marijuana-legalization-by-state/

Going forward, the Company expects that the U.S. cannabis industry will continue to be subject to state legislation, with additional states regulating the medical and recreational use of cannabis**.**

The Company has current operations in the states of Illinois, Pennsylvania, Ohio, Kentucky, New York, Massachusetts, Michigan, and Florida. It intends to expand into other states within the U.S. that have legalized cannabis use either medicinally or recreationally.

On December 20, 2018, the 2018 Farm Bill (the "**Farm Bill**") became law in the U.S. Under the Farm Bill, industrial and commercial hemp is no longer to be classified as a Schedule I controlled substance in the U.S. Hemp includes the plant cannabis sativa L and any part of that plant, including seeds, derivatives, extracts, cannabinoids, and isomers. To qualify under the Farm Bill, hemp must contain no more than 0.3% of Delta-9-tetrahydrocannabinol ("**THC**"). The Farm Bill explicitly allows interstate commerce of hemp which will enable the transportation and shipment of hemp. On November 12, 2025, President Trump signed the Continuing Appropriations and Extensions Act of 2026 (H.R. 5371 / P.L. 119-37), as part of a broader bill to reopen the government following a government shutdown, which clarifies and narrows the definition of hemp under federal law. The law, which will be effective 365 days following its enactment, limits total THC to 0.4 mg per container of hemp product.

## DESCRIPTION OF THE BUSINESS

**General**

Cresco is one of the largest vertically-integrated multi-state cannabis operators in the U.S. The company is licensed to cultivate, manufacture, and sell retail and medical cannabis products both through Sunnyside®, Cresco Labs' national dispensary brand, and wholesaling to third-party retail stores. Cresco is built to become the most important

company in the cannabis industry by combining the most strategic geographic footprint, its industry-leading brands, highly productive retail, and one of the leading distribution platforms in North America.

During the fourth quarter of 2025 following the sale of its Sonoma's Finest cultivation facility and exit of the California market, the Company reorganized internal reporting and realigned its operating segments. The change resulted in the identification of two (2) new operating segments - consolidated wholesale and consolidated retail - with the Chief Executive Officer as the sole Chief Operating Decision Maker. For additional information on our segments, refer to Note 18 "Segment Information" of the Company's Financial Statements for the years ended December 31, 2025 and 2024, which section is incorporated by reference herein.

Sunnyside*® is a cannabis destination designed to provide warm expertise to our consumers and patients no matter where they are on their cannabis journey. Through trust, education, and convenience for both existing and new cannabis consumers; Sunnyside's competitive advantage is reinforced through its proprietary e-commerce platform, best-in-class assortment strategy, and an operating model that delivers unparalleled efficiency and in-store experience.

Recognizing that the cannabis industry is poised to become one of the leading job creators in the country, Cresco created the industry's first national comprehensive Social Equity and Educational Development ("**SEED**™") initiative designed to ensure that all members of society have the skills, knowledge, and opportunity to work in and own businesses in the cannabis industry.

Rooted in the fundamentals of consumer-packaged goods (" **CPG**") brand building, Cresco has implemented a strategy to create and distribute a differentiated portfolio of brands that are aligned to distinct audiences, states of need, and occasions.

Cresco operates the following family of brands:

- **Cresco®** – Elevating everyday cannabis. Cresco® offers award-winning flower, liquid live resin vapes carts and pens, pre-rolls, and concentrates in the most popular and consistent strains, available at dispensaries and retail locations nationwide.
- **High Supply® (or Supply®)** – High Supply® is quality cannabis, available in bulk and at great prices, to provide the best value. High Supply® buds are expertly grown; lab-tested; and available in vape carts, vape pens, flower, popcorn, shake, pre-rolls, shorties, and concentrates.
- **Good News®** – Good News® is a line of cannabis products that removes the complexity of understanding terpenes and strains by creating easy-to-understand formulations each designed to enhance life's favorite moments. Good News® products are easy to use, benefit forward, and come in easy-to share product forms, such as, gummies, fast-acting gummies, vapes, and infused pre-rolls.
- **Wonder Wellness Co.®** – Wonder Wellness Co.® products are designed to allow consumers the ability to control their high across a variety of effects. The Wonder Wellness Co.® line is built around manageable, micro-dose forms, with a range of ratios, and botanicals across products.
- **FloraCal® (or FloraCal® Farms)** – Born in California, FloraCal® is a purveyor of premium cannabis flower. Our team of master cultivators hand select the finest genetics and tailor our small-batch, sustainable farming techniques to each cultivar's unique needs. We utilize 100% renewable energy to help produce sophisticated, terpene-rich products that invoke robust, one-of-a-kind experiences including premium flower along with live rosin vapes, concentrates, and edibles.
- **Remedi™** – Remedi™ products provide a consistent and trusted alternative to traditional pharmaceuticals like opioids. With familiar formats and user-friendly delivery systems, Remedi™ is designed to help patients and consumers feel comfortable with cannabis.
- **Mindy's™** – Deliciously-dosed edibles created by James Beard Award-Winning Pastry Chef, Mindy Segal. Infused with the best-quality cannabis oils, a wide variety of uniquely delicious bites are available at multiple potency levels.

- **Loud*r™** – Loud*r™ is a bold cannabis brand created by Sunnyside ®, for Sunnyside®. Built to differentiate our assortment, it delivers high-quality cannabis in the formats our Champions love most. Available only at Sunnyside®, Loud*r™ drives trips and loyalty, proving that taking cannabis seriously doesn't mean it can't be seriously fun.

With a portfolio consisting of over 500 unique products and over 6,600 unique stock-keeping-units (" **SKUs**"), Cresco's products are sold in nearly 1,400 dispensaries across the country. Cresco has consistently demonstrated the ability to place its branded products on the shelves of the most important dispensaries in a targeted state, driving best-in-class sell-through and menu assortment. This CPG-focused wholesale strategy enables Cresco to maximize its points of distribution and drive revenue growth independent of the expansion of its retail presence.

Cresco operates 73 dispensaries, as of March 5, 2026, which gives it the ability to not only sell its own products but focus on educating and building trust within the surrounding communities. These dispensaries serve as a critical platform for innovation and powerful consumer insights as it shapes the future of cannabis. Further, they are the leading point of interaction of Cresco's family of brands within each addressable market.

On December 3, 2018, the Company began trading on the Canadian Securities Exchange (the " **CSE**") under the ticker symbol "CL."

On March 6, 2019, the Company's shares were approved to be quoted on the Over-the-Counter-Market and trade under the ticker symbol "CRLBF."

On August 13, 2019, the Company began trading on the Frankfurt Stock Exchange under the symbol "6CQ."

**Significant Events or Milestones**

The principal milestones that must occur during the next 12-month period for the business objectives described herein to be accomplished are as follows: hire key personnel, obtain necessary regulatory approvals, implement marketing plans, and commence production and sales in Cresco's new markets, including retail stores for recreational and medical cannabis where legislation permits.

The Company has put in place a team of executives, board of advisors, and consultants with various areas of expertise and experience in multiple industries including commercial agriculture, pharmaceutical, manufacturing, CPG, and traditional healthcare. In the interest of progressing a professional medical dialogue and educating as many physicians as possible on the use of medical cannabis as a therapeutic treatment for patients, Cresco has organized a team of physicians to educate, train, and inform medical professionals on all aspects of cannabis as medicine.

During the year ended December 31, 2025, the Company opened three (3) new Sunnyside ® dispensaries, consisting of one (1) store in each of Pennsylvania, Ohio, and Florida, and closed three (3) Sunnyside® dispensaries in Florida. During the first quarter of 2026, the Company has entered into a purchase agreement, pending approval, which will result in the acquisition of 9 dispensaries for the purpose of expanding the Company's national presence, please refer to the section titled "*Recent Developments*" in the MD&A, which section is incorporated by reference herein, for further information.

During the year ended December 31, 2025, the Company announced management services agreements with KSKYAPP, LLC, a holder of a tier 3 cultivation license in Kentucky, BSRKYAPP, LLC, a holder of a Kentucky dispensing license, and RSKYAPP, LLC, a holder of a Kentucky processing license., and a support service agreement with Strategic Capital and Management Services, LLC, a third-party holder of a dispensing license in Illinois.

On June 12, 2025, the Company announced it had changed its auditor from Marcum LLP (" **Marcum**") to Baker Tilly US, LLP (" **Baker Tilly**").

On July 21, 2025, the Company announced a strategic restructuring and plans to divest its California operations, which it completed on October 31, 2025, see *"General Development of Business - Acquisitions and Dispositions"* above, for further information.

On August 13, 2025, the Company closed a refinancing of the Company's Senior Secured **T**erm Loan. For an overview of the Company's debt financing activities, see *"General Development of Business - Debt Financing Activities"* above, for further information.

On September 16, 2025, the Company announced the voting results of its annual general and special meeting of shareholders (the " **Meeting**"). At the Meeting:

- The number of directors on the board of directors of the Company for the ensuing year was fixed at seven (7) by the shareholders and the nominees for election as directors of the Company were elected by a majority of votes cast by the shareholders virtually present or represented by proxy at the Meeting.
- Baker Tilly was appointed as the Company's auditor for the ensuing year.
- Shareholders of Cresco Labs voted to approve an award exchange program.

On November 12, 2025, the Company announced the launch of Cresco-branded flower in Germany, marking the Company's first commercial entry into the European Union. Non-US operations were not material to the Company as of December 31, 2025.

On December 18, 2025, President Trump signed an Executive Order taking action to reschedule cannabis from a Schedule I to Schedule III substance under the Controlled Substances Act.

**Growth Strategy**

Cannabis legalization continues to expand throughout the U.S., with an ever-increasing number of states approving medical and recreational sales. The U.S. market for legal cannabis sales (including both medical and adult-use) is projected to grow to $37 billion by 2028[1]. To date, twenty-four (24) states and the District of Columbia have passed laws approving the sale of recreational cannabis, with Ohio commencing sales in August 2024.[2] States that began recreational sales in 2021 are expected to generate over $8 billion in adult-use sales in 2025. [3] The legal markets will continue to grow as existing cannabis consumption shifts from illicit channels, alcohol consumption shifts to cannabis, communities gain better access to dispensaries and a new cohort of cannabis consumers engages with the category for the first time.

Cresco plans to capitalize on the significant increase in cannabis consumption in current and future recreational markets, driving both access to new markets and building the depth of its production and retail footprints. The Company's historical focus on prioritizing the most strategic markets – those offering both appropriate regulations and sizable populations – remains a key priority in 2025. Cresco's readiness to address adult-use conversions (e.g. Ohio) while optimizing its asset base in mature markets, provides a holistic approach to responsibly growing amid an ever-changing industry landscape. As in the past, Cresco considers both organic and inorganic opportunities to expand its wholesale market leadership and best-in-class retail productivity, enabling the company to drive meaningful market positions in the markets that matter most.

[1] BDSA, USA Market Forecast Summary, October 2025. Retrieved from https://bdsa.com/cannabis-industry-intelligence
[2] MJBizDaily, "Where marijuana is legal in the United States," June 20, 2025. Retrieved from https://mjbizdaily.com/map-of-us-marijuana legalization-by-state/
[3] BDSA, USA Market Forecast Summary, October 2025. Retrieved from https://bdsa.com/cannabis-industry-intelligence

While the majority of long-term growth will be fueled by recreational consumption, there are also ample opportunities to drive growth within today's medical markets. As more research centers study and support the effects of cannabis-based products in addressing therapeutic needs, management believes that the size of the U.S. medical cannabis market will also continue to grow as more states approve legal medical programs, expand their programs to consider more qualifying conditions and beneficial form factors, and more patients join programs. Given Cresco's existing operations in several strong medical markets (e.g., Florida and Pennsylvania), Cresco is well-versed in operating within a diverse medical-market landscape, leveraging its experience as regulations evolve in disparate manners. Further, this expertise in medical channels also builds the foundations necessary to accelerate market growth upon the approval of recreational legalization, including the development of a portfolio geared to address the needs of all cannabis consumers, and a retail model built to support substantive increases in consumer traffic.

Regardless of each state's regulations, Cresco actively leverages its successes in its most developed markets (e.g., Illinois, Pennsylvania, and Massachusetts) to create expansion strategies across its geographic footprint. Cresco looks to other burgeoning markets to complement the growth in its core, including Ohio, Florida, and Michigan, while poising itself to unlock growth in new markets as adult-use regulations continue to develop. At the same time, Cresco will maintain its historical focus on compliance, control, efficiency, and product quality to cement itself as the most important multi-state operator within the cannabis industry. To support these ambitions, Cresco will:

(i) Pursue licenses, partnerships, or acquisition of cannabis operations to expand and deepen its position within the most important cannabis markets.

(ii) Complete application processes for states beginning or expanding their medical cannabis programs.

(iii) Invest in canopy expansion, automation, and facility design necessary to support demand across its footprint.

(iv) Complement its leading wholesale positions with tactical expansion of its retail footprint (e.g., store capacity, and new stores).

(v) Build the best portfolio of brands within the cannabis industry, supporting both today and tomorrow's cannabis consumers.

Cresco has proven its ability to become operational in new markets and establish material positions throughout its geographic footprint and plans to continue this trend.

**Cultivation**

We currently operate or plan to operate ten (10) separate cultivation facilities, totaling approximately 0.4 million in current or planned cultivation square feet, across seven (7) states (Illinois, Pennsylvania, Ohio, Kentucky, Massachusetts, Michigan, and Florida). We operate indoor grow facilities, traditional green houses, and hybrid green houses. Our multiple cultivation and extraction facilities allow us to produce cannabis products across several product categories.

Designed to provide a high-quality product, increase yields, and minimize the possibility of crop failure, each of Cresco's cultivation facilities is equipped with traditional commercial agriculture components, automated environmental control systems, robust monitoring systems and specialized lighting and fertigation systems. Developed over years of research, its carefully crafted SOPs are utilized to ensure crop quality and consistency at scale. Cresco has made significant investments in cultivation and processing facilities and plans to continue doing so.

**Manufacturing**

Cresco's laboratory instrumentation gives it the ability to formulate and develop a variety of products based on traditional pharmaceutical delivery systems – inhalation devices (vape cartridges and pens), capsules, tablets, tinctures, topical salves, and edible forms with a variety of cannabinoid profiles. Cresco's food and beverage

manufacturing facilities are outfitted with equipment that allows it to produce shelf-stable quality confections with consistency. It is expected that 40-50% of the raw cannabis produced at Cresco's cultivation facilities will be used at Cresco's food & beverage manufacturing facilities and laboratories to make the vaporizable, oral, topical, and edible products sold under the Cresco®, High Supply® or Supply®, Good News®, Remedi™, Wonder Wellness Co.®, FloraCal® Farms or FloraCal®, and Mindy's™ brands.

**Dispensaries**

***Wholesale***

Cresco collaborates with its retail partners on strategic in-store promotions, customer events, and shelf space tactics to ensure maximum sell throughput. The Company takes a data-driven approach in its efforts to create an optimized sale process.

***Retail***

As of March 5, 2026, the Company operates a total of seventy-three (73) dispensaries across Illinois, Pennsylvania, Ohio, New York, Massachusetts, and Florida, 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 dispensaries Illinois, Massachusetts, New York, and Ohio have adult-use cannabis programs.

**Seasonality**

The Company's business and operations do not experience marked seasonality.

**Real Estate Strategy**

Within its core markets, Cresco spends time and resources in selecting real estate in premium locations with significant traffic and proximity to popular attractions (restaurants, malls, sports arenas, hotels, etc.). Cresco targets retail spaces based on the market and available real estate.

Cresco utilizes both its internal real estate and legal teams as well as a network of real estate brokers to negotiate leases, acquisitions, dispositions and sales, and leaseback transactions on behalf of the Company. Cresco typically prefers five-to-ten year leases for its retail operations.

When leasing real estate is not possible, Cresco is willing to enter into purchasing arrangements.

**Banking and Processing**

Cresco deposits funds from its dispensary operations into its banking partners in each respective market. These state-chartered financial institutions are fully aware of the nature of Cresco's business and continue to remain supportive of Cresco's growth plans. Cresco's dispensaries currently accept only cash and debit cards and do not process credit card payments. It is anticipated that over time all forms of payment will be accepted by each of the dispensaries subject to changes in federal banking laws currently prohibiting such use.

**Product Selection and Offerings**

Product selection for the Company's retail operations is comprised of both Cresco manufactured and third-party brands and products in an effort to maximize demand and business performance across all relevant categories. Decisions related to product selection are made by retail and wholesale leaders from operations, finance, planning, buying, sales, and analytics teams. Product selection is based on historical demand and anticipated opportunity, product quality, margin potential, consumer feedback, and the ability for respective brands to scale.

Cresco's manufactured products are sold through Company-owned and managed dispensaries as well as third-party dispensaries. Cresco sells bulk product and continues to explore distributing new branded products to other dispensaries through both Company-owned and third-party distributors. The full extent of this expansion will depend upon the ultimate extent of the Cresco-owned and managed retail footprint, as well as the ultimate expanded production capacity of Cresco's cultivation and production facilities. See "*Description of the Business*" above, for further information on Cresco's family of brands.

**Product Pricing**

Cresco's prices vary based on the market conditions and product pricing of vendor partners. Cannabis and cannabis product pricing is based on operating costs, materials costs, growth time, and other applicable variables. Additionally, product pricing reflects existing pricing regulations in Cresco's markets where applicable.

**Inventory Management**

Cresco has comprehensive inventory management procedures, which are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, and other requirements. These procedures ensure strict control over Cresco's cannabis and cannabis product inventory from delivery by a licensed distributor to sale or delivery to a consumer, or disposal as cannabis waste. Such inventory management procedures also include measures to prevent contamination and maintain the safety and quality of the products dispensed at Cresco's retail locations. Cresco understands its responsibility to the greater community and the environment and is committed to providing consumers with a safe, consistent, and high-quality supply of cannabis.

**Employees**

As of December 31, 2025, Cresco had approximately 2,900 employees across its operating jurisdictions, primarily employed in Cresco's cultivation, manufacturing, and processing operations and support thereof. Other significant departments include retail and other operations, logistics and supply chain, sales and marketing, legal and compliance, and other administrative and support functions. Cresco recruits, hires, and promotes individuals that are best qualified for each position, priding itself on using a selection process that recruits people who are trainable, cooperative, and share its core values as a company. In addition, the safety of employees is a priority and Cresco is committed to the prevention of illness and injury through the provision and maintenance of a healthy workplace. Cresco takes all reasonable steps to ensure staff are appropriately informed and trained to ensure the safety of themselves as well as others around them.

**Specialized Skill and Knowledge of Employees**

To remain a leader in its field, Cresco relies on a motivated and experienced team, focused on offering the highest-quality product, in accordance with the regulations in force. The Company employs a diverse group of people for their particular administrative, operational, and financial expertise. In addition, the Company employs individuals with experience in cultivation and growing of wellness and medical marijuana.

**Competition**

With respect to retail operations, Cresco expects to compete with other retail license holders across the markets in which it operates. Many of Cresco's competitors in those markets are small local operators as well as our peer group of publicly traded companies. In most markets there are also a large number of illegally operating dispensaries and fraudulent websites which serve as competition. However, legal, compliance, and law enforcement entities are expected to continue the reduction of these illicit operations. In addition to physical dispensaries, Cresco also competes with third-party delivery services, which provide direct-to-consumer delivery services.

In terms of cultivation and production, Cresco competes with other licensed cultivators and operators in the states in which it operates. Similar to retail, there are a number of illegally operating cultivators in certain markets which will

serve as competition in the near-term. It is expected that compliance and law enforcement entities will continue the reduction of these illicit operations.

**Intellectual Property**

Cresco has developed numerous proprietary technologies and processes. These proprietary technologies and processes include its cultivation and extraction techniques, and certain cultivation equipment and irrigation systems. While exploring the patentability of these techniques and processes, Cresco relies on non-disclosure and confidentiality arrangements and trade secret protection.

Cresco has invested significant resources towards developing recognizable and unique brands and is in the process of seeking registration of trademarks with the U.S. Patent and Trademark Office and the states in which it operates. Cresco owns or operates numerous website domains (including but not limited to www.crescolabs.com, www.chooseremedi.com, www.crescocannabis.com, www.highsupplyofficial.com, www.mindysedibles.com, and www.sunnyside.shop), numerous social media accounts across all major platforms and various phone and web application platforms.

Cresco's legal counsel monitors and proactively addresses potential intellectual property infringement. Additionally, Cresco maintains strict standards and operating procedures regarding its intellectual property, including the standard use of non-disclosure, confidentiality, and intellectual property assignment agreements.

***Trademarks***

Cresco currently has thirty-four (34) registered trademarks at the U.S. federal level. Additionally, Cresco currently has one hundred ten (110) registered trademarks across ten (10) states including Illinois, Pennsylvania, Ohio, California, New York, Massachusetts, Michigan, Florida, Maryland, and Arizona for the brands offered within each state. For additional details on the risks associated with the lack of trademark protection please see "*Risk Factors – Intellectual Property*."

Ongoing application review is occurring at the Canadian and U.S. Federal level. Cresco anticipates feedback on the remaining submitted applications to be seen on a rolling basis. As such, Cresco will continue to rely on common law protection for these brands during the trademark registration process. Moreover, Cresco will proactively seek intellectual property protection for brand expansions in current markets as well as any new market expansion. For additional details on the risks associated with the lack of trademark protection, please see *"Risk Factors - Intellectual Property."*

***Patents***

Cresco is in the process of registering one (1) patent for the proprietary technologies and processes specifically in the extraction process for producing liquid live resin. Cresco successfully registered one (1) patent in the aforementioned proprietary technologies and processes in the third quarter of 2020, one (1) patent in the second quarter of 2021, and one (1) patent in the third quarter of 2024. Cresco anticipates communication from the United States Patent and Trademark Office ("**USPTO**") on the patent-pending application in the first half of 2026. For additional details on the risks associated with the lack of patent protection, please see "*Risk Factors – Intellectual Property*."

**U.S. Regulatory Environment**

For an overview of the U.S. regulatory environment and how it affects Cresco's business, please refer to the section titled " *Federal Regulatory Environment*" in the MD&A, which section is incorporated by reference herein.

While Cresco's operations are in full compliance with all applicable state laws, regulations, and licensing requirements, for the reasons described above and the risks further described in the "*Risk Factors*" section below, there are significant risks associated with the business of Cresco. Readers are strongly encouraged to carefully read all of the risk factors contained in the "*Risk Factors*" section below.

**State Regulatory Environment**

For an overview of the regulatory landscape, licensing requirements, and details of licenses for each state where the Company operates, and how it affects Cresco's business, please refer to the section titled "*The States we Operate in, Their Legal Framework and How it Affects our Business*" in the MD&A, which section is incorporated by reference herein.

## RISK FACTORS

**CANNABIS IS ILLEGAL UNDER U.S. FEDERAL LAW AND ENFORCEMENT OF RELEVANT LAWS IS A SIGNIFICANT RISK.**

**READERS ARE STRONGLY ENCOURAGED TO CAREFULLY READ ALL RISK FACTORS CONTAINED IN THIS SECTION.**

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company may also impair the operations of the Company. If any such risks occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, operating results, and growth plans of the Company could be materially adversely affected.

The acquisition of any of the securities of the Company is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks for an indefinite period of time and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Company shareholders should carefully evaluate the following risk factors associated with the Company's securities, along with the risk factors described elsewhere in this AIF.

The following table is intended to assist readers in identifying those parts of this AIF that address the disclosure expectations outlined in the Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**") for issuers that currently have cannabis-related activities in U.S. states where such activity has been authorized within a state regulatory framework.

| Industry Involvement | Specific Disclosure Necessary to Fairly Present all Material Facts, Risks, and Uncertainties | AIF Cross Reference |
|---|---|---|
| All Issuers with U.S. Marijuana-Related Activities | Describe the nature of the issuer's involvement in the U.S. cannabis industry and include the disclosures indicated for at least one of the direct, indirect, and ancillary industry involvement types noted in this table. | *General Development of the Business*<br>*MD&A – The States in Which We Operate, Their Legal Framework and How it Affects Our Business* |
| | Prominently state that cannabis is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk. | *Risk Factors* |
| | Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. cannabis-related activities. Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S. | *Risk Factors – U.S. Federal Regulation*<br>*Risk Factors – FDA or Bureau of Alcohol, Tobacco, Firearms, and Explosives regulation*<br>*Risk Factors – Variation in State Regulations*<br>*Risk Factors – Anti-money Laundering Laws and Regulations*<br>*Risk Factors – Access to Banks*<br>*Risk Factors – Investments in the U.S. May be Subject to Heightened Scrutiny*<br>*Risk Factors – Constraints on Marketing Products*<br>*Risk Factors – Intellectual Property*<br>*Risk Factors – Lack of Access to U.S. Bankruptcy Protections*<br>*Risk Factors – Legality of Contracts*<br>*Risk Factors – Risk of Civil Asset Forfeiture* |
| | Given the illegality of cannabis under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations. | *Risk Factors – Risks of Legal, Regulatory, or Political Change*<br>*Risk Factors – Access to Banks*<br>*Risk Factors – Liquidity and Capital Resources* |
| | Quantify the issuer's balance sheet and operating statement exposure to U.S. cannabis-related activities. | Note: The major operations of the Company are only in the U.S. |
| | Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law. | Legal advice has been obtained. |

| Industry Involvement | Specific Disclosure Necessary to Fairly Present all Material Facts, Risks, and Uncertainties | AIF Cross Reference |
|---|---|---|
| U.S. Marijuana Issuers with direct involvement in cultivation or distribution | Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. | *MD&A – The States in Which We Operate, Their Legal Framework and How it Affects Our Business* |
| | Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations. | *General Development of the Business – U.S. Industry Background and Trends*<br>*MD&A – The States in Which We Operate, Their Legal Framework and How it Affects Our Business*<br>*Risk Factors – U.S. State Regulatory Uncertainty* |
| U.S. Marijuana Issuers with indirect involvement in cultivation or distribution | Outline the regulations for U.S. states in which the issuer's investee(s) operate. | Not applicable. |
| | Provide reasonable assurance through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. | Cresco is not aware of any non-compliance.<br>*MD&A – The States in Which We Operate, Their Legal Framework and How it Affects Our Business* |
| U.S. Marijuana Issuers with material ancillary involvement | Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. | Not applicable. |

In accordance with Staff Notice 51-352, Cresco's subsidiaries are directly engaged in the manufacture, possession, use, sale, or distribution of cannabis in the adult-use and/or medicinal cannabis marketplace in the states of Illinois, Pennsylvania, Ohio, New York, Massachusetts, Michigan, and Florida. As of December 31, 2025, Cresco's subsidiaries are no longer directly engaged in the manufacture, possession, use, sale, or distribution of cannabis in California. In accordance with Staff Notice 51-352, Cresco will evaluate, monitor, and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended 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 cannabis regulation. Any non-compliance, citations, or notices of violation which may have an impact on any license, business activities, or operations will be promptly disclosed by the Company.

## RISKS ASSOCIATED WITH THE BUSINESS OF THE COMPANY

### U.S. Federal Regulation

**CANNABIS IS ILLEGAL UNDER U.S. FEDERAL LAW AND ENFORCEMENT OF RELEVANT LAWS IS A SIGNIFICANT RISK.**

The Company could be found to be violating laws related to cannabis. For an overview of the U.S. cannabis regulatory environment, refer to the "*Federal Regulatory Environment*" section in the MD&A. Below is a summary of the potential risks related to federal and state-level laws related to the operations of the Company.

### Risk of U.S. Federal Law Proceedings Against the Company

Potential proceedings under U.S. federal law could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business and operating results, as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Company or the seizure of corporate assets.

The Company continues to look to the guidelines of the DOJ Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "**Cole Memo**") as an industry best practice and continues to do the following to ensure compliance with the Cole Memo:

(i) ensuring the operations of its subsidiaries are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;

(ii) the activities relating to the cannabis business adhere to the scope of the licensing obtained. Accordingly, in the states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary documentation to permit the possession of the cannabis; and in the states where cannabis is permitted for adult-use, the products are only sold to individuals who meet the requisite age requirements;

(iii) the Company only works through licensed operators, which must pass a range of requirements, adhere to business practice standards, and are subjected to strict regulatory oversight whereby sufficient checks and balances to prevent revenue from being distributed to criminal enterprises, gangs, and cartels; and

(iv) the Company conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

On January 4, 2018, then U.S. Attorney General Jeff Sessions formally rescinded the Cole Memo. Despite its rescission, as of December 21, 2021, federal prosecutors appear to continue to use the Cole Memo's priorities as an enforcement guide. On February 5, 2025, Pam Bondi became the Attorney General of the United States. During her congressional testimony, Attorney General Bondi gave no indication that she would begin prosecutions of state licensed cannabis operators. Moreover, on December 18, 2025, President Trump signed an executive order directing Attorney General Bondi to move cannabis from Schedule I to Schedule III in the most "expeditious manner" possible. The order also directs federal agencies to reduce barriers for medical research into cannabis and accelerate studies on its benefits and risks. However, this neither the executive order nor Schedule III would change the fact that the production and sale of cannabis is illegal under Federal law.

Each year since 2014, Congress has passed what is commonly referred to as the Rohrbacher-Farr Amendment (now Joyce Amendment). The Joyce Amendment prohibits the Department of Justice from using any resources to prosecute state-licensed medical cannabis providers that comply with state medical cannabis laws. As of December 31, 2025, there were more than a dozen other proposed congressional bills addressing myriad issues regarding the cannabis industry, from banking and tax reform to full legalization.

The Company maintains a compliance program and standard operating procedures to help ensure compliance with the Cole Memo and state law. However, the Company's operations remain illegal under U.S. federal law and consequently there are significant risks associated with the business of the Company.

**FDA or Bureau of Alcohol, Tobacco, Firearms and Explosives ("BATFE") Regulation**

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II or Schedule III controlled substance, it is possible that the FDA would seek to more stringently regulate cannabis under the Food, Drug, and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting, processing, and labeling of medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis. It is also possible that the FDA would require facilities where medical-use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If the Company is unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have a material adverse effect on the Company's business, financial condition, and operating results.

It is also possible that the federal government could seek to regulate cannabis under the U.S. BATFE. The BATFE may issue rules and regulations related to the use, transporting, sale, and advertising of cannabis or cannabis products, including smokeless cannabis products.

**Change of Cannabis Laws**

It is possible that U.S. federal or state legislation could be enacted in the future that would prohibit the Company from selling cannabis and cannabis products or impose new restrictions on the Company's ability to operate in the U.S., which would materially adversely affect its business, financial condition, and operating results.

**Risk of Legal, Regulatory or Political Change**

Delays in the enactments of new state or U.S. federal regulations could restrict the ability of the Company to reach strategic growth targets and lower return on investor capital. The strategic growth strategy of the Company is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended or enacted with prolonged phase-in periods, the growth targets of the Company, and thus, the effect on the return of investor capital, could be detrimental. The Company is unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

The Company's business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny, or further scrutiny, by the FDA, SEC, the DOJ, the Financial Industry Regulatory Advisory or other U.S. federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale, or use of cannabis for medical or nonmedical purposes in the U.S.. Further, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, financial condition, and operating results would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict disbursement of cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations

of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

The Company is aware that multiple states are considering special taxes or fees on businesses in the cannabis industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could have a material adverse effect upon the Company's business, financial condition, and operating results.

The commercial medical and adult-use cannabis industry is immature and the Company anticipates that such regulations will be subject to change as the jurisdictions in which the Company does business matures. The Company has in place a detailed compliance program with dedicated staff who oversee, maintain, and implement the compliance program and personnel. In addition to the Company's robust legal and compliance departments, the Company also has local regulatory/compliance counsel engaged in every jurisdiction in which it operates. The Company's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery by a licensed distributor to sale or disposal. Additionally, the Company has created comprehensive standard operating procedures that include detailed descriptions and instructions for monitoring inventory at all stages of development and distribution. The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program, standard operating procedures, and any changes to regulation in the cannabis industry.

Overall, the medical and adult-use cannabis industry is subject to significant regulatory change at both the state and federal level. The inability of the Company to respond to the changing regulatory landscape may cause it to not be successful in capturing significant market share and could otherwise harm its business, financial condition, and operating results.

**WARNING TO CANADIAN INVESTORS** - *Canadian Investors May be Barred from Entering the U.S.*

Todd Owen, former executive assistant commissioner for the Office of Field Operations of the U.S. Customs and Border Protection Agency ("**CBP**") has stated that Canadians who work in the cannabis industry and those who invest in the cannabis sector risk a lifetime ban on travel to the U.S. The CBP will continue to apply long-standing U.S. federal laws and regulations that treat cannabis as a banned substance and participants in the cannabis industry as drug traffickers who are inadmissible into the U.S. Although some U.S. states have eased cannabis laws, the U.S. continues to maintain a federal prohibition that applies at the border. CBP officials are not planning to go out of their way to interrogate every Canadian traveler about cannabis use. However, other factors may cause them to raise the topic. In July 2018, a venture capitalist from Vancouver, British Columbia who had invested more than $100,000 into legal American cannabis companies, was denied entry to the U.S. and barred from future entry as his investments were deemed to be assisting and abetting in the illicit trafficking of drugs.

On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the U.S. It stated that Canada's legalization of cannabis will not change CBP enforcement of U.S. laws regarding controlled substances and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal, or Canada may affect admissibility to the U.S. As a result, CBP has affirmed that, employees, directors, officers, managers, and investors of companies involved in business activities related to cannabis in the U.S. or Canada (such as the Company), who are not U.S. citizens face the risk of being barred from entry into the U.S. for life. As described above, on October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the U.S. for reasons unrelated to the cannabis industry will generally be admissible to the U.S.; however, if such person is found to be coming into the U.S. for reasons related to the cannabis industry, such person may be deemed inadmissible.

**Risk of Civil Asset Forfeiture**

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.

**U.S. State Regulatory Uncertainty**

The rule-making process for cannabis operators at the state level, in any state, will be ongoing and result in frequent changes. If the Company is unable to maintain a compliance program to manage regulatory risk, its ability to operate its business could be materially adversely affected. Notwithstanding the Company's efforts, regulatory compliance, and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Company will receive the requisite licenses, permits, or cards to operate its businesses.

In addition, local laws and ordinances could limit, restrict, and ban cannabis businesses like the Company's from operating within their jurisdiction even if such activities are legal at the state level. Land use, zoning, local ordinances, and similar laws could be adopted or changed impairing the Company's ability to operate its business and have a material adverse effect on the Company's business.

The Company is aware that some states are considering special taxes or fees on businesses in the cannabis industry. Illinois has, for example, imposed a license transfer surtax. The additional fees and taxation on the cannabis industry by states could have a material adverse effect upon the Company's business and operating results.

The Company is required to obtain or renew government permits and licenses for its current and contemplated operations. Obtaining, amending, or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend, and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend, or renew permits or licenses that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent necessary permits or licenses are not obtained, amended, or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, and operating results.

The Company may become involved in a number of government or agency proceedings, investigations, and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of funds, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, and operating results.

**Variation in State Regulations**

Variations in state and local regulation, and enforcement in states that have legalized cannabis, may restrict cannabis-related activities, including activities related to state-regulated medical and adult-use cannabis, which may negatively impact the Company's revenues and prospective profits.

The cannabis laws of each state are not necessarily consistent with those of other states. A number of states have decriminalized cannabis to varying degrees, other states have created exemptions specifically for medical cannabis,

and several have decriminalization, adult-use, and medical cannabis laws. Despite the current state of the federal law and the CSA, the states of Alaska, Arizona, California, Colorado, Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Rhode Island, Vermont, Virginia, Washington, and the District of Columbia, have legalized adult-use of cannabis. Adult-use sales have not yet begun in Virginia. Additionally, although the District of Columbia voters passed a ballot initiative in November 2014, no adult-use operations exist yet because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local government authorities will not limit the applicability of state laws within their respective jurisdictions. In most states, the cultivation of cannabis for personal use continues to be prohibited except for those states that allow small-scale cultivation by a medical cannabis card holder or that person's caregiver. Active enforcement of state laws that prohibit personal cultivation of cannabis may indirectly and adversely affect the Company's business, financial condition, and operating results.

**Permits and Authorizations**

The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations, or accreditations, or may only be able to do so at great cost, to operate its business. In addition, the Company may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with, or to obtain or maintain, the necessary licenses, permits, authorizations, or accreditations could result in restrictions on the Company's ability to operate its business, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

**Reliance on Licenses**

The Company's ability to cultivate, store, produce, and distribute medical and adult-use cannabis products in Illinois, Pennsylvania, Ohio, Kentucky, New York, Massachusetts, Michigan, and Florida is dependent on maintaining its licenses in good standing with each applicable State regulator. Failure to comply with the requirements of any of its licenses or any failure to maintain any of the licenses would have a material adverse impact on the business, financial condition, and operating results of the Company. The Company's (or its subsidiaries) licenses related to its ability to cultivate, store, produce, and distribute medical and adult-use cannabis products (as applicable) in Illinois, Florida, Pennsylvania, Ohio, Kentucky, Massachusetts, Michigan, and New York are currently in good standing.

**Information Technology Systems and Cyber-Attacks**

The Company is increasingly dependent on digital technology, including information systems and related infrastructure, to process and record financial and operating data, and communicate with its employees and business partners. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems, and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage, and destruction, fire, power loss, hacking, computer viruses, vandalism, and theft. The Company's operations also depend on the timely maintenance, upgrade, and replacement of networks, equipment, IT systems, and software, as well as preemptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Cyber incidents, including both deliberate attacks and unintentional events, are occurring with increasing frequency, sophistication, and financial impact across all industries. Such incidents may involve unauthorized access to Company systems or data, the theft or misuse of sensitive information, data corruption, or disruptions to critical operations and online services. The Company recognizes cybersecurity as an ongoing business risk and continues to strengthen its safeguards and monitoring capabilities to protect its assets, operations, and stakeholders. The Company's technologies, systems, and networks (and those of Company suppliers) have been the target of cyber-

attacks and/or information security incidents that have resulted in the unauthorized release, misuse, loss, or destruction of proprietary, personal, and other information, or other disruption of the Company's business operations. While the Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future as a result of attacks of a similar nature or otherwise. Any such incident could result in widespread negative publicity, damage to the Company's reputation, a loss of patients and customers, and disruption of the Company's business and legal liabilities. In addition, if any of the Company's critical suppliers is the subject of a cyber or ransomware attack, the Company could experience a significant disruption in its supply chain and possibly shortages of key resources. The Company maintains a formal Cybersecurity Program led by its Chief Information Officer, Zach Marburger. This program is designed to safeguard the Company's digital assets, data, and systems through a comprehensive approach to risk management and security governance. While no cybersecurity framework can entirely eliminate exposure to evolving threats, the Company is committed to maintaining strong defenses and continuously enhancing its capabilities. As the cyber threat landscape becomes increasingly complex, the Company anticipates ongoing investments in technology, personnel, and processes to strengthen its security posture, minimize potential impacts, and support long-term operational resilience.

Additionally, the Company may store and collect personal information about patients and customers and are responsible for protecting that information from privacy breaches that may occur through procedural or process failure, IT malfunction, or deliberate unauthorized intrusions. Any such theft or privacy breach, or one that involved competitively sensitive or other protected information, may have a material adverse effect on the Company's business, financial condition, and operating results. The Company is subject to laws, rules, and regulations in the U.S. and other jurisdictions relating to the collection, processing, storage, transfer, and use of personal data. The Company is subject to various privacy and data protection laws, rules, and regulations applicable in the jurisdictions in which it operates. These laws impose requirements related to the collection, processing, storage, transfer, and use of personal data, as well as obligations to notify regulators, individuals, and other stakeholders in the event of a data breach. Compliance with these legal and regulatory requirements imposes significant costs on the Company, including investments in technology, personnel, training, and external advisory services, and such costs are expected to increase over time as privacy and data protection laws continue to evolve and expand in scope. In addition, non-compliance could result in proceedings against the Company by governmental entities and/or significant fines, could negatively impact the Company's reputation and may otherwise adversely impact the Company's business, financial condition, and operating results.

**Reliance on Management**

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its senior management. While equity awards, employment agreements, or management agreements are customarily used as a primary method of retaining the services of key employees, these awards and agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, financial condition, and operating results.

**Difficulty in Recruiting and Retaining Management and Key Personnel**

The Company's future success depends on its key executive officers and its ability to attract, retain, and motivate qualified personnel.

Future success largely depends upon the continued services of the Company's executive officers and management team. If one or more of the executive officers are unable or unwilling to continue in their present positions, replacements may not be readily available, if at all. Additionally, the Company may incur additional expenses to recruit and retain new executive officers. If any of the executive officers joins a competitor or forms a competing corporation, the Company's results may decline as a result. Finally, the Company does not maintain "key person" life insurance on any of its executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect the Company's business, financial condition, and operating results.

The continuing ability to attract and retain highly qualified personnel is critical to the Company's success because it will need to hire and retain additional personnel as the business grows. There can be no assurance that qualified personnel will be retained or available. Due to the increasing competition for skilled personnel in the U.S. cannabis industry and the U.S., in general, it is difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, the Company may not be able to effectively manage or grow its business, which could adversely affect its financial condition and operating results.

**Internal Controls**

The Company has incurred and will continue to incur expenses and, to a lesser extent, diversion of its management's time in its efforts to implement and maintain internal controls over financial reporting, including compliance with Section 404 of the Sarbanes-Oxley Act. Effective internal controls over financial reporting are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause the Company to fail to meet its reporting obligations. Any testing by the Company conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by the Company's independent registered public accounting firm, may reveal deficiencies in its internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to the Financial Statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in the Company's reported financial information, which could have a negative effect on the trading price of the SVS.

A material weakness related to information technology general controls was identified as existing as of December 31, 2025, and 2024. Remediation efforts have placed, and will continue to place, a significant burden on management and add increased pressure on our financial reporting resources and processes. The accuracy of our financial reporting may in the future be, adversely impacted if we are unable to successfully remediate material weaknesses in a timely manner, or if any additional material weaknesses in our internal control over financial reporting are identified. In addition, if our remedial efforts are insufficient, or if additional material weaknesses or significant deficiencies in our internal control occur in the future, we could be required to restate the Financial Statements, which could materially and adversely affect our business, results of operations, and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weaknesses or deficiencies, subject us to regulatory investigations and penalties, harm our reputation, cause a decline in investor confidence, or otherwise cause a decline in our stock price.

The Company does not expect that its internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

**Industry Immaturity**

As a relatively new industry with an unusual regulatory landscape, there are not many established operators in the cannabis industry whose business models we can follow or build upon. Similarly, there is limited information about comparable companies available to industry participants and potential investors to review in making business and investment decisions. Shareholders and investors should consider, among other factors, our prospects for success considering the risks and uncertainties encountered by companies, like us, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the expansion or operation of our business. We may fail to successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point

of having to cease operations and could impair the value of the SVS to the extent that investors may lose their entire investment.

**Limited Operating History**

With its high-growth strategy, Cresco does not have a history of profitability. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

**Unreliability of Forecasts**

Any forecasts made by the Company about its operations and the cannabis industry in general may prove to be inaccurate. Due to ongoing regulatory and policy changes in the medical and adult-use cannabis industries and unreliable levels of market supply, the market data available is limited and unreliable. The Company must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources in the states in which its business operates. Additionally, any market research and Company projections of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data. The Company's failure to achieve its projections could materially adversely affect the price of the SVS.

**Goodwill and Intangible Valuation**

We test goodwill for impairment at least annually. We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, including declines in stock price, market capitalization, or reduced future cash flow estimates and slower growth rates in our industry. Depending on the results of our review, we may be required to record a significant charge to earnings in the Financial Statements during the period in which any impairment of our goodwill or intangible assets was determined, negatively impacting our results of operations.

During the year ended December 31, 2025, the Company determined it is more likely than not that the carrying value of the intangible assets in New York exceeded their fair value due to updated forecasts and projections, resulting in impairment charges of $93.5 million. During the year ended December 31, 2024, the Company determined it is more likely than not that the carrying value of the intangible assets in California exceeded their fair value due to updated forecasts and projections, resulting in impairment charges of $2.3 million. For further discussion on impairment, refer to the "*Selected Financial Information*" section in the MD&A.

**Access to Banks**

The Company has had, and in the future expects to continue to have, difficulty accessing the service of banks, which may make it difficult for it to operate.

Since the use of cannabis is illegal under U.S. federal law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to cannabis, U.S. banks have been reluctant to accept deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Likewise, cannabis businesses have limited, if any, access to credit card processing services. As a result, cannabis businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues. The inability to open or maintain bank accounts or take credit cards may make it difficult for the Company to operate its businesses.

**Liquidity and Capital Resources**

The Company may have liquidity and access to capital risks due to its limited access to banking institutions (See " *Risk Factors – Access to Banks"*) and the economic state of the cannabis industry. The lack of access to banks impairs its ability to deal with larger banks who may have easier access to more affordable capital and who have the ability to provide same day revolver accounts. This higher cost of capital and lack of flexibility negatively impacts the Company's liquidity, especially due to its cash retention requirements associated with its senior debt facility.

Additionally, with the lack of federal changes in legislation, markets are wary of the future outlook and growth of the Company. This reduces the number of investors willing to invest in the Company as they may not want to take on the risks related to a company that transacts in a federally illegal substance and other investors willing to take the risk may not have the amount of capital needed by the Company.

**Legality of Contracts**

Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

**Difficulty in Enforcing Judgments and Effecting Service of Process on Directors and Officers**

Most of the directors and officers of the Company reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Company shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Company shareholders to effect service of process within Canada upon such persons.

**Intellectual Property**

If the Company fails to protect its intellectual property, its business could be adversely affected. Viability will depend, in part, on the Company's ability to develop and maintain the proprietary aspects of its technology to distinguish its products from its competitors' products. The Company relies on copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect its intellectual property.

The Company will not be able to register any U.S. federal trademarks for its cannabis products due to producing, manufacturing, processing, possessing, distributing, selling, and using cannabis being a crime under the CSA. The Company intends to reevaluate how it approaches intellectual property protection in the event cannabis becomes descheduled federally. As it stands, the USPTO will not permit the registration of any trademark that identifies cannabis products. As a result, the Company likely will be unable to protect its cannabis product trademarks beyond the common law and geographic areas in which it conducts business. The use of its trademarks outside the states in which it operates by one or more other persons could have a material adverse effect on the value of such trademarks. The Company has taken steps to register its rights with the USPTO for federally legal hemp products.

The Company may face future challenges and risks in registering patents, although the risk level is unclear due to the USPTO's acceptance of patents with cannabis oil and cannabinoids within the underlying processes or novel art. If the Company's patents expire, are invalidated or found to be unenforceable, or if its patent applications cannot be prosecuted fully, the Company may be subject to competition from third parties with products in the same class as its own products or devices. Further, patent protection is unavailable at the state level.

Any infringement or misappropriation of the Company's intellectual property could damage its value and limit its ability to compete. The Company may have to engage in litigation to protect the rights to its intellectual property, which could result in significant litigation costs and require a significant amount of its time. In addition, the Company's ability to enforce and protect its intellectual property rights may be limited in certain countries outside

the U.S., which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by the Company.

Competitors may also harm the Company's sales by designing products that mirror the capabilities of its products or technology without infringing on its intellectual property rights. If the Company does not obtain sufficient protection for its intellectual property, or if it is unable to effectively enforce its intellectual property rights, its competitiveness could be impaired, which would limit its growth and future revenue.

The Company may also find it necessary to bring infringement or other actions against third parties to seek to protect its intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that the Company will have the financial or other resources to enforce its rights or be able to enforce its rights or prevent other parties from developing similar technology or designing around its intellectual property.

Although the Company believes that its technology does not and will not infringe upon the patents or violate the proprietary rights of others, it is possible such infringement or violation has occurred, or may occur, which could have a material adverse effect on the business. Because of laws disfavoring the patenting and publication of cannabis-related technologies, prior art relevant to the Company's or its competitors' patents and patent applications may not be readily identified during normal patent examination processes, resulting in the issuance of claims that might not have otherwise issues in a field with more known prior art. In addition, because patent applications take months to publish and patent applications can take years to issue, there may be currently pending applications, unknown to the Company, which may later result in issued patents that cover the Company's invention.

The Company is not aware of any infringement by it of any person's or entity's intellectual property rights. In the event that products sold by the Company are deemed to infringe upon the patents or proprietary rights of others, the Company could be required to modify its products or obtain a license for the manufacture and/or sale of such products and pay royalties or cease selling such products. In such event, there can be no assurance that the Company would be able to do so in a timely manner, upon acceptable terms and conditions, or at all and the failure to do any of the foregoing could have a material adverse effect upon the Company's business.

There can be no assurance that the Company will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action. If the Company's products or proposed products are deemed to infringe or likely to infringe upon the patents or proprietary rights of others, the Company could be subject to injunctive relief and, under certain circumstances, become liable for damages, which could also have a material adverse effect on the Company's business and its operating results.

**Trade Secrets**

The Company's trade secrets may be difficult to protect as it depends upon the skills, knowledge, and experience of its scientific and technical personnel, consultants, and advisors, as well as licensors and contractors. Because of the highly competitive nature of the U.S. cannabis industry, the Company relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Company enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties' confidential information developed by the receiving party or made known to the receiving party by the Company during the course of the receiving party's relationship with the Company. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Company will be the Company's exclusive property and the Company enters into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to the Company. Trade secrets also could be independently discovered by competitors, in which case the Company would not be able to prevent the use of such trade secrets by competitors. The enforcement of a claim alleging that a party illegally obtained and was using the Company's trade secrets could be difficult,

expensive, and time-consuming and the outcome would be unpredictable. In addition, courts outside the U.S. may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect the Company's competitive position.

**Website**

Prospective customers may be deterred from doing business with the Company with a significant nationwide online presence because of fears of U.S. federal or state enforcement of laws prohibiting possession and sale of medical or commercial use cannabis.

The Company's website is visible in jurisdictions where medicinal and/or adult-use of cannabis is not permitted and, as a result, the Company may be found to be violating the laws of those jurisdictions. The Company could lose potential customers as they could fear federal prosecution for buying its cannabis, reducing its revenue.

**Competition**

The Company faces intense competition from other companies, some of which have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, and operating results.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of consumers of cannabis in the states in which the Company operates its business increases, the demand for products and qualified talent will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To become and remain competitive, the Company will require research and development, marketing, sales, and support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and support efforts on a competitive basis which could materially and adversely affect its business, financial condition, and operating results.

**Managing Growth**

The Company may not be able to effectively manage its growth or improve its operational, financial, and management information systems, which would impair its business and operating results.

In addition, the Company intends to expand the scope of its operations and activities. If it is successful in executing its business plan, it will experience growth that could place a significant strain on its business operations, finances, management, and other resources.

Factors that may place strain on the Company's resources include, but are not limited to, the following:

- the need for continued development of financial and information management systems;
- the need to manage strategic relationships and agreements with manufacturers, customers, and partners; and
- difficulties in hiring and retaining skilled management, technical, and other personnel necessary to support and manage the business.

Additionally, any growth may impose a significant burden on its administrative and operational resources. The need to effectively manage growth will require the Company to expand the capabilities of its administrative and operational resources and to attract, train, manage, and retain qualified management and other personnel. There can be no assurance that the Company will be successful in recruiting and retaining new employees or retaining existing employees.

The Company cannot provide assurances that its management will be able to manage this growth effectively and the failure to successfully manage growth could materially adversely affect the business, financial condition, and operating results.

**Inability to Innovate**

If the Company is unable to continually innovate, the Company's ability to maintain its existing customers and attract new customers may be adversely affected. In the area of innovation, the Company must be able to develop new products that appeal to its customers. This depends, in part, on the technological and creative skills of the Company's personnel and on its ability to protect its intellectual property rights. The Company may not be successful in the development, introduction, marketing, and sourcing of new products or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

**The Inability to Integrate Acquisitions**

Material acquisitions, dispositions, and other strategic transactions involve a number of risks for the Company, including: (i) potential disruption of the Company's business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized or may take longer to realize than anticipated; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain assets. Multiple non-material acquisitions, dispositions or strategic transactions that occur on or about the same time, even though not individually material, may present similar risks to the Company.

Additionally, the Company has in the past and may issue in the future SVS in connection with such transactions, which would dilute a shareholder's holdings in the Company.

The presence of one or more material liabilities of an acquired company that are known, but believed to be immaterial, or unknown to the Company at the time of acquisition could have a material adverse effect on the Company's business, financial condition, and operating results. A strategic transaction may result in a significant change in the nature of the Company's business, operations, and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction, or integrating any acquired business into the Company's operations.

**Failure to Complete Acquisitions or Realize Benefits Therefrom**

The Company expects to complete acquisitions in the future. These acquisitions are subject to a number of customary closing conditions including in certain instances, regulatory approval and may not close for a variety of reasons including if the closing conditions are not satisfied or waived, some of which may not be within the control of the Company. In addition, even if these transactions were to be completed, they may not close on terms or within the timing currently expected and there can be no assurance that the Company's business will ultimately benefit from these transactions.

If one or more of these transactions do not close or are completed pursuant to terms or timelines different than expected, it could have an adverse effect on the Company's future capital plans and require the Company to reallocate funds. Failure to complete the Company's proposed or contemplated acquisitions could have a material adverse effect on the Company's business, financial condition, and operating results.

The Company's acquisition strategy may result in the Company failing to realize the growth opportunities and synergies currently anticipated due to, among other things, challenges associated with integration of the operations and personnel of the Company with potential acquisition targets and the ability of the combined company to attract capital.

The Company may acquire companies with no significant sources of operating cash flow and no revenue from operations, that are in early stages of development or that have high-risk profiles. These acquisitions will be subject to risks and uncertainties that new companies with no or limited operating history may face. In particular, there is a

risk that these acquisitions will not be able to meet anticipated development targets or will not generate revenue at all. If these companies underperform or fail to continue to develop, their businesses may fail, which could have a material adverse effect on our business, financial condition, and operating results

**Reliance on Third-Party Suppliers, Manufacturers, and Contractors; Reliance on Key Inputs**

The Company's business is dependent on a number of key inputs from third parties including raw materials, primarily packaging materials, and supplies related to its cultivation and production operations, as well as electricity, water, and other local utilities. Due to the uncertain regulatory landscape for regulating cannabis in the U.S., the Company's third-party suppliers, manufacturers, and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs from third parties could materially impact the business and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers in the future. If the Company becomes reliant upon a sole source supplier and it was to go out of business or suspend services, the Company might be unable to find a replacement for such source in a timely manner, on terms acceptable to the Company or at all. Similarly, if any future sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services on appropriate terms and on a timely basis could have a materially adverse impact on the Company's business, financial condition, and operating results.

**Lack of Access to U.S. Bankruptcy Protections**

Because the use of cannabis is illegal under U.S. federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Company, which would have a material adverse effect on the Company.

**Operational Risk**

The Company will be affected by a number of operational risks, and it may not be adequately insured for certain risks, including labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, wildfires, earthquakes, and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's properties, grow facilities, and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Company's operations, costs, monetary losses, potential legal liability, and adverse governmental action, any of which could have an adverse impact on the Company's business, financial condition, and operating results. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. Moreover, while the Company has obtained insurance coverage to cover certain aspects of its business operations, because the Company is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with its insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the Company's business, results of operations, and profitability. There is no assurance that the Company will be able to obtain insurance coverage at a reasonable cost or fully utilize such insurance coverage, if necessary. This lack of insurance coverage could have an adverse impact on the Company's business, financial condition, and operating results.

**Insurance Coverage**

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the business or industry of legal cannabis to post a bond or significant fees when applying, for example, for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. Cresco is not able to quantify at this time the potential scope for such bonds or fees in the states in which it currently, or may in the

future, operate. Any bonds or fees of material amounts could have a negative impact on the ultimate success of the Company's business.

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses, and possible legal liability.

The Company's insurance coverage may be inadequate to cover all significant risk exposures as it will be exposed to liabilities that are unique to the products the Company offers. While the Company intends to maintain insurance for certain risks, the amount of its insurance coverage may not be adequate to cover all claims or liabilities, and it may be forced to bear substantial costs resulting from risks and uncertainties of its business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain adequate insurance coverage on terms favorable to the Company, or at all, could have a material adverse effect on its business, financial condition, and operating results. The Company has business interruption insurance. However, a significant business disruption or natural disaster could result in substantial costs and diversion of resources.

**Investments in the U.S. May be Subject to Heightened Scrutiny in Canada**

For the reasons set forth above, the Company's existing operations in the U.S., and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges, and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not, in turn, lead to the imposition of certain restrictions on the Company's ability to operate or invest in the U.S. or any other jurisdiction, in addition to those described herein.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the U.S., or elsewhere. A negative shift in the public's perception of medical and adult-use cannabis in the U.S., or any other applicable jurisdiction, could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business and operating results.

**Settlements of Trades**

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and the Clearing and Depository Services Inc. ("**CDS Clearing**"), an operating subsidiary of the Canadian Depository for Securities Ltd., as it relates to issuers with cannabis-related activities in the U.S.. The MOU confirms, with respect to the clearing of listed securities, that CDS Clearing relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS Clearing ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the SVS is listed on a stock exchange, it would have a material adverse effect on the ability of holders of common shares to make and settle trades. In particular, the SVS would become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the common shares through the facilities of the applicable stock exchange.

**Constraints on Marketing Products**

The development of the Company's business, financial condition, and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the U.S. limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

**Environmental Risk and Regulation**

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its current or proposed production, manufacturing or sale of cannabis or cannabis products, or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations, and permits governing the production, manufacturing, or sale of cannabis or cannabis products, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures, production costs, manufacturing costs, or reduction in levels of production, manufacturing, sales, or require abandonment or delays in development.

**Holding Company**

The Company is a holding company and essentially all of its assets are the capital stock of its material subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. Consequently, the Company's cash flows and ability to complete current or desirable future opportunities are dependent on the earnings of its subsidiaries. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such entities and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation, or reorganization of any of the Company's material subsidiaries, holders of indebtedness, and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

**Anti-money Laundering Laws and Regulations**

The Company is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping, and proceeds of crime, including the *Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the *Bank Secrecy Act*), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001

(*USA PATRIOT Act* ), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, as amended and the rules and regulations thereunder, the *Criminal Code (Canada)* and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada.

In February 2014, the Department of the Treasury Financial Crimes Enforcement Network issued a memorandum (the " **FinCEN Memo**") providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of U.S. federal money laundering laws. It refers to supplementary guidance that then Deputy Attorney General Cole issued to U.S. federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo. In addition, the House of Representatives has passed the *Secure and Fair Enforcement Banking Act of 2019* (the "**SAFE Banking Act**"), which would protect banks and their employees from punishment for providing services to cannabis businesses that are legal on a state level. Despite approval by the House of Representatives in the past, it is unclear if the SAFE Banking Act will continue to be approved by the House after the change in control of the House or be passed by the Senate and signed into law.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the U.S. were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, affect other distributions or subsequently repatriate such funds back to Canada.

**Challenging Global Economic Conditions**

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 downturn could have a material adverse effect on our business, financial condition, and operating results.

Additionally, the U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that the Company uses to package its products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that the Company imports for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of the Company's sources of supply, adjustments in packaging design and fabrication, or increased prices, could increase its costs, delay its time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for the Company's products and its costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While the Company actively reviews existing and proposed measures to seek to assess the impact of them on the Company's business, changes in tariff rates, import duties, and other new or augmented trade restrictions could have a number of negative impacts on the Company's business, including higher consumer prices and reduced demand for the Company's products and higher input costs.

**Impact of Inflation**

The U.S. economy is experiencing a period of high rates of inflation. The Company's ability to raise its selling prices depends on market conditions and there may be periods during which the Company may be unable to fully recover increases in its costs, which could have a material adverse effect on the Company's business, financial condition, and operating results.

**Health Epidemics and Diseases, such as COVID-19**

A local, regional, national, or international outbreak of a contagious disease, such as COVID-19, or the fear of a potential outbreak, could decrease the willingness of the general population to travel, cause staff shortages, reduced customer traffic, supply shortages, and increased government regulation all of which may negatively impact the business, financial condition, and results of operations of the Company. The risk of a pandemic, or public perception of the risk, could cause customers to avoid public places, including retail properties, and could cause temporary or long-term disruptions in our supply chains and/or delays in the delivery of our inventory. Further, such risks could also adversely affect the financial condition of the Company's customers, resulting in reduced spending for the products we sell. Moreover, an epidemic, pandemic, outbreak, or other public health crisis, such as COVID-19, could cause employees to avoid Company properties, which could adversely affect the Company's ability to adequately staff and manage its businesses. "Shelter-in-place" or other such orders by governmental entities could also disrupt our operations, if employees who cannot perform their responsibilities from home, are not able to report to work. Risks related to an epidemic, pandemic, or other health crisis could also lead to the complete or partial closure of one or more of our stores, facilities, or operations of the Company's sourcing partners. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition, and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic, or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect Cresco's business, financial condition, and results of operations.

**Unfavorable Tax Treatment of Cannabis Businesses; Risk of Tax Position**

Under Section 280E of the U.S. Tax Code (" **Section 280E**"),*"no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted."* This provision has been applied by the U.S. Internal Revenue Service ("**IRS**") to cannabis operations, prohibiting them from deducting business expenses other than those directly related to sales of cannabis product. Section 280E, therefore, has a lesser impact on cultivation and manufacturing operation but a significant impact as to retail operations and organizational expenses. It results in permanent differences between ordinary and necessary business expenses deemed non-allowable under Section 280E and a higher effective tax rate than most industries and that an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses. Therefore, the effective tax rate can be highly variable and may not necessarily correlate to pre-tax income or loss. Operating in compliance with state laws, Cresco has taken the position that Section 280E does not apply to its business and therefore has recorded a corresponding uncertain tax position starting with tax year 2023. There is a risk that the IRS could challenge the Company's position which could result in significant tax and other liabilities.

**U.S. Tax Classification of the Company**

The Company is a Canadian corporation but is classified for U.S. federal income tax purposes as a U.S. corporation under Section 7874 of the Internal Revenue Code of 1986 as amended (the "**U.S. Tax Code**"). Section 7874 of the U.S. Tax Code contains rules that can cause a non-U.S. corporation to be taxed as a U.S. corporation for U.S. federal income tax purposes. Under Section 7874 of the U.S. Tax Code, a corporation created or organized outside the U.S.. (i.e., a non-U.S. corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes (such treatment is referred to as an inversion) if each of the following three (3) conditions are met: (i) the non-U.S.

corporation acquires, directly or indirectly, or is treated as acquiring under applicable U.S. Treasury Regulations issued by the IRS (" **Treasury Regulations**"), substantially all of the assets held, directly or indirectly, by a U.S. corporation or U.S. trade or business, (ii) after the acquisition, the former stockholders of the acquired U.S. corporation hold at least 80% (by vote or value) of the shares of the non-U.S. corporation by reason of holding shares of the U.S. acquired corporation, trade or business, and (iii) after the acquisition, the non-U.S. corporation's expanded affiliated group does not have substantial business activities in the non-U.S. corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities.

The Company intends to be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the U.S. Tax Code and is expected to be subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of Section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company, as defined in the Income Tax Act ("**ITA**"), for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the U.S. which could have a material adverse effect on its business, financial condition, and operating results. The Company may not qualify for certain U.S.-Canada income tax treaty benefits, which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Company will pay any dividends on the SVS in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the U.S.-Canada tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

Because the SVS will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate, and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of common shares.

**EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.**

**Fluctuations in Currency Exchange Rates**

Fluctuations in currency rates may significantly and adversely impact the Company's financial position and operating results. The Company does not have in place a policy for managing or controlling foreign currency risks since, to date, its primary activities have not resulted in material exposure to foreign currency risk.

**Consumer Acceptance of Cannabis**

The Company's ability to generate revenue and be successful in the implementation of the Company's business plan is dependent on consumer acceptance and demand of Cresco products. Acceptance of Cresco products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If these customers do not accept Cresco products, or if such products fail to meet customers' needs and expectations adequately, the Company's ability to continue generating revenues could be reduced. A drop in the retail price of medical cannabis products may negatively impact the Company's business, financial condition, and operating results.

The demand for Cresco products depends in part on the price of commercially-grown cannabis. Fluctuations in economic and market conditions that impact the prices of commercially-grown cannabis, such as increases in the supply of such cannabis and the decrease in the price of products using commercially-grown cannabis, could cause the demand for cannabis products to decline, which would have a negative impact on the Company's business, financial condition, and operating results.

**Unfavorable publicity or consumer perception**

Management believes the medical and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy, and quality of the cannabis produced. Consumer perception of the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention, or other publicity that is perceived as less favorable than, or questions earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products. The Company's dependence upon consumer perceptions means that such adverse reports, whether or not accurate or with merit, could ultimately have a material adverse effect on the Company's business, financial condition, and results of operation. Further, adverse publicity reports or other media attention regarding the safety, efficacy, and quality of cannabis in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could also have such a material adverse effect. Although the Company uses quality control processes and procedures to ensure its consumer-packaged goods meet its standards, a failure or alleged failure of such processes and procedures could result in negative consumer perception of the Company's products or legal claims against the Company. Adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Certain of the Company's products are e-vapor or "vape" products. The use of vape products and vaping may pose health risks. According to the Centers for Disease Control, vape products may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Because clinical studies about the safety and efficacy of vape products have not been submitted to the FDA, consumers currently have no way of knowing whether they are safe for their intended use or what types or concentrations of potentially harmful chemicals or by-products are found in these products. It is also uncertain what implications the use of vape or other inhaled products, such as flower that is smoked, may have on respiratory illnesses such as that caused by the COVID-19 pandemic. Adverse findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of vape or other inhaled products, including adverse publicity regarding underage use of vape or other inhaled products, may adversely affect the Company.

**Security Risks**

As cash businesses, the premises of the cannabis dispensaries are a target for theft. While the Company has implemented security measures and continues to monitor and improve its security measures, its cultivation, processing, and dispensary facilities could be subject to break-ins, robberies, and other breaches in security. In the event of robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers, and cultivation and processing equipment could have a material adverse impact on the business, financial condition, and results of operation of the Company.

As the Company's business involves the movement and transfer of cash which is collected from dispensaries and used to purchase trim, accessories, etc. or deposited into its bank, there is a risk of theft or robbery during the transport of cash. The Company has engaged security firms to provide armed guards and security in the transport and movement of large amounts of cash. While the Company has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

**Risk of Litigation**

From time to time in the normal course of business operations, the Company may become subject to litigation that may result in liabilities material to its financial statements as a whole or may negatively affect its operating results if changes to its business operations are required. The cost to defend such litigation may be significant and may require a diversion of resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of the business, regardless of whether the allegations are valid or whether the Company is ultimately found liable. Insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of the Company's insurance coverage for any claims could adversely affect its business and the results of operations.

The Company's participation in the medical and adult-use cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various U.S. federal, state, or local governmental authorities against the Company or its subsidiaries. Litigation, complaints, and enforcement actions involving the Company, or its subsidiaries could consume considerable amounts of financial and other corporate resources, which could have a negative impact on the Company's business, financial condition, and operating results.

**Risks Inherent in an Agricultural Business**

The Company's business involves the growing of medical and adult-use cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases, and similar agricultural risks. Although the Company expects that cannabis cultivation will be completed indoors under climate- controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

**Vulnerability to Rising Energy Costs**

Adult-use and medical cannabis growing operations consume considerable energy, making the Company potentially vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business, financial condition, and operating results of the Company.

**Product Liability**

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that Cresco's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's business, results of operations, and financial condition. A product liability claim or regulatory action against the Company could prevent or inhibit the commercialization of the Company's potential products, result in materially increased costs, adversely affect the Company's reputation with its clients and consumers generally, and have a material adverse effect on its results of operations and financial condition. Although the Company has secured product liability insurance, there can be no assurances that the Company will be able to maintain its product liability insurance on acceptable terms or with adequate coverage against potential liabilities.

**Product Recalls**

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company as its owner could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by the FDA or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

**Increased Costs Due to Being a Listed Public Company in Canada and Registered with the SEC**

As a listed public company in Canada and a company registered with the SEC, the Company is subject to the reporting requirements, rules, and regulations under the applicable Canadian and U.S. securities laws and the CSE. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming or costly and may place undue strain on the Company's personnel, systems, and resources, which could adversely affect the Company's business, financial condition, and results of operations.

As a public company, there are costs associated with legal, accounting, and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

**Newly Established Legal Regime**

The Company's business activities rely and will continue to rely on newly established and developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, the SEC, the DOJ, the Financial Industry Regulatory Advisory or other U.S. federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale, or use of cannabis for medical or nonmedical purposes in the U.S. It is impossible to determine the extent of the impact of any new laws, regulations, or initiatives that may be proposed or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

## RISKS ASSOCIATED WITH THE COMPANY'S INDEBTEDNESS

### Substantial Indebtedness

As of December 31, 2025, the Company had $311 million outstanding on its Senior Secured Loan, net of unamortized debt issuance costs, which matures on or prior to August 13, 2030, and $19 million outstanding on its Mortgage Loans, net of debt issuance costs, which converts to a term loan on November 1, 2028.

The Company's substantial indebtedness could have important consequences. For example, it could, among other things:

- require the Company to dedicate a substantial portion of available cash flow to pay interest on its outstanding debt, which will reduce the funds available for working capital, capital expenditures, acquisitions, and other general corporate purposes;
- limit flexibility in planning for and reacting to changes in the Company's business and in the industry in which it operates;
- increase the Company's vulnerability to general adverse economic and industry conditions and to deterioration in operating results;
- limit the Company's ability to engage in strategic transactions or implement its business strategies;
- limit the Company's ability to borrow additional funds, or to refinance, repay, or restructure its indebtedness on terms favorable to the Company, or at all; and
- place the Company at a disadvantage compared to any competitors that have less debt.

Any of the factors listed above could materially and adversely affect the Company's business and results of operations.

If the Company does not have sufficient cash flow to service its debt, the Company may be required to refinance all or part of its existing debt, sell assets, borrow more money, or sell securities, none of which the Company can guarantee it will be able to do.

The Company expects to require substantial additional capital in the future, which may be in the form of debt. The Senior Secured Term Loan contains restrictions on the ability to incur additional indebtedness. The Company's inability to generate sufficient cash flow to satisfy its debt obligations, incur additional indebtedness, or to refinance its existing indebtedness on commercially reasonable terms, or at all, may materially and adversely affect its business, financial condition, and operating results.

### Ability to Service Indebtedness

The Company's ability to satisfy its debt obligations will depend principally upon its future operating performance. As a result, prevailing economic conditions and financial, business, regulatory, and other factors, many of which are beyond the Company's control, will affect its ability to make payments on its indebtedness.

The required repayment of the Senior Secured Term Loan may be accelerated if, among other things, any governmental authority enforces a prohibition or ban on the Company's business or if certain cannabis-related licenses are revoked, suspended, or canceled without replacement.

If the Company does not generate sufficient cash flow from operations to satisfy its debt service obligations, it may have to pursue alternative financing plans, such as refinancing or restructuring its indebtedness, selling assets, reducing or delaying capital investments, or seeking to raise additional capital. The Company's ability to refinance or restructure its debt will depend on the capital markets, the prevailing regulatory environment, and the Company's financial condition at such time. In addition, the terms of the Senior Secured Term Loan may restrict the Company from adopting some of these alternatives. The Company's inability to generate sufficient cash flow to satisfy its debt

service obligations, or to refinance its obligations on commercially reasonable terms, would have an adverse effect, which could be material, on the Company's business, financial position, results of operations, and cash flows.

**Restrictive Covenants**

The Senior Secured Term Loan contains a number of restrictive covenants imposing significant operating and financial restrictions on the Company and some or all of its subsidiaries, including restrictions that may limit the Company's ability to engage in acts that may be in its long-term best interests.

The Senior Secured Term Loan includes covenants restricting, among other things, the ability of the Company and its subsidiaries to:

- incur or guarantee additional debt;
- pay dividends or make redemptions, repurchases or distributions, with respect to equity interests;
- create or incur liens;
- make loans or investments;
- engage in mergers, acquisitions, amalgamations, asset sales, and sale and leaseback transactions; and
- engage in transactions with affiliates.

The Mortgage Loans include covenants restricting, among other things, the ability of the Company and its subsidiaries to:

- make investments;
- dispose of assets; and
- incur additional debt.

In addition, the Company must maintain cash and cash equivalents held on a consolidated basis by the obligors under the Senior Secured Term Loan of at least $30 million.

The operating and financial restrictions and covenants in the Senior Secured Term Loan, Mortgage Loans and any future financing agreements may adversely affect the Company's ability to finance future operations or capital needs or to engage in other business activities. If a default occurs under the Senior Secured Term Loan or the Mortgage Loans, the lenders may, subject to certain cure periods, elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable and enforce their security interest over certain of the Company's assets. If the Company was unable to repay outstanding borrowings when due, the lenders would have the right to proceed against the collateral granted to them to secure the loans.

**RISKS ASSOCIATED WITH THE SECURITIES OF THE COMPANY**

**MVS Voting Control**

The Company's SVS are entitled to one vote per share, the PVS are entitled to 200 votes per share (subject to adjustment in accordance with the terms thereof) and the MVS are entitled to 2,000 votes per share. Due to their ownership of the MVS, along with their PVS and SVS holdings, Charles Bachtell, Robert Sampson, Thomas J. Manning, and the Brian McCormack Trust (the "**MVS Holders**") exercise approximately 73% of the voting power in respect of the Company's outstanding shares as of March 5, 2026. Each MVS may be transferred by a MVS

Holder only to the MVS Holder's immediate family members and certain related entities of the MVS Holder or, with the prior written consent of the Company, to a current member of the Company's board of directors.

Accordingly, the MVS Holders (or their permitted transferees) potentially have the ability to control the outcome of matters submitted to the Company's shareholders for approval, including the election and removal of directors and any arrangement or sale of all, or substantially all, of the assets of the Company.

This concentrated control of the Company could delay, defer, or prevent a change of control of the Company, an arrangement involving the Company, or a sale of all, or substantially all, of the assets of the Company. Conversely, this concentrated control could allow the MVS Holders to consummate a transaction that the Company's other shareholders do not support. In addition, the MVS Holders may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business, financial condition, and operating results.

Charles Bachtell, Robert Sampson, and Thomas J. Manning each owe a fiduciary duty to the Company's shareholders, due to their positions as directors, and in the case of Charles Bachtell as Chief Executive Officer of the Company, and are obligated to act honestly and in good faith with a view to the best interests of the Company, when serving in such positions. However, as shareholders, Charles Bachtell, Robert Sampson, and Thomas J. Manning are entitled to vote the shares over which they have voting control, in their own interests, which may not always be in the interests of the other shareholders of the Company.

**Potential for Conflict of Interest**

All decisions to be made by such directors and officers involving the Company are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Company. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on any matter in which they may have a material conflict of interest. For a description of certain risks associated with the Company's multi-voting share class structure, see *"MVS Voting Control."*

Certain of the Company's directors and officers are, and may continue to be, or may become, involved in other business ventures through their direct and indirect participation in, among other things, corporations, partnerships, and joint ventures, that are or may become competitors of the products and services the Company provides or intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in a contract or transaction or a proposed contract or transaction with the Company that is material to the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. This does not impact the directors' and officers' obligation to act honestly and in good faith with a view to the Company's best interests. However, in conflict-of-interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

**Unpredictability Caused by the Capital Structure and MVS Voting Control; Tax Receivable Agreement**

Although other Canadian-based companies have multi-class or multiple voting share structures, the MVS Holders' voting control over the Company and the Company's capital structure, including its Up-C structure, a newly formed parent company, organized as a corporation, and it subsidiary, the pre-public offering operating entity, structured as an LLC, and the significant amount of outstanding equity securities of Cresco LLC, which are redeemable from time to time for SVS, could result in a lower trading price for, or greater fluctuations in, the trading price of the SVS or result in adverse publicity to the Company or other adverse consequences.

In addition, in connection with the Business Combination, the Company's subsidiary, Cresco U.S. Corp (" **Cresco Corp**"), entered into a tax receivable agreement (the "**Tax Receivable Agreement**") with Cresco LLC and certain other holders of Cresco LLC Common Units[4] (the "**TRA Parties**"), which confers certain benefits to the TRA Parties that will not be received by the holders of SVS. Under the Tax Receivable Agreement, the TRA Parties will receive a payment from Cresco Corp that reflects a portion of the tax benefit that Cresco Corp realizes as a result of its increased share of the tax basis of the assets of Cresco LLC when a TRA Party redeems or exchanges its Cresco LLC Common Units for SVS or cash (such basis increase is referred to as the "**Basis Adjustments**"). The Tax Receivable Agreement generally requires Cresco Corp to pay 85% of the tax benefits to a TRA Party when those benefits are treated as realized under the terms of the Tax Receivable Agreement.

The payment obligations of Cresco Corp under the Tax Receivable Agreement are expected to be significant. The amount of existing tax basis and anticipated tax basis adjustments and utilization of tax attributes, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of redemptions or exchanges by the TRA Parties, the price of the SVS at the time of the redemptions or exchanges, the extent to which such redemptions or exchanges are taxable, the amount of deductions able to be realized by Cresco Corp especially due to the application of Section 280E, the amount and timing of the taxable income allocated to Cresco Corp or otherwise generated by Cresco Corp in the future, the portion of the payments under the Tax Receivable Agreement constituting imputed interest and the federal and state tax rates then applicable. While the payments under the Tax Receivable Agreement are meant to be 85% of the tax benefits received by Cresco Corp, there can be no assurance that Cresco Corp will be able to finance its obligations under the Tax Receivable Agreement when they become due. Any payments made to TRA Parties under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to Cresco Corp (or to the Company or Cresco LLC) and, to the extent that Cresco Corp is unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by Cresco Corp. There can be no assurance that Cresco Corp will be able to fund or finance its obligations under the Tax Receivable Agreement and the failure to do could have a material adverse effect on the Company's business, financial condition, and operating results. In addition, the Company will not be reimbursed for any payments made to the TRA Parties under the Tax Receivable Agreement in the event that any tax benefits to the Company are subsequently disallowed by tax authorities. As a result, it is possible that Cresco Corp could make cash payments under the Tax Receivable Agreement that are substantially greater than its actual cash tax savings.

In addition, Cresco Corp's future obligations to make payments under the Tax Receivable Agreement could make the Company a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement. Although the Company will retain 15% of the amount of the tax benefits, this and other aspects of the Company's organizational structure may adversely impact the future trading market for the SVS. In certain cases, including upon a change of control of the Company, payments under the Tax Receivable Agreement may be accelerated or significantly exceed any actual benefits that the Company realizes in respect of the tax attributes subject to the Tax Receivable Agreement, which could have a substantial negative impact on the Company's liquidity and could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control.

**Dilution due to Additional Issuances of SVS or Subsidiary Securities**

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of SVS and existing shareholders will have no preemptive rights in connection with such further issuance. The Company's Board has discretion to determine the price and the terms of further issuances. Moreover, additional SVS will be issued by the Company on the conversion of the PVS in accordance with their terms. The Company may also issue SVS to finance future acquisitions. The Company cannot predict the size of future issuances of SVS or the effect that future issuances and sales of SVS will have on the market price of the SVS. Issuances of a substantial number of additional SVS, or the

[4] Common Units means those units designated by Cresco LLC after Cresco LLC effected a recapitalization of its outstanding unit capital in connection with the Business Combination, whereby under such recapitalization all previously issued Cresco LLC Units were combined into a single class of non-voting units of Cresco LLC.

perception that such issuances could occur, may adversely affect prevailing market prices for the SVS. With any additional issuance of SVS, investors will suffer dilution to their voting power and the Company may experience dilution in its revenue per share.

Additionally, the subsidiaries of the Company, such as Cresco Corp and Cresco LLC, may issue additional securities, including non-voting common shares in the capital of Cresco ("**Cresco Redeemable Shares**"), Cresco Redeemable Units and Appreciation Only LTIP Units [5] ("**AO LTIP Units**"), Full Value LTIP Units[6] ("**FV LTIP Units**"), or other classes or series of membership units issued in accordance with Exhibit A of the A&R LLC Agreement ("**LTIP Units**") to new or existing shareholders, members or security holders, including in exchange for services performed or to be performed on behalf of such entities or to finance future acquisitions. Any such issuances could result in substantial dilution to the indirect equity interest of the holders of SVS in the Company and materially adversely impact the market price of the SVS. Further, the sale of a substantial number of such securities, or the perception in the market that holders of a large number of securities intend to sell securities, could reduce the market price of the SVS and could impair the Company's ability to raise capital through the sale of additional equity securities.

**Additional Financing**

The Company expects to require substantial additional capital in the future to expand its product lines, develop its intellectual property base, increase production capabilities, and expand its operations in states where it currently operates and states where it currently does not have operations. The Company may not be able to obtain additional financing on terms acceptable to it, or at all. If the Company fails to raise additional capital, as needed, its ability to continue its operations and to implement its business model and strategy could be materially adversely affected.

Even if the Company obtains financing for its near-term operations, it expects that it will require additional capital thereafter. The capital needs of the Company will depend on numerous factors including: (i) the Company's profitability; (ii) the release of competitive products by peers; (iii) the level of investment in research and development; and (iv) the amount of capital expenditures and acquisitions. There can be no assurance that the Company will be able to obtain capital in the future to meet its needs or on terms which are acceptable.

Although the Company has accessed private financing in the past, there is neither a broad nor deep pool of institutional capital that is available to companies in the U.S. cannabis industry. Due to the current laws and regulations governing financial institutions in the U.S., banks often refuse to provide services to businesses involved in the cannabis industry, U.S. multistate operators are currently not permitted to list securities on the U.S. exchanges and U.S. investors and banks are reluctant to provide financing to U.S. multistate operators such as the Company. Consequently, it may be difficult for the Company to obtain additional financing in the U.S. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable.

[5] Appreciation Only LTIP Units means a unit of Cresco LLC which is designated in the applicable vesting agreement or other documentation pursuant to which such AO LTIP Unit is granted or issued, having the rights, powers, privileges, restrictions, qualifications, and limitations set forth in Exhibit A to the A&R LLC Agreement in respect of the holder thereof, as well as any applicable vesting agreement or other documentation pursuant to which such AO LTIP Unit is granted or issued.

[6] Full Value LTIP Units means a unit of Cresco LLC which is designated in the applicable vesting agreement or other documentation pursuant to which such FV LTIP Unit is granted or issued, having the rights, powers, privileges, restrictions, qualifications, and limitations set forth in Exhibit A to the A&R LLC Agreement in respect of the holder thereof, as well as any applicable vesting agreement or other documentation pursuant to which such FV LTIP Unit is granted or issued.

**No Guaranteed Return**

There is no guarantee that an investment in the SVS will earn any positive return in the short, medium, or long term. There is no assurance that holders of the SVS will receive cash distributions or any rate of return on, or repayment of, their investment in the SVS. In fact, an investor could lose its entire investment in the SVS.

**Volatile Market Price of the SVS and Other Listed Securities**

The market price of the SVS and other listed securities of the Company has been, and is likely to continue to be, highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of SVS or such other securities to sell their securities at an advantageous price. Market price fluctuations in the SVS or such other securities may be due to, among other factors: (i) the Company's operating results failing to meet expectations of securities analysts or investors in any period; (ii) downward revision in securities analysts' estimates; (iii) adverse changes in general market conditions or competitive, regulatory, or economic trends; (iv) regulatory changes affecting the Company's industry generally and its business and operations; (v) adverse changes in the economic performance or market valuations of companies in the industry in which the Company operates; (vi) acquisitions, dispositions, strategic partnerships, joint ventures, or capital commitments; (vii) public announcements by the Company or its competitors or government and regulatory authorities of material events; (viii) operating and share price performance of the companies that investors deem comparable to the Company; (ix) and, the addition or departure of the Company's executive officers and other key personnel. These broad market fluctuations may adversely affect the market price of the SVS or such other securities.

Financial markets have, at times, historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity and convertible securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Accordingly, the market price of the SVS and other listed securities of the Company from time to time, may decline even if the Company's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue or arise, the Company's operations and its ability to obtain additional financing may be adversely impacted, and the trading price of the SVS and such other securities may be materially adversely affected.

**Negative Cash Flow from Operating Activities**

The Company sustained a net loss during the fiscal years ended December 31, 2025 and 2024. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future, which could lead to negative cash flows from operating activities. The Company has implemented cost cutting measures in order to maintain positive cash flows from operating activities, however, the Company's operating expenses could increase as it implements initiatives to continue to grow its business or pursue acquisitions. If the Company is unsuccessful at managing its operating expenses, it may have a material adverse effect upon the Company's business, financial condition, and operating results.

**Dividends**

The Company has no cash dividend record and does not anticipate paying any cash dividends on the SVS in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholding. The Senior Secured Term Loan restricts the Company's ability to pay dividends on the SVS.

**Tax**

Canadian federal and provincial and U.S. federal and state tax issues should be taken into consideration prior to investing in the SVS. The Company is a holding company with most of its operations being conducted in the U.S.

through U.S. subsidiaries. The return on an investor's investment is subject to taxes and to changes in Canadian and U.S. tax laws. There can be no assurance that tax laws, regulations, or judicial or administrative interpretations of these laws and regulations will change in a manner that fundamentally alters the tax consequences to investors holding or disposing of the SVS.

Investors should consult their own tax advisor for advice regarding the tax issues with respect to holding the SVS for your local jurisdiction.

## DIVIDENDS AND DISTRIBUTIONS

It is contemplated by the Company that it will reinvest all future earnings in order to finance the development and growth of its business. As a result, it is not contemplated that dividends will be paid on the SVS in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Company's Board and will be made in accordance with applicable law and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions, and any other factors that the Company's Board deems relevant. The Senior Secured Term Loan restricts the Company's ability to pay dividends on the SVS. See *"Risk Factors."*

## DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of SVS, PVS, MVS, and SSVS. As of December 31, 2025, the outstanding share capital of the Company consists of: (i) 343,232,815 SVS; (ii) 81,492 PVS (which are convertible on a 1:200 basis into 16,298,484 SVS); (iii) 500,000 MVS; and 1,589 SSVS (as-converted to SVS).

### Summary of Share Provisions

For information on the Company's SVS, PVS and MVS shares, the Description of Share Capital of Cresco, the Description of Unit Capital of Cresco, the A&R LLC Agreement, the Tax Receivable Agreement, and the Support Agreement, please refer to the section titled "*Description of the Securities*" in the Filing Statement, which section is incorporated by reference herein. The Filing Statement was filed by the Company on November 30, 2018, and is available on SEDAR+ at www.sedarplus.ca.

On June 29, 2020, the Company filed an alteration to its Notice of Articles with the British Columbia Registrar of Companies to create a class of Special Subordinate Voting Shares ("SSVS") and amend the rights and restrictions of SVS, PVS, and MVS.

On June 3, 2022, the Company amended and restated the investment agreement originally dated as of November 30, 2018, among the holders of MVS and the Company. As amended and restated, the investment agreement provides that the Company will repurchase all of the MVS not later than the first business day after the first annual meeting of shareholders of the Company following any future listing of the SVS on a U.S. national securities exchange.

At the meeting of shareholders of the Company held on July 15, 2022, the shareholders approved a special resolution that the Company's articles be altered. On June 1, 2023, the Company amended its articles in accordance with the approved shareholder resolution, such that following a listing of the SVS on a United States national securities exchange:

(i) the Company may not issue any new MVS,
(ii) any MVS repurchased by the Company must be cancelled and may not be reissued, and
(iii) at the time that there are no MVS outstanding, the Company may take such appropriate action (without the need for shareholder action or approval) as may be necessary to remove the MVS from the Company's authorized share structure.

**Special Subordinate Voting Shares**

| | |
|---|---|
| Right to Vote | Holders of SSVS shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of SSVS will be entitled to one vote in respect of each SVS into which such SSVS could ultimately then be converted, which for greater certainty, shall initially be equal to 0.00001 of a vote per SSVS. |
| Class Rights | As long as any SSVS remain outstanding, the Company will not, without the consent of the holders of the SSVS by separate special resolution, prejudice or interfere with any right or special right attached to the SSVS. In connection with the exercise of these voting rights, each holder of SSVS will have one vote in respect of each SSVS. |
| Rights to Subscribe; Pre-Emptive Rights | The holders of SSVS are not entitled to a right of first refusal to subscribe for, purchase, or receive any part of any issue of SVS, or bonds, debentures, or other securities of the Company now or in the future. |
| Dividends | The holders of SSVS shall have the right to receive dividends, out of any cash or other assets legally available therefore, pari passu (on an as-converted basis, assuming conversion of all SSVS into SVS at the conversion rate of 0.00001 SVS per SSVS ("**Special Conversion Ratio**")) as to dividends and any declaration or payment of any dividend on the SVS. No dividend will be declared or paid on the SSVS unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to SVS basis) on the SVS and the PVS. |
| Participation | In the event of the liquidation, dissolution, or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of SSVS will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the SSVS (including, without restriction, the MVS), be entitled to participate ratably along with all other holders of SVS (on an as-converted to SVS basis), the PVS (on an as-converted to SVS basis) and the SVS. |
| Changes | The SSVS may be subdivided or consolidated by resolution of the directors (or a committee thereof) without the simultaneous subdivision or consolidation of the SVS, the PVS, and the MVS in the same manner, provided that the Special Conversion Ratio is correspondingly adjusted and the voting rights of the SSVS are correspondingly adjusted such that the aggregate number of votes held by all holders of SSVS prior to subdivision or consolidation is equal to the aggregate number of votes held by all holders of SSVS following the subdivision or consolidation. |
| Ownership Restrictions | The SSVS may only be beneficially owned or controlled, directly or indirectly, by a person or persons who are not specified U.S. persons. |
| Transfer Restrictions | No SSVS or any rights or interests therein may be transferred legally, beneficially or in any other manner by the holder thereof without the prior written consent of the Company Board (or a committee thereof), which may be withheld in its sole discretion. |

| | |
|---|---|
| Redemption Rights | The Company has the right to redeem all or some of the SSVS from any holder thereof at any time by providing two days prior written notice (the "**Redemption Notice**") to such holder for either: (i) cash, at a price per SSVS equal to the Special Conversion Ratio (as may be adjusted in accordance with its terms) multiplied by the average volume-weighted average trading price of the SVS on the CSE (or such other stock exchange or quotation system the SVS are then principally listed or quoted) for the 10 trading days immediately prior to the date of the Redemption Notice; or (ii) SVS at the Special Conversion Ratio, as may be adjusted in accordance with its terms. The Company need not redeem SSVS on a pro-rata basis among the holders of SSVS. |
| Conversion | Holders of SSVS have a restricted right to convert into 0.00001 SVS per SSVS, subject to customary adjustments for certain corporate changes. The ability to convert the SSVS is subject to the prior written consent of the Company Board or a committee thereof. The Company may require each holder of SSVS to convert all, and not less than all, of the SSVS at the applicable Special Conversion Ratio, if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of SSVS): (i) the Company is no longer a "foreign private issuer" (as determined in accordance with Rule 3b-4 of the U.S. Exchange Act); or (ii) the Company Board (or a committee thereof) determine that the SSVS are no longer necessary or required. |

## MARKET FOR SECURITIES

**Subordinate Voting Shares - Trading Price and Volume**

The issued and outstanding SVS are listed and posted for trading on the CSE under the symbol “CL.” The following table sets forth the reported intraday high and low prices and monthly trading volumes of the SVS from January 1, 2025, up to December 31, 2025.[7]

| Period | High Trading Price (in C$) | Low Trading Price (in C$) | Volume |
|---|---|---|---|
| January 2025 | $1.47 | $1.21 | 2,030,934 |
| February 2025 | $1.74 | $1.17 | 2,833,557 |
| March 2025 | $1.26 | $0.76 | 3,127,347 |
| April 2025 | $1.35 | $0.75 | 4,520,684 |
| May 2025 | $1.36 | $0.80 | 2,262,507 |
| June 2025 | $0.85 | $0.60 | 13,708,910 |
| July 2025 | $1.02 | $0.65 | 6,109,238 |
| August 2025 | $2.20 | $0.79 | 10,804,235 |
| September 2025 | $1.97 | $1.31 | 7,100,036 |
| October 2025 | $2.12 | $1.53 | 4,669,664 |
| November 2025 | $1.73 | $0.89 | 4,964,812 |
| December 2025 | $3.12 | $0.99 | 13,941,480 |

[7] https://finance.yahoo.com/quote/CL.CN/history/

**CONSOLIDATED CAPITALIZATION**

The following table summarizes the long-term notes payable and loans payable and share capital of Cresco and the Company as of December 31, 2025.

| **THE COMPANY** | |
|---|---|
| *($ in thousands)* | |
| Total Long-term notes payable and loans payable | **$417,095** |
| **Security** | **Total** |
| Subordinate Voting Shares[(1)] | 343,232,815 |
| Proportionate Voting Shares[(2)] | 16,298,484 |
| Cresco Redeemable Units[(3)] | 85,299,120 |
| Special Subordinate Voting Shares | 1,589 |
| **Shares Outstanding (on an as-converted to Subordinate Voting Share basis)** | **444,832,008** |
| Options[(4)] | 19,786,565 |
| Restricted share units | 26,466,983 |
| **Fully-Diluted Outstanding**[(6)] | **491,085,556** |
| Super Voting Shares[(5)] | 500,000 |

(1) SVS includes 1,128,221 net shares pending issuance or cancellation. In the aggregate, the SVS represent approximately 25.2%% voting control.

(2) As discussed above under the heading "Description of the Securities," in order to maintain foreign private issuer status, certain U.S. resident members of Cresco will receive PVS rather than SVS on a 1:200 basis. PVS carry voting and economic rights proportionate to SVS. Each PVS is convertible into 200 SVS. This table presents the PVS on an as-converted basis. In the aggregate, the SVS represent approximately 1.2%% voting control.

(3) Cresco Redeemable Units are convertible to PVS on a 200:1 basis and such PVS are convertible into SVS on a 1:200 basis.

(4) 19,786,565 options outstanding at a weighted average exercise price of $2.23 per SVS. 18,115,551 SVS reserved for future grants.

(5) Each carrying 2,000 votes. In the aggregate, the MVS represent approximately 73.6% voting control and are not convertible into SVS or other equity securities of the Company.

(6) Fully-Diluted Outstanding shares assumes conversion of all outstanding instruments which could have a dilutive effect (currently or in the future).

## DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out, for each of the Company's directors and executive officers, the person's name, age, state and country of residence, position with the Company, principal occupation(s) during the last five (5) years, and if an existing officer of Cresco prior to the Business Combination, the date on which the person became such an officer. The Company's directors are elected annually and, unless re-elected, will retire from office at the end of the next annual general meeting of shareholders.

**Directors and Officers**

| Name and State and Country of Residence | Age | Position(s) with the Company | Cresco Officer / Director Since | Principal Occupation(s)[1] | Securities of Company Directly or Indirectly Held[2] | | |
|---|---|---|---|---|---|---|---|
| | | | | | Security Class | Number of Securities | Percentage Owned |
| Charles Bachtell[5]<br>Chicago, IL,<br>United States | 47 | Chief Executive Officer and Director | 03/2015 | Chief Executive Officer | MVS | 132,932 | 26.59% |
| | | | | | Redeemable Units | 12,347,597 | 14.65% |
| | | | | | PVS | 5,313 | 6.53% |
| | | | | | SVS | 1,022,614 | 0.29% |
| Sharon Schuler<br>Laconia, NH,<br>United States | 55 | Chief Financial Officer | 09/2024 | Chief Financial Officer | SVS | 70,350 | 0.02% |
| John Schetz,<br>Chicago, IL,<br>United States | 49 | General Counsel | 06/2018 | General Counsel | SVS | 120,834 | 0.03% |
| Gregory Butler<br>Chicago, IL,<br>United States | 46 | President | 02/2020 | President | SVS | 158,080 | 0.05% |
| Angie Demchenko<br>Chicago, IL,<br>United States | 45 | Chief People Officer | 07/2019 | Chief People Officer | SVS | 244,991 | 0.07% |
| Zach Marburger<br>Chicago, IL,<br>United States | 40 | Chief Information Officer | 01/2019 | Chief Information Officer, Cresco | SVS | 288,290 | 0.08% |
| Robert M. Sampson[3][6]<br>Chicago, IL,<br>United States | 50 | Director | 05/2015 | EVP - CrossCountry Mortgage | MVS | 133,308 | 26.66% |
| | | | | | Redeemable Units | 6,101,049 | 7.24% |
| | | | | | PVS | 4 | 0.00% |
| | | | | | SVS | 4,020,000 | 1.15% |
| Gerald Corcoran[3][5]<br>Winnetka, IL,<br>United States | 70 | Director | 03/2017 | CEO & Chairman of the Board of R.J. O'Brien & Associates, LLC | SVS | 1,267,987 | 0.36% |

| Name and State and Country of Residence | Age | Position(s) with the Company | Cresco Officer / Director Since | Principal Occupation(s)[1] | Securities of Company Directly or Indirectly Held [2] | | |
|---|---|---|---|---|---|---|---|
| **Name and State and Country of Residence** | **Age** | **Position(s) with the Company** | **Cresco Officer / Director Since** | **Principal Occupation(s)[1]** | **Security Class** | **Number of Securities** | **Percentage Owned** |
| Thomas J. Manning[5]<br>Evanston, IL, United States | 70 | Director and Chairman | 10/2016 | Chairman, Cresco Board | MVS | 133,760 | 26.75% |
| | | | | | PVS | 500 | 0.61% |
| Randy D. Podolsky[3][4][5]<br>Lake Forest, IL, United States | 71 | Director | 12/2016 | Real Estate – Podolsky & Associates, Ltd | Redeemable Units | 260,604 | 0.31% |
| | | | | | SVS | 303,797 | 0.09% |
| Michele Roberts[4]<br>New York, NY, United States | 69 | Director | 06/2020 | Director | SVS | 20,000 | 0.01% |
| Marc Lustig[6]<br>Vancouver, BC Canada | 52 | Director | 01/2020 | Director | SVS | 1,010,724 | 0.29% |
| | | | | | SSVS | 158,940,757 | 100.00% |

(1) For prior occupations of each director and officer for the last 5 years, if applicable, please see biographies below.
(2) Includes as-converted holdings of PVS, SVS, MVS, SSVS, and Cresco Redeemable Units as of the date of this AIF. Excludes all options outstanding and unvested restricted stock units.
(3) Denotes members of the audit committee for the Company. The Company's audit committee meets the composition requirement for "venture issuers" as set out in NI 52-110.
(4) Denotes member of the nominating and governance committee of the Company.
(5) Denotes member of the executive committee of the Company.
(6) Denotes member of the compensation committee of the Company.

As of the date of this AIF, the directors and executive officers of the Company (as listed in this AIF), as a group, beneficially owned, or controlled or directed, directly or indirectly, on a non-diluted basis, a total of (i) 8.5 million SVS, representing approximately 2.5% of the total number of outstanding SVS, (ii) 1.2 million PVS (as-converted), representing approximately 7.1% of the total number of outstanding PVS, (iii) 1,589 SSVS (as-converted), representing all of the outstanding SSVS, (iv) 0.4 million MVS, representing 80.0% of the total number of outstanding MVS, and (v) 18.7 million Cresco Redeemable Units, representing approximately 22.2% of the total number of outstanding Cresco Redeemable Units.

**Biographies**

The following are brief profiles of the Company's executive officers and directors.

**Charles Bachtell, *Chief Executive Officer and Director***

Charles Bachtell serves as a director and the Company's Chief Executive Officer since February 2015. Prior to joining the Company, Mr. Bachtell served for eight years as the Executive Vice President and General Counsel of Guaranteed Rate. Mr. Bachtell past experience as an attorney and brings with him legal expertise in both corporate governance and regulatory compliance. Mr. Bachtell is a founding member of the Illinois Cannabis Bar Association and cannabis industry trade associations in Illinois, Pennsylvania and Ohio. He is the current Chairman of the National Cannabis Roundtable. Mr. Bachtell also serves on the Board of Trustees of DePaul University and as an adjunct Professor at Northwestern University Pritzker School of Law, where he teaches a course on the legal and regulatory issues in the emerging cannabis industry.

**Sharon Schuler, *Chief Financial Officer***

Sharon Schuler joined the Cresco team as Chief Financial Officer in late 2024 and brings more than twenty (20) years of experience in finance, strategy, and operations across both private equity and publicly traded midsize and global multibillion-dollar organizations in retail and wholesale. Prior to joining Cresco Labs, Ms. Schuler was responsible for planning and analysis of BJ's Wholesale Club's short and long-term financial outlook. Prior to that, she spent over twenty (20) years in senior financial management roles for large public and private national retailers, including The TJX Companies, Clarks America, and Caleres. Ms. Schuler holds an MBA in Integrated Management and a bachelor's in economics from Michigan State University.

**John Schetz, *General Counsel***

John Schetz serves as the Company's General Counsel. Prior to joining the Company, Mr. Schetz served as Executive Vice President, General Counsel, and Secretary of Stericycle, Inc., where he was responsible for global legal affairs. Prior to his tenure at Stericycle, Mr. Schetz was a partner in the Corporate Department of McDermott Will & Emery LLP in Chicago. Mr. Schetz's experience as a partner in a large law firm and as Chief Legal Officer of a multinational public company brings to the Company a broad and deep understanding of legal and business matters across multiple industries.

**Gregory Butle*r, President***

Greg Butler serves as the Company's President. Prior to joining the Company, Mr. Butler served as Operational Partner at MINIMAL, a global award-winning design firm, overseeing MNML Ventures, the creative capital accelerator of MINIMAL. Prior to his service at MINIMAL, Mr. Butler worked at MillerCoors where he led the Miller Family of brands, a $2 billion portfolio, overseeing more than $225 million in annual spend. Mr. Butler brings to the Company a strong background in driving brand growth for top-tier CPG companies and business growth and capital management strategic advising for leading private equity portfolio companies.

**Angie Demchenko, *Chief People Officer***

Angie Demchenko is responsible for overseeing all aspects of human resources, its practices, and operations to meet the needs of the constantly evolving business. Previously, she served as Vice President, Head of Human Resources for Starwood Retail Partners, the retail real estate arm of Starwood Capital Group and leading operator of shopping malls and lifestyle centers. In addition, she was the Vice President, Human Resources for General Growth Properties, one of the largest shopping mall owners in the U.S. prior to its acquisition by Brookfield Property Partners, and Senior Vice President, Human Resources for Jones Lang LaSalle, a Fortune 500 commercial real estate services firm.

**Zach Marburger, *Chief Information Officer***

Zach Marburger is the Company's Chief Information Officer. He is responsible for overseeing the technological and data infrastructure throughout the organization and designing, scaling, and implementing technological systems and data platforms to optimize the customer experience. As an entrepreneur, he was previously involved in Colorado's cannabis technology industry. He was the founder and Chief Executive Officer of Whaxy, a startup offering software tools like menu management and online ordering for cannabis retail dispensaries and businesses. It was acquired by cannabis technology platform MassRoots in 2016. In addition, he was also the co-founder and Chief Executive Officer of Topple Track, a startup providing a scalable, self-serve, content monitoring platform for musicians and record labels, which was acquired by Symphonic Distribution in 2015.

**Robert M. Sampson, *Director***

Robert Sampson serves as a director of the Company. Mr. Sampson has more than twenty (20) years of operating experience in large business, including twelve (12) years in the heavily regulated mortgage industry, having served as Chief Operating Officer at Guaranteed Rate, a retail mortgage bank. As the former Chief Operating Officer of

Cresco, Mr. Sampson oversaw the construction of two (2) 40,000 square foot cement precast structures and one (1) 30,000 square foot hybrid greenhouse structure and was responsible for all facility operations and systems including the design and implementation of fertigation and irrigation systems, inventory control systems, compliance process procedures, audits, security, and IT. Mr. Sampson is currently Executive Vice President of CrossCountry Mortgage, a mortgage firm based in Cleveland.

**Gerald Corcoran,** ***Director***

Gerry Corcoran serves as a director of the Company. Mr. Corcoran has served as Chief Executive Officer of R.J. O'Brien & Associates, LLC ("**RJO**") since 2000. He was also Chairman of RJO until July 2024 when RJO was acquired by StoneX. Mr. Corcoran is currently Chairman of the National Futures Association ("**NFA**") and has served as board member for 18 years. The NFA is the self-regulatory organization for the futures industry. Corcoran currently serves on the FIA's Executive Committee. He has been a member of FIA's Board of Directors since March 2008 and served as Chairman from July 2014 until March 2016. The FIA provides important representation with regulators around the world.

**Thomas J. Manning,** ***Chairman and Director***

Thomas J. Manning serves as Chairman of the Board of Directors of the Company. Mr. Manning joined the Board in October 2016 and previously served as Executive Chairman until January 2023. Mr. Manning is the former Chairman and Chief Executive Officer of Dun & Bradstreet, a leading provider of corporate information and analytics. Mr. Manning serves as a director of CommScope and until December 2023, ChinData. He is also a former Senior Fellow at Harvard University's Advanced Leadership Initiative, an executive-in-residence at the Booth School of Business at the University of Chicago, and an adjunct faculty member at the University of Chicago Law School where he taught corporate governance, private equity, innovation, and US-China relations. He was based in Hong Kong for nearly 20 years and served as CEO of Cerberus Capital Asia, Capgemini Asia, and Ernst & Young Consulting Asia, and as a senior partner at Bain & Company. During the past decade, he served on the boards of various publicly listed Chinese companies, including Bank of Communications, Gome Electrical Appliances, AsiaInfo-Linkage, iSoftStone, and Clear Media. Earlier in his career, he was extensively involved in the medical field as the founder and CEO of a biomedical device company and a founder of McKinsey's health care consulting practice.

**Randy D. Podolsky,** ***Director***

Randy D. Podolsky serves as a Director of the Company. During his fifty (50) year commercial real estate career he served entrepreneurial, corporate, institutional, and not-for-profit clients, and was Managing Principal of his firm from 1986 through 2015. Mr. Podolsky has provided personalized transaction, contract negotiation, and advisory services to financial institutions, users, owners, and not-for-profits. Mr. Podolsky also managed commercial properties and developed numerous industrial and office projects. Now operating under the name of Riverwoods Development Partners his most recent development project was the creation of *Navy Pier Marina*, a recreational and commercial boat marina at Chicago's iconic Navy Pier. Mr. Podolsky previously served as a board member and chair of the real estate committee of the Waukegan Port District, which owns and operates Waukegan Harbor & Marina, the Port of Waukegan and Waukegan National Airport. Mr. Podolsky is a volunteer member of the U.S. Coast Guard Auxiliary since 1991 and served as the District Commodore ("**DCO**") of the Great Lakes District Western Region in 2009 and 2010.

**Michele Roberts,** ***Director***

Ms. Roberts serves as a director of the Company. From 2014 to 2022, Ms. Roberts has served as the Executive Director of the National Basketball Players Association (the "**NBPA**"), working on behalf of NBA players to ensure their rights are protected and are fairly compensated for the value they bring to the sport and their impact on society. Prior to joining the NBPA, she was a trial lawyer with Skadden, Arps, Slate, Meagher & Flom. Her practice focused on complex civil and white-collar criminal litigation before state and federal courts and in administrative

proceedings. Ms. Roberts is a Fellow of the American College of Trial Lawyers. She worked for eight (8) years in the office of the Public Defender Service for the District of Columbia, where she was named Chief of the Trial Division and served as counsel in more than forty (40) jury trials. Ms. Roberts is a frequent lecturer and presenter to both the bench and bar on a variety of topics related to litigation and trial practice. She taught trial advocacy as an adjunct member of the faculty at Harvard Law School and was an instructor with the National Institute of Trial Advocacy.

**Marc Lustig, *Director***

Marc Lustig serves as a director of the Company. Mr. Lustig was the founder and Chief Executive Officer of Cannabis Royalties & Holdings Corp. ("**Origin House**"), a leading distributor of cannabis products including its owned brands in California and other markets. Following the acquisition of Origin House by Cresco in January 2020, Mr. Lustig oversaw capital markets activities for Cresco, including executing on the Company's capital strategy, until he left such role in mid-2021. He continues to assist from time to time in managing relationships with Cresco's various capital markets stakeholders.

**Cease Trade and Bankruptcy**

On July 21, 2025, the British Columbia Securities Commission issued a cease trade order for Marc Lustig. The cease trade order was based on an allegation that Mr. Lustig made changes to his beneficial ownership of, or control or direction over, securities of which he is a reporting insider without filing the required insider reports, as required by section 3.3 of National Instrument 55-104 - *Insider Reporting Requirements and Exemptions* within the prescribed time in accordance with National Instrument 55-102 – *System for Electronic Disclosures by Insiders (SEDI).* As of the date of this AIF the matter is still pending.

With the exception of Mr. Lustig, none of the Company's directors or executive officers has, within the ten (10) years prior to the date of this AIF, been a director, chief executive officer, or chief financial officer of any company (including the Company) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the Company access to any exemption under securities legislation, in each case for a period of more than thirty (30) consecutive days.

None of the Company's directors or executive officers has, within the ten (10) years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of such director or executive officer, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets.

No director or executive officer of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

To the best of the Company's knowledge, there are no known existing or potential material conflicts of interest among the Company, or a subsidiary of the Company, and a director or officer of the Company or a subsidiary of the Company as a result of their outside business interests except that certain of the Company's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

## PROMOTERS

No person or company has been within the two (2) years immediately preceding the date of this AIF, a promoter of the Company.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is or was the subject matter of and no such proceedings or actions are known by the Company to be contemplated.

There have been no material penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, during the most recently completed financial year.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this AIF no director, executive officer, unitholder, or shareholder that beneficially owns, controls, or directs, directly or indirectly, more than 10% of the voting securities of the Company, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three (3) years before the date of this AIF which has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company.

## AUDITOR, TRANSFER AGENT, AND REGISTRAR

The auditor of the Company is Baker Tilly and the transfer agent and registrar for the SVS, PVS, SSVS, and MVS is Odyssey Trust Company at its principal offices in Calgary, Alberta.

## MATERIAL CONTRACTS

The Company is a party to the following material contracts:

- Support Agreement entered into by and among the Company, Cresco Corp, and Cresco LLC (see the " *Description of Capital Structure – Support Agreement*" section for greater detail.);
- Tax Receivable Agreement entered into by and among Cresco Corp, Cresco LLC, the Cresco Members, and the Cresco LTIP Unitholders (see the "*Description of Capital Structure – Tax Receivable Agreement* " section for greater detail.);
- A&R LLC Agreement (see the " *Description of Capital Structure – Description of Unit Capital of Cresco – A&R LLC Agreement* " section for greater detail.);
- Senior Secured Term Loan Agreement entered into by and among the Company, a third-party administrative agent, and a syndicate of lenders (see the "*General Development of the Business – Debt Financing Activities* " section for greater detail.); and
- Mortgage Loans agreement entered into by and among the JDRC Ellenville, LLC, a subsidiary of the Company and a third-party lender (see the "*General Development of the Business – Debt Financing Activities* " section for greater detail.).

## INTERESTS OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of a filing made by the Company under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") or as having prepared or certified a report or valuation described or included in a filing made by the Company under NI 51-102 holds any beneficial interest,

direct or indirect, in any securities or property of Cresco or of an associate or affiliate of Cresco and no such person is expected to be elected, appointed, or employed as a director, senior officer, or employee of Cresco or of an associate or affiliate of Cresco and no such person is a promoter of Cresco or an associate or affiliate of Cresco. Baker Tilly is independent of the Company under the standards of the Public Company Accounting Oversight Board and the rules and regulations of the SEC.

## AUDIT COMMITTEE

Pursuant to section 224(1) of the BCBCA and NI 52-110, the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not executive officers, control persons, or employees of the Company, or an affiliate of the Company.

### Audit Committee Charter

The Audit Committee Charter is set forth in Schedule A attached hereto. The Audit Committee Charter provides that the Audit Committee must consist of at least three directors, a majority of whom must be "independent" and all of whom must be "financially literate" (as defined under NI 52-110).

### Composition of the Audit Committee

The Audit Committee is currently comprised of:

| | | |
|---|---|---|
| Gerald F. Corcoran | Independent | Financially literate |
| Robert M. Sampson | Independent | Financially literate |
| Randy D. Podolsky | Independent | Financially literate |

### Relevant Education and Experience of Audit Committee Members

*Gerald F. Corcoran*

Gerald F. Corcoran has served as Chief Executive Officer of R.J. O'Brien & Associates, LLC (" **RJO**") since 2000. He was also Chairman of RJO until July 2025 when RJO was acquired by StoneX. Celebrating its Centennial in 2014, Chicago-based RJO is the nation's oldest and largest independent futures brokerage firm and the last surviving founding member of the Chicago Mercantile Exchange (now CME Group). Mr. Corcoran joined RJO in 1987 as Chief Financial Officer and served in this capacity until 1992 when he was promoted to Chief Operating Officer. RJO is regulated by the Commodity Futures Trading Commission ("**CFTC**") and subject to PCAOB standards. Therefore, Mr. Corcoran's service as an executive and a member of the audit committee of RJO provided him with a vast amount of experience navigating highly regulated financial environments. Prior to joining RJO, Mr. Corcoran served as the Controller of the Chicago Sun-Times, which at the time was the nation's seventh largest daily newspaper. In July 2014, Mr. Corcoran was elected Chairman of the FIA, and he served in that position until March 2016. At that time, following the January merger of the organization with its European and Asian counterparts, he was elected Treasurer of the Board of Directors of the newly unified FIA, the leading trade organization for the futures, options, and cleared swaps markets worldwide. Mr. Corcoran served in that role until March 2017. Mr. Corcoran serves on the FIA's Executive Committee as well as its Americas Advisory Board. He has been a member of FIA's Board of Directors since March 2008 and served as Vice Chairman from March 2013 until July 2014. Mr. Corcoran also serves on the board of directors and executive committee of the NFA, the self-regulatory organization for the futures industry and a de facto regulator, of which Mr. Corcoran served on the executive committee for over five years. Mr. Corcoran previously served on the Board of the Institute for Financial Markets and is a former member of the Risk Committee of CME Group. Both the NFA and CME Group are also regulated by the CFTC, further bolstering Mr. Corcoran's experience in dealing with financial regulators. Additionally, Mr. Corcoran is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Illinois CPA Society.

*Robert M. Sampson*

In addition to being one of the founders of Cresco, Robert Sampson has more than 20 years of operating experience in large business, including 12 years in the heavily regulated mortgage industry, having served as Chief Operating Officer at Guaranteed Rate, a retail mortgage bank. As the former Chief Operating Officer of Cresco, Mr. Sampson oversaw the construction of two 40,000 square foot cement precast structures and one 30,000 square foot hybrid greenhouse structure and was responsible for all facility operations and systems, including the design and implementation of fertigation and irrigation systems, inventory control systems, compliance process procedures, audits, security, and IT. Mr. Sampson is currently Executive Vice President of Crosscountry Mortgage, a mortgage firm based in Cleveland. Mr. Sampson holds a B.S. degree from Aurora University and an A.A. degree from College of DuPage.

*Randy D. Podolsky*

Randy D. Podolsky has served entrepreneurial, corporate, institutional and not-for-profit commercial real estate clients for over 40 years and served as Managing Principal of his firm from 1986 to 2015. Now operating under the name of Riverwoods Development Partners, Mr. Podolsky provides personalized transaction and contract negotiation and advisory services to financial institutions, users, owners, and not-for-profits for all facets of commercial real estate. Mr. Podolsky's most recent project was developing *Navy Pier Marina*, a 100% transient marina at Navy Pier in Chicago, which opened in June 2025. Mr. Podolsky recently served as a board member and chair of the real estate committee of the Waukegan Port District, which owns and operates Waukegan Harbor & Marina, the Port of Waukegan and Waukegan National Airport. During his tenure, Mr. Podolsky orchestrated the District's bond refinancing, increased the value of its real estate and derived income, spearheaded adoption of the Harbor Master Plan, and, most notably, negotiated the agreements for the District's first marina use development by a private party in over four decades. Additionally, he is a volunteer member of the U.S. Coast Guard Auxiliary since 1991 and served as the elected DCO of the Ninth Western Region from 2009 to 2010. Mr. Podolsky holds a B.A. degree from Loyola University.

**Audit Committee Oversight**

During the year ended December 31, 2025, no recommendations of the Audit Committee to nominate or compensate an external auditor were rejected by the Board.

**Reliance on Certain Exemptions**

As an issuer listed on the CSE, the Company currently relies on the exemption set forth in Section 6.1 of NI 52-110 pertaining to reporting obligations under NI 52-110.

**External Auditor Service Fees (By Category)**

Effective June 9, 2026, Cresco terminated Marcum as the Company's auditor and appointed Baker Tilly as the successor auditor.

The aggregate fees billed by the Company's external auditors in the years ended December 31, 2025 and 2024 are set out below:

| | Baker Tilly | | Marcum | |
|---|---|---|---|---|
| **Category** | **2025** | **2024** | **2025** | **2024** |
| Audit Fees[1] | $ 1,704,091 | $ — | $ 1,381,635 | $ 2,473,090 |
| Audit-Related Fees[2] | 90,000 | — | 61,180 | 8,000 |
| Tax Fees | — | — | — | — |
| Other Fees[3] | — | — | — | 1,200 |
| Total | $ 1,794,091 | $ — | $ 1,442,815 | $ 2,482,290 |

**Notes:**

(1) Audit Fees include fees for performance of the annual audit of the Company's Financial Statements, reviews of quarterly financial statements, review of Annual Information Form, reviews of periodic reports, and reviews of other documents required by legislation or regulation.

(2) Audit-Related Fees include fees related to consents and reviews of other securities filings.

(3) Other Fees include fees related to a background check conducted for the newly appointed Chief Financial Officer.

## ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's management information circular dated August 11, 2025, which is available under the Company's profile on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov/edgar. Additional financial information is provided in the Financial Statements and MD&A, which are also available on SEDAR+ and EDGAR. Additional information relating to the Company can also be found under the Company's profile on SEDAR+ and EDGAR.

**APPENDIX A**

**AUDIT COMMITTEE CHARTER CRESCO LABS INC.**

**CHARTER OF THE AUDIT COMMITTEE**

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities, duties, powers, and authority of the Audit Committee (the "**Committee**") of the directors (the "**Board**") of Cresco Labs Inc. ("**Cresco**").

1.0 PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

1. financial reporting and disclosure requirements;
2. ensuring that an effective risk management and financial control framework has been implemented by the management of Cresco; and
3. external and internal audit processes.

2.0 COMPOSITION AND MEMBERSHIP

1. The members (collectively "Members" and individually a "Member") of the Committee shall be appointed by the Board to serve one-year terms. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director of Cresco.
2. The Committee will consist of at least three Members. Every Member must be a director of Cresco who is independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules, regulations, and stock exchange requirements (collectively "Applicable Laws"), it being understood that for such time as Cresco remains a "venture issuer" under Applicable Laws, a majority (rather than all) of the Members of the Committee is required to be "independent". In this Charter, the terms "independent" and "financially literate" have the meanings ascribed to such terms in Applicable Laws and include the meanings given to similar terms in Applicable Laws to the extent such similar terms are used in this Charter and are applicable under Applicable Laws. The chairman of the Committee (the "Chair") will be appointed by the Board and confirmed by the Committee or appointed by the Committee from time to time and must have such accounting or related financial management expertise as the Board or Committee may determine in their business judgment is necessary. The Corporate Secretary of Cresco (the "Secretary") will be the secretary of all meetings and will maintain minutes of all meetings, deliberations, and proceedings of the Committee. In the absence of the Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

3.0 MEETINGS

1. Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. Any Member or the auditor of Cresco may call a meeting of the Committee at any time upon not less than forty-eight (48) hours advance notice being given to each Member orally, by telephone, by facsimile or by email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.

2. At the request of the external auditors of Cresco, the Chief Executive Officer or the Chief Financial Officer of Cresco, or any Member will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

3. The Chair, if present, will act as the Chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee, then the Members present may select one of their number to act as chairman of the meeting.

4. A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority of Members present at the meeting at which the vote is taken. The Chair may cast a deciding vote in the case of a deadlock of votes. Actions of the Committee may also be taken by written resolution signed by all Members.

5. The Committee may invite from time to time such persons as the Committee considers appropriate to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee, except to the extent the exclusion of certain persons is required pursuant to this Charter or by Applicable Laws. At each meeting, the Committee will meet in executive session (i) with only Members present, (ii) with only Members and Cresco's external auditors present, and (iii) with only Members and management present.

6. In advance of every regular meeting of the Committee, the Chair, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Cresco to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

## 4.0 DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee as they relate to the following matters, to the extent considered appropriate or desirable, or required by Applicable Laws, are to:

1. Financial Reporting and Disclosure

   1. oversee, review, and discuss, as the Committee deems appropriate, with management and the external auditors, Cresco's accounting practices and policies;

   2. review the audited annual financial statements of Cresco, including the auditors' report thereon, the management's discussion and analysis of Cresco prepared in connection with the annual financial statements, financial reports of Cresco, guidance with respect to earnings per share, and any initial public release of financial information of Cresco through press release or otherwise, and report on the results of such review to the Board prior to approval and release to Cresco's shareholders;

   3. review the quarterly financial statements of Cresco including the management's discussion and analysis prepared in connection with the quarterly financial statements, and report on the results of such review to the Board prior to approval and release to Cresco's shareholders;

   4. review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents;

   5. review with management of Cresco and with the external auditors of Cresco significant accounting principles, disclosure requirements, and alternative treatments under accounting principles generally accepted in the United States of America ("GAAP") all with a view to

gaining reasonable assurance that financial statements are accurate, complete, and present fairly Cresco's financial position and the results of its operations in accordance with GAAP;

6. annually review Cresco's Corporate Disclosure Policy and recommend any proposed changes to the Board for consideration; and

7. review the minutes from each meeting of the disclosure committee of Cresco established pursuant to Cresco's C orporate Disclosure Policy, since the last meeting of the Committee.

2. Internal Controls and Audit

1. review and assess the adequacy and effectiveness of Cresco's system of internal control and management information systems through discussions with management and the external auditor of Cresco to ensure that Cresco maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Cresco's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statements of Cresco and for detecting significant deficiencies or material weaknesses in controls or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Cresco at any particular time;

2. satisfy itself that management has established adequate procedures for the review of Cresco's disclosure of financial information extracted or derived directly from Cresco's financial statements;

3. review and assess the adequacy of Cresco's systems and procedures to ensure compliance with regulatory requirements and recommendations and the security of Cresco's data and information systems;

4. review and assess the major financial risk exposures of Cresco and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities; and

5. review and assess, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Cresco's risk management policies and procedures with regard to identification of Cresco's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Cresco.

3. External Audit

1. recommend to the Board a firm of external auditors to be engaged by Cresco;

2. ensure the external auditors report directly to the Committee on a regular basis;

3. review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;

4. review and approve the compensation of the external auditors, the scope and timing of the audit, and other related services rendered by the external auditors;

5. review the audit plan of the external auditors prior to the commencement of the audit;

6. establish and maintain a direct line of communication with Cresco's external and, if applicable, internal auditors;

7. review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;

8. oversee the work of the external auditors appointed by the shareholders of Cresco with respect to preparing and issuing an audit report or performing other audit, review or attest services for Cresco, including the resolution of issues between management of Cresco and the external auditors regarding financial disclosure;

9. review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with management of Cresco and the ramifications of their use, as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;

10. discuss with the external auditors their perception of Cresco's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information, and any recommendations with respect thereto;

11. review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board; and

12. review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

4. Associated Responsibilities

1. monitor and periodically review Cresco's Whistleblower Policy and associated procedures for:

2. the receipt, retention, and treatment of complaints received by Cresco regarding accounting, internal accounting controls or auditing matters;

3. the confidential, anonymous submission by directors, officers, and employees of Cresco of concerns regarding questionable accounting or auditing matters; and

4. any violations of any Applicable Laws that relate to corporate reporting and disclosure, or violations of Cresco's Code of Conduct and Ethics;

5. review and approve the hiring policies of Cresco regarding employees and partners, and former employees and partners, of the present and former external auditors of Cresco; and

6. provide oversight of related party transactions entered into or proposed to be entered into by Cresco.

5. Non-Audit Services

Pre-approve all non-audit services to be provided to Cresco or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the Committee at its first scheduled meeting following such pre-approval.

6. Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to determine that Cresco's financial statements are complete and accurate or are in accordance with

GAAP and applicable rules and regulations. These are the responsibilities of the management of Cresco. The external auditors are responsible for planning and carrying out an audit of the annual consolidated financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that such financial statements are in accordance with generally accepted accounting standards. The Committee, the Chair, and any Members identified as having accounting or related financial expertise are directors of Cresco, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Cresco, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Cresco's financial information or public disclosure.

## 5.0 REPORTING

The Committee shall provide the Board with a summary of all actions taken at each Committee meeting or by written resolution. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Secretary will circulate the minutes of each meeting of the Committee and each written resolution passed by the Committee to the Board. The Committee shall produce and provide the Board with all reports or other information required to be prepared under Applicable Laws.

## 6.0 ACCESS TO INFORMATION AND AUTHORITY

The Committee will be granted unrestricted access to all information regarding Cresco and all directors, officers, and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at Cresco's expense, outside legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with external and, if applicable, internal auditors of Cresco.

## 7.0 REVIEW OF CHARTER

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

## 8.0 CHAIR

The Chair of the Committee shall:

1. provide leadership to the Committee with respect to its functions as described in this mandate and as otherwise may be appropriate, including overseeing the operation of the Committee
2. chair meetings of the Committee, unless not present, including in camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations of the Committee;
3. ensure that the Committee meets at least once per quarter and otherwise as considered appropriate;
4. in consultation with the Chair of the Board and the Committee members, establish dates for holding meetings of the Committee;
5. set the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, and any other appropriate persons;

6. ensure that Committee materials are available to any director upon request as the Chair or the Committee consider appropriate;

7. act as liaison and maintain communication with the Chair of the Board and the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee. This includes reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable; and

8. report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board.

**Exhibit 99.5**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 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 March 5, 2026 and has been prepared for the years ended December 31, 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, 2025 and 2024, and the Company's Annual Information Form for the year ended December 31, 2025, filed on SEDAR+ and EDGAR. 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 "**$**") unless otherwise indicated. All references to "**C$**" refer to Canadian dollars.*

*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, 2025, 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, 2025, filed on SEDAR+ and EDGAR. Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2025, is available on SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov).*

## OVERVIEW OF THE COMPANY

Incorporated on July 6, 1990, in the Province of British Columbia, Cresco Labs 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.

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 March 5, 2026, 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 Illinois, Massachusetts, Michigan, New York, and Ohio have adult-use cannabis programs.

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® Farms[2]. 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 Consolidated Financial Statements for the years ended December 31, 2025 and 2024.

## FEDERAL REGULATORY ENVIRONMENT

Canadian-Securities Administrators Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (“**Staff Notice 51-352**”) provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular state’s regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings, and other required disclosure documents. For information on the Company’s access to capital and financing options to support continuing operations, please refer to the “*Liquidity and Capital Resources*” section further below.

In accordance with Staff Notice 51-352, Cresco Labs will evaluate, monitor and reassess the disclosures contained 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. As a result of the Company’s operations, it is subject to Staff Notice 51-352, and accordingly provides the following disclosure:

> Cresco Labs currently directly 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 December 31, 2025, the Company is directly involved (through licensed subsidiaries) in both the medical and adult-use cannabis industry in the states of California, Florida, Illinois, Massachusetts, Michigan, New York, Ohio, and Pennsylvania as permitted within such states under applicable state law which have regulated such industries. As of the date of this MD&A, the Company is directly involved (through licensed subsidiaries) in the medical cannabis industry in the state of Kentucky.

The cultivation, sale, and use of cannabis is illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970 (“ **CSA**”). Under the CSA, the policies and regulations of the U.S. Federal Government and its agencies are that cannabis has no medical benefit and a range of activities, including cultivation and the personal use of cannabis, is prohibited. The Supremacy Clause of the U.S. Constitution establishes that the U.S. Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply. Until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law. If the U.S. Federal Government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition, and prospects would be materially adversely affected.

Despite the current state of the federal law and the CSA, Alaska, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Rhode Island, Vermont, Virginia, and Washington, have legalized adult-use of cannabis. However, adult-use sales have not yet begun in Virginia. Additionally, although the District of Columbia voters passed a ballot initiative in November 2014, no adult-use operations exist yet because of a prohibition on using funds for regulation within a federal appropriations amendment to local District spending powers.

Currently, over three quarters of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis, provided that there are strict purchasing or possession limits. However, there is no guarantee that



[1]The 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.

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

state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local government authorities will not limit the applicability of state laws within their respective jurisdictions.

The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the U.S. However, cannabis remains a controlled substance under federal law, and the regulatory framework continues to present substantial uncertainty. Until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law.

For these reasons, the Company's investments in the U.S. cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are risks associated with the business of the Company. See "*Risk Factors*" in the Annual Information Form for the year ended December 31, 2025, filed on SEDAR+ and EDGAR.

The Marijuana Opportunity Reinvestment and Expungement Act ("**MORE Act**") is a federal bill that would remove cannabis from the list of scheduled substances under the U.S. Controlled Substances Act and eliminate criminal penalties for certain cannabis-related activities. The MORE Act has previously passed the U.S. House of Representatives in both 2020 and 2022 but did not advance in the Senate. On September 22, 2023, the MORE Act was reintroduced in the House of Representatives as H.R. 5601. As of the date of this MD&A, the bill has not received a committee hearing or further legislative action in the current session of Congress. There have been no substantive developments or indications that the bill will advance in the near term.

The Secure and Fair Enforcement ("**SAFE Banking Act**" or "**SAFE**") was originally introduced to provide protections for financial institutions serving state-legal cannabis businesses, aiming to address the significant challenges these businesses face in accessing traditional banking services due to ongoing federal prohibition. The SAFE Banking Act passed the U.S. House of Representatives multiple times between 2019 and 2022 but did not advance in the Senate.

In 2023, the legislation was revised and reintroduced in the Senate as the Secure and Fair Enforcement Regulation (" **SAFER**") Banking Act, reflecting expanded provisions and bipartisan negotiations. In September 2024, the SAFER Banking Act was approved by the Senate Banking Committee, marking the first time cannabis banking reform advanced out of committee in the Senate. However, as of the date of this MD&A, the SAFER Banking Act has not been brought to a vote in the full Senate or the House of Representatives, and there have been no further substantive legislative actions. The federal legal and regulatory environment for cannabis banking remains unchanged, and financial institutions continue to face significant risks and uncertainties when providing services to cannabis-related businesses.

On April 14, 2023, Rep. Dave Joyce (R-OH) and House Democratic Leader Hakeem Jeffries (D-NY) reintroduced bipartisan legislation, the Preparing Regulators Effectively for a Post-Prohibition Adult-Use Regulated Environment Act ("**PREPARE Act**"), which would create a process for the federal government to establish regulations for cannabis upon legalization. The PREPARE Act directs the U.S. Attorney General to establish the "Commission on the Federal Regulation of Cannabis" to advise on a regulatory framework modeled after Federal and State regulatory frameworks with respect to alcohol.

On April 19, 2023, Rep. Joyce (R-OH) and Rep. Alexandria Ocasio-Cortez (D-NY) introduced the Harnessing Opportunities by Pursuing Expungement Act. This bipartisan bill would reduce the financial and administrative burden on states with respect to expunging cannabis offenses. Specifically, the bill would create a new grant program under the U.S. Department of Justice, the State Expungement Opportunity Grant Program, and authorize it to be funded up to $20.0 million over the span of fiscal years 2024-2033.

On April 19, 2023, Rep. Barbara Lee (D-CA) introduced the Veterans Medical Marijuana Safe Harbor Act, with twelve (12) cosponsors. Sen. Brian Schatz (D-HI) led a companion measure filed on April 20, 2023. The bills seek to legalize medical cannabis for military veterans. Physicians employed by the U.S. Department of Veterans Affairs would also be permitted to make recommendations for medical cannabis for the first time under the bill.

On April 20, 2023, Rep. Brian Mast (R-FL) filed the Gun Rights and Marijuana Act, which would allow medical cannabis patients and adult-use consumers to purchase and possess firearms.

On April 17, 2025, Rep. Joyce (R-OH), Max Miller (R-OH), and Dina Titus (D-NV) introduced the Tenth Amendment Through Entrusting States (STATES) 2.0 Act. This legislation aims to federally legalize cannabis by allowing states, Washington, D.C., U.S. territories, and tribal nations to determine how to regulate cannabis within their own jurisdictions. Key provisions of the STATES 2.0 Act include removing cannabis from the Controlled Substances Act while still supporting states that choose to maintain prohibition policies; providing federal tax relief to state-sanctioned cannabis businesses by allowing them to deduct ordinary business expenses—effectively removing their classification as "drug traffickers" under Section 280E of the Internal Revenue Code; and permitting interstate cannabis commerce, including transportation through jurisdictions that have opted to prohibit cannabis.

On April 17, 2025, Rep. Joyce (R-OH) and House Democratic Leader Hakeem Jeffries (D-NY) reintroduced bipartisan legislation titled the PREPARE Act. The bill aims to establish a fair, honest, and transparent process to guide the development of effective federal cannabis regulations. Under the legislation, the Attorney General would be directed to establish a "Commission on the Federal Regulation of Cannabis" to advise on regulatory development, modeled after existing federal and state alcohol frameworks. The bill calls on federal regulators to create a regulatory and revenue framework that ensures the safe production and consumption of cannabis while respecting the unique needs, rights, and laws of individual states, and to present this framework to Congress within one year. Additionally, the PREPARE Act seeks to build on bipartisan efforts to address the injustices of the war on cannabis—particularly those affecting minority, low-income, and veteran communities. It would also expand research access for medical professionals, provide protections for the hemp industry (including cross-pollination prevention), and help ensure cannabis remains an adult-use product except in cases of physician-prescribed treatment for minors.

Introduced April 29, 2025, Evidence-Based Drug Policy Act of 2025 by Reps. Dina Titus and Ilhan Omar removes federal barriers that prevent the Office of National Drug Control Policy from funding or sponsoring research on cannabis and other Schedule I substances such as MDMA and psilocybin.

In late June 2025, The U.S. House of Representatives approved amendments to a spending bill that would authorize U.S. Department of Veterans Affairs (VA) doctors to issue medical marijuana recommendations to military veterans and support psychedelics research and access. One of the accepted proposals from Reps. Mast (R-FL) and Joyce (R-OH)—who are both co-chairs of the Congressional Cannabis Caucus—would increase veterans' access to state medical marijuana programs and eliminate a current VA directive barring the department's doctors from issuing cannabis recommendations.

Also in late June 2025, a GOP-led House Appropriations subcommittee included language in the 2026 spending bill that would effectively prohibit most THC-containing hemp products, impose testing and labeling requirements, and grant states oversight on retail sales—though this would restrict rather than expand access. On November 12, 2025, President Donald Trump signed the Continuing Appropriations and Extensions Act of 2026 (H.R. 5371 / P.L. 119-37) into law legislation, as part of broader bill to reopen the government following a government shutdown, which clarifies and narrows the definition of hemp under federal law. The law, which will be effective 365 days following its enactment, limits total THC to 0.4 mg per container of hemp product.

On December 18, 2025, President Trump signed Executive Order (" **EO**") 14370 "Increasing Medical Marijuana and Cannabidiol Research". The order directs federal agencies to accelerate the process of rescheduling marijuana from a Schedule I to a Schedule III substance under the CSA. This action represents a significant shift in federal policy associated with cannabis-related activities. Key aspects include the recognizing and improving knowledge of medical uses of marijuana and cannabidiol for patients and doctors, removing barriers to research, improving

accessing to cannabidiol products, and delivering on promises to help improve healthcare for all Americans. As of the date of this report, marijuana remains a Schedule I substance under the CSA and the timing of directed rescheduling is uncertain.

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

### Illinois Operations

The Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with a debilitating medical condition access to medical cannabis, became effective January 1, 2014. There were over forty-one (41) qualifying conditions as part of the initial medical program.

The Opioid Alternative Pilot Program launched on January 31, 2019, and allows patients that receive, or are qualified to receive, opioid prescriptions access to medical cannabis as an alternative in situations where an opioid could generally be prescribed. Under this program, patients with doctor approval can receive near-immediate access to cannabis products from an Illinois licensed dispensary. The Opioid Alternative Pilot Program eliminates the previously required fingerprinting and background checks that often delay patients' access to medical cannabis by up to three months.

In January 2019, J.B. Pritzker (D) was sworn into office as governor of Illinois. Cresco Labs' CEO and co-founder, Charles Bachtell, was appointed to the Cannabis Legalization Subcommittee of the governor's transition team. Cannabis Legalization was one of four subcommittees under the governor's Restorative Justice and Safe Communities Transition Committee. The primary goals of the Cannabis Legalization Subcommittee were to evaluate and develop implementation recommendations for the governor's platform on legalizing cannabis.

In June 2019, the Illinois House of Representatives and Senate passed Senate Bill (" **SB**") 2023 which added eleven (11) additional debilitating illnesses such as chronic pain, migraines and irritable bowel syndrome to the list of qualifying medical conditions. This bill was signed into law in August 2019 by Governor Pritzker.

Additionally, in June 2019, Governor Pritzker signed the Cannabis Regulation and Taxation Act (" **CRTA**") into law, making Illinois the 11 th state to legalize recreational cannabis. Adult-use sales of cannabis in Illinois began on January 1, 2020.

Cresco Labs is licensed to operate in the state of Illinois as a medical and adult-use cultivator and product manufacturer. Phoenix Farms, LLC ("**Phoenix**"), PDI Medical III, LLC (" **PDI**"), FloraMedex, LLC (" **FloraMedex**"), MedMar Lakeview, LLC (" **MedMar Lakeview**") and MedMar Rockford, LLC ("**MedMar Rockford**") are each licensed to operate retail dispensaries in the state of Illinois. Further, each of these medical and adult-use dispensary licenses allowed for one (1) additional adult-use dispensary license, for a total of ten (10) dispensary locations, which are all now open and branded as Sunnyside* dispensaries. In November 2021, the Company relocated its Sunnyside * dispensaries in Buffalo Grove and Lakeview (Chicago) to larger facilities. The 10,000 square-foot Sunnyside* Lakeview location is approximately 400 feet from Wrigley Field, the home of the Chicago Cubs, making it the closest cannabis dispensary in the country to a national sports stadium. Under applicable laws, the licenses permit Cresco Labs and its subsidiaries to collectively cultivate, manufacture, process, package, sell and purchase cannabis pursuant to the terms of the licenses, which are issued by the Illinois Department of Agriculture ("**IDOA**") and the Illinois Department of Financial and Professional Regulation ("**IDFPR**") under the provisions of the Illinois Revised Statutes 410 ILCS 130 and 410 ILCS 705. All licenses are, as of the date hereof, active with the state of Illinois, including three (3) hemp processor and three (3) transportation licenses. There are currently nine (9) categories of licenses in Illinois: (i) adult-use cultivation center (ii) craft grower; (iii) adult-use dispensing organization; (iv) infuser; (v) transporter; (vi) community college cannabis vocational pilot program; (vii) medical cannabis cultivation center; (viii) medical cannabis dispensing organization; and (ix) laboratory testing. The licenses are independently issued for each approved activity.

All cultivation/processing establishments and transporters must register with the IDOA, and all dispensaries must register with the IDFPR. If applications contain all required information after vetting, establishments are issued a license/registration certificate. Registration certificates for medical cannabis operations are valid for a period of one (1) year and are subject to annual renewals after required fees are paid and the business remains in good standing. Registration certificates for adult-use cultivation are valid for a period of one (1) year. Registration certificates for adult-use dispensing are valid for a period of two (2) years. Registration certificates for both adult-use cultivation and dispensing are subject to renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the IDOA or IDFPR and include a renewal form. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Illinois cannabis licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Illinois cannabis and could have a material adverse effect on the Company's business, financial condition, results of operations, or prospects.

In June 2023, Governor Pritzker signed a budget bill that includes provisions that will allow licensed cannabis businesses to take state tax deductions that are currently prohibited at the federal level due to Internal Revenue Code ("**IRC**") Section 280E. The key section now enacted decouples cannabis businesses from the federal tax policy, which currently bans the industry from making key deductions that are available to other traditional markets, significantly increasing the effective tax rate that they pay. The provision will be added to the state's existing tax code to allow cannabis business deductions for "an amount equal to the deductions and credits that were disallowed under Section 280E of the IRC for the taxable year" as of the current tax year.

On December 8, 2023, Illinois Governor Pritzker signed a bill into law that waives the annual licensing fees for existing cannabis transporters for three years beginning January 1, 2024. The legislation, SB 1559, also restricts the IDOA from making available or accepting new license applications for cannabis transporters until January 2027. In addition, the new law provides that upon completion of a disparity and availability study published by the Illinois Cannabis Regulation Oversight Office, the IDOA may modify or change the licensing application process to reduce or eliminate barriers and remedy any discrimination identified in the study. The disparity and availability study was published by the Illinois Cannabis Regulation Oversight Office on July 11, 2024.

In May 2024, Illinois State Senator Kimberly Lightford (D) introduced a bill to ban synthetic and intoxicating hemp products, including Delta-8 THC, due to concerns over safety and unregulated market practices. The bill, which sought to clarify existing laws and impose restrictions on these products, passed the Senate with unanimous bipartisan support (52-0). However, it stalled in the House and was not brought to a vote. In December 2024, Governor Pritzker announced his support for this bill in a press conference.

In January 2025, Senator Lightford's bill stalled once again in the Illinois House. The governor stated that he would explore using his executive powers to protect youth from unregulated hemp products but emphasized that legislative action is essential to fully address the issue.

In 2025, the City of Chicago initiated efforts to restrict the sale of intoxicating hemp-derived products, such as those containing Delta-8 THC and other synthetic cannabinoids, due to growing concerns over unregulated market practices, product safety, and youth access. City officials have cited the lack of consistent testing, labeling, and age verification requirements for these products, as well as reports of adverse health incidents, as key drivers for proposed local legislation. The proposed ban would prohibit the sale of hemp-derived products with psychoactive effects within city limits, aligning with similar actions taken or considered by other Illinois municipalities and the state legislature. If enacted, these measures could impact the availability of certain hemp products in Chicago and may have implications for both licensed cannabis operators and retailers of hemp-derived goods. The proposed ordinance passed the Committee on Licensing and Consumer Protection by a 10-6 vote, where it currently awaits a vote from full City Council. The Company continues to monitor these developments closely and will assess any potential operational or financial impacts as the regulatory landscape evolves.

***Illinois Licenses***

*Cultivation and Processing Licenses*

Cresco Labs, LLC holds multiple licenses to operate adult-use and medical cannabis cultivation centers, with expiration dates ranging from March 2026 to March 2027. Additionally, Cresco Labs, LLC is licensed to process industrial hemp, through separately maintained industrial hemp permits valid through December 2028. These cultivation and processing licenses are critical to our ability to supply both medical and adult-use cannabis products throughout the state.

*Transportation Licenses*

Cresco Labs, LLC also holds transportation licenses in Joliet, Lincoln, and Kankakee, each expiring in July 2026. These permits enable the secure and compliant movement of cannabis products between our facilities and to retail locations, supporting our distribution network.

*Dispensary Licenses*

Our retail operations are supported by a series of dispensary licenses held by Phoenix Farms of Illinois, LLC, PDI Medical III, LLC, FloraMedex, LLC, MedMar Lakeview, LLC, and MedMar Rockford, LLC. These entities operate both medical and adult-use cannabis dispensaries in key cities including Danville, Naperville, Schaumburg, Chicago, and South Beloit. The expiration dates for these licenses range from March 2026 to January 2027, ensuring continued access to regulated cannabis products for our customers.

***Illinois License and Regulations***

The medical dispensary licenses permit Cresco to purchase cannabis and cannabis products from cultivation/processing facilities and allow the sale of medical cannabis and cannabis products to registered patients at five (5) of the Illinois locations. The adult-use dispensary license permits Cresco to purchase adult-use cannabis and cannabis products from cultivation/processing facilities, craft growers and infusers, and allows the sale of adult-use cannabis and cannabis products to customers aged twenty-one (21) or older at all Illinois dispensary locations. As of December 31, 2025, the Company has ten (10) Sunnyside* dispensary locations in Illinois, the maximum allowed by the State of Illinois. Two (2) of the ten (10) are located within the City of Chicago.

On November 26, 2025, the Company entered into a support service agreement with Strategic Capital Management Services, LLC a third-party holder of a dispensing license in Illinois.

The medical cultivation licenses permit Cresco to acquire, possess, cultivate, manufacture/process cannabis into edible medical cannabis products and/or medical cannabis-infused products, deliver, transfer, have tested, transport, supply, or sell cannabis and related supplies to medical cannabis dispensaries. The adult-use cultivation licenses permit Cresco to acquire, possess, cultivate, manufacture/process adult-use cannabis into edible cannabis products and/or cannabis-infused products, deliver, transfer, have tested, transport, supply, or sell cannabis and related supplies to dispensing organizations, craft growers, infuser organizations, and transporters. In September 2019, the three (3) cultivation facilities were approved for growing adult-use cannabis by the IDOA, for a total cultivation capacity of 630,000 square feet, the maximum allowed by law.

The transporting organization licenses allow Cresco to transport cannabis or cannabis-infused products.

***Illinois Reporting Requirements***

The State of Illinois uses Metrc as the state's computerized track-and-trace (" **T&T**") system used to track commercial cannabis activity and movement across the distribution chain ("**seed-to-sale**") transactions. Individual licensees, whether directly or through third-party integration systems, are required to push data to the state to meet all reporting requirements. Phoenix, PDI, FloraMedex, MedMar Lakeview, and MedMar Rockford use the

commercial version of BioTrack, Canix, as their in-house computerized seed-to-sale software for production operations and Dutchie for their retail operations, which integrate with the state's Metrc program and captures the required data points for cultivation, manufacturing, and retail as required in the Illinois Compassionate Use of Medical Cannabis Program Act and the CRTA.

***Illinois Inspection, Storage and Security Requirements***

As to its cultivation facilities, Illinois regulations require Cresco to store cannabis and cannabis-infused products in a safe, vault, or secured room in such a manner to prevent diversion, theft, or loss. Any cannabis that is not a finished product must likewise be maintained in a secured area within the facility only accessible to authorized personnel. All locks and security equipment safeguarding the cannabis must be kept in good working order, and the storage areas must be locked and protected from unauthorized access at all times.

The cultivation facilities must also have an operational 24-hour, seven (7) days a week, closed-circuit television surveillance system on the premises that complies with certain regulatory minimum standards. Access to the surveillance area is restricted to only those people who are essential to surveillance operations, law enforcement agencies, security system service personnel, and the regulator. In addition, video surveillance recordings shall be retained for ninety (90) days at the facilities and an additional ninety (90) days off-site.

The cultivation facilities must maintain and use a professionally monitored robbery and burglary alarm system that meets certain regulatory minimum standards. A qualified alarm system vendor must test the system annually.

With respect to its Illinois dispensaries, Cresco must store inventory on-site in a secured and restricted access area consistent with the security regulations and tracked in accordance with the inventory tracking regulations. Any containers storing medical cannabis or cannabis products that have been tampered with or opened must be stored separately until disposed; such materials can only be stored at the dispensary for one week. Dispensaries are monitored by the IDFPR inspectors in addition to the Illinois State Police ("**ISP**").

The dispensaries must also implement security measures to deter and prevent entry into and theft from restricted access areas that contain cannabis and/or currency, including having a commercial-grade alarm and surveillance system installed by an Illinois licensed private alarm contractor or private alarm contractor agency. The facility must also have security measures to protect the premises, registered qualifying patients, designated caregivers, adult-use customers, and dispensing organization agents.

Regulatory oversight in Illinois is primarily bifurcated between two (2) agencies. Cultivation centers, craft growers, infusers, and transporters are licensed and monitored by the IDOA, and dispensary facilities are licensed and monitored by the IDFPR. All facility types also receive oversight from the ISP. At cultivation facilities, ISP performs on-site inspections at least monthly, while IDOA performs weekly scheduled on-site inspections. Dispensary facilities are inspected on a random cadence by IDFPR, generally each quarter, by a combination of both on-site physical inspections and electronic desk reviews of seed-to-sale reporting data. ISP also performs dispensary inspections monthly.

***Illinois Transportation Requirements***

All cannabis transported between cultivation and dispensary facilities must be transported in a properly insured, state registered delivery vehicle. Cannabis and cannabis products must be separated by individual scheduled deliveries, within a locked receptacle, with a pre-generated delivery manifest for each individual scheduled delivery.

**Pennsylvania Operations**

The Pennsylvania medical marijuana program was signed into law on April 17, 2016, under Act 16 and provided access to state residents with one (1) of twenty-one (21) qualifying conditions. The state, which consists of over twelve (12) million U.S. citizens and qualifies as the fifth largest population in the U.S., operates as a high-barrier market with very limited market participation. The state originally awarded only twelve (12) licenses to cultivate/

process and twenty-seven (27) licenses to operate retail dispensaries (which entitled holders up to three (3) medical dispensary locations). Out of the hundreds of applicants in each license category, Cresco Yeltrah, LLC (" **Yeltrah**") was awarded one (1) medical cannabis grower/processor license in Pennsylvania and one (1) dispensary license allowing three (3) dispensary locations in Pennsylvania. Cresco Labs was awarded the second highest overall score during the application process. On June 30, 2021, Pennsylvania Governor Tom Wolf (D) signed into law PA House Bill ("**HB**") 1024, amending Act 16. HB 1024 implemented several changes to Act 16 including but not limited to the ability for grower/processors to obtain and transport bulk post-harvest plant material between grower/processors to process medical marijuana. The amendatory legislation also expanded the list of qualifying conditions, permits limited remediation of cannabis flower, requires the Department of Agriculture to update its list of approved pesticides, expands the number of clinical registrants, and affords clinical registrants with the same rights as grower/processors.

Retail sales commenced in February 2018 to a limited number of retail locations across the state. On February 15, 2018, Yeltrah was the first grower/processor to release product into the Pennsylvania market, approximately six (6) weeks ahead of any other producer, and its dispensary was the first to sell product to patients in the state.

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical marijuana program would initiate its rollout, which would include thirteen (13) additional cultivation/processing licenses and twenty-three (23) additional dispensary licenses. The application period ran from April 2018 through May 2018. Yeltrah submitted additional dispensary applications and in December 2018 one (1) additional dispensary license was obtained to open three (3) additional dispensary locations, for a total of six (6) dispensary locations in the State of Pennsylvania. All six (6) dispensary locations are currently operational.

Under applicable laws, the licenses permit Yeltrah to cultivate, manufacture, process, package, sell, and purchase medical marijuana pursuant to the terms of the licenses, which are issued by the Pennsylvania Department of Health ("**PDOH**") under the provisions of Medical Marijuana Act (35 P.S. §10231.101 — 10231.2110) and Chapters 1141a, 1151a, and 1161a of the Pennsylvania regulations. In the latter half of 2022, the PDOH completed the process of revising its medical regulations, which were implemented in the first quarter of 2023.

There are three (3) categories of licenses in Pennsylvania: (i) grower/processer, (ii) dispensary, and (iii) clinical registrant. The Yeltrah licenses are independently issued for each approved activity for use at Yeltrah facilities in Pennsylvania.

All grower/processor establishments and all dispensaries must register with the PDOH. Registration certificates are valid for a period of one (1) year and are subject to annual renewals after required fees are paid and the business remains in good standing. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Pennsylvania cannabis licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Pennsylvania cannabis and could have a material adverse effect on the Company's business, financial condition, results of operations, or prospects.

On November 24, 2021, Cresco Labs completed its acquisition of Bay, LLC d/b/a Cure Pennsylvania (" **Bay**") for aggregate consideration of $89.0 million. The acquisition added one (1) additional dispensary license, which allowed for three (3) additional dispensary locations in the State of Pennsylvania. All three (3) dispensary locations are operational and have been rebranded as Sunnyside* dispensaries.

On December 9, 2021, Cresco Labs completed its acquisition of Laurel Harvest Labs, LLC (" **Laurel Harvest**") for consideration equal to $136.7 million. Laurel Harvest's permit is a Clinical Registrant permit license ("**CR**"). A CR permittee is approved by the PDOH to hold a permit as both a grower/processor and a dispensary. At the time of the acquisition, Laurel Harvest had one (1) operational dispensary in Montgomeryville. The CR permit entitled Laurel Harvest to an additional five (5) dispensary locations throughout the Commonwealth. In the first quarter of 2022, the dispensary was rebranded as a Sunnyside* dispensary. On February 8, 2023, a second dispensary under the Laurel Harvest license opened in Erie, PA. On June 29, 2023, the Company announced the opening of the third and fourth dispensaries under the Laurel Harvest license in Somerset and Washington, PA. The fifth dispensary under the

Laurel Harvest license opened on October 5, 2023 in Altoona, PA. The sixth dispensary, location in Gettysburg, PA, opened on February 23, 2024.

On September 1, 2022, the Company closed on a sale and leaseback transaction to sell its Brookville, Pennsylvania, facility to Aventine Property Group ("**Aventine**"). Concurrent with the closing of the sale, the Company entered into a long-term, triple-net lease agreement with Aventine regarding the property and will continue to operate the facility as a permitted cannabis cultivation and processing facility.

Governor Josh Shapiro (D) frequently issued support for legalizing adult-use cannabis during his campaign. Democrats won enough seats in the November 2022 midterm elections to control Pennsylvania's House for the first time in over a decade. Governor Shapiro has said legalization efforts must include criminal justice reform, specifically mentioning expungement of non-violent marijuana convictions. Governor Shapiro included legalizing and taxing cannabis in his 2023-2024 budget. A bipartisan pair of Pennsylvania senators have introduced a bill to legalize cannabis in the state. Senators Dan Laughlin (R) and Sharif Street (D) filed the legislation in June 2023, about two months after first announcing their plans to team up on a reform push again after their joint cannabis efforts in prior sessions. The two senators previously sponsored a legalization bill that was not ultimately enacted in the previous session, but they say the filed proposal represents a significant improvement that they hope to advance.

On December 15, 2023, Pennsylvania Governor Josh Shapiro signed a bill to allow all licensed medical cannabis grower-processors to serve as retailers and sell their cannabis products directly to patients. Under the measure, the state Department of Health will create a process to allow the state's ten (10) independent marijuana grower-processors to apply to obtain a dispensary permit to engage in direct commerce with patients. Additionally, the state's four (4) independent dispensaries can also get grower permits to cultivate products in-house.

On April 24, 2024, the Company finalized its acquisition of Keystone Integrated Care, LLC (" **Keystone**"). Prior to the acquisition, Keystone operated two (2) dispensaries in Pittsburgh, PA and Greensburg, PA and held a third dispensary license. With the additional license, the Company had the opportunity to open one (1) more dispensary within the Commonwealth. In May 2025, the third Keystone dispensary commenced operations in Beaver Falls, PA, bringing the total number of operational Sunnyside dispensaries within the Commonwealth to eighteen (18).

In June 2024, Pennsylvania State Representatives Aaron Kaufer (R) and Emily Kinkead (D) introduced a bipartisan bill to legalize adult-use cannabis, reflecting growing momentum as neighboring states embrace legalization. The legislation, supported by twenty (20) cosponsors, proposes a regulated cannabis market overseen by the Pennsylvania Department of Agriculture, prioritizing social equity, small businesses, and public safety. Key features include permitting adults twenty-one (21) and older to purchase and possess up to thirty (30) grams of cannabis, expungement pathways for prior cannabis convictions, and tax revenues allocated to local governments, law enforcement, and drug prevention initiatives. While the proposal has sparked optimism, it did not receive a committee hearing before the legislative session concluded.

In October 2024, Pennsylvania enacted legislation allowing medical cannabis businesses to deduct ordinary business expenses on their state tax returns, counteracting the restrictions imposed by IRS Code 280E at the federal level. This tax relief was included in the broader budget reforms and ensures state-licensed cannabis companies can claim deductions typically denied under federal law. The move is seen as a significant step in alleviating financial pressures on the cannabis industry within the state, providing immediate benefits for tax filings starting in 2024.
In July 2025, Senators Dan Laughlin (R) and Sharif Street (D) introduced a bipartisan Senate proposal (SB 120) to legalize adult-use cannabis in Pennsylvania, creating a Cannabis Control Board ("**CCB**") to oversee regulation, taxation, licensing, and social equity programs. In parallel, Representatives Emily Kinkead (D) and Abby Major (R) unveiled a House companion bill (HB 20) that similarly rejects a state-store model, prioritizes equitable entry, and seeks to merge regulation of the medical and adult-use markets under unified oversight. Although the House previously passed HB 1200 in May, placing recreational sales in state-run stores, it was swiftly defeated in the Senate Law & Justice Committee (7–3) due to opposition to the centralized model. Given the lack of resolution and ongoing legislative discussions, it is likely that consideration of adult-use cannabis legalization will carry over into the 2026 legislative session.

***Pennsylvania Licenses***

*Cultivation and Processing Licenses*

Cresco Yeltrah, LLC and Laurel Harvest Labs, LLC each hold grower/processor permits in Pennsylvania, authorizing the cultivation and processing of medical marijuana, with expiration dates ranging from June 2026 to February 2027. The Laurel Harvest Labs, LLC license also includes a Clinical Registrant ("**CR**") designation, allowing for both cultivation/processing and dispensary operations, and supports research partnerships.

*Dispensary Licenses*

The Company's retail presence in Pennsylvania is supported by a network of dispensary permits held by Cresco Yeltrah, LLC, Bay, LLC, Laurel Harvest Labs, LLC, and Keystone Integrated Care, LLC. These entities collectively operate dispensaries in key markets across the state, including Pittsburgh, Philadelphia, Butler, New Kensington, Wyomissing, Ambler, Lancaster, Phoenixville, Erie, Montgomeryville, Somerset, Washington, Altoona, Gettysburg, Greensburg, and Beaver Falls, with expiration dates ranging from June 2026 to February 2027. This robust portfolio ensures broad patient access to regulated medical cannabis products and positions Cresco Labs as a leading operator in the state.

***Pennsylvania License and Regulations***

The retail dispensary permits authorize Yeltrah, Bay, Laurel Harvest, and Keystone to purchase medical marijuana and medical marijuana products from medical growing/processing facilities and allows the sale of medical marijuana and medical marijuana products to registered patients.

The medical grower/processor permit authorizes Yeltrah to acquire, possess, cultivate, manufacture/process into edible medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply, or sell medical marijuana and related supplies to medical marijuana dispensaries.

The CR held by Laurel Harvest authorizes the permittee to operate as both a grower/processor and a dispensary and enter into a research contract with an academic clinical research center that operates or partners with an acute care hospital licensed and operating in the Commonwealth. Laurel Harvest has a contractual relationship with Temple University, which has established one of the most sophisticated cannabis research programs in the country.

***Pennsylvania Reporting Requirements***

Pennsylvania uses the MJ Platform as its computerized T&T system for seed-to-sale transactions. The MJ platform is a cloud-based, seed-to-sale, cannabis compliance software for marijuana businesses. Individual permittees are required to use the MJ Platform to push data to the state to meet all reporting requirements. Yeltrah, Bay, Laurel Harvest, and Keystone use the MJ Platform as their in-house computerized seed-to-sale software, which integrates with the state's MJ Platform program and captures the required data points for growing, processing, and dispensing as required in the Pennsylvania medical marijuana laws and regulations.

***Pennsylvania Inspection, Storage and Security***

Pennsylvania regulations require the maintenance of storage areas at Yeltrah's and Laurel Harvest's grower/processor facilities in a clean and orderly condition, free from infestation. These separate and locked limited access areas are used for the grower/processor to store seeds, immature plants, mature plants, and medical marijuana that is expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packages have been opened or breached until such product is destroyed or otherwise disposed of.

The regulations also require Yeltrah's and Laurel Harvest's grower/processor facilities to have a commercial grade security system to prevent unauthorized entry and to prevent and detect any attempted diversion. This security must include an alarm system that covers the interior and exterior of the facility, including a silent alarm.

A dispensary must also have a locked limited access area for the storage of medical marijuana that is expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packages have been opened or breached until such product is returned to the grower/processor.

Yeltrah's, Bay's, Laurel Harvest's and Keystone's dispensaries must have a security system with the same features as that for the grower/processor facility. This system must be professionally monitored 24-hours a day and seven (7) days a week with fixed cameras on the interior and exterior of the facilities. The surveillance system must store data for a period of 180 days (absent special circumstances) in a readily available format for investigative purposes.

Inspections of both dispensary and grower/processor sites in Pennsylvania is the responsibility of the PDOH. Other than facility modifications, or other requested reviews, inspections are on a random cadence.

***Pennsylvania Transportation Requirements***

Transporting of marijuana and marijuana products between dispensaries and grower/processor locations are closely monitored by the PDOH. All delivery vehicles are registered with the regulatory body and must be properly insured. All marijuana and marijuana product for transport is properly manifested prior to leaving any facility and is held under lock-and-key during the duration of the transport.

**Ohio Operations**

HB 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program (" **OMMCP**") allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical marijuana. HB 523 required that the framework for the OMMCP become effective as of September 2018. This timeframe allowed for a deliberate process to ensure the safety of the public and to promote access to a safe product.

The Division of Cannabis Control ("**DCC**"), within the Department of Commerce, oversees the OMMCP and Patient and Caregiver Registry, and licenses and regulates medical marijuana cultivators, processors, dispensaries, and testing laboratories. Prior to the DCC, the OMMCP was administered by both the Board of Pharmacy and the Department of Commerce. The State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and approving qualifying conditions.

Cresco Labs Ohio, LLC ("**Cresco Labs Ohio**") applied for and, on November 30, 2017, received one (1) cultivation license. Cresco Labs Ohio's cultivation facility is a hybrid greenhouse structure located in Yellow Springs, Ohio. On December 12, 2018, Cresco Labs Ohio was awarded one (1) dispensary license located in Wintersville, the first dispensary Certificate of Operation in the state. Medical retail sales commenced on January 16, 2019, with the first cannabis sale taking place at the Wintersville dispensary. This was the second state medical marijuana program in which the Company was first to market.

On June 8, 2020, Cresco Labs Ohio was granted a provisional processing license by the State of Ohio. Cresco Labs Ohio received its Certificate of Operation to begin processing activities on June 11, 2021.

On February 16, 2021, the Company completed its acquisition of Verdant Creations, LLC for total consideration of $25.0 million. The acquisition added dispensaries in Cincinnati, Chillicothe, Newark, and Marion, Ohio. This acquisition brought the Company's dispensary presence, which was medical-only at the time, in Ohio to five (5), the maximum allowed by the State of Ohio at that time.

On November 7, 2023, Ohio voters approved Issue 2, making Ohio the 24th state to legalize recreational marijuana. The law took effect on December 7, 2023, and allows for additional forms of cannabis to be sold to consumers.

In June 2024, Ohio issued its first provisional licenses for adult-use cannabis under its dual-use framework, with applications opening earlier in the year. These provisional licenses were granted to businesses already participating in the state's medical marijuana program, enabling a quicker transition to adult-use sales once compliance requirements were met. On August 6, 2024, adult-use cannabis sales begin in Ohio.

All current medical marijuana operators in Ohio seeking to sell adult-use marijuana were required to transition to a dual-use license. A dual-use license allows operators to sell both medical and adult-use marijuana. Upon obtaining a dual-use license, the original medical license becomes inactive, effectively replaced by the dual-use license.

Cresco Labs Ohio successfully transitioned its medical Cultivation Tier 1 license, medical Processor license, and medical dispensing licenses to dual-use licenses. With its Tier 1 cultivation license, Cresco Labs Ohio also gains the ability to open three (3) additional dual-use dispensaries through what is known as the 10(B) application process. On September 16, 2025, the first of Cresco's 10(B) dispensaries commenced operations in Proctorville, OH serving both patients and adult-use customers and bring Cresco Labs Ohio's total dispensaries in the state to six (6) as of the date of this MD&A.

In November 2024, Ohio State Senator Stephen Huffman (R) introduced SB 326, which seeks to ban intoxicating hemp products, including those containing cannabinoids like Delta-8 THC. The legislation would set strict caps on THC content in hemp products—allowing no more than 0.5 mg of Delta-9 THC per serving and 2 mg per package. Huffman argues that these unregulated products, widely available in convenience stores and often marketed to minors, pose public safety risks. The bill would not impact Ohio's regulated cannabis programs but aims to eliminate synthetic and hemp-derived intoxicants.

On June 10, 2025 and September 4, 2025, Cresco Labs Ohio was granted provisional dual-use licenses by the State of Ohio for Bridgeport and Aberdeen dispensary locations, respectively.

On October 8, 2025, Ohio Governor Mike DeWine issued an EO declaring a Consumer Product Safety Emergency over "intoxicating hemp" products, effectively banning their retail sale for a duration of 90 days, starting on October 14. The order directs retailers to remove all such products from public display, prohibits new sales, and authorizes state and local authorities to seize any remaining stock. Governor DeWine cited a dramatic increase in poison control reports, particularly involving children, alleged lack of age verification, child-targeted packaging, and the absence of consistent safety testing. Following the emergency order, the Ohio General Assembly passed legislation to permanently ban the sale of intoxicating hemp-derived products, including those containing Delta-8 THC and other synthetic cannabinoids. Governor DeWine signed this legislation into law in December 2025, making the ban permanent and establishing stricter requirements for product testing, labeling, and age restrictions. These actions align Ohio with a growing number of states seeking to address public health and safety risks associated with unregulated hemp-derived intoxicants.

***Ohio Licenses***

*Cultivation and Processing Licenses*

Cresco Labs Ohio, LLC holds dual-use licenses authorizing both cultivation and processing of cannabis at its Yellow Springs facility. The dual-use cultivation license is valid through September 2026, while the dual-use processor license is valid through June 2026. These licenses enable Cresco Labs to produce a full range of cannabis products for both medical patients and adult-use customers, supporting the company's ability to supply its own dispensaries and the broader Ohio market.

*Dispensary Licenses*

Cresco Labs' retail operations in Ohio are supported by a portfolio of dual-use dispensary licenses held by Cresco Labs Ohio, LLC, Verdant Creations Newark, LLC, Verdant Creation Marion, LLC, Care Med Associates, LLC, and Verdant Creations Chillicothe, LLC. These entities operate dispensaries in key cities such as Wintersville,

Proctorville, Newark, Marion, Cincinnati, and Chillicothe. The expiration dates for these licenses range from September 2027 to February 2028, ensuring ongoing access to regulated cannabis products for both medical and adult-use customers across the state.

***Ohio License and Regulations***

The dispensary licenses permit all of the Company's Ohio dispensaries to purchase cannabis and cannabis products from cannabis cultivation and/or processing facilities and allows the sale of cannabis and cannabis products to medical patients and adult-use customers who are twenty-one (21) and over.

The cannabis cultivation and processor licenses permit Cresco Labs Ohio to acquire, possess, cultivate, manufacture/process into cannabis and cannabis products, deliver, transfer, have tested, transport, supply, or sell cannabis and related supplies to cannabis dispensaries.

Ohio cultivation and processor licenses are renewable annually by the DCC. Renewal applications are due at least thirty (30) days prior to the expiration date of the Certificate of Operation. The DCC shall grant a renewal if the renewal application was timely filed, the annual fee was timely paid, there are no reasons warranting denial of the renewal and the cultivator/processor passes inspection. Ohio dispensary licenses expire biennially on the date identified on the certificate. Renewal information, including a renewal fee, must be submitted at least thirty (30) days prior to the date the existing certificate expires. If the dispensary is operated in compliance with Ohio dispensary regulations and the renewal fee is paid, the DCC shall renew the Certificate of Operation within thirty (30) days after the renewal application is received.

***Ohio Reporting Requirements***

Ohio uses Metrc as its computerized T&T system for seed-to-sale transactions, which integrates with the state's Metrc via Canix as the application programming interface ("**API**"). Licensees are required to use Metrc in Ohio to push data to the state to meet all reporting requirements. Cresco Labs Ohio integrates its in-house seed-to-sale tracking system for retail operations, Dutchie, with the commercial version of Metrc, and with the state's Metrc software to capture the required data points as required in the Ohio medical marijuana laws and regulations.

***Ohio Inspections, Storage and Security Requirements***

For Cresco Labs Ohio's dispensaries, a designated representative is responsible for providing supervision and control of cannabis and cannabis products to ensure that they are dispensed in accordance with the law and regulations. In addition, the dispensaries must have physical or electronic security over such items. Cresco Labs Ohio's dispensaries must also maintain security (with alarms and surveillance equipment) as required by the regulations to prevent diversion and theft, as well as to protect patients or customers, caregivers, and employees. Medical marijuana must also be stored in a secure area and tracked in the inventory tracking system. No person is permitted in secure areas unless under the personal supervision of a licensed dispensary employee. The storage area must be clean and free of infestation. Containers storing expired, damaged, deteriorated, misbranded, adulterated, or opened cannabis must be separated from other cannabis until they are properly destroyed.

The regulations permit Cresco Labs Ohio to store cannabis inventory at its cultivation and processing facility in a designated, enclosed, locked facility identified in plans and specifications that it submitted to the DCC. This storage area can only be accessible by authorized individuals. On an annual basis, and as a condition to renewal of its cultivator and processor licenses, Cresco Labs Ohio must perform a physical, manual inventory, of the medical marijuana on hand and compare it to the annual report generated by the inventory tracking system. The cultivation and processing facility must install a commercial-grade security alarm system to prevent and detect diversion, theft, or loss. The facility also must maintain surveillance equipment to capture the entire facility and provide direct access to the regulator on a real-time basis. All equipment must be kept in good working order and inspected and tested on an annual basis by a third-party.

***Ohio Transportation Requirements***

Transporting cannabis and cannabis products between dispensaries and grower/processor locations must be properly manifested and is monitored by the DCC.

**New York Operations**

New York States's medical cannabis program was introduced in July 2014 when former Governor Andrew Cuomo (D) signed the Compassionate Care Act, which legalized medical cannabis oils for patients with certain qualifying conditions. Under this program, five (5) registered organizations ("**RO**s") were licensed to dispense cannabis oil to patients, with the first sale to a patient completed in January 2016. In December 2016, the New York State Department of Health ("**NYSDOH**") added chronic pain as a qualifying condition and in the month-and-a-half following the addition of chronic pain, the number of registered patients increased by 18%. In August 2017, the NYSDOH granted licenses to five (5) additional ROs.

In July 2018, the NYSDOH added opioid replacement as a qualifying condition, meaning any condition for which an opioid could be prescribed is now a qualifying condition for medical cannabis. In August 2018, former Governor Cuomo, prompted by an NYSDOH study which concluded the "positive effects" of cannabis legalization "outweigh the potential negative impacts," appointed a group to draft a bill for regulating legal adult-use cannabis sales in New York.

On October 8, 2019, the Company completed its acquisition of Gloucester Street Capital, the parent entity of Valley Agriceuticals, LLC (" **Valley Ag**"). At the time, Valley Ag was one (1) of the ten (10) holders of a vertically-integrated license from NYSDOH allowing for the cultivation and processing of medical cannabis as well as the establishment of four (4) medical cannabis dispensaries in the State of New York.

On January 6, 2021, former Governor Cuomo announced a proposal to legalize and create a comprehensive system to oversee and regulate adult-use cannabis in New York as part of the 2021 State of the State. Under the Governor's proposal, a new Office of Cannabis Management (the "**OCM**") would be created to oversee the new adult-use program, as well as the state's existing medical and cannabinoid hemp programs. Additionally, an equitable structure for the adult-use market will be created by offering licensing opportunities and assistance to entrepreneurs in communities of color who have been disproportionately impacted by the war on drugs.

On February 16, 2021, former Governor Cuomo announced 30-day amendments to the governor's proposal to establish a comprehensive adult-use cannabis program in New York. Specifically, these amendments detailed how the $100.0 million in social equity funding will be allocated, enable the use of delivery services and refine which criminal charges will be enforced as it relates to the improper sale of cannabis to further reduce the impact on communities.

Former Governor Cuomo signed SB 854/AB 1248A on March 31, 2021, creating New York's adult-use cannabis program. This legislation expands Cresco Labs' potential dispensary footprint to eight (8), with three (3) dispensaries reserved to be co-located adult-use, allows existing vertical ROs to wholesale branded products and creates a strong social equity program with 50% of licenses dedicated to social equity applicants. The CCB that oversees the rollout of the program was seated in 2021. In December 2022, the OCM promulgated a series of adult-use regulations that would govern, among other things, the licensing process for the adult-use cannabis program. Those rules underwent a public comment and revision process and the revised version was introduced on June 14, 2023 for another public comment period. The public comment period closed on July 31, 2023 and finalized rules were adopted by the CCB on September 12, 2023. These rules went into effect as of September 27, 2023. OCM has adopted other adult-use regulations, including those governing packaging, labeling, marketing, advertising, and laboratories.

Previously, on March 30, 2022, proposed rules related to the issuance of conditional adult-use retail dispensary licenses were published by the OCM. Those rules underwent a public comment period and final rules were approved by the CCB on July 14, 2022. The regulations went into effect on August 3, 2022. In addition to the adoption of

rules and ongoing rulemakings, on February 22, 2022, the current governor of New York, Kathy Hochul (D), signed legislation that provided a path for New York's existing hemp operators to obtain provisional cannabis cultivator and processor licenses. Under that law, hemp farmers that were licensed with the Department of Agriculture as of December 31, 2021 would be allowed to cultivate up to 43,500 square feet outdoors, 25,000 square feet in greenhouse facilities, or no more than 30,000 square feet comprising a combination of the outdoor and greenhouse space. The hemp businesses would be required to meet environmental sustainability, labor peace, and equity benchmarks to be allowed to cultivate and minimally process cannabis until June 2023. Hemp businesses issued provisional licenses are required to begin operations within six months of the license being issued. After June 2023, the hemp businesses are required to apply for a cultivator or processor license.

Through the aforementioned agreements and regulatory approval, Cresco Labs now has a license for a cultivation and manufacturing facility in the state of New York, as well as four (4) dispensary locations strategically located across the state. These four (4) dispensary locations are branded as Sunnyside* dispensaries. The Sunnyside* dispensary in Williamsburg, NY is temporarily closed at this time. The Company has successfully renewed its initial licenses and all licenses are, as of the date hereof, active with the state of New York.

Further, the state of New York's fiscal year 2022 to 2023 budget included Section 280E deductions, which permits tax deductions for commercial cannabis activity. This applies to taxable years beginning on January 1, 2023. The budget also included a $200.0 million Social Equity Fund, which allows the state of New York to invest in a private fund to finance the leasing and equipping of up to one hundred fifty (150) conditional adult-use retail dispensaries in the state to be operated by individuals who have been impacted by the inequitable enforcement of marijuana laws.

Through the OCM, New York began issuing licenses for cannabis cultivation and processing in 2022. Approximately two hundred seventy-nine (279) conditional cultivation licenses have been granted along with approximately forty (40) conditional processor licenses. The application period for Conditional Adult-Use Retail Dispensary ("**CAURD**") licenses was open from August 25, 2022 to September 25, 2022 and the state received approximately nine hundred (900) applications, for one hundred seventy-five (175) available licenses. On April 3, 2023, the CCB provisionally approved ninety-nine (99) more CAURD licenses, increasing New York's total provisional retail dispensary licenses to one hundred sixty-five (165) at that time. The licenses included four (4) for Western New York, one (1) for Central New York, five (5) for Mid-Hudson and three (3) for Brooklyn. The CCB had previously been prevented from issuing provisional licenses in those regions because of a court injunction. On July 19, 2023, the CCB provisionally approved an additional two hundred twelve (212) CAURD licenses, bringing the total number of provisional retail dispensary licenses in the state to four hundred sixty-three (463). On October 4, 2023, Governor Hochul announced that hundreds of cultivation and retail licenses will be made available for individuals and businesses interested in legally growing and selling cannabis.

On December 29, 2022, New York officially opened retail cannabis sales to adults over age twenty-one (21). Under the law passed in March 2021, consumers are allowed to purchase up to three (3) ounces of cannabis and twenty-four (24) grams of cannabis concentrate.

In June of 2023, Governor Hochul announced that Chicago Atlantic Admin, LLC (" **Chicago Atlantic**") invested up to $150.0 million senior secured capital in the New York State Cannabis Social Equity Investment Fund (the "**Fund**"). The legislation that allowed for the Fund's creation provided for a $200.0 million cap of combined investments into it. With Chicago Atlantic's investment, the Fund received support to reach its funding goal of up to $200.0 million, which Governor Hochul and the legislature sought when it adopted legislation to create support for individuals affected by the unequal enforcement of cannabis prohibition.

Also in June 2023, Governor Hochul signed AB 7430 into law which extends certain authorizations of conditional adult-use cultivators and processors to minimally process and distribute cannabis products until June 1, 2024.

Also part of the 2024 budget, Governor Hochul signed a law that will allow the OCM to assess civil penalties against unlicensed cannabis businesses that would undercut their efforts, with fines of up to $20,000 a day for the most egregious conduct. This legislation also makes it a crime to sell cannabis and cannabis products without a license.

In the summer of 2023, New York regulators began accepting applications for cannabis businesses interested in organizing cannabis farmers markets in the state. The CCB voted to authorize Cannabis Growers Showcases ("**CGS**"). Regulators opened the applications and posted guidance and templates for municipal approval for the events. However, in January 2024, OCM announced the CGS would cease. Since its inception in late 2023, the CGS program generated more than $4.0 million in sales, according to the OCM. The agency's rationale for winding them down before the end of the year was new retail dispensaries expected to open over the next few weeks and months, making CGS events moot.

Additionally, in July 2023, the New York City Economic Development Corporation (" **NYCEDC**") posted a request for proposal (" **RFP**"), soliciting lenders and an administrator for its Cannabis NYC Loan Fund, which will provide low-cost financing to social equity applicants looking to enter the marijuana market. Officials are aiming to raise $20.0-$30.0 million for the fund, which was developed in partnership with the New York City Department of Small Business Services. That includes an initial infusion of $8.0 million from the city. The total will depend on private lenders' response to the RFP.

In 2024, New York's cannabis program issued over six hundred (600) adult-use cannabis licenses, with approximately one hundred fifty (150) dispensaries operational statewide. Sales exceeded $1.0 billion in 2024. Local and state enforcement authorities are continuing efforts to crack down on unlicensed cannabis stores.

In October 2024, the New York City Department of Small Business Services and the NYCEDC launched applications for the Cannabis NYC Loan Fund, aimed at supporting cannabis entrepreneurs in the city. This initiative provides low-interest loans to social equity licensees, prioritizing individuals disproportionately impacted by cannabis criminalization. The fund is part of the Cannabis NYC program, which seeks to create a sustainable and inclusive cannabis industry by offering financial assistance, education, and support services.

In July 2025, New York's OCM notified nearly 200 licensed or proposed adult-use dispensaries that they must relocate or reconfigure their operations because they were approved under an incorrect interpretation of the statutory buffer requirement around schools. Under the law, dispensaries must sit at least 500 feet from a school's property line and 200 feet from places of worship; OCM had previously measured only door-to-door distances, a misapplication uncovered in an internal review. The state acknowledged the errors and is working with the Legislature to grandfather in affected businesses and enact a statutory fix so those operators can remain in place. This regulatory issue has coincided with heightened scrutiny of OCM's leadership and operations. In December 2025, following a high-profile court challenge regarding licensing procedures and compliance, the head of OCM was dismissed by Governor Hochul. The leadership change is expected to result in further review of agency practices and may impact the pace and direction of cannabis licensing and regulatory reforms in New York.

During the forth quarter of 2025, management determined it is more likely than not that the New York reporting unit carrying values exceed their fair value due to updated forecasts and projections for the reporting unit. $93.5 million in intangible asset and goodwill impairment was recorded to the New York reporting unit in the fourth quarter of 2025.

***New York Licenses***

Valley Agriceuticals, LLC holds vertically integrated licenses in New York, authorizing the acquisition, possession, manufacture, sale, transportation, and distribution of medical marijuana. Valley Agriceuticals, LLC holds licenses in Middletown, Brooklyn, Huntington, Bardonia, and New Hartford. While these licenses are valid through November 2025, on October 6, 2025, the CCB passed resolution 2025-72 to extend the RO, ROD and ROND renewal application window. For current registration or licenses to remain valid and in full effect until such time that the CCB acts on a renewal application, registrants/licensees were required to notify the OCM prior to the expiration of their registration/license that they intend to submit a renewal application. On November 14, 2025, Valley Ag notified the OCM of its intent to timely renew its registration/license by the CCB's newly established date of March 25, 2026, which was acknowledged by the OCM. Valley Ag's renewal application will be submitted on or before March 25, 2026, as instructed by the CCB. Thereafter, the OCM and CCB will review the renewal application for

approval. These licenses are essential to Company's ability to supply medical cannabis products to patients throughout the state.

***New York License and Regulations***

The New York Licenses permit the sale of medical cannabis products to any qualified patient who possesses a physician's recommendation. Under the terms of the New York Licenses, Valley Ag is permitted to sell OCM approved medical cannabis manufactured products to any qualified patient, provided that the patient presents a valid government-issued photo identification and OCM-issued registry identification card proving that the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. Registry identification cards are valid for one year after the date the certification is signed. The card contains the recommendation from the physician and the limitation on form or dosage of medical cannabis.

Allowable forms of medical cannabis in New York State are the following: concentrates (e.g. shatter, wax, resins), edibles (e.g., capsules, beverages, tablets, tinctures, baked goods, gummies, chocolates, and additional forms), flower, vaporization cartridges and single use pens, topical forms, and transdermal patches.

New York is a vertically-integrated system for medical cannabis; however, it does allow Registered Organizations to wholesale manufactured products to one another. As such, Valley Ag has the ability to be vertically-integrated and cultivate, harvest, process, transport, sell, and dispense cannabis products. Delivery is allowed from dispensaries to patients; however, the delivery plan must be pre-approved by the OCM.

***New York Reporting Requirements***

Licensees are in the process of integrating with the state's seed-to-sale tracking system, Metrc. Valley Ag connects to the state system with its internal platforms, Dutchie and Canix. Valley Ag has completed its integration with the state system.

Every month the OCM requests a dispensing report in Microsoft Excel format, via email, showing all products dispensed for the month.

***New York Inspections, Storage and Security***

Cresco's dispensaries and processing facility in New York are licensed and supervised by the New York OCM. The regulations permit Valley Ag to store medical cannabis inventory at its processing facility and dispensaries in a designated, enclosed, locked vault identified in plans and specifications that are submitted to and approved by the OCM. This storage area can only be accessible by authorized individuals. The processing facility and dispensaries must install a commercial grade security alarm system to prevent and detect diversion, theft, or loss. The facilities also must maintain surveillance equipment to capture the entire facility and provide direct access to the regulator on a real-time basis. All this equipment must be kept in good working order.

Transport of medical cannabis inventory between the processing facility and dispensaries is completed using secure, OCM registered vehicles. All inventory is properly manifested using the seed-to-sale system prior to embarking on any transport.

Inspections are randomized and primarily conducted virtually as a review of seed-to-sale and dispensing data. On-site inspections are conducted at random and when a complaint has been received by the OCM.

**Massachusetts Operations**

The Massachusetts medical cannabis market was established through "An Act for the Humanitarian Medical Use of Marijuana" in November 2012, when voters passed Ballot Question 3 "Massachusetts Medical Marijuana Initiative" with 63% of the vote. The first Massachusetts dispensary opened in June 2015 and by November 2016, Massachusetts voters legalized adult-use cannabis by passing ballot Question 4 "Massachusetts Marijuana

Legalization" with 54% of the vote. In July 2017, former Governor Baker signed legislation that would lay the groundwork for the state's adult-use market. The Cannabis Control Commission ("**CCC**") launched adult-use cannabis sales in November 2018.

On October 1, 2019, Cresco Labs acquired Hope Heal Health, Inc. via certain agreements giving it operational control before cash consideration was settled. On February 7, 2020, the Company legally closed the acquisition and paid the cash consideration of $27.5 million.

On September 2, 2021, the Company completed the acquisition of 100% of the membership interests of Cultivate Licensing, LLC (" **Cultivate**") for total consideration of $99.3 million. Cultivate owned and operated two (2) cultivation and manufacturing center locations, two (2) adult-use and medical dispensary locations and one (1) adult-use dispensary location. The closing of this acquisition was contingent upon the Company surrendering its adult-use retail license for the Fall River dispensary. After the closing of the acquisition, the Fall River dispensary location transitioned to medical only.

The Massachusetts Senate and House of Representatives passed bills SB 2823 and HB 4791 in August of 2022. The bills address several cannabis related issues, including host community agreement reform, a social equity trust fund, and the referendum process for social consumption licenses. On August 11, 2022, former Governor Charlie Baker (R) signed both measures into law. More recently, the CCC published proposed regulations to review Host Community Agreements ("**HCA**") for compliance with the new HCA law. The regulations were adopted and only apply to new applications and renewals after March 1, 2024.

Starting in January 2023, Massachusetts adopted a curriculum designed to educate teens on the risks of driving while under the influence of cannabis. Under the program, as of January 1, 2023, Massachusetts became the first state that has legalized the recreational use of marijuana to adopt the curriculum designed by the American Automobile Association Northeast, according to the state Registry of Motor Vehicles. The current driver education curriculum addressing impaired driving was updated to include information on cannabis, such as how THC, the active chemical in marijuana, affects cognition, vision, reaction time, and perception of time and distance.

On June 29, 2023, municipal equity guidance was released by the CCC that states a municipality must establish initial policies to promote equity in the cannabis industry no later than July 1, 2023, and a city or town that is not a host community must establish these policies before entering into a HCA. If a host community fails to establish the required social equity policies, the host community will be subject to a monetary penalty in an amount equal to the annual total of all HCA community impact fees received from all marijuana businesses operating within that host community. Additionally, the guidance stipulates that a city or town can choose to engage in a local voter initiative petition process or adopt a municipal ordinance or by-law to allow the sale of cannabis for consumption on the premises where sold.

During a May 22, 2023 meeting, the CCC voted to rescind their existing Social Consumption Pilot Program regulations which would have capped the number of municipalities that could serve as a host community for social consumption establishments at twelve (12) in favor of launching a new and ongoing regulatory review and drafting process under the cannabis equity law, which contains no such cap.

In December 2023, Massachusetts regulators voted to permit cannabis transport businesses to send only one (1) employee on deliveries, instead of two (2), in a move that could cut costs for such operators. By a 3-1 vote, the CCC agreed to overhaul the state's marijuana delivery rules by easing the two-person requirement. Following a rewrite of the rules, this rule change went into effect, together with other changes, in November 2024.

In June 2025, the Massachusetts CCC approved final regulations for three new social consumption cannabis license types—Supplemental, Hospitality, and Event Organizer. These licenses will allow adults 21 and over to buy and use cannabis on-site at licensed venues, events, and partner businesses, making Massachusetts the first New England state to legalize social consumption. The regulations, effective January 2, 2026, include safeguards like banning alcohol and tobacco, last call rules, responsible vendor training, and transportation plans for impaired patrons. Municipalities must opt-in and will control local requirements. The rules also expand food service at these venues

and simplify industry processes. Developed after extensive public input, the new licenses aim to boost small businesses, support equity applicants, transition legacy operators to the legal market, and enhance tourism. Implementation will involve ongoing municipal engagement, public education, and opening license applications.

***Massachusetts Licenses***

*Cultivation and Processing Licenses*

The Company operates in Massachusetts through several entities, including Cresco HHH, LLC, Cultivate Cultivation, LLC, and Cultivate Leicester, Inc. These entities collectively hold a comprehensive suite of cultivation and processing licenses, enabling the company to serve both the medical and adult-use cannabis markets. In Fall River, Cresco HHH, LLC holds a Registered Marijuana Dispensary ("**RMD**") license (RMD-686) for medical cultivation, manufacturing, and processing, as well as a Marijuana Cultivator Tier 4 license (MC281478) and a Marijuana Product Manufacturer license (MP281361), with expiration dates extending through March 2027 and December 2026. In Leicester, Cultivate Cultivation, LLC holds both a Marijuana Product Manufacturer license (MP281305) and a Marijuana Cultivator license (MC281266), both expiring in March 2026 to March 2027. Additionally, Cultivate Leicester, Inc. holds cultivation and manufacturing licenses in Uxbridge and Framingham, further supporting the company's production capabilities.

*Dispensary Licenses*

The Company's retail footprint in Massachusetts is anchored by dispensary licenses held by Cultivate Leicester, Inc. and Cresco HHH, LLC. These licenses authorize the operation of both medical and adult-use dispensaries in key locations, including Fall River, Framingham, Worcester, and Leicester, with expiration dates ranging from March 2026 to December 2026. These licenses ensure that Cresco Labs can provide consistent access to regulated cannabis products for both patients and adult-use customers throughout the state.

***Massachusetts License and Regulations***

The CCC oversees the medical and adult-use cannabis programs. Each medical licensee must be vertically-integrated and may have up to two (2) locations. Licensed medical dispensaries are given priority in adult-use licensing. Adult-use cultivators will be grouped into eleven (11) tiers of production (ranging from up to 5,000 square feet to no larger than 100,000 square feet) and regulators will move a licensee down to a lower tier if that licensee has not shown an ability to sell at least 70% of what it produced. Medical dispensaries that wish to add the ability to sell cannabis products to non-patients will be required to reserve 35% of their inventory, or the six-month average of their medical cannabis sales for medical cannabis patients. In order to achieve an adult-use license, a prospective licensee must first sign a "Host Community Agreement" with the town in which it wishes to locate. In both the medical and adult-use markets, extracted oils, edibles, and flower products are permitted, as well as wholesaling.

Registration certificates are valid for a period of one (1) year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the CCC and include a renewal form.

***Massachusetts Reporting Requirements***

The State of Massachusetts uses Metrc as the state's T&T system used to track seed-to-sale transactions. The system allows for other third-party system integration via API. HHH, Cultivate Cultivation, LLC, and Cultivate Leicester, Inc, primarily utilizes Canix as their in-house seed-to-sale tracking system for cultivation and processing activities and Dutchie for retail, both of which integrate with Metrc via API.

***Massachusetts Dispensary Requirements***

A licensee shall follow its written and approved operation procedures in the operation of its dispensary locations. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law and

municipalities that control the permitting application process that a licensee must comply with. More specifically, a licensee shall comply with all local requirements regarding siting, provided, however, that if no local requirements exist, a licensee shall not be sited within a radius of five hundred (500) feet of a school, daycare center, or any facility in which children commonly congregate. Each licensee is required to enter into a HCA with the local community in which a facility is located.

***Massachusetts Security Requirements***

A licensee shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the licensed premises. A licensee shall also utilize a security/alarm system and maintain a backup alarm system with all of the capabilities of the primary system, and both systems shall be in good working order at all times and shall be inspected and tested on regular intervals.

***Massachusetts Transportation***

Marijuana or marijuana-infused products (" **MIPs**") may only be transported by dispensary agents on behalf of a licensee. A licensee shall staff all transport vehicles with a minimum of one (1) dispensary agent. Prior to leaving the origination location, a licensee must weigh, inventory and account for, on video, all marijuana to be transported.

Marijuana must be packaged in sealed, labeled, and tamper-proof packaging prior to and during transportation. In the case of an emergency stop, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A licensee shall ensure that all delivery times and routes are randomized. Where videotaping is required when weighing, inventorying, and accounting of marijuana before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. A licensee must document and report any unusual discrepancy in weight or inventory to the Massachusetts CCC, the state's regulatory body which creates regulations for both the medical and adult-use markets, and local law enforcement within 24 hours. A licensee shall report to the CCC and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within 24 hours. A licensee shall retain all transportation manifests for no less than one (1) year and make them available to the CCC upon request. Any cash received from a qualifying patient or personal caregiver must be transported to a licensee immediately upon completion of the scheduled deliveries. Each dispensary agent transporting marijuana or MIPs shall have access to a secure form of communication with personnel at the origination location at all times that the vehicle contains marijuana or MIPs.

***Massachusetts Inspections***

The CCC, or its agents, may inspect a licensee and affiliated vehicles at any time without prior notice. Any violations found will be noted in a deficiency statement that will be provided to the licensee, and the licensee shall thereafter submit a Plan of Correction to the CCC outlining with particularity each deficiency and the timetable and steps to remediate the same. The CCC shall have the authority to suspend or revoke a certificate of registration.

**Michigan Operations**

In November 2008, Michigan residents approved the Michigan Medical Marihuana Act (the " **MMMA**") to provide a legal framework for a safe and effective medical marijuana program. In September 2016, the Michigan Senate passed the Medical Marihuana Facilities Licensing Act and the Marihuana Tracking Act and together with the MMMA (collectively, the " **Michigan Cannabis Regulations**") provides a comprehensive licensing and tracking scheme, respectively, for the medical marijuana program. Additionally, the Michigan Department of Licensing and Regulatory Affairs and its licensing board **(**"**LARA**") has supplemented the Michigan Cannabis Regulations with "Emergency Rules" to further clarify the regulatory landscape surrounding the medical marijuana program. LARA is the main regulatory authority for the licensing of marijuana businesses.

On November 6, 2018, Michigan voters approved Proposal 1, to make marijuana legal under state and local law for adults twenty-one (21) years of age or older and to control the commercial production and distribution of marijuana

under a system that licenses, regulates, and taxes the businesses involved. The act would be known as the Michigan Regulation and Taxation of Marihuana Act. In accordance with Proposal 1, LARA began accepting applications for retail (adult-use) dispensaries on November 1, 2019.

On March 25, 2019, an affiliate of the Company (the "**Michigan Affiliate**") announced that it had completed the most comprehensive portion of Michigan's application process, being pre-qualified for a cultivation and processing license in Michigan. The pre-qualification represents the authorization of the entity to move forward with the licensing process for its intended facilities.

On November 13, 2019, Michigan announced any existing medically licensed businesses would be allowed to sell adult-use marijuana beginning December 1, 2019. On March 5, 2020, the Michigan Affiliate was issued a medical processing license to begin manufacturing and processing flower into edible medical marijuana products and/or medical marijuana-infused products.

In 2020, the Michigan Affiliate received approval to operate one (1) adult-use processor license and one (1) medical processor license. The Michigan Affiliate received its first medical and adult-use cultivation licenses in June 2021. Additional cultivation licenses have been added as production capacity continues to grow.

On April 22, 2020, the Michigan Affiliate and related parties of the Company executed an amended and restated operating agreement which increased the Company's related parties' ownership from 50% to 85% in exchange for a capital commitment of $25.0 million. The agreement grants related parties a majority of profits, while the Company retains control, subject to a management services agreement, decision-making power, and rights to variable returns from the Michigan Affiliate.

On April 23, 2020, the Company announced that it had completed the sale of its Marshall, MI facility to Innovative Industrial Properties. Inc. ("**IIP**"). Concurrent with the closing of the sale, Cresco Labs entered into a long-term, triple-net lease agreement with IIP and continues to operate the property as a licensed cannabis cultivation and processing facility upon completion of redevelopment. On October 4, 2021, the Company unveiled its Marshall facility while celebrating the first harvest at the property. Following the unveiling of its Marshall facility, the Michigan Affiliate expanded its licensure to fully realize the growth potential of the Marshall facility. In late 2021, the Michigan Affiliate was awarded eight (8) additional Medical Class C Grower licenses bringing its total medical grow licenses to ten (10) in addition to its one (1) existing Medical Processor license. With increased medical grow potential, the Michigan Affiliate was also able to acquire seven (7) Adult-Use Excess Grower licenses in addition to its existing five (5) Adult-Use Class C Grow licenses and one (1) Adult-Use Processor license.

In June 2023, SB 180 and SB 179 were passed by the Senate, approved by the House of Representatives in October 2023, and subsequently signed by Governor Gretchen Whitmer (D) on October 19, 2023. The bipartisan legislation allows state-licensed marijuana businesses to conduct trade with tribal cannabis entities.

On October 7, 2025, Governor Whitmer signed into law a new 24% wholesale tax on marijuana transactions between producers/processors and dispensaries, to fund road repairs as part of her $1.8 billion infrastructure plan. The tax will stack on top of existing levies, consumers already pay a 10% excise tax and 6% sales tax, making Michigan's total marijuana tax among the highest in the U.S.

***Michigan Licenses***

Cresco Labs Michigan, LLC holds an extensive portfolio of cultivation and processing licenses, supporting both medical and adult-use cannabis operations at its facility in Marshall, Michigan. The Company supports Cresco Labs Michigan, LLC's operations through a management services agreement, as a licensed Medical Processor, expiring March 2026, and an Adult-Use Processor expiring June 2026, enabling the manufacturing and processing of a wide range of cannabis products for both patient and adult-use markets.

For cultivation, Cresco Labs Michigan, LLC holds multiple Medical Cultivation licenses, all expiring in March 2026. These licenses allow for the large-scale cultivation of medical cannabis. In addition, Cresco Labs Michigan,

LLC holds several Adult-Use Cultivation licenses and Adult-Use Excess Grower licenses, which provide expanded capacity for adult-use cannabis production.

***Michigan License and Regulations***

Medical products may be purchased in a retail setting from a provisioning center by registered qualified patients, registered primary caregivers connected to a registered qualifying patient (each, a "**Michigan Qualified Purchaser**"); in each case, Michigan Qualified Purchasers must present a valid registry identification card (a "**Michigan Registry ID**") issued by LARA. For a Michigan Qualified Purchaser to receive products, provisioning centers must deploy an inventory control and tracking system that is capable of interfacing with the statewide monitoring system to determine (a) whether a Michigan Qualified Purchaser holds a Michigan Registry ID and (b) whether the sale or transfer will exceed the then-current daily and monthly purchasing limit for the holder of the Michigan Registry ID. Adult-use products may be purchased from a retail dispensary by any individual twenty-one (21) or older who provides a valid, unexpired photo identification.

All Michigan licenses are renewed annually through the Cannabis Regulatory Agency after the required fees are paid and the business remains in good standing. In addition, a sworn statement is required that states that the business is in good standing and will uphold a continuing reporting duty. The renewal fees are to be determined by the amount of gross weight of marijuana products transferred during the past year.

***Michigan Reporting Requirements***

Pursuant to the requirements of the Marihuana Tracking Act (the " **MTA**"), Michigan selected Metrc as the state's third-party solution for integrated marihuana industry verification. Using Metrc, regulators can track third-party inventory, permissible sales, and seed-to-sale information. Additionally, provisioning centers can use the Metrc API to connect their own inventory management and/or point-of-sale systems to verify the identity as well as permissible sales. Cresco Labs Michigan, LLC, primarily utilizes Canix as its in-house seed-to-sale tracking system for cultivation and processing activities and Dutchie for retail, both of which integrate with Metrc via API.

***Michigan Inspections***

Inspections in Michigan are conducted on a scheduled, annual basis by agents from the Cannabis Regulatory Agency (" **CRA**"), which is a bureau within LARA. Agents may also conduct random inspections at any time during the license cycle, including virtual inspections of seed-to-sale data and security footage.

***Michigan Storage & Security***

All marihuana and marihuana equivalents must be stored securely at all times. All facilities, cultivation, processing, and retail are required to have a designated vault area for product storage. Designated vault areas must meet minimum construction requirements in regard to construction integrity and commercial locking mechanisms. Designated vault areas include specific standards around camera coverage to include clear visibility of all areas where product is stored and moved. Medical and adult-use product must be stored separately and clearly labeled as to which inventory it is included in.

***Michigan Transportation***

Marihuana and marihuana equivalents may only be moved between facilities in vehicles that have been registered with the CRA. Orders are individually packaged and manifested via the state mandated seed-to-sale system prior to leaving any facility. Each order is packaged individually and is coupled with its manifest within the vehicle. The route of transport, and departure and arrival times must be exact and vehicles may not vary from their route.

**Florida Operations**

In 2014, the Florida Legislature passed the Compassionate Use Act (the " **CUA**") which was a low-THC (CBD) law, allowing cannabis containing not more than 0.8% THC to be sold to patients diagnosed with severe seizures or muscle spasms and cancer. The CUA created a competitive licensing structure and originally allowed for one (1) vertically-integrated license to be awarded in each of five (5) regions. The CUA set forth the criteria for applicants as well as the minimum qualifying criteria which included the requirement to hold a nursery certificate evidencing the capacity to cultivate a minimum of 400,000 plants, to be operated by a nurseryman and to be a registered nursery for at least thirty (30) continuous years. The CUA also created a state registry to track dispensations. In 2016, the Florida Legislature passed the Right to Try Act (the "**RTA**"), which expanded the State's medical cannabis program to allow for full potency THC products to be sold as "medical marijuana" to qualified patients.

In November of 2016, the Florida Medical Marijuana Legalization ballot initiative (the " **Initiative**") to expand the medical cannabis program under the RTA was approved by 71.3% of voters, thereby amending the Florida constitution. The Initiative is now codified as Article X Section 29 of the Florida Constitution and Section 381.986 of the Florida Statues.

The Initiative expanded the list of qualifying medical conditions to include cancer, epilepsy, glaucoma, HIV and AIDS, PTSD, ALS, Crohn's disease, Parkinson's disease, multiple sclerosis, or other debilitating medical conditions of the same kind or class or comparable to those other qualifying conditions and for which a physician believes the benefits outweigh the risks to the patient. The Initiative also provided for the implementation of state-issued medical cannabis identification cards. In 2017, the Florida Legislature passed legislation implementing the constitutional amendment and further codifying the changes set forth in the constitution into law (the "**2017 Law**"). The 2017 Law provides for the issuance of ten (10) licenses to specific entities and another four (4) licenses to be issued for every 100,000 active qualified patients added to the registry. The 2017 Law also initially limited license holders to a maximum of twenty-five (25) dispensary locations with the ability to purchase additional dispensary locations from one another and for an additional five (5) locations to be allowed by the State for every 100,000 active qualified patients added to the registry. The 2017 Law's cap on dispensing facilities is no longer in effect.

On March 18, 2019, Governor Ron DeSantis (R) signed SB 182 "Medical Use of Marijuana" into law. Among other provisions, SB 182 repealed the state's smoking ban that had been in place. The medical program is currently administered by the Florida Department of Health's ("**FDOH**") Office of Medical Marijuana Use ("**OMMU**"). OMMU is responsible for crafting and implementing regulations governing the program, overseeing the Medical Marijuana Use Registry, licensing operators to cultivate, process, and dispense medical marijuana and certifying testing laboratories. Governor DeSantis signed SB 768 into law on April 20, 2022, which includes the following provisions: FDOH will now collect samples of marijuana and marijuana delivery devices from a medical marijuana treatment center ("**MMTC**") for specified testing, rather than only samples of edibles; FDOH is required to promulgate rules to allow for potency variations not to exceed 15% from labels and FDOH has the authority not to renew the license of a MMTC that has not begun to cultivate by their renewal date.

In February 2023, the FDOH announced that it would begin accepting applications for the newly created twenty-two (22) medical marijuana licenses from April 24, 2023 to April 28, 2023. After the application period concluded, a detailed review and assessment process took place. As a result, in November 2024, twenty-two (22) applicants were granted medical marijuana licenses.

In May 2023, Governor DeSantis signed HB 387 into law, which allows a qualified physician to conduct an examination by telehealth for a patient's medical marijuana certification renewal if the physician previously conducted an in-person exam of the patient for the purpose of certification. The bill also helps Black farmers obtain medical marijuana licenses.

In June 2023, Governor DeSantis signed SB 1676 into law, which aims to ensure that all hemp products sold in Florida are safe for human consumption. Legal hemp products must comply with several requirements outlined in SB 1676, which includes requirements that any retailer distributing hemp products in the state test their products in a certified hemp testing laboratory and sales are restricted to adults aged twenty-one (21) or over beginning July 1,

2023. Hemp retailers in the state must also obtain a license from the Florida Department of Agriculture and Consumer Services. InMarch 2025, amendedRule 5K-4.034governinghemp and hemp extract products for human consumptiontook effect. These updates implement statutory changes enacted during the2023 legislative sessionand primarily impact how hemp extract products areadvertised, marketed, labeled, and packaged.

On April 14, 2021, the Company completed the acquisition of Bluma Wellness Inc. (" **Bluma**") for total consideration of $238.1 million. Bluma owned and operated 3 Boys Farm, LLC dba One Plant Florida ("**One Plant**"), a vertically-integrated, licensed MMTC in the state of Florida. As of the acquisition date, Bluma, under One Plant, had eight (8) strategically located dispensaries, rebranded as Sunnyside*®. As of the date of this MD&A, Cresco Labs has thirty-one (31) medical dispensaries.

In November 2024, an effort to legalize the use of recreational marijuana in Florida failed at the ballot box. Despite endorsements from the Florida Democratic Party to President Donald Trump, Amendment 3, which would have legalized the recreational use and manufacturing of marijuana in the state, received 56% of the vote, but failed to get the 60% voter support needed to pass a state constitutional amendment. Following this outcome, advocacy groups and industry stakeholders have launched a renewed campaign to place a similar initiative on the November 2026 ballot. Efforts are underway to gather the necessary signatures and build bipartisan support, with proponents aiming to address concerns raised during the previous campaign and further educate voters on the potential economic and social benefits of legalization.

***Florida Licenses***

The Company operates in Florida through its subsidiary, 3 Boys Farms, LLC, which holds a Medical Marijuana Treatment Center (" **MMTC**") license. This MMTC license is a vertically integrated authorization, permitting 3 Boys Farm, LLC to cultivate, process, transport, and dispense medical cannabis throughout the state. The license covers all aspects of the medical cannabis supply chain, from seed to sale, and is valid through June 2026, with renewal applications submitted in accordance with Florida Office of Medical Marijuana Use requirements.

***Florida License and Regulations***

The Florida license is a vertically integrated MMTC license. The license is issued by the FDOH's OMMU and license holders can only own one license. There is no limit on the number of facilities that can be operated under an MMTC license. The Florida license is renewed bi-annually through the OMMU and the business remains in good standing.

***Florida Reporting Requirements***

3 Boys Farms uses Canix for cultivation and production operations and Dutchie for its retail operations, which are integrated with OMMU's selected seed-to-sale tracking system, BioTrack.

***Florida Inspections, Storage and Security***

Cresco's Florida facilities, both grow/processing and dispensaries, are regulated by the OMMU, an office within the Florida Department of Health. OMMU requires a licensee to establish security systems sufficient to ensure the safety of all individuals on site as well as security of all medical marijuana and medical marijuana product.

Each site must maintain a video surveillance system which includes camera coverage of all areas within the licensed site. This includes but is not limited to coverage of all means of ingress and egress, product storage areas, sales areas, and the perimeter of the facility. Cameras must be of a resolution and quality to be able to make out each individual, during day and night hours. Footage must be retained for a pre-determined timeframe, and employees within the facility must have the ability to access the system and generate historical footage, as well as still images.

All facilities must also maintain a physical security system inclusive of locks, access control devices, and audible alarms. All areas containing medical marijuana or medical marijuana product must be sufficiently secured from the public with access limited to specific credentialed employees.

Medical marijuana and medical marijuana product must be stored in a vault room whose design is submitted to and approved by OMMU. Vaults must meet specific security requirements to prevent unauthorized access or product theft/diversion. Security systems in vault areas are highly scrutinized so that all activity within the vault can be tracked at all times.

Inspections of all facility types in Florida are conducted by OMMU agents. Regular inspections happen upon the opening of new facilities and at the annual license review of each facility. Outside of those, random inspections can occur at any time, both on-site as well as desk reviews of security footage and seed to sale data.

***Florida Transportation***

Transportation of product between grow/process sites and dispensaries in Florida must be completed within an OMMU registered vehicle. All vehicles must maintain insurance coverage limits predetermined by OMMU. Product for delivery is segregated by individual delivery, with a prefilled manifest for each delivery accompanying. All manifests must be generated prior to leaving the grow/process facility. During deliveries, two (2) employees of the grow/process facility must stay with the vehicle at all times.

**Kentucky Operations**

On March 31, 2023, Governor Andy Beshear signed SB 47, an Act relating to medicinal cannabis, into law, which legalized medical cannabis beginning January 1, 2025 and granted oversight and regulation of the medical program to the Cabinet of Health and Family Services ("**Cabinet**"). This Act also created the Office of Medical Cannabis (" **OMC**") within the Cabinet.

On April 18, 2024, the governor signed HB 829 into law, which among other things, expedited the timeline for cannabis business licensing from January 1, 2025 to July 2024. Simultaneously, the Cabinet filed 17 regulations establishing the processes and procedures for medical cannabis businesses and registered cardholders. For purposes of dispensary distribution, the state was divided into 8 regions: Region 1 (Bluegrass), Region 2 (Kentuckiana), Region 3 (Northeast), Region 4 (South Central), Region 5 (Cumberland), Region 6 (Mountain), Region 7 (Pennyrile), and Region 8 (West Kentucky). The initial medicinal cannabis business license application period was open from July 1, 2024 to August 31, 2024 and offered the following license types and quantities: Tier I cultivator (10), Tier II cultivator (4), Tier III cultivator (2), Processor (10), Dispensary (48), and Safety Compliance Facility (unlimited).

Initial medicinal cannabis licenses were awarded via lottery with each eligible applicant receiving a unique numerical identifier. On October 28, 2024 the Kentucky Lottery Corporation held the first lottery for cultivator Tier I, cultivator Tier II, cultivator Tier III, and processor licenses. KSKYAPP, LLC was selected as one (1) of two (2) Tier III cultivators. The dispensary lotteries were divided into two (2) separate dates based on regions. Dispensary licenses for regions three (3) through eight (8) were selected on November 25, 2024 and Regions one (1) and two (2) were selected on December 16, 2024. BSRKYAPP, LLC was awarded a license during the November lottery within Region six (6).

KSKYAPP, LLC entered into a MSA with CL Kentucky Cultivation, LLC on February 25, 2025, which was submitted to the OMC upon execution.

BSRKYAPP, LLC entered into an MSA with CL Kentucky Dispensing, LLC on March 3, 2025, and submitted to the OMC upon execution.

On May 12, 2025 the OMC approved the sale and transfer of a processor license from Jill's Dispensary LLC to RSKYAPP, LLC. In preparation for the license transfer and in order to receive management support for the

subsequent establishment of business activities, RSKYAPP, LLC entered into an MSA with CL Kentucky Processing, LLC on June 7, 2025, which was submitted to the OMC upon execution. The processor license was effectively transferred to RSKYAPP, LLC on June 16, 2025.

The first medicinal cannabis dispensary opened in December 2025.

***Kentucky Licenses***

*Cultivation License*

The Company operates in Kentucky through its management service agreements with KSKYAPP, LLC, RSKYAPP, LLC, and BSRKYAPP, LLC. KSKYAPP, LLC holds a medical cannabis cultivator license. This license authorizes KSKYAPP, LLC to cultivate medical cannabis at its facility in Winchester, Kentucky. The license is valid through December 2026, with renewal applications submitted in accordance with Kentucky Office of Medical Cannabis requirements. The cultivation license is essential for Company's ability to support KSKYAPP, LLC in supplying medical cannabis products to dispensaries and patients throughout the state.

*Processing License*

RSKYAPP, LLC holds a medical cannabis processor license, permitting the extraction, manufacturing, and packaging of medical cannabis products. This processor license is also valid through December 2026 and, once operational, will ensure that the Company can support RSKYAPP, LLC's production of a wide range of medical cannabis products in compliance with Kentucky's regulatory standards.

*Dispensary License*

BSRKYAPP, LLC. is authorized to operate medical cannabis dispensaries under its medical cannabis dispensary license. This license allows the Company to support BSRKYAPP, LLC in the dispensing of medical cannabis products directly to patients at its retail location that will be opened in Prestonsburg, Kentucky. The dispensary license is valid through December 2026.

***Kentucky License and Regulations***

The retail dispensary license authorizes the licensee to purchase medical cannabis and medical cannabis products from medical cultivation and processor facilities and allows the sale of medical cannabis and cannabis products to registered qualified patients and visiting qualified patients.

The medical cultivation and processor licenses authorize the licensees to (depending on license type) acquire, possess, cultivate, manufacture/process into medical cannabis and cannabis products, deliver, transfer, have tested, transport, supply, or sell medical cannabis and cannabis product to licensed medical cannabis dispensaries.

Kentucky licenses are renewable annually by the OMC. The OMC provides notification to licensees at least ninety (90) calendar days prior to the date of expiration. Renewal applications must be submitted by licensees to the Cabinet at least sixty (60) calendar days prior to the date of expiration. The OMC must acknowledge receipt of renewal applications within fifteen (15) calendar days of submission and must review each application to determine completeness. Onsite inspection may be conducted by the OMC to ensure licensee compliance prior to renewing the license(s).

***Kentucky Reporting Requirements***

Kentucky requires licensees to use Metrc to transmit data to the state in compliance with reporting requirements. The licensees will integrate their in-house seed-to-sale tracking systems with the state's Metrc software to capture the necessary data points required by Kentucky medical cannabis laws and regulations.

***Kentucky Inspections, Storage and Security***

Kentucky regulations require all licensees to maintain storage areas in a clean and orderly condition, free from infestation. These separate and locked limited access areas are used by licensees to store medicinal cannabis that is expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packages have been opened or breached until the medicinal cannabis is destroyed or otherwise disposed of.

The regulations also require all licensed facilities to have a commercial grade security system to prevent unauthorized entry and to prevent and detect any adverse loss. The security system must include a professionally monitored alarm system that covers the interior and exterior of the entire facility, including a silent alarm. All equipment must be kept in good working order and inspected and tested on an annual basis by a third-party.

Inspections of all licensees is the responsibility of the Cabinet for Health and Family Services and may be announced or conducted on a random cadence.

***Kentucky Transportation***

Medicinal cannabis and medicinal cannabis products may only be transported in registered vehicles that are equipped with an alarm system, including a minimum of two (2) video cameras, and a global positioning system to ensure safe and efficient delivery. All medicinal cannabis and medicinal cannabis products for transport must be manifested prior to leaving a facility and shall be held under lock-and-key for the duration of transportation. A licensee must staff all transport vehicles with a minimum of one (1) delivery driver.

During transport, medicinal cannabis must be fully enclosed within packaging to protect against contamination and must be accompanied by all tracking tags required by Kentucky's designated seed-to-sale tracking system. When traveling between cannabis businesses, a delivery driver must proceed directly to the receiving cannabis business without any unnecessary stops. Licensees are required to immediately report to the OMC any vehicle accidents, diversions, losses, or other reportable events that occur during transportation. Each delivery driver shall have access to a secure form of communication to contact the originating and receiving facilities at all times that the vehicle contains medicinal cannabis.

**Cresco Compliance Program**

Cresco's Code of Conduct and Ethics is based on the Federal Sentencing Guidelines, subsequent guidance from the Office of Inspector General, and applicable federal and state laws, and regulations.

The Code of Conduct establishes Cresco Labs' expectations for the conduct of all employees. All employees are expected to read, understand, and comply with the Code of Conduct and Company Policies. The Code of Conduct is introduced at onboarding for all new hires and is permanently posted in the Policy Library of the employee intranet. Employees are expected to raise issues, concerns, and report any violations in good faith and can do so with full confidence in their actions. If an employee does not wish to be identified, an independent hotline channel is available and is managed by an independent company. Retaliation against a reporting person by anyone may be against the law and is a direct violation of the Code of Conduct. Anti-retaliation policy training is an annual training subject for all people leaders. Employees are also protected from retaliation for any participation in a company led investigation of possible violations. Cresco Labs is committed to prompt and thorough investigation of any matter that violates the Code of Conduct or any other Company Policies. All allegations of wrongdoing reported through the above referenced hotline are appropriately investigated; such investigations are overseen and reviewed by the VP of Ethics and Compliance, in consultation with appropriate parties within Human Resources, Legal, Regulatory, Security, and/or Quality Assurance. All reported material incidents and trends are reviewed by the Company's Audit Committee and the Company's Ethics Committee.

***Risk & Control Framework***

Cresco continues to work closely with internal and external risk area experts to further develop, enhance, and improve its compliance and risk management and mitigation processes and procedures in furtherance of continued compliance with the complex federal and state regulatory frameworks under which Cresco Labs operations are subject. The internal compliance program currently in place includes continued monitoring by managers and executives of Cresco and its subsidiaries to ensure that all operations conform to and comply with required laws, regulations, and operating procedures. Cresco further requires its operating subsidiaries to report and disclose all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them.

***Regulatory Compliance Program***

Cresco has developed and continues to refine a robust regulatory compliance program designed to ensure operational requirements continue to be satisfied, and has worked closely with internal and external experts and counsel ("**Regulatory Counsel**") covering every jurisdiction (state and local) in which it operates to assist in the development of Standard Operating Procedures ("**SOPs**") which assist the Company in managing and monitoring its compliance with U.S. state law on an ongoing basis.

The Facility Directors, compliance and adherence team members, Regulatory Counsel, licensing professionals, and government affairs representatives for each jurisdiction serve as the liaison to state and local regulators during both regular business hours and after hours. Those individuals and teams are collectively responsible for ensuring operations and employees strictly comply with applicable laws, regulations, and licensing conditions and ensure that operations do not endanger the health, safety, or welfare of the community. The Facility Directors, compliance and adherence team members, Regulatory Counsel, licensing professionals, and government affairs representatives covering each location coordinate with each operational unit within each facility to ensure that the operation and all employees are following and complying with Cresco's security procedures and all regulatory compliance standards.
In conjunction with Cresco's Human Resources and Operations departments, the compliance and adherence teams, and Quality departments help oversee and implement mandatory training for employees based on their function and role, including but not limited to the following topics:

- Compliance with state and local laws
- Dispensing procedures
- Security & safety policies and procedures
- Inventory control procedures
- Seed-to-sale Tracking System
- Cultivation, Manufacturing & Quality Control
- Customer Complaints, Returns & Recalls procedures
- Distribution & Transportation procedures

Cresco's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from cultivation to sale or disposal. Only authorized, properly trained employees are allowed to access Cresco's computerized seed-to-sale system.

Cresco's compliance and adherence team members, Regulatory Counsel, licensing professionals, and government affairs representatives monitor all compliance notifications from regulators and inspectors in each market to ensure timely resolution of issues identified. Those individuals and teams maintain records of compliance notifications received from the state regulators or inspectors and how and when the issue was resolved. Cresco has a comprehensive set of SOPs that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping, and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping, among

other subjects. Cresco maintains accurate records of its inventory at all licensed facilities. Adherence to Cresco's SOPs is mandatory and ensures that Cresco's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licensing, and other requirements.

***Seed-to-Sale Tracking Software***

The Company utilizes state specified and/or approved third-party seed-to-sale tracking platforms, as required by state regulations, that integrate the inventory management program and facilitates the reporting, review, and assurance of continued compliance with state and local requirements. As specified by state requirements and Cresco Labs' SOPs, daily, weekly, and monthly inventory counts, as well as random inventory spot checks, are built into routine operations to ensure that physical product inventory reflects the records of the inventory management systems. Product lots are traceable from cultivation through the manufacturing and shipping processes. This traceability is tested and verified at least annually.

***Product Quality***

Cresco Labs ensures compliance and the integrity of our products through the implementation of an effective quality management system. Operations follow established processes and quality is measured and monitored to ensure issues are identified and addressed in a timely manner.

## RECENT DEVELOPMENTS

During the first quarter of 2026, the Company has entered into a purchase agreement, pending approval, which will result in the acquisition of 9 dispensaries for the purpose of expanding the Company's national presence. Total consideration is an estimated $50.0 million, subject to certain closing adjustments.

In January 2026, the Company entered into an equity distribution agreement with Haywood Securities Inc. Pursuant to this agreement, the Company is able, from time to time, to sell up to C$140 million of its SVS in Canada (the "**ATM Program**"). The ATM Program was made pursuant to the 2025 Shelf Prospectus and a prospectus supplement dated January 29, 2026. The ATM Program will expire in November of 2027.

On October 31, 2025, the Company completed the sale of its Sonoma's Finest cultivation facility, which was classified as held for sale as of September 30, 2025. The Company received $2.1 million in proceeds from the sale comprised of $0.4 million of cash on closing along with a $1.7 million seller note with an 8% interest rate payable over an 18-month period.

On August 20, 2025, the Company commenced an offer for a one-time stock award exchange program (the " **Award Exchange Program**") to certain employee option holders ("**Eligible Participants**") who held certain underwater stock options and remained employed by the Company through the completion of the Award Exchange Program. Eligible Participants with an outstanding stock option that had an exercise price equal to or greater than $2.25 or 6.62 times the closing price on the expiration date of the Award Exchange Program of September 17, 2025 or with an outstanding stock option expiring before September 30, 2030, had the option to exchange their existing options for new RSUs ("**New RSUs**") with a three-year vesting period. Eligible Participants had until September 17, 2025 to elect to exchange their existing stock options. Pursuant to the Award Exchange Program, 15 eligible participants elected to exchange 8.9 million stock options for 8.9 million New RSUs. The Award Exchange Program was subject to a shareholder vote at the Company's Annual General and Special Meeting of shareholders held on September 16, 2025. The Award Exchange Program was approved as of the meeting. On September 17, 2025, the Company granted 8.9 million New RSUs pursuant to the terms of the Option Exchange Program and the Plan. Incremental expense of $5.6 million will be recognized over the three-year vesting period of the New RSUs.

On August 13, 2025, the Company closed a refinancing of the Company's senior secured credit facility (" **Senior Secured Term Loan**"). The new $325 million senior secured term loan bears an interest rate of 12.5% per annum and matures on August 13, 2030. It replaces the Company's prior $360 million facility, reducing total debt, extending the maturity to 2030, and providing enhanced flexibility to prepay up to $125 million at a reduced

premium. Proceeds from the new facility, together with cash on hand, were used to repay in full the existing term loan. The facility contains no equity or convertible features and includes customary financial and operational covenants.

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 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 December 31, 2025 and 2024, approximately 65.5% and 66.8%, 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 34.5% and 33.2%, respectively, for the same periods. For the year ended December 31, 2025 and 2024, approximately 66.0% and 65.1%, 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 34.0% and 34.9%, respectively, for the same periods. Sales discounts were approximately 29.6% and 24.6% of gross revenue for the year ended December 31, 2025 and 2024, respectively.

*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 employee salary and benefit costs, depreciation and amortization, professional and legal fees, advertising and marketing, 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 months and years ended December 31, 2025 and 2024, SG&A was comprised of the following:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *($ in thousands)* | **2025** | **2024** | **2025** | **2024** |
| | *(unaudited)* | | | |
| Salaries and benefits | $ 31,846 | $ 33,629 | $ 130,310 | $ 129,501 |
| Occupancy and facility expenses | 7,356 | 7,059 | 28,218 | 28,865 |
| Depreciation and amortization | 4,966 | 5,457 | 20,178 | 21,770 |
| Professional and legal fees | 7,779 | 3,279 | 18,873 | 17,226 |
| Selling and marketing expense | 3,004 | 3,199 | 11,000 | 10,664 |
| Office and general expense | 2,189 | 2,703 | 9,529 | 10,196 |
| Share-based compensation | 3,415 | 3,133 | 9,413 | 11,803 |
| Other expense | 4,840 | 6,161 | 19,933 | 24,817 |
| **Total SG&A** | **$ 65,395** | **$ 64,620** | **$ 247,454** | **$ 254,842** |

*Other expense, net*

Other expense, net consists mainly of recurring 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 months and years ended December 31, 2025 and 2024, Other expense, net consisted of the following:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *($ in thousands)* | **2025** | **2024** | **2025** | **2024** |
| | *(unaudited)* | | | |
| Loss on debt extinguishment | $ — | $ (1,002) | $ (16,363) | $ (1,002) |
| Loss on disposal of assets | (143) | (25) | (2,370) | (683) |
| Loss on lease termination | (283) | — | (1,144) | — |
| (Loss) gain on foreign currency | (202) | 807 | (617) | 1,039 |
| Loss on provision - loan receivable | (81) | (68) | (170) | (330) |
| (Loss) gain on investments held at fair value | (12) | 5 | (67) | (72) |
| Tax receivable agreement income (expense) | 1,348 | (4,981) | 1,542 | (65,648) |
| Changes in fair value of deferred and contingent considerations | 1,043 | 116 | 1,105 | (1,378) |
| Other income, net | 994 | 1,992 | 6,929 | 4,767 |
| **Other income (expense), net** | **$ 2,664** | **$ (3,156)** | **$ (11,155)** | **$ (63,307)** |

*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 months and years ended December 31, 2025 and 2024, Interest expense, net consisted of the following:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *($ in thousands)* | **2025** | **2024** | **2025** | **2024** |
| | *(unaudited)* | | | |
| Interest expense – notes and loans payable | $ (11,459) | $ (9,004) | $ (41,746) | $ (37,926) |
| Interest expense – financing activities | (2,796) | (2,869) | (11,273) | (11,549) |
| Accretion of debt discount and amortization of deferred financing fees | (646) | (1,201) | (4,059) | (4,855) |
| Interest expense – leases | (715) | (772) | (2,930) | (3,146) |
| Interest income | 1,363 | 657 | 3,748 | 2,922 |
| Other interest expense | (11) | (6) | (20) | (47) |
| **Interest expense, net** | **$ (14,264)** | **$ (13,195)** | **$ (56,280)** | **$ (54,601)** |

*Income Taxes*

The Company is classified for U.S. federal income tax purposes as a U.S. corporation under Section 7874 of the 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, 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 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Revenues, net | $ 161,553 | $ 164,913 | $ 163,624 | $ 165,757 | $ 175,909 | $ 179,783 | $ 184,356 | $ 184,295 |
| (Loss) income from operations | (75,545) | 17,828 | 16,141 | 13,589 | 19,406 | 26,343 | 32,380 | 29,163 |
| Net loss attributable to Cresco Labs Inc. | (87,588) | (17,054) | (16,334) | (14,432) | (4,372) | (10,541) | (54,332) | (5,193) |
| Basic and Diluted EPS | $ (0.25) | $ (0.05) | $ (0.05) | $ (0.04) | $ (0.01) | $ (0.03) | $ (0.16) | $ (0.02) |

***Results of Operations***

***Three Months Ended December 31, 2025 Compared to the Three Months Ended December 31, 2024***

The following tables set forth selected consolidated financial information for the periods indicated that are derived from our 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:

| | Three Months Ended December 31, | | | |
|---|---|---|---|---|
| *($ in thousands)* | 2025 | 2024 | $ Change | % Change[2] |
| Revenues, net | $ 161,553 | $ 175,909 | $ (14,356) | (8.2) % |
| Cost of goods sold | 78,232 | 91,883 | (13,651) | (14.9) % |
| Gross profit | 83,321 | 84,026 | (705) | (0.8) % |
| Selling, general, and administrative | 65,395 | 64,620 | 775 | 1.2 % |
| Impairment loss | 93,471 | — | 93,471 | 100.0 % |
| Total operating expenses | 158,866 | 64,620 | 94,246 | 145.8 % |
| Total other expense, net | (11,600) | (16,351) | 4,751 | (29.1) % |
| Income tax expense | (1,804) | (2,616) | 812 | (31.0) % |
| **Net (loss) income[1]** | **$ (88,949)** | **$ 439** | **$ (89,388)** | nm |

[1]Net (loss) income includes amounts attributable to non-controlling interests.

[2]Percentage changes shown as "nm" (not meaningful) are values greater than 399%.

*Revenues, net*

Revenue for the three months ended December 31, 2025, decreased $14.4 million, or 8.2%, compared to the three months ended December 31, 2024. The decrease in revenue was primarily driven by price compression and increased competition in the Illinois, Pennsylvania, and Florida markets as well as reduced operations in California compared to the prior year period. The decrease was partially offset by wholesale growth in Massachusetts, and retail growth in Ohio due to legalizing adult-use of cannabis.

*COGS and Gross profit*

COGS for the three months ended December 31, 2025, decreased $13.7 million, or 14.9%, compared to the three months ended December 31, 2024. The decrease was primarily attributable to decreased sales in Illinois, Pennsylvania, and California.

Gross profit decreased by $0.7 million, or 0.8%, for the three months ended December 31, 2025, compared to the three months ended December 31, 2024. The decrease in gross profit was primarily driven by lower sales in Illinois and Pennsylvania offset by increased sales in Ohio and Massachusetts. As a percentage of revenue, gross profit was 51.6% and 47.8% for the three months ended December 31, 2025 and December 31, 2024, respectively. The

increase in gross profit as a percentage of revenue was driven by lower cost of sales from higher margin states due to improved operational efficiencies.

*Total operating expenses*

Total operating expenses for the three months ended December 31, 2025, increased $94.2 million, or 145.8% compared to the three months ended December 31, 2024. The increase was primarily attributable to impairment of the New York reporting unit of $93.5 million as management determined it is more likely than not that the carrying value exceed its fair value due to updated forecasts and projections.

*Total other expense, net*

Total other expense, net for the three months ended December 31, 2025, decreased $4.8 million, or 29.1%, compared to the three months ended December 31, 2024. The decrease was primarily attributable to a $5.0 million tax receivable agreement expense recognized during the fourth quarter of 2024 as a result of the company's IRC Section 280E position.

*Provision for income taxes*

Income tax expense for the three months ended December 31, 2025, decreased $0.8 million, compared to the three months ended December 31, 2024. The decrease was primarily due to lesser gross profit.

*Net (loss) income*

Net loss for the three months ended December 31, 2025, increased $89.4 million compared to the three months ended December 31, 2024. The change was primarily driven by the increase in impairment expense discussed above.

***Year Ended December 31, 2025 Compared to the Year Ended December 31, 2024***

The following tables set forth selected consolidated financial information for the periods indicated that are derived from our 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:

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| *($ in thousands)* | **2025** | **2024** | **$ Change** | **% Change[2]** |
| Revenues, net | $ 655,847 | $ 724,343 | $ (68,496) | (9.5) % |
| Cost of goods sold | 331,279 | 359,889 | (28,610) | (7.9) % |
| Gross profit | 324,568 | 364,454 | (39,886) | (10.9) % |
| Selling, general, and administrative | 247,454 | 254,842 | (7,388) | (2.9) % |
| Impairment loss | 105,101 | 2,320 | 102,781 | nm |
| Total operating expenses | 352,555 | 257,162 | 95,393 | 37.1 % |
| Total other expense, net | (67,435) | (117,908) | 50,473 | (42.8) % |
| Income tax expense | (44,622) | (49,873) | 5,251 | (10.5) % |
| **Net loss[1]** | **$ (140,044)** | **$ (60,489)** | **$ (79,555)** | 131.5 % |

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

[2]Percentage changes shown as "nm" (not meaningful) are values greater than 399%.

*Revenues, net*

Revenue for the year ended December 31, 2025, decreased $68.5 million, or 9.5%, compared to the year ended December 31, 2024. The decrease in revenue was primarily driven by increased competition, price compression, and price discounting in the Illinois, Pennsylvania, and Florida markets. The decrease was partially offset by growth in Ohio due to legalizing adult-use of cannabis, and wholesale growth in Massachusetts.

*COGS and Gross profit*

COGS for the year ended December 31, 2025, decreased $28.6 million, or 7.9%, compared to the year ended December 31, 2024. The decrease was primarily attributable to lower sales in Illinois offset by retail growth in Ohio legalizing audit-use of cannabis.

Gross profit decreased by $39.9 million, or 10.9%, for the year ended December 31, 2025, compared to the year ended December 31, 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 49.5% and 50.3% for the year ended December 31, 2025 and December 31, 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 year ended December 31, 2025, increased $95.4 million, or 37.1%, compared to the year ended December 31, 2024. The increase was primarily attributable to $105.1 million of impairment charges recorded during the year ended December 31, 2025 primarily due to impairment of $93.5 million of the New York reporting unit of as management determined it is more likely than not that the carrying value exceed its fair value due to updated forecasts and projections.

*Total other expense, net*

Total other expense, net for the year ended December 31, 2025, decreased $50.5 million, or 42.8%, compared to the year ended December 31, 2024. The decrease was primarily attributable to $65.6 million in tax receivable agreement expense recognized in 2024 related to the Company's IRC Section 280E position. The decrease was partially offset by a $16.4 million loss on debt extinguishment recognized during the third quarter of 2025 as a result of the Company retiring its Senior Loan.

*Provision for income taxes*

Income tax expense for the year ended December 31, 2025, decreased $5.3 million, or 10.5%, compared to the year ended December 31, 2024. The decrease was primarily due to lesser gross profit.

*Net loss*

Net loss for the year ended December 31, 2025, increased $79.6 million compared to the year ended December 31, 2024. The increase in net loss was primarily driven by the decrease in impairment expense discussed above.

***Selected Annual Information***

The following presents selected financial data derived from our Consolidated Financial Statements for the years ended and as of December 31, 2025, 2024 and 2023.

| | Year Ended December 31, | | |
|---|---|---|---|
| *($ in thousands)* | **2025** | **2024** | **2023** |
| Revenues, net | $ 655,847 | $ 724,343 | $ 770,885 |
| (Loss) income from operations | (27,987) | 107,292 | (87,823) |
| Net loss attributable to Cresco Labs Inc. | (135,408) | (74,438) | (175,522) |
| Basic and Diluted EPS | $ (0.38) | $ (0.22) | $ (0.54) |
| *($ in thousands)* | **December 31, 2025** | **December 31, 2024** | **December 31, 2023** |
| Total assets | $ 1,197,300 | $ 1,355,355 | $ 1,358,467 |
| Non-current lease liabilities | 144,012 | 155,334 | 163,811 |
| Total long-term notes and loans payable, net | 417,095 | 460,750 | 497,713 |

During the year ended December 31, 2025, the Company saw reductions in revenue compared to the prior year primarily due to increased competition, price compression, and price discounting in Illinois, Pennsylvania and Florida. During the year ended December 31, 2024, the Company saw reductions in revenue compared to the prior year primarily due to increased competition, price compression, and price discounting in Illinois and Massachusetts and reduced operations in California, Maryland, and Arizona. The 2025 and 2024 results above include $105.1 million and $2.3 million, respectively, of impairment charges, which are further explained in the *Total operating expenses* section 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 December 31, | | | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | $ Change | % Change[2] | 2025 | 2024 | $ Change | % Change[2] |
| Net (loss) income[1] | $ (88,949) | $ 439 | $ (89,388) | nm | $ (140,044) | $ (60,489) | $ (79,555) | 131.5 % |
| Depreciation and amortization | 10,758 | 13,904 | (3,146) | (22.6) % | 48,712 | 59,096 | (10,384) | (17.6) % |
| Interest expense, net | 14,264 | 13,195 | 1,069 | 8.1 % | 56,280 | 54,601 | 1,679 | 3.1 % |
| Income tax expense | 1,804 | 2,616 | (812) | (31.0) % | 44,622 | 49,873 | (5,251) | (10.5) % |
| **EBITDA (non-GAAP)** | **$ (62,123)** | **$ 30,154** | **$ (92,277)** | (306.0) % | **$ 9,570** | **$ 103,081** | **$ (93,511)** | (90.7) % |
| Other expense, net | (2,664) | 3,156 | (5,820) | (184.4) % | 11,155 | 63,307 | (52,152) | (82.4) % |
| Fair value mark-up for acquired inventory | 28 | — | 28 | 100.0 % | 28 | 123 | (95) | 100.0 % |
| Adjustments for acquisition and other non-core costs | 8,071 | 4,493 | 3,578 | 79.6 % | 20,263 | 16,851 | 3,412 | 20.2 % |
| Impairment loss | 93,471 | — | 93,471 | 100.0 % | 105,101 | 2,320 | 102,781 | nm |
| Share-based compensation | 3,652 | 3,705 | (53) | (1.4) % | 11,232 | 14,164 | (2,932) | (20.7) % |
| **Adjusted EBITDA (non-GAAP)** | **$ 40,435** | **$ 41,508** | **$ (1,073)** | **(2.6) %** | **$ 157,349** | **$ 199,846** | **$ (42,497)** | **(21.3) %** |

[1]Net loss (income) includes amounts attributable to non-controlling interests.
[2]Percentage changes shown as “nm” (not meaningful) are values greater than 399%.

Adjusted EBITDA, a non-GAAP financial measure, is defined as Net (loss) income, excluding depreciation and amortization; interest expense, net; income taxes; Other expense, 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 $40.4 million for the three months ended December 31, 2025, compared to $41.5 million for the three months ended December 31, 2024. The decrease in adjusted EBITDA of $1.1 million is primarily due to a decrease in gross profit. Adjusted EBITDA was $157.3 million for the year ended December 31, 2025, compared to $199.8 million for the year ended December 31, 2024. The decrease in adjusted EBITDA of $42.5 million is primarily driven by a decrease in gross profit.

## CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's Consolidated Financial Statements under GAAP requires management to make estimates, judgments and assumptions about the carrying amounts of certain assets and liabilities. Estimates and related assumptions are based on historical experience, and other relevant factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis for reasonableness, and relevancy. Where revisions are required, they are recognized in the period in which the estimate is revised for the current as well as future periods that are affected.

We believe that our accounting policies and estimates that require the most significant judgments, and assumptions are discussed below.

***(i) Goodwill and Indefinite-Lived Intangible Asset Impairment***

The Company relies on a number of factors, including historical results, business plans, forecasts, market data, and discount rates. An estimated fair value is determined using the present value of estimated future cash flows under this methodology, and any excess of recorded goodwill over estimated fair value is written off through impairment expense. Key estimates include perpetual growth rate which was estimated at 2.0% and discount rates ranging between 12.0% and 15.0% based on the pre-tax weighted average cost of capital of each reporting unit and other peers in the industry weighted-average cost of capital, forecasts, and timing and impact of adult-use legalization. Changes in the conditions for these judgments can significantly affect the assessed value of goodwill, and indefinite-lived intangible assets. We completed our annual evaluation for impairment of goodwill, and indefinite-lived intangible assets during the fourth quarter of 2025. The evaluation indicated that the fair value estimates of our reporting units exceeded their carrying values by sufficient margins, aside from the New York reporting unit which recognized impairment down to its fair value, see *Results of Operations* for additional information.

***(ii) Impairment of Long-lived Assets***

The Company measures impairment by comparing the carrying value to the estimated fair value of long-lived assets, which is primarily by using the projected future cash flows based on forecasted data. Long-lived assets include, but are not limited to, property and equipment, right of use assets, and definite-lived intangible assets. When impairment exists, the related assets are written down to fair value.

***(iii) Income Tax***

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Our most significant permanent, and temporary differences relate to Section 280E, amortization, and impairment charges. The Company reviews the adequacy of these provisions at the end of the reporting period. In addition to uncertain tax positions discussed below, our most significant underlying assumptions reviewed is the estimated timing and realization of deferred tax assets, and related valuation allowance. However, it is possible that at some future date an additional liability could result from audits by taxing authorities, and it is possible that there could be non-income based tax or other liabilities (including distribution liabilities to non-controlling interest holders which are based on income taxes) that result from these audits. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Any impact to non-income-based taxes, and other liabilities are evaluated in accordance ASC 450 *Contingencies*.

Uncertain tax positions are recognized and measured using a two-step process: (1) determine whether a benefit may be recognized and (2) measure the amount of the benefit. Tax benefits from

uncertain tax positions may be recognized only if it is more likely than not that the tax position is sustainable based on its technical merits. Uncertain tax positions are evaluated at the individual tax position level. The tax benefit is measured by using a cumulative probability model: the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Any interest or penalties related to uncertain tax positions are recognized within Income taxes payable in the Consolidated Balance Sheets.

***(iv) Contingencies***

The Company is subject to lawsuits, investigations, and other claims related to employment, commercial, regulatory, and other matters that arise out of operations in the normal course of business. At each reporting period, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in Accrued liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

***(v) Inventory***

In calculating final inventory values, management compares the inventory cost to estimated net realizable value. The net realizable value of inventories represents the estimated selling price of inventory in the ordinary course of business, less all estimated costs of completion and costs necessary to complete the sale. The determination of net realizable value requires significant judgment including consideration of factors such as shrinkage, the aging of and future demand for inventory, and the future selling price the Company expects to realize by selling the inventory. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts, and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from estimates. Periodic reviews are performed on the inventory balance and the impact of changes in inventory reserves is recorded in COGS.

***(vi) Expected Credit Loss ("ECL") on Receivables***

The Company calculates ECLs in accordance with ASC 326 *Financial Instruments - Credit Losses* using the current ECL methodology. The Company develops a provision matrix and measures the expected credit losses based on lifetime expected credit losses, taking into consideration historical credit loss experience and financial factors specific to the debtors. In developing a provision matrix, the Company:

*(i)* determines the appropriate groupings of receivables into categories of shared credit risk characteristics,

*(ii)* determines historical loss rates,

*(iii)* considers forward-looking macro-economic factors and adjusts historical loss rates to reflect relevant future economic conditions,

*(iv)* calculates expected credit losses and

*(v)* concludes on the accounting implications.

The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, temporary, qualitative adjustments may be made using expert credit judgment. The allowance the Company records, if any, is the sum of these probability-weighted outcomes.

***(vii) Share-Based Compensation***

In determining the fair value of share-based awards for the purpose of calculating compensation expense, key estimates such as the rate of forfeiture of awards granted, the expected life of options, the volatility of the Company's stock price and the risk-free interest rate are used. For awards with performance conditions, additional estimates for the probability of achievement of performance-based goals are also necessary.

The critical accounting estimates below do not represent a material estimate in the preparation of our 2025 consolidated financial statements; however, these estimates have in the past been and are likely in the future to be significant based on our current policies.

***(i) Business Combinations and Asset Acquisitions***

Determination of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business. The classification can have a significant impact on the accounting on and subsequent to the acquisition date.

***(ii) Fair Value Measurements***

Fair value is defined as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on a specified date. The Company estimates fair value of financial instruments in accordance ASC 820 *Fair Value Measurement*, using quoted market prices whenever available and utilizing standard pricing models in situations where quoted market prices are not available.

**Newly Adopted Accounting Pronouncements**

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 adopted this ASU for the fiscal year ended December 31, 2025 on a prospective basis. The adoption of this ASU resulted in additional disclosure about the Company's effective tax rate reconciliation as well as income taxes paid.

**Recently Issued Accounting Standards**

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*, which addresses thirty-three issues that represent changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. The amendments make the Codification easier to understand and apply. This guidance is effective for interim periods within annual reporting periods beginning after December 15, 2026. Early adoption is permitted. Upon adoption, the guidance can applied either prospectively or retrospectively. The Company is currently assessing the impact of this ASU on our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements* , which amends the navigability of the required interim disclosures and clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. This guidance is effective for interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. Upon adoption, the guidance can applied either prospectively or retrospectively. The Company is currently assessing the impact of the disclosure requirements on our consolidated financial statements.

In November 2025, the FASB issues ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans* , which expands the population of acquired financial assets subject to the gross-up approach in Topic 326. This guidance in effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. The Company already applies the gross-up approach, as such, this ASU will not impact the Company's financial statements.

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 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 our consolidated financial statements.

**Reclassifications**

Certain immaterial prior period amounts were reclassified to conform to the current presentation.

*(i)* 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.

*(ii)* The Company reclassified changes in fair value related to our deferred and contingent considerations to other expense, net previously included in interest expense, net on the Consolidated Statements of Operations and Comprehensive Loss. The reclassification had no effect on Total other expense, net or net cash provided by operations.

*(iii)* The Company also combined impairment on loan receivable, loss on investments, and loss on lease termination as "Other noncash adjustments" on the Consolidated Statements of Cash Flows. The reclassification had no effect on net cash provided, or used, by operating, investing, and financing activities.

## 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 December 31, 2025, the Company held $57.9 million in Cash and cash equivalents and $36.4 million in Restricted cash, included in both Restricted cash and Other non-current assets on the 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 Secured Term Loan of $325.0 million, which closed on August 13, 2025, that bears an interest rate of 12.5% and matures on August 13, 2030. This refinancing, along with existing cash on hand, was used to repay the Company's prior facility of $360.0 million, reducing total debt. JDRC Ellenville, LLC ("**Ellenville**"), an indirect subsidiary of the Company, entered into a $25.3 million loan on September 26, 2023, and amended on October 3, 2025, 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 December 31, 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 $72.9 million for the year ended December 31, 2025, a decrease of $59.6 million compared to $132.5 million of net cash provided by operating activities during the year ended December 31, 2024. The $59.6 million decrease was primarily attributable to lower gross profit, increased interest payments due to our Senior Loan refinancing, 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 $40.7 million for the year ended December 31, 2025, an increase of $15.5 million compared to $25.2 million during the year ended December 31, 2024. The increase in net cash used in investing activities was primarily driven by an increase in capital expenditures.

*Financing Activities*

Net cash used in financing activities was $82.1 million for the year ended December 31, 2025, an increase of $10.6 million compared to $71.5 million for the year ended December 31, 2024. The increase was primarily driven by the refinancing of our Senior Loan, offset by the proceeds from our Senior Secured Term Loan as well as 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 December 31, 2025:

| *($ in thousands)* | **< 1 Year** | **1 to 3 Years** | **3 to 5 Years** | **> 5 Years** | **Total** |
|---|---|---|---|---|---|
| Deferred and contingent consideration, short-term | $ 2,566 | $ — | $ — | $ — | $ 2,566 |
| Operating leases liabilities | 28,688 | 57,847 | 57,556 | 111,642 | 255,733 |
| Finance lease liabilities | 5,147 | 10,366 | 8,360 | 9,995 | 33,868 |
| Deferred and contingent consideration, long-term | — | 5,815 | — | — | 5,815 |
| Short-term borrowings and Long-term notes and loans payable | 21,707 | 30,776 | 355,742 | 91,398 | 499,623 |
| Tax receivable agreement liability | 6,237 | 11,062 | 11,591 | 48,950 | 77,840 |
| Other long-term liabilities | — | 1,000 | — | — | 1,000 |
| **Total obligations as of December 31, 2025** | **$ 64,345** | **$ 116,866** | **$ 433,249** | **$ 261,985** | **$ 876,445** |

## RELATED PARTY TRANSACTIONS

See Note 14 “Related Party Transactions” in the 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:

### (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 December 31, 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 Secured Term 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, as of the date of this MD&A, the SAFER Banking Act has not been brought to a vote in the full Senate or the House of Representatives, and there have been no further substantive legislative actions. 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.

### (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 consolidated financial statements have been prepared assuming that the Company will continue as a going concern. For the year ended December 31, 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 December 31, 2025, the Company had working capital (defined as current assets less current liabilities) of $159.1 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 December 31, 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 year ended December 31, 2025, the Company recorded a $0.6 million loss in foreign currency exchange. The Company recorded gain on foreign currency exchange of $1.0 million during the year ended December 31, 2024.

As of December 31, 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 Senior Secured Term Loan accrues interest at a rate of 12.5% per annum and has an effective interest rate of 13.8%. The Company's Mortgage Loans accrue interest at a rate of 8.4% per annum and have an effective interest rate of 10.2%.

***(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 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 20 "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 2026. 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.

## SUMMARY OF OUTSTANDING SHARE AND SHARE-BASED DATA

Cresco Labs has the following securities issued and outstanding, as of December 31, 2025:

| Securities | Number of Shares *(in thousands)* |
|---|---|
| Super Voting Shares | 500 |
| Subordinate Voting Shares[1] | 343,233 |
| Proportionate Voting Shares[2] | 16,298 |
| Special Subordinate Voting Shares[3] | 2 |
| Redeemable Units[4] | 85,299 |

[1]Subordinate Voting Shares includes shares pending issuance or cancellation
[2]Proportionate Voting Shares presented on an "as-converted" basis to Subordinate Voting Shares (1-to-200)
[3]Special Subordinate Voting Shares presented on an "as-converted" basis to Subordinate Voting Shares (1-to-0.00001)
[4] Redeemable units of Cresco Labs, LLC, each of which is exchangeable for one (1) Subordinate Voting Shares

Exhibit 99.6

# CRESCO LABS INC.

## CONSOLIDATED FINANCIAL STATEMENTS

## AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

*(Expressed in United States Dollars)*

**CRESCO LABS INC.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Shareholders and the Board of Directors of Cresco Labs Inc.**

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheet of Cresco Labs Inc. (the "Company") as of December 31, 2025, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements of the Company for the year ended December 31, 2024, before the effects of the retrospective adjustments for the changes in reportable segment disclosures discussed in Note 18 to the consolidated financial statements, were audited by other auditors whose report, dated March 14, 2025, expressed an unqualified opinion on those statements. We have audited the adjustments to the 2024 consolidated financial statements to retrospectively adjust for the changes related to reportable segments in 2024, as discussed in Note 18 to the consolidated financial statements. In our opinion, such retrospective adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2024 consolidated financial statements of the Company other than with respect to the retrospective adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2024 consolidated financial statements taken as a whole.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Baker Tilly US, LLP

Chicago, IL
March 5, 2026

We have served as the Company's auditor since 2025.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Shareholders and Board of Directors of Cresco Labs Inc.**

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheet of Cresco Labs Inc. (the "Company") as of December 31, 2024 and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). The 2024 financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. In our opinion, the 2024 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter – Change in Accounting Policy***

As discussed in Note 2(r) to the consolidated financial statements, the Company has elected to change its accounting policy related to its annual impairment test date. The Company changed their annual date from October 1 to December 1, which has been presented prospectively.

***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP (PCAOB ID: 688)

We have served as the Company's auditor from 2019 through 2025

New York, NY
March 14, 2025

**Cresco Labs Inc.**
**Consolidated Balance Sheets**
**As of December 31, 2025 and December 31, 2024**
*(In thousands of United States Dollars, except share amounts)*

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents[1] | $ 57,902 | $ 137,564 |
| Restricted cash | 33,184 | 3,439 |
| Accounts receivable, net | 37,887 | 51,563 |
| Inventory, net | 98,666 | 83,343 |
| Prepaid expenses | 11,725 | 16,120 |
| Other current assets | 19,909 | 2,228 |
| Total current assets | 259,273 | 294,257 |
| Non-current assets: | | |
| Property and equipment, net[1] | 327,192 | 344,846 |
| Right-of-use assets - operating, net[1] | 86,773 | 95,846 |
| Right-of-use assets - finance, net | 12,947 | 14,811 |
| Intangible assets, net[1] | 275,342 | 293,994 |
| Goodwill | 208,173 | 283,484 |
| Deferred tax asset | 13,501 | 13,127 |
| Other non-current assets | 14,099 | 14,990 |
| Total non-current assets | 938,027 | 1,061,098 |
| **TOTAL ASSETS** | **$ 1,197,300** | **$ 1,355,355** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 16,540 | $ 13,651 |
| Accrued liabilities | 58,017 | 54,296 |
| Short-term borrowings, net | 10,784 | 11,934 |
| Income taxes payable | — | 348 |
| Current portion of operating lease liabilities | 9,793 | 9,629 |
| Current portion of finance lease liabilities | 2,480 | 1,994 |
| Deferred and contingent consideration, short-term | 2,566 | 2,486 |
| Total current liabilities | 100,180 | 94,338 |
| Non-current liabilities: | | |
| Long-term notes and loans payable, net[1] | 417,095 | 460,750 |
| Operating lease liabilities[1] | 125,743 | 135,273 |
| Finance lease liabilities | 18,269 | 20,061 |
| Deferred tax liability | 33,619 | 38,950 |
| Deferred and contingent consideration, long-term | 5,815 | 7,736 |
| Tax receivable agreement liability | 71,603 | 79,457 |
| Uncertain tax position liability | 171,474 | 122,468 |
| Other long-term liabilities | 1,000 | 8,146 |
| Total non-current liabilities | 844,618 | 872,841 |
| **TOTAL LIABILITIES** | **$ 944,798** | **$ 967,179** |
| **COMMITMENTS AND CONTINGENCIES (Note 15)** | | |
| **SHAREHOLDERS' EQUITY** | | |
| Super Voting Shares, no par value; Unlimited shares authorized;500,000 shares issued and outstanding at December 31, 2025 and December 31, 2024 | | |
| Subordinate Voting Shares, no par value; Unlimited shares authorized;343,232,815 and 331,490,358 issued and outstanding at December 31, 2025 and December 31, 2024, respectively | | |
| Proportionate Voting Shares[2], no par value;Unlimited shares authorized; 16,298,484 and 17,106,732 issued and outstanding at December 31, 2025 and December 31, 2024, respectively | | |
| Special Subordinate Voting Shares[3], no par value; Unlimited shares authorized;1,589 shares issued and outstanding at December 31, 2025 and December 31, 2024 | | |
| Share capital | 1,722,277 | 1,706,822 |
| Additional paid-in-capital | 120,047 | 122,750 |
| Accumulated other comprehensive loss | (1,631) | (2,232) |
| Accumulated deficit | (1,500,244) | (1,352,486) |
| Equity of Cresco Labs Inc. | 340,449 | 474,854 |
| Non-controlling interests | (87,947) | (86,678) |
| **TOTAL SHAREHOLDERS' EQUITY** | **252,502** | **388,176** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **$ 1,197,300** | **$ 1,355,355** |

[1]See Note 17 "Variable Interest Entities" for amounts related to variable interest entities.
[2]Proportionate Voting Shares ("**PVS**") presented on an "as-converted" basis to Subordinate Voting Shares ("**SVS**") (1-to-200)
[3]Special 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 consolidated financial statements.

**Cresco Labs Inc.**
**Consolidated Statements of Operations and Comprehensive Loss**
**For the Years Ended December 31, 2025 and 2024**
*(In thousands of United States Dollars, except share and per share amounts)*

| | Year Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Revenues, net | $ 655,847 | $ 724,343 |
| Cost of goods sold | 331,279 | 359,889 |
| Gross profit | 324,568 | 364,454 |
| Operating expenses: | | |
| Selling, general, and administrative | 247,454 | 254,842 |
| Impairment loss | 105,101 | 2,320 |
| Total operating expenses | 352,555 | 257,162 |
| (Loss) income from operations | (27,987) | 107,292 |
| Other expense, net: | | |
| Interest expense, net | (56,280) | (54,601) |
| Other expense, net | (11,155) | (63,307) |
| Total other expense, net | (67,435) | (117,908) |
| Loss before income taxes | (95,422) | (10,616) |
| Income tax expense | (44,622) | (49,873) |
| Net loss | $ (140,044) | $ (60,489) |
| Net (loss) income attributable to non-controlling interests, net of tax | (4,636) | 13,949 |
| **Net loss attributable to Cresco Labs Inc.** | **$ (135,408)** | **$ (74,438)** |
| | | |
| **Net loss per share - attributable to Cresco Labs Inc. shareholders:** | | |
| Basic and diluted loss per share | $ (0.38) | $ (0.22) |
| Basic and diluted weighted-average shares outstanding | 355,007,044 | 345,474,155 |
| | | |
| **Comprehensive loss:** | | |
| Net loss | $ (140,044) | $ (60,489) |
| Foreign currency translation differences, net of tax | 601 | (1,081) |
| **Total comprehensive loss for the period** | **(139,443)** | **(61,570)** |
| Comprehensive (loss) income attributable to non-controlling interests, net of tax | (4,636) | 13,949 |
| **Total comprehensive loss attributable to Cresco Labs Inc.** | **$ (134,807)** | **$ (75,519)** |

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

**Cresco Labs Inc.**
**Consolidated Statements of Changes in Shareholders' Equity**
**For the Years Ended December 31, 2025 and 2024**
*(In thousands of United States Dollars)*

| | Share capital | Additional paid-in capital | Accumulated other comprehensive (loss) income, net of tax | Accumulated deficit | Non-controlling interests | Total |
|---|---|---|---|---|---|---|
| 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 | 6,403 | (6,403) | — | — | — | — |
| Share-based compensation | — | 14,331 | — | — | — | 14,331 |
| Employee taxes withheld on certain share-based payment arrangements | — | (747) | — | — | — | (747) |
| Payable pursuant to tax receivable agreements | 21 | — | — | — | — | 21 |
| Equity issuances | (200) | — | — | — | — | (200) |
| Equity issuances related to acquisitions | 2,850 | — | — | — | — | 2,850 |
| Net change in tax distribution accrual | — | 32,647 | — | — | — | 32,647 |
| Tax distributions to non-controlling interest holders | — | — | — | — | (22,077) | (22,077) |
| Excess cash distributions to non-controlling interest holders | — | — | — | — | (5,155) | (5,155) |
| Cresco LLC shares redeemed | 8,282 | — | — | (12,512) | 4,230 | — |
| Foreign currency translation | — | — | (1,081) | — | — | (1,081) |
| Net (loss) income | — | — | — | (74,438) | 13,949 | (60,489) |
| **Ending balance as of December 31, 2024** | **$ 1,706,822** | **$ 122,750** | **$ (2,232)** | **$ (1,352,486)** | **$ (86,678)** | **$ 388,176** |
| Exercise of stock options | 19 | (8) | — | — | — | 11 |
| Issuance of vested restricted stock units | 6,580 | (6,580) | — | — | — | — |
| Share-based compensation | — | 10,924 | — | — | — | 10,924 |
| Employee taxes withheld on certain share-based payment arrangements | (2) | (741) | — | — | — | (743) |
| Payable pursuant to tax receivable agreements | 21 | — | — | — | — | 21 |
| Equity issued related to settlement of acquisition related contingent consideration | 750 | — | — | — | — | 750 |
| Equity issuances for consulting services | 396 | — | — | — | — | 396 |
| Equity issuances | 199 | (199) | — | — | — | — |
| Net change in tax distribution accrual | — | (6,099) | — | — | — | (6,099) |
| Tax distributions to non-controlling interest holders | — | — | — | — | (959) | (959) |
| Excess cash distributions to non-controlling interest holders | — | — | — | — | (2,533) | (2,533) |
| Non-controlling interests, net change in capital | 2,001 | — | — | — | — | 2,001 |
| Cresco LLC shares redeemed | 5,491 | — | — | (12,350) | 6,859 | — |
| Foreign currency translation | — | — | 601 | — | — | 601 |
| Net loss | — | — | — | (135,408) | (4,636) | (140,044) |
| **Ending balance as of December 31, 2025** | **$ 1,722,277** | **$ 120,047** | **$ (1,631)** | **$ (1,500,244)** | **$ (87,947)** | **$ 252,502** |

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

**Cresco Labs Inc.**
**Consolidated Statements of Cash Flows**
**For the Years Ended December 31, 2025 and 2024**
*(In thousands of United States Dollars)*

| | Year Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | $ (140,044) | $ (60,489) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 48,712 | 59,096 |
| Amortization of operating lease assets | 7,027 | 6,897 |
| (Recovery) provision for doubtful accounts for expected credit losses | (1,165) | 1,730 |
| Provision for expected credit losses | 163 | — |
| Share-based compensation expense | 11,233 | 14,164 |
| (Gain) loss on changes in fair value of deferred consideration | (1,105) | 780 |
| Gain on adjustments in fair value of intangibles | (4,000) | — |
| Tax receivable agreement (income) expense | (1,542) | 65,648 |
| Loss on inventory write-offs and provision | 1,905 | 968 |
| Change in deferred taxes | (3,704) | 206 |
| Accretion of discount and deferred financing costs on debt arrangements | 4,059 | 4,855 |
| Loss on debt extinguishment | 16,363 | 1,002 |
| Foreign currency loss (gain) | 617 | (1,039) |
| Loss on disposals of property and equipment | 2,370 | 683 |
| Loss on divestiture | 209 | — |
| Impairment loss | 105,101 | 2,320 |
| Proceeds of contingent consideration in excess of costs over estimated earnings | — | 598 |
| Other noncash adjustments | (115) | 96 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 12,036 | (1,731) |
| Inventory | (18,005) | 18,556 |
| Prepaid expenses and other assets | (7,783) | 2,486 |
| Accounts payable and accrued liabilities | 8,618 | (16,917) |
| Operating lease liabilities | (9,457) | (7,902) |
| Income taxes payable | 41,397 | 40,473 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 72,890 | 132,480 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property and equipment | (35,138) | (19,492) |
| Purchase of intangibles | (3,043) | (3,994) |
| Proceeds from tenant improvement allowances | 501 | 1,055 |
| Payment of acquisition consideration, net of cash acquired | (1,750) | (3,230) |
| Proceeds from divestiture, net of cash transferred | 350 | — |
| Proceeds from disposals of property and equipment | 676 | 432 |
| Merger and acquisition consideration | (3,513) | — |
| Receipts from loans and advances | 1,213 | — |
| **NET CASH USED IN INVESTING ACTIVITIES** | (40,704) | (25,229) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from exercise of stock options | 11 | 9 |
| Proceeds from the issuance of long-term debt | 312,000 | — |
| Payment of debt prepayment and debt extinguishment costs | (7,000) | — |
| Repayment of debt | (360,000) | (40,000) |
| Proceeds 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 | (959) | (22,077) |
| Excess cash distributions to non-controlling interest redeemable unit holders and other members | (2,533) | (5,155) |
| Principal payment of property, plant, and equipment vendor financing | (251) | (976) |
| Payment of debt issuance costs | (14,368) | — |
| Principal payments on finance lease obligations | (4,737) | (3,784) |
| **NET CASH USED IN FINANCING ACTIVITIES** | (82,088) | (71,478) |
| Effect of exchange rate changes on cash and cash equivalents | (17) | (39) |
| **Net (decrease) increase in cash and cash equivalents** | (49,919) | 35,734 |
| Cash and cash equivalents and restricted cash, beginning of period | 144,254 | 108,520 |
| Cash and cash equivalents, end of period | 57,902 | 137,564 |
| Restricted cash, end of period | 33,184 | 3,439 |
| 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** | $ 94,335 | **$ 144,254** |
| | | |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:** | | |
| **CASH PAID DURING THE PERIOD FOR:** | | |
| Income tax, net | $ 6,960 | $ 9,195 |
| Interest | 51,341 | 55,196 |

**Cresco Labs Inc.**
**Consolidated Statements of Cash Flows**
**For the Years Ended December 31, 2025 and 2024**
*(In thousands of United States Dollars)*

| | Year Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **NON-CASH INVESTING AND FINANCING TRANSACTIONS:** | | |
| Issuance of shares under business combinations and acquisitions | $ — | $ 2,850 |
| Deferred and contingent consideration for acquisitions | 750 | — |
| Non-controlling interests redeemed for equity | 6,859 | 4,230 |
| Increase to net lease liability | 3,934 | 680 |
| Liability incurred to purchase property, equipment and intangibles | 921 | 1,218 |
| Liability of property, plant and equipment purchased through vendor financing | 97 | 490 |
| Purchase of inventory through inventory | — | 39 |
| Overpaid declared distributions to non-controlling interest redeemable unit holders | (11,303) | (17,401) |
| Receivable related to financing lease transactions | — | 612 |
| Liability incurred in accordance with asset acquisition | 1,250 | — |
| Liability incurred in accordance with tax receivable agreement | 77,840 | 83,482 |
| Issuance of loans and advances as part of business sale | 1,851 | — |

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

## 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 December 31, 2025, the Company operates in Illinois, Pennsylvania, Ohio, 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 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 Statues, 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 consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("**GAAP**").

### (b) Basis of Measurement

The accompanying 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.

### (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 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 Consolidated Statements of Comprehensive Loss and Accumulated other comprehensive loss on the Consolidated Balance Sheets.

### (d) Basis of Consolidation

The 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 December 31, 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% |
| 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% |
| 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% |
| Strategic Capital and Management Services, LLC[1] | Illinois | Dispensary | 0% |
| Altus Global, 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% |

| Entity | Location | Purpose | Percentage Held |
|---|---|---|---|
| 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 | 66% |
| IP CL, LLC | Delaware | Holding Company | 100% |
| 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% |
| 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[2] | Michigan | Cultivation and Production Facility | 85% |

[1]See Note 17 “Variable Interest Entities” for additional information.
[2]Legally, 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 consolidated financial statements.

**(e) Non-Controlling Interests**

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 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 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. See Note 7 "Share Capital" for additional information.

**(f) Variable Interest Entities**

A variable interest entity ("**VIE**") is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to control the entity's activities or do not substantially participate in the gains and losses of the entity. Upon inception of a contractual agreement, and thereafter, if a reconsideration event occurs, the Company performs an assessment to determine whether the arrangement contains a variable interest in an entity and whether that entity is a VIE. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under ASC 810 *Consolidations*, where the Company concludes that it is the primary beneficiary of a VIE, the Company consolidates the financial results of the entity. The Company aggregates the disclosure of our VIEs based on certain qualitative and quantitative factors including the similarity of risks and rewards, nature of the assets, and type of involvement we have with each VIE. See Note 17 "Variable Interest Entities" for additional information on VIEs.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, with original maturities of three months or less and cash on hand at retail locations.

**(h) Restricted Cash**

Restricted cash represents amounts held in escrow related to investments, acquisitions, building improvements and debt covenants.

**(i) Accounts Receivable**

Accounts receivable are recorded net of allowance for expected credit losses. The Company develops a provision matrix and measures the expected credit losses based on lifetime expected credit losses, taking into consideration historical credit loss experience and financial factors specific to the debtors. The Company also estimates and provides an allowance for expected credit losses based on contractual payment terms, actual payment history of its customers, current economic conditions, and individual customer circumstances. Accounts receivable are evaluated monthly based on expected collections over its life and an adjustment is recorded as needed. When a receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the Consolidated Statements of Operations. See Note 16 "Financial Instruments and Financial Risk Management" for further discussion.

**(j) Inventory**

Inventory is primarily composed of raw materials (cannabis and non-cannabis), work-in-process, and finished goods. Inventory is recorded at the lower of cost or net realizable value, with cost determined using the weighted average cost method. For manufactured inventory, costs incurred during the growing and production of cannabis and cannabis-based products are capitalized, net of yield adjustments, as incurred to the extent that costs are less than net realizable value. These costs include, but are not limited to,

materials, labor, overhead and occupancy costs, cannabis taxes, and depreciation expense on equipment involved in manufacturing, packaging, labeling, inspection, and testing. Fixed costs associated with underutilized facilities are taken as expenses within the current period. Capacities are set using normalized operating capacity as defined by Accounting Standards Codification ("**ASC**") 330 *Inventory*. Costs related to purchased finished goods are recorded at cost, including freight. The Company reviews inventory for obsolete, redundant, and slow-moving goods and any such inventory is written down to net realizable value.

**(k) Business Combinations and Assets and Liabilities Held for Sale**

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for by applying the acquisition method. The total consideration transferred in a business combination is the sum of the fair values of assets transferred, liabilities assumed, equity interests, and other consideration issued by the acquirer in exchange for control of the acquiree. The acquisition date is the date on which the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where ASC 805 *Business Combinations* provides exceptions to recording the amounts at fair value. Preliminary balances recorded are subject to change during the measurement period, which will conclude at the earlier of the date the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date, learns that more information is not obtainable, or one year following the acquisition date. Acquisition costs of the acquirer are expensed to profit or loss; acquisition costs of the acquiree paid by the acquirer may comprise a portion of consideration transferred. Non-controlling interest in the acquiree, if any, is recognized at fair value.

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 Consolidated Balance Sheets. Subsequent changes to the estimated fair value less cost to sell are recorded as gains or losses in our Consolidated Statements of Operations, and any subsequent gains are limited to the cumulative losses previously recognized. The Company did not have any assets classified as held for sale as of December 31, 2025 and 2024.

**(l) Property and Equipment**

Property and equipment is stated at cost, net of accumulated depreciation. Land is recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. The Company evaluates the recoverability of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. In those

cases, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, the Company will determine the fair value of the assets within the asset group and record an impairment loss calculated as the excess in carrying value over fair value. Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Leasehold improvements are amortized over the lesser of the life of the lease or estimated useful life of the improvement. Any gain or loss arising from derecognition or impairment of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the accompanying Consolidated Statements of Operations. The Company assesses property and equipment for indicators of impairment throughout the reporting period. Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. See Note 4 “Property and Equipment” for additional details.

| Category | Estimated Useful Life |
|---|---|
| Leasehold Improvements | 1 - 16 years |
| Machinery and Equipment | 5 - 15 years |
| Furniture and Fixtures | 3 - 7 years |
| Vehicles | 5 years |
| Website and Software | 3 years |
| Computer Equipment | 3 - 5 years |
| Buildings and Building Improvements | 5 - 39 years |

**(m) Leases**

The Company has entered into leases primarily for its corporate offices, cultivation and processing facilities, and dispensaries. At inception of a contract, the Company determines whether the contract includes a lease. A contract contains a lease if it includes enforceable rights and obligations under which the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. The Company recognizes a right-of-use (“**ROU**”) asset and a lease liability at the commencement date – the date when the asset is available for use by the lessee.

The Company assesses at lease commencement whether it is reasonably certain to exercise extension or termination options. The Company reassesses its lease portfolio to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The extension options, which are considered reasonably certain to be exercised, are mainly those for which operational decisions have been made that make the lease assets vital to the continued relevant business activities.

Liabilities arising from a lease are initially measured at the present value of the lease payments not yet paid, using the Company’s incremental borrowing rate. Lease liabilities include the value of the following payments:

*(i)* Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
*(ii)* The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
*(iii)* Penalties for early termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is decreased by cash paid net of interest expense incurred. The lease liability is remeasured when

there is a change in future lease payments, or if the Company changes its assessment of whether it will exercise an extension, purchase, or termination option.

ROU assets are measured at cost and are comprised of the following:

*(i)* The amount of the initial measurement of lease liability;
*(ii)* Lease payments made at or before the commencement date less any lease incentives received;
*(iii)* Any initial direct costs; and
*(iv)* An estimate of costs of dismantling and removing the underlying asset, restoring the site on which it is located, or the underlying asset, if applicable.

The ROU asset is depreciated on a straight-line basis from the commencement date to the end of the lease term. A fixed amount of rent expense is recognized on a straight-line basis over the lease term for operating leases. For finance leases, depreciation expense on the ROU asset and interest expense on the lease liability are recognized over the lease term. The value of the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain revaluations of the lease liability.

In accordance with the guidance in ASC 842 *Leases*, the Company has elected not to recognize ROU assets and lease liabilities where the total lease term is less than or equal to twelve months. The payments for such leases are recognized as rent expense within Selling, general, and administrative expenses or Cost of goods sold in the Consolidated Statements of Operations on a straight-line basis over the lease term. See Note 5 “Leases” for additional information.

**(n) Intangible Assets**

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date or date of consolidation of financial information and control transfers to the Company. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Costs incurred during the year to renew or extend the term of a recognized intangible asset are included within additions and are amortized on a straight-line basis over the useful lives of the permit or license renewal period. See Note 6 “Intangible Assets and Goodwill” for additional details. Intangible assets are amortized over the following terms:

| Category | Estimated Useful Life |
|---|---|
| Customer Relationships | 7 - 8 years |
| Permit Application Fees | 1 - 2 years |

The estimated useful lives and residual values are reviewed at each year end and any changes in estimates are accounted for prospectively. Intangible assets that have an indefinite useful life are not subject to amortization. The Company’s indefinite-lived intangible assets consist of licenses, which represent the future benefits associated with the Company’s cultivation, processing, and dispensary licenses. Absent such license intangibles, the Company cannot continue as a going concern and as such, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows to the Company.

Definite-lived intangible assets are tested for impairment when there is an indication of impairment. Indefinite-lived intangible assets are tested for impairment annually, or more frequently, as warranted if events or changes in circumstances indicate impairment.

For the purpose of impairment testing, goodwill and indefinite-lived intangible assets have been allocated to reporting units, determined based on the smallest identifiable group of assets that generate cash inflows and outflows that are largely independent of cash inflows from other assets or group of assets.

**(o) Goodwill**

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net assets acquired. Goodwill is allocated to the reporting unit or reporting units, which are expected to benefit from the synergies of the combination.

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently as warranted if events or changes in circumstances indicate impairment may have occurred. For the purpose of impairment testing, goodwill and indefinite-lived intangible assets have been allocated to reporting units or groups of reporting units representing the lowest level at which the assets generate cash inflow and outflow independent of other assets. An impaired asset is written down to its estimated fair value based on the most recent information available. The Company assesses the fair values of its reporting units using an income-based approach. Under the income approach, fair value is based on the present value of estimated future cash flows. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows, discount rates, and the allocation of shared or corporate costs. The impairment review, which is performed on December 1 of each year, begins with a qualitative assessment of all reporting units. If the Company determines, based on evaluating all available evidence, that a reporting unit's carrying value may exceed its fair value at the testing date, the Company performs a quantitative impairment assessment. If the carrying value of these intangible assets or the reporting unit exceeds the fair values, the Company would record an impairment charge based on the excess of the carrying value over the fair value. See Note 6 "Intangible Assets and Goodwill" for additional details.

**(p) Income Taxes**

Tax expense recognized in profit or loss is comprised of the sum of current and deferred taxes not recognized in other comprehensive loss or directly in equity.

***(i) Current Tax***

Current tax assets and/or liabilities are comprised of claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

***(ii) Deferred Tax***

Deferred taxes are calculated using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. The measurement of deferred tax assets is reduced through a valuation allowance, if necessary, by the amount of any tax benefits that, based on available evidence, are more likely than not expected to be unrealized. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

As the Company operates in the cannabis industry, the Company is subject to the limits of Internal Revenue Code (" **IRC**") Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between

ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Additionally, certain states including Arizona, California, Illinois, 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. See Note 20 “Provision for Income Taxes and Deferred Income Taxes” for additional details.

**(q) Loans Receivable**

The Company may provide financing to various related and non-related businesses within the cannabis industry. These loans are classified as held for investment and accounted for as financial instruments in accordance with ASC 310 *Receivables*. At each reporting date, the Company applies its judgment to evaluate the collectability of the Loans receivable balance and records a provision based on the assessed amount of expected credit loss (“**ECL**”). See Note 16 “Financial Instruments and Financial Risk Management” for additional details.

**(r) Change in Accounting Policy**

On December 1, 2024, the Company elected to change its accounting policy related to its annual impairment test date from October 1 to December 1. The Company implemented the change to better align impairment testing with our annual financial and strategic planning process, which includes several key factors for each reporting unit, including projected future operating results, anticipated future cash flows, discount rates, and the allocation of shared or corporate costs used in our annual impairment testing. During 2024, the Company performed annual impairment testing on October 1, 2024 and December 1, 2024, and concluded there was impairment of the carrying value of indefinite-lived intangible assets. See Note 6 “Intangible Assets and Goodwill” for additional details. The change was applied prospectively in accordance with ASC 250 *Change in Accounting Principle*.

**(s) Revenue Recognition**

Revenue is recognized by the Company in accordance with ASC 606. Through application of ASC 606, the Company recognizes revenue to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

In order to recognize revenue under ASC 606, the Company applies the following five (5) steps:

*(i)* Identify a customer along with a corresponding contract;
*(ii)* Identify the performance obligation(s) in the contract to transfer goods to a customer;
*(iii)* Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods to a customer;
*(iv)* Allocate the transaction price to the performance obligation(s) in the contract; and
*(v)* Recognize revenue when or as the Company satisfies the performance obligation(s).

*Wholesale and Retail Revenue*

Revenue consists of wholesale and retail sales of cannabis and other cannabis-derived and related products. Wholesale and retail sales are both generally recognized at a point in time when control over the goods has been transferred to the customer and is recorded net of sales discounts. For retail sales, payment is typically due upon transferring the goods to the customer. For wholesale sales, payment is typically due upon transferring the goods to the customer or within a specified time period permitted under agreed-upon payment terms. The Company does not enter into long-term sales contracts.

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. Revenue is

recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery to the customer. For some of its locations, the Company has customer loyalty programs where retail customers accumulate points based on their level of spending and use these points for discounts on cannabis and cannabis related products.

*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. Monthly, the total outstanding, unused point balance is recorded as a contract liability on each dispensary based on weighted-average sales for the given month 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. The Company records this performance obligation as a reduction of revenue. Based on the estimated probability of point redemption using historical redemption rates a standalone selling price by state is calculated. This standalone selling price is used to convert that state's point balance to dollars. 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. In the event of a product recall, the expected value method is utilized to estimate the financial impact and a reduction of revenue is recorded.

Upon redemption, the loyalty program obligation is relieved, and the offset is recorded as revenue. As of December 31, 2025 and December 31, 2024, there were 65.8 million and 76.2 million points outstanding, respectively. The contract liability totaled $ 1.2 million and $1.4 million as of December 31, 2025 and December 31, 2024, respectively, which is included in Accrued liabilities on the Consolidated Balance Sheets. The Company expects outstanding loyalty points to be redeemed within one year.

**(t) Share-Based Compensation**

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. For awards with performance conditions, compensation expense is recognized over the service period of awards and adjusted for the probability of achievement of performance-based goals. Expected forfeitures are applied to awards using an expected forfeiture rate that is calculated annually. The expected forfeiture rate is reviewed quarterly and an updated forfeiture rate will be applied to all outstanding awards if there has been a material change to the rate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the equity instrument on the grant date. See Note 8 "Share-Based Compensation" for additional information on share-based compensation.

**(u) Advertising Costs**

Advertising costs are expensed as incurred and are included in Selling, general, and administrative expenses in the accompanying Consolidated Statements of Operations and totaled $6.3 million and $7.1 million for the years ended December 31, 2025 and 2024, respectively.

**(v) Excise Tax**

The Company recognizes excise tax as Cost of goods sold or Selling, general, and administrative expense based on whether the tax is generated on production of cannabis or as part of selling costs, respectively.

**(w) Loss Per Share**

Loss per share ("**EPS**") is calculated by dividing the net earnings or loss attributable to shareholders by the weighted-average shares outstanding during the period. The Company presents basic and diluted EPS in the Consolidated Statements of Operations. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted-average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted-average number of shares outstanding for the effects of all dilutive potential shares, which are comprised of redeemable units of Cresco Labs, LLC ("**Redeemable Units**"), stock options, and restricted stock units ("**RSUs**") issued. Shares with anti-dilutive impacts are excluded from the calculation. The number of shares included with respect to Redeemable Units, stock options, and RSUs is computed using the treasury stock method. See Note 9 "Net Loss Per Share" for additional information on EPS.

**(x) Fair Value of Financial Instruments**

The Company accounts for assets and liabilities measured at fair value on a recurring basis in accordance with ASC 820 *Fair Value Measurements*. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the inputs to the fair value measurements. The three levels of the hierarchy are:

*(i)* Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
*(ii)* Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;
*(iii)* Level 3 – Inputs for the asset or liability that are not based on observable market data.

See Note 16 "Financial Instruments and Financial Risk Management" for additional details.

**(y) Use of Estimates**

The preparation of the Company's consolidated financial statements under GAAP requires management to make estimates, judgments, and assumptions about the carrying amounts of certain assets and liabilities. Estimates and related assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis for reasonableness and relevancy. Where revisions are required, they are recognized in the period in which the estimate is revised for the current as well as future periods that are affected.

**(z) Newly Adopted Accounting Pronouncements**

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 adopted this ASU for the fiscal year ended December 31, 2025 on a prospective basis. The adoption of this ASU resulted in additional disclosure about the Company's effective tax rate reconciliation as well as income taxes paid. See Note 20 "Provision for Income Taxes and Deferred Income Taxes" for additional details.

**(aa) Recently Issued Accounting Standards**

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*, which addresses thirty-three issues that represent changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. The amendments make the Codification easier to understand and apply. This guidance is effective for interim periods within annual reporting periods beginning after December 15, 2026. Early adoption is permitted. Upon adoption, the guidance can applied either prospectively or retrospectively. The Company is currently assessing the impact of this ASU on our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements* , which amends the navigability of the required interim disclosures and clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. This guidance is effective for interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. Upon adoption, the guidance can applied either prospectively or retrospectively. The Company is currently assessing the impact of the disclosure requirements on our consolidated financial statements.

In November 2025, the FASB issues ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans* , which expands the population of acquired financial assets subject to the gross-up approach in Topic 326. This guidance in effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. The Company already applies the gross-up approach, as such, this ASU will not impact the Company's financial statements.

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 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 our consolidated financial statements.

**(ab) Reclassifications**

Certain immaterial prior period amounts were reclassified to conform to the current presentation.

*(i)* 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.

*(ii)* The Company reclassified changes in fair value related to our deferred and contingent considerations to other expense, net previously included in interest expense, net on the Consolidated Statements of Operations and Comprehensive Loss. The reclassification had no effect on Total other expense, net or net cash provided by operations.

*(iii)* The Company also combined impairment on loan receivable, loss on investments, and loss on lease termination as "Other noncash adjustments" on the Consolidated Statements of Cash Flows. The reclassification had no effect on net cash provided, or used, by operating, investing, and financing activities.

## NOTE 3. INVENTORY

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

| *($ in thousands)* | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Raw materials | $ 12,875 | $ 12,010 |
| Raw materials - non-cannabis | 12,210 | 13,213 |
| Work-in-process | 42,551 | 33,803 |
| Finished goods | 29,574 | 22,931 |
| Finished goods - non-cannabis | 1,456 | 1,386 |
| **Inventory, net** | **$ 98,666** | **$ 83,343** |

During the years ended December 31, 2025 and 2024, the net impact to inventory reserve was an increase of $ 1.9 million and $1.0 million, respectively. The expense related to the change in inventory reserve is included in Cost of goods sold presented in the Consolidated Statements of Operations.

## NOTE 4. PROPERTY AND EQUIPMENT

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

| *($ in thousands)* | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Land and Buildings | $ 213,171 | $ 209,668 |
| Machinery and Equipment | 42,905 | 44,347 |
| Furniture and Fixtures | 47,745 | 43,054 |
| Leasehold Improvements | 170,849 | 183,522 |
| Website, Computer Equipment and Software | 11,975 | 11,853 |
| Vehicles | 2,678 | 2,784 |
| Construction In Progress | 22,988 | 12,037 |
| Total property and equipment, gross | 512,311 | 507,265 |
| Less: Accumulated depreciation | (185,119) | (162,419) |
| **Property and equipment, net** | **$ 327,192** | **$ 344,846** |

As of December 31, 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 years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | 2025 | 2024 |
| Depreciation expense included in cost of goods sold and ending inventory | $ 26,313 | $ 28,648 |
| Depreciation expense included in selling, general, and administrative expense | 14,416 | 15,547 |
| **Total depreciation expense** | **$ 40,729** | **$ 44,195** |

As of December 31, 2025 and December 31, 2024, ending inventory includes $ 8.8 million and $8.2 million of capitalized depreciation, respectively.

The following table reflects depreciation expense capitalized to cost of goods sold and depreciation expense capitalized to ending inventory for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Capitalized expense included in cost of goods sold | $ 25,664 | $ 33,299 |
| Capitalized expense to inventory for prior periods | 8,345 | 12,795 |

During the year ended December 31, 2025, the Company disposed of $ 1.3 million of property and equipment no longer in use in various states. The Company recorded a total $1.3 million net loss on the disposals of those assets. In the same period, the Company sold $ 1.9 million of property and equipment in various states and recorded $1.1 million in net losses on the sales. The gains and losses on disposals and sale of these assets are recorded in Other expense, net on the Consolidated Statements of Operations.

During the year ended December 31, 2025, the Company recorded $ 0.3 million of impairment of property and equipment related to the shut down of our Cub City cultivation facility. See Note 10 “Acquisitions and Dispositions” for additional information.

During the year ended December 31, 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 Consolidated Statements of Operations.

During the year ended December 31, 2024, the Company additionally disposed of $ 0.8 million of property and equipment no longer in use in various states. The Company recorded a total $0.8 million net loss on the disposal of those assets which is recorded in Other expense, net in the Consolidated Statements of Operations.

## NOTE 5. LEASES

The Company is the lessee in all of its material leasing arrangements and has entered into leases primarily for its corporate offices, cultivation and processing facilities, and dispensaries. Depending upon the type of lease, the original lease terms generally range from 2 years to 20 years. Certain leases include renewal options ranging from 2 years to 25 years. The Company is reasonably certain to exercise renewal options ranging from 5 years to 10 years on certain leases and therefore includes these renewal options in the initial measurement of our related right-of-use assets and lease liabilities.

Some leases may contain variable lease payments based on an index or rate. These rates are initially measured using the index or rate in effect at lease commencement, and changes to index-based lease payments are recognized in profit or loss in the period of the change and are immaterial.

The following table reflects the components of lease expense included in the Consolidated Statements of Operations:

| *($ in thousands)* | Year Ended December 31, 2025 | 2024 |
|---|---|---|
| Lease depreciation expense included in selling, general, and administrative expense | $ 2,364 | $ 2,362 |
| **Total finance lease depreciation expense** | **$ 2,364** | **$ 2,362** |
| | | |
| Rent expense included in selling, general, and administrative expense | $ 12,528 | $ 12,643 |
| Rent expense included in cost of goods sold | 14,398 | 15,337 |
| **Total rent expense - operating leases** | **$ 26,926** | **$ 27,980** |
| | | |
| Short-term rent expense included in selling, general, and administrative expense | $ 425 | $ 217 |
| Interest expense - leases | $ 2,930 | $ 3,146 |

During the year ended December 31, 2025, the Company's terminated certain leases in various states and the difference between the carrying amounts of the ROU assets and lease liabilities associated with those leases resulted in $1.1 million in losses on lease termination recognized in Other expense, net in the Consolidated Statements of Operations.

During the year ended December 31, 2025, the Company recorded $ 0.6 million of impairment of right-of-use assets related to the shut down of it's Cub City cultivation facility. See Note 10 "Acquisitions and Dispositions" for additional information.

The Company received tenant improvement allowance reimbursements of $ 0.2 million and $ 1.1 million across all finance and operating leasing arrangements for the years ended December 31, 2025 and 2024, respectively. The Company expects to receive an additional $ 1.6 million from finance and operating leasing arrangements and $0.1 million from other financing transactions in future periods.

As of December 31, 2025, maturities of lease liabilities were as follows:

| *($ in thousands)* | Operating Leases | Finance Leases |
|---|---|---|
| 2026 | $ 28,688 | $ 5,147 |
| 2027 | 28,866 | 5,241 |
| 2028 | 28,981 | 5,125 |
| 2029 | 29,293 | 4,970 |
| 2030 | 28,262 | 3,390 |
| Thereafter | 111,643 | 9,995 |
| **Total lease payments** | **$ 255,733** | **$ 33,868** |
| Less: imputed interest | (118,241) | (13,069) |
| Less: tenant improvement allowance | (1,956) | (50) |
| Present value of lease liabilities | 135,536 | 20,749 |
| Less: current lease liabilities | (9,793) | (2,480) |
| **Present value of long-term lease liabilities** | **$ 125,743** | **$ 18,269** |

**(a) Long-term financing liabilities**

The Company also has long-term financing liabilities associated with certain properties. See Note 11 “Long-term Notes and Loans Payable, Net” for additional details on these transactions. As of December 31, 2025 and 2024, the Company had long-term financing liabilities of $87.7 million and $90.9 million, respectively. For the years ended December 31, 2025 and 2024, the Company recorded payments of $ 13.9 million and $13.5 million, respectively, and incurred interest expense of $11.3 million and $11.5 million, respectively.

As of December 31, 2025, maturities of long-term financing liabilities were as follows:

| *($ in thousands)* | **Long-term financing liabilities** |
|---|---|
| 2026 | $ 14,223 |
| 2027 | 14,580 |
| 2028 | 14,946 |
| 2029 | 15,321 |
| 2030 | 15,421 |
| Thereafter | 66,176 |
| Total financing payments | $ 140,667 |
| Less: interest | (49,645) |
| Less: tenant improvement allowance | (58) |
| Present value of financing liabilities | $ 90,964 |
| Less: short-term financing liabilities | (3,300) |
| **Present value of long-term financing liabilities** | **$ 87,664** |

Other information related to leases as of and for the years ended December 31, 2025 and 2024 was as follows:

| | **December 31, 2025** | | **December 31, 2024** | |
|---|---|---|---|---|
| *($ in thousands)* | **Operating Leases** | **Finance Leases** | **Operating Leases** | **Finance Leases** |
| Weighted-average remaining lease term[1] | 9.5 | 8.1 | 10.1 | 8.8 |
| Weighted-average discount rate | 15.1 % | 14.1 % | 15.0 % | 14.0 % |

[1] Weighted-average remaining lease term does not include extensions which the Company is not reasonably certain to enter into.

As the interest rate implicit in a lease is generally not readily determinable, the Company uses an incremental borrowing rate to determine the present value of the lease payments. The incremental borrowing rate represents the risk-adjusted rate of interest the Company would have to pay to borrow on a collateralized basis over a similar economic environment and term.

Cash paid for interest included in the measurement of finance lease liabilities for the years ended December 31, 2025 and 2024 was $ 2.9 million and $3.1 million, respectively.

## NOTE 6. INTANGIBLE ASSETS AND GOODWILL

### (a) Intangible Assets

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

| *($ in thousands)* | December 31, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net | Gross Carrying Amount | Accumulated Amortization | Net |
| **Definite-Lived Intangible Assets:** | | | | | | |
| Customer Relationships | $ 30,600 | $ (19,150) | $ 11,450 | $ 31,300 | $ (15,736) | $ 15,564 |
| Trade Names | 1,400 | (1,400) | — | 2,100 | (1,750) | 350 |
| Permit Application Costs | 4,488 | (3,123) | 1,365 | 20,699 | (18,270) | 2,429 |
| Other Intangibles | 4,917 | (4,917) | — | 6,013 | (6,013) | — |
| **Indefinite-Lived Intangible Assets:** | | | | | | |
| Licenses | 262,527 | — | 262,527 | 275,651 | — | 275,651 |
| **Total Intangible Assets** | **$ 303,932** | **$ (28,590)** | **$ 275,342** | **$ 335,763** | **$ (41,769)** | **$ 293,994** |

During the year ended December 31, 2025, the gross carrying amount of intangible assets decreased by $ 31.8 million, primarily related impairment of indefinite-lived licenses discussed below as well as fully amortized definite-lived licenses being removed from the Consolidated Balance Sheets. During the year ended December 31, 2024, the gross carrying amount of intangible assets increased by $3.6 million, primarily related to the acquisition of Keystone Integrated Care, LLC by the Company on April 24, 2024 (the "**Keystone acquisition**").

The following table reflects the amortization expense related to definite-lived intangible assets for the years ended December 31, 2025 and 2024:

| *($ in thousands)* | Year Ended December 31, 2025 | Year Ended December 31, 2024 |
|---|---|---|
| Amortization expense included in cost of goods sold and ending inventory | $ 2,991 | $ 3,245 |
| Amortization expense included in selling, general, and administrative expense | 3,397 | 3,861 |
| **Total amortization expense** | **$ 6,388** | **$ 7,106** |

As of December 31, 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 years ended December 31, 2025 and 2024:

| *($ in thousands)* | Year Ended December 31, 2025 | Year Ended December 31, 2024 |
|---|---|---|
| Capitalized expense included in cost of goods sold | $ 2,927 | $ 3,058 |
| Capitalized expense to inventory for prior periods | 237 | 977 |

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

| *($ in thousands)* | Estimated Amortization Expense |
|---|---|
| 2026 | $ 5,070 |
| 2027 | 3,214 |
| 2028 | 2,893 |
| 2029 | 1,638 |
| 2030 | — |
| **Total estimated amortization expense** | **$ 12,815** |

**(b) Goodwill**

The changes in carrying amount of goodwill by segment are as follows for the year ended December 31, 2024 and the year ended December 31, 2025:

| *($ in thousands)* | Wholesale | Retail | Total |
|---|---|---|---|
| Balance at January 1, 2024 | $ 77,330 | $ 202,367 | $ 279,697 |
| Additions from acquisitions | 1,006 | 2,631 | 3,637 |
| Measurement period adjustments | 41 | 109 | 150 |
| Balance at December 31, 2024 | $ 78,377 | $ 205,107 | $ 283,484 |
| Impairment loss | (20,822) | (54,489) | (75,311) |
| **Balance at December 31, 2025** | **$ 57,555** | **$ 150,618** | **$ 208,173** |

**(c) Impairment**

During the year ended December 31, 2025, the Company recorded impairment to indefinite-lived intangible assets related to the following:

- During the fourth quarter of 2025, management determined it is more likely than not that the carrying value of the New York reporting unit exceeded its fair value due to updated forecasts and projections. As a result, $18.2 million of impairment charges reducing the carrying value of licenses and $75.3 million of goodwill impairment was recognized in the Consolidated Statements of Operations.

- During the year ended December 31, 2025, the Company recorded a fair value adjustment of $ 11.6 million in the Consolidated Statements of Operations based on the shutdown of Cub City and proceeds of the sale of Sonoma's Finest, see Note 10 "Acquisitions and Dispositions" for additional information. This included $4.2 million of impairment of intangible assets.

During the year ended December 31, 2024, the Company recorded impairment to indefinite-lived intangible assets related to the following:

- During the third quarter of 2024, management determined it is more likely than not that the carrying value of the California reporting unit exceeded its fair value due to updated forecasts and projections. As a result, $2.3 million of impairment charges reducing the carrying value of licenses was recognized in the Consolidated Statements of Operations.

Annual impairment testing involves determining the fair value, or recoverable amount, of the reporting units to which goodwill and indefinite-lived intangible assets are allocated, and comparing this to the carrying value of the reporting units. The measurement of the recoverable amount of each reporting unit was calculated based on the higher of the reporting unit's fair value less costs to sell, or value in use, which are Level 3 measurements within the fair value hierarchy.

The calculation of each of the recoverable amounts based on discounting the future cash flows (value in use) was based on the following key assumptions:

- Cash flows were projected based on the Company's long-term business plan for each reporting unit and reporting segment. Cash flows beyond the long-term business plan were projected to grow at a perpetual growth rate, which was estimated at 2.0%.

- Discount rates applied in determining the recoverable amount of the reporting units and reporting segments noted above range between 12.0% and 15.0% based on the pre-tax weighted-average cost of capital of each reporting unit and other peers in the industry. The values assigned to the key assumptions represent management's assessment of future trends in the industries in which the reporting units operate and are based on both external and internal sources and historical trend data.

## NOTE 7. SHARE CAPITAL

### (a) Authorized

The authorized share capital of the Company is comprised of the following:

***(i) Unlimited Number of Subordinate Voting Shares, Without Par Value***

Holders of SVS will be entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of SVS will be entitled to one vote in respect of each SVS held. As long as any SVS remain outstanding, the Company will not, without the consent of the holders of the SVS by separate special resolution, prejudice or interfere with any right attached to the SVS. Holders of SVS will be entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company.

***(ii) Unlimited Number of Proportionate Voting Shares, Without Par Value***

Holders of PVS will be entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of PVS will be entitled to one vote in respect of each SVS into which such PVS could ultimately be converted ( 200 votes per PVS). As long as any PVS remain outstanding, the Company will not, without the consent of the holders of the PVS and Super Voting Shares ("**MVS**") by separate special resolution, prejudice or interfere with any right or special right attached to the PVS. Holders of PVS have the right to receive dividends, out of any cash or other assets legally available therefore, pari passu as to dividends and any declaration or payment of any dividend on the SVS.

***(iii) Unlimited Number of Super Voting Shares, Without Par Value***

Holders of MVS will be entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the

Company will have the right to vote. At each such meeting, holders of MVS will be entitled to 2,000 votes in respect of each MVS held.

***(iv) Unlimited Number of Special Subordinate Voting Shares, Without Par Value***

Holders of SSVS will be entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of SSVS will be entitled to a 0.00001 vote in respect of each SSVS held. As long as any SSVS remain outstanding, the Company will not, without the consent of the holders of the SSVS by separate special resolution, prejudice or interfere with any right attached to the SSVS. Holders of SSVS will be entitled to receive dividends in cash or property of the Company, if and when declared by the Board of Directors.

**(b) Issued and Outstanding Shares**

***(i) Redeemable Units***

As part of a reverse takeover that occurred on November 30, 2018, unit holders of Cresco Labs, LLC exchanged their units for a new class of Redeemable Units in Cresco Labs, LLC. Each Redeemable Unit is only exchangeable for the equivalent of one SVS in Cresco Labs Inc. (without any obligation to redeem in cash). These unit holders hold an interest only in Cresco Labs, LLC; until Redeemable Units are exchanged for SVS, holders of Redeemable Units have the right to participate only in the earnings of Cresco Labs, LLC and not the earnings of the Company.

***(ii) Issued and Outstanding Shares***

As of December 31, 2025 and 2024, issued and outstanding capital consisted of the following:

| *(shares in thousands)* | Redeemable Units | SVS[1] | PVS[2] | MVS | SSVS[3] |
|---|---|---|---|---|---|
| Beginning balance, January 1, 2024 | 96,699 | 320,757 | 18,950 | 500 | 2 |
| Stock options exercised | — | 5 | — | — | — |
| RSUs issued | — | 2,338 | — | — | — |
| Issuance of shares related to acquisitions | — | 1,422 | — | — | — |
| Cresco LLC redemptions | (4,642) | 4,642 | — | — | — |
| PVS converted to SVS | — | 1,843 | (1,843) | — | — |
| Issuances related to employee taxes on certain share-based payment arrangements | — | 483 | — | — | — |
| **Ending Balance, December 31, 2024** | **92,057** | **331,490** | **17,107** | **500** | **2** |
| Stock options exercised | — | 8 | | — | — |
| RSU Issuance | — | 2,406 | — | — | — |
| Issuance of shares related to settlement of acquisition contingent consideration | — | 374 | — | — | — |
| Cresco LLC redemptions | (6,758) | 6,758 | — | — | — |
| PVS converted to SVS | — | 830 | (830) | — | — |
| Issuances related to employee taxes on certain share-based payment arrangements | — | 784 | — | — | — |
| Issuance of shares for consulting services | — | 543 | — | — | — |
| Share Issuances | — | 40 | 21 | | |
| **Ending Balance, December 31, 2025** | **85,299** | **343,233** | **16,298** | **500** | **2** |

[1] SVS includes shares pending issuance or cancellation
[2] PVS presented on an “as-converted” basis to SVS (1-to-200)
[3] SSVS presented on an “as-converted” basis to SVS (1-to-0.00001)

***(i) Issuance of Shares - Acquisitions***

During the nine months ended December 31, 2025 and 2024, the Company issued shares in conjunction with certain acquisitions as follows:

| *(in thousands)* | Acquisition date | SVS shares issued | Equity-based consideration |
|---|---|---|---|
| **Year Ended December 31, 2025** | | | |
| Keystone[1] - Contingent Consideration | April 24, 2024 | 374 | $ 750 |
| | | | |
| **Year Ended December 31, 2024** | | | |
| Keystone | April 24, 2024 | 1,422 | $ 2,850 |

[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 December 31, 2025, the Company had an asset of $ 11.3 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 unit holders of Cresco Labs, LLC and other minority holders a 3.5 million amount during the year ended December 31, 2025. Similarly, the Company declared and paid required tax distribution amounts to 2024 unit holders of Cresco Labs, LLC and other minority interest holders of $27.2 million during the year ended December 31, 2024.

**(d) Changes in Ownership and Non-controlling Interests**

During the years ended December 31, 2025 and 2024, redemptions of 6.8 million and 4.6 million Redeemable Units occurred, respectively, which were converted into an equivalent number of SVS. These redemptions resulted in a decrease of 2.7% and 1.9% in non-controlling interest in Cresco Labs, LLC, respectively.

The effects of changes in the Company's ownership interests in less than 100% owned subsidiaries during the years ended December 31, 2025 and 2024 were as follows:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Net loss attributable to Cresco Labs Inc. | $ (135,408) | $ (74,438) |
| Changes in Cresco Labs Inc. equity due to redemptions of Cresco Labs, LLC units: | | |
| Share capital | 5,491 | 8,282 |
| Accumulated deficit | (12,350) | (12,512) |
| **Total change from net loss attributable to Cresco Labs Inc. and change in ownership interest in Cresco Labs, LLC.** | **$ (142,267)** | **$ (78,668)** |

## 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 typically 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) Exchange Programs

#### *(i) Award Exchange Program*

On August 20, 2025, the Company commenced an offer for a one-time stock award exchange program (the " **Award Exchange Program**") to certain employee option holders (" **Eligible Participants**") who held certain underwater stock options and remained employed by the Company through the completion of the Award Exchange Program. Eligible Participants with an outstanding stock option that had an exercise price equal to or greater than 2.25 or 6.62 times the closing price on the expiration date of the Award Exchange Program of September 17, 2025 or with an outstanding stock option expiring before September 30, 2030, had the option to exchange their existing options for new RSUs ("**New RSUs**") with a three-year vesting period. Eligible Participants had until September 17, 2025 to elect to exchange their existing stock options. Pursuant to the Award Exchange Program, 15 eligible participants elected to exchange 8.9 million stock options for 8.9 million New RSUs. The Award Exchange Program was subject to a shareholder vote at the Company's Annual General and Special Meeting of shareholders held on September 16, 2025. The Award Exchange Program was approved as of the meeting. On September 17, 2025, the Company granted 8.9 million New RSUs pursuant to the terms of the Option Exchange Program and the Plan. Incremental expense of $5.6 million will be recognized over the three-year vesting period of the New RSUs.

#### *(ii) Options Exchange Program*

On April 9, 2024, the Company commenced an offer for a one-time stock option exchange program (the " **Option Exchange Program**") to certain employee option holders ("**Eligible Participants**") who held certain underwater options and remained employed by the Company through the completion of the Option Exchange Program. Eligible Participants with an outstanding stock option that had an exercise price equal

to or greater than $3.36 or 1.5 times the closing price on the expiration date of the Option Exchange Program of May 6, 2024, had the option to exchange their existing options for new options ("**New Options**") that have an exercise equal to the higher of the closing price of the Company's SVS as reported on the OTCQX market (the " **OTC**") on (i) the New Option grant date, or (ii) the trading day preceding the New Option grant date. Eligible Participants had until May 6, 2024 to elect to exchange their existing stock options. Pursuant to the Option Exchange Program, 266 eligible participants elected to exchange 3.9 million stock options for 2.2 million New Options. The Option Exchange Program was subject to a shareholder vote at the Company's Annual General and Special Meeting of shareholders held on July 10, 2024. The Option Exchange Program was approved as of the meeting. On July 10, 2024, immediately following the shareholder approval, the Company granted 2.2 million New Options pursuant to the terms of the Option Exchange Program and the Plan. The exercise price of the New Options is $2.10, which was the closing price of the SVS on the OTC on May 6, 2024. The New Options received in exchange for any originally vested stock options have a new 1-year cliff vesting schedule and an 8-year term. The New Options received in exchange for any originally unvested stock options have a new 2-year graded vesting schedule (with 50% vesting each year), and an 8-year term. Incremental expense of $ 0.2 million will be recognized over the new term of the New Options.

**(b) Stock Options**

The following table summarizes activity related to stock options outstanding as of and for the year ended December 31, 2025:

| *(Stock options and intrinsic value in thousands)* | **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 | 7,243 | 0.95 | | |
| Exercised | (8) | 1.35 | | |
| Forfeited, cancelled, and expired | (2,735) | 2.43 | | |
| Cancelled under the Award Exchange Program | (8,866) | 3.32 | | |
| **Outstanding[1] - December 31, 2025** | **19,787** | **$ 2.23** | **7.38** | **$ 1,775** |
| **Exercisable - December 31, 2025** | **11,077** | **$ 3.02** | **6.20** | **$ 355** |

[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.

The following table summarizes the weighted-average grant date fair value and total intrinsic value of stock options exercised for the years ended December 31, 2025 and 2024:

| *(In thousands, except per share data)* | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Weighted-average per share grant date fair value of stock options granted | $ 0.64 | $ 1.03 |
| Intrinsic value of stock options exercised, using market price at exercise date | $ 4 | $ 3 |

The fair value of stock options granted under the Plan during the year ended December 31, 2025 and 2024 was determined using the Black-Scholes option-pricing model with the following range of assumptions at the time of the grant:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Risk-free annual interest rate | 3.8% to 4.4% | 3.9% to 4.3% |
| Expected annual dividend yield | 0% | 0% |
| Expected stock price volatility | 72.8% to 92.8% | 72.4% to 84.4% |
| Expected life of stock options | 1.5 to 7.0 years | 4.5 to 7.5 years |
| Forfeiture rate | 19.3% to 19.6% | 9.9% to 34.0% |
| Fair value at grant date | $0.33 to $0.94 | $0.24 to $1.55 |
| Stock price at grant date | $0.51 to $1.31 | $0.87 to $2.05 |
| Exercise price range | $0.51 to $1.35 | $0.92 to $6.62 |

Volatility was estimated by using the average historical volatility of Cresco along with 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.

**(c) 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 year ended December 31, 2025:

| *(shares in thousands)* | Number of RSUs outstanding | Weighted-average fair value |
|---|---|---|
| Outstanding – January 1, 2025 | 8,927 | $ 2.14 |
| Granted | 13,560 | 0.95 |
| Granted under the Award Exchange Program | 8,866 | 0.98 |
| Vested and settled | (2,808) | 2.34 |
| Forfeited | (2,078) | 1.49 |
| **Outstanding - December 31, 2025** | **26,467** | **$ 1.15** |

For the years ended December 31, 2025 and 2024, total fair value of RSUs vested, using market price at vest date, was $ 2.6 million and $3.5 million, respectively.

**(d) Expense Attribution**

***(i) Stock options***

The following table sets forth the classification of share-based compensation expense related to stock options for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Stock Option expense included in cost of goods sold and ending inventory | $ 456 | $ 1,121 |
| Stock Option expense included in selling, general, and administrative expense | 2,940 | 5,313 |
| **Total share-based compensation expense for stock options** | **$ 3,396** | **$ 6,434** |

Unrecognized share-based compensation expense as of December 31, 2025, for unvested stock options was $ 3.0 million and will be recorded over the course of the next weighted-average remaining period of 2.0 years.

***(ii) RSUs***

The following table sets forth the classification of share-based compensation expense related to RSUs for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| RSU expense included in cost of goods sold and ending inventory | $ 1,055 | $ 1,407 |
| RSU expense included in selling, general, and administrative expense | 6,473 | 6,490 |
| **Total share-based compensation expense for RSUs** | **$ 7,528** | **$ 7,897** |

Unrecognized share-based compensation expense related to RSUs as of December 31, 2025, is $ 10.9 million and will be recognized over the course of the next weighted-average remaining period of 1.7 years.

***(iii) Capitalized Inventory***

As of December 31, 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 years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Capitalized expense to cost of goods sold | $ 1,822 | $ 2,361 |
| Capitalized expense to inventory for prior periods | 848 | 661 |

## NOTE 9. NET LOSS PER SHARE

The following is a reconciliation for the calculation of basic and diluted loss per share for the years ended December 31, 2025 and 2024:

| *($ in thousands, except per share amounts)* | Year Ended December 31, 2025 | 2024 |
|---|---|---|
| **Numerator:** | | |
| Net loss | $ (140,044) | $ (60,489) |
| Less: Net loss (income) attributable to non-controlling interests, net of tax | (4,636) | 13,949 |
| Net loss attributable to Cresco Labs Inc. | **$ (135,408)** | **$ (74,438)** |
| | | |
| **Denominator:** | | |
| Weighted-average basic and diluted shares outstanding | 355,007,044 | 345,474,155 |
| | | |
| **Loss per Share:** | | |
| Basic and diluted loss per share | $ (0.38) | $ (0.22) |

For the years ended December 31, 2025 and 2024, weighted-average 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. Weighted-average potentially dilutive shares for the years ended December 31, 2025 and 2024, consisted of the following:

| *(shares in thousands)* | Year Ended December 31, 2025 | 2024 |
|---|---|---|
| Redeemable Units | 88,550 | 92,057 |
| Stock options | 24,781 | 24,153 |
| RSUs | 14,521 | 8,927 |
| **Total potentially dilutive shares** | **127,852** | **125,137** |

## NOTE 10. ACQUISITIONS AND DISPOSITIONS

On April 24, 2024, the Company completed the acquisition of a 100% ownership interest in Keystone. As part of the acquisition, the Company acquired two operating dispensaries in Pennsylvania, as well as the right to open a new store under a third license in the future. In connection with the Keystone acquisition, transaction costs of $0.8 million were recorded as Selling, general, and administrative expense in the Consolidated Statements of Operations for the year ended December 31, 2024.

Balances are subject to change during the measurement period, which will conclude at the earlier of the date the Company receives the information it is seeking about the facts and circumstances that existed as of the acquisition date, learns that more information is not obtainable, or one year following the acquisition date. Any changes to the preliminary estimates of the fair value of the assets acquired and liabilities assumed will be recorded as adjustments to those assets and liabilities, and residual amounts will be allocated to goodwill. During the year ended December 31, 2024, the Company recorded measurement period adjustments related to changes in the valuation of certain assets and shares issued, which resulted in a $0.1 million increase in goodwill.

The table below summarizes the total consideration and net identifiable assets and liabilities acquired in connection with the Keystone acquisition during the year ended December 31, 2024:

| *($ in thousands)* | | **Amount** |
|---|---|---|
| **Total consideration:** | | |
| Shares issued | $ | 2,850 |
| Cash | | 12 |
| Payments of acquisition-related transaction costs on behalf of the acquiree | | 2,930 |
| Payments | | 462 |
| Contingent consideration | | 2,280 |
| Total consideration | $ | 8,534 |
| | | |
| **Net identifiable assets (liabilities) acquired** | | |
| Cash | $ | 174 |
| Inventory | | 250 |
| Property and equipment | | 2,789 |
| Other current assets | | 22 |
| Customer relationships | | 300 |
| Licenses | | 2,300 |
| Total identifiable assets acquired | $ | 5,835 |
| | | |
| Accounts payable | $ | (642) |
| Short-term liabilities | | (446) |
| Total identifiable liabilities assumed | $ | (1,088) |
| | | |
| **Purchase price allocation** | | |
| Net identifiable assets acquired | $ | 4,747 |
| Goodwill | | 3,787 |
| **Total consideration** | **$** | **8,534** |

The Company calculated, on a pro-forma basis, the combined results of the acquired entity as if the Keystone acquisition had occurred on January 1, 2024. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2024, or of the future operating results.

Total unaudited pro-forma Revenue and Net loss for the combined company was $ 725.4 million and $60.6 million, respectively, for the year ended December 31, 2024.

For the year ended December 31, 2024, Revenue and Net income from the Keystone acquisition was $ 5.4 million and $1.3 million, respectively.

**(a) Deferred and Contingent Considerations**

As of December 31, 2025 and December 31, 2024, the Company had $ 0.9 million and $2.5 million, respectively, of short-term contingent consideration related to the Keystone acquisition. Additionally, as of December 31, 2025, the Company had $1.7 million and $5.8 million of short-term and long-term deferred consideration, respectfully, related to Valley Agriceuticals, LLC (" **Valley Ag** "). Compared to $7.7 million of long-term deferred consideration related to Valley Ag as of December 31, 2024. The total estimated liability for Keystone and Valley Ag is based on the present value of expected payments associated with future cash flows.

During the years ended December 31, 2025 and 2024, the Company reclassified $ 2.3 million and $0.1 million, respectively, from long-term deferred consideration to short-term deferred consideration due to the expected timing of payment related to the Valley Ag acquisition. Additionally, during the year ended December 31, 2024, the Company reclassified $2.3 million of long-term deferred consideration to short-term due to the expected timing of payment related to the Keystone acquisition.
During the year ended December 31, 2025, the Company recorded other expense of $ 0.2 million and $0.9 million, related to Valley Ag operating cash flows deferred consideration and Keystone contingent consideration, respectively. For the year ended December 31, 2024, the Company recorded $1.2 million of other income related to Valley Ag operating cash flows deferred consideration and $0.2 million of other expense related to Keystone contingent consideration. The expense is recorded in Other expense, net in the Consolidated Statements of Operations. See Note 16 "Financial Instruments and Financial Risk Management" and Note 13 "Other (Expense) Income, Net" for additional information related to our deferred and contingent consideration.

**(b) Dispositions**

On October 31, 2025, the Company completed the sale of its Sonoma's Finest cultivation facility, which was classified as held for sale as of June 30, 2025 and September 30, 2025. The Company received $2.1 million in proceeds from the sale comprised of $ 0.4 million of cash on closing along with a $1.7 million seller note with an 8% interest rate payable over an 18-month period.

As a result of the disposition, the Company recognized impairment of $ 9.6 million in the Consolidated Statements of Operations. This impairment included $4.7 million of right-of-use assets, $3.2 million of intangible assets, and $ 1.7 million of property and equipment.

## NOTE 11. LONG-TERM NOTES AND LOANS PAYABLE, NET

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

| *($ in thousands)* | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Senior Secured Term Loan | $ 325,000 | $ — |
| Senior Loan | — | 360,000 |
| Mortgage Loans | 20,161 | 19,787 |
| Short-term borrowings and interest payable, net | 7,484 | 9,325 |
| Financing liability | 91,009 | 93,689 |
| Unsecured Promissory Note | 1,250 | — |
| Total borrowings and interest payable | $ 444,904 | $ 482,801 |
| Less: Unamortized discount and debt issuance costs | (17,025) | (10,117) |
| Less: Short-term borrowings and interest payable, net | (7,484) | (9,325) |
| Less: Current portion of financing liability | (3,300) | (2,609) |
| **Total Long-term notes and loans payable, net** | **$ 417,095** | **$ 460,750** |

### (a) Senior Secured Term Loan

On August 13, 2025, the Company closed on an agreement for a Senior Secured Term Loan with an undiscounted principal balance of $325.0 million and an original issue discount of $ 13.0 million. Proceeds from the Senior Secured Term Loan, along with cash on hand, was used to retire the then existing Senior Loan, reducing total debt. As a result, the Company recognized a $16.4 million loss on debt extinguishment recorded in Other expense, net on the Consolidated Statements of Operations for the three months ended December 31, 2025.

The Senior Secured Term Loan accrues interest as a rate of 12.5% per annum, payable in cash quarterly and has a stated maturity date of August 13, 2030. The Company's effective interest rate for the Senior Secured Term Loan is 13.8%. Upon inception of the Senior Secured Term Loan, the Company capitalized $15.8 million of deferred financing fees.

The Senior Secured Term 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 Secured Term 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 $30.0 million. As of December 31, 2025, the Company was in compliance with all covenants.

The Company may prepay in whole, or in part, the Senior Secured Term 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 19 "Interest Expense, Net".

### (b) Senior Loan

On August 13, 2025, the Company retired the Senior Loan, effective August 12, 2021, and amended on September 22, 2023 and August 29, 2024, using proceeds from the Senior Secured Term loan and cash on

hand. At the time of retirement, the Senior Loan had a $ 360.0 million undiscounted principal balance and unamortized discount and debt issuance costs of $5.3 million.

**(c) 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 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.

On October 3, 2025, the Company amended the Mortgage Loans, extending the interest-only payment period through October 1, 2026. All other terms of the Mortgage Loans remain the same.

As of December 31, 2025 and December 31, 2024, 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 19 "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 4.1 and 14.5 years, consistent with the underlying lease liabilities. The interest expense associated with financing liabilities is discussed in Note 19 "Interest Expense, Net".

**(e) Unsecured Promissory Note**

On December 8, 2025, the Company issued a $ 1.3 million unsecured promissory note. The note bears interest at 8% per annum, payable quarterly, with principal and accrued interest due 18 months post-closing. Prepayment is permitted without penalty. The note has an effective interest rate of 13.2%.

## NOTE 12. DISAGGREGATION OF REVENUE

**(a) Revenues**

The following table represents the Company's disaggregated revenue by source, due to the Company's contracts with its customers, for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Wholesale | $ 222,769 | $ 252,590 |
| Retail | 433,078 | 471,753 |
| **Revenues, net** | **$ 655,847** | **$ 724,343** |

## NOTE 13. OTHER (EXPENSE) INCOME, NET

For the years ended December 31, 2025 and 2024, Other (expense) income, net consisted of the following:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Loss on debt extinguishment[1] | $ (16,363) | $ (1,002) |
| Loss on disposal of assets[2] | (2,370) | (683) |
| Loss on lease termination[3] | (1,144) | — |
| (Loss) gain on foreign currency | (617) | 1,039 |
| Loss on provision - loan receivable | (170) | (330) |
| Loss on investments held at fair value | (67) | (72) |
| Tax receivable agreement income (expense) | 1,542 | (65,648) |
| Changes in fair value of deferred and contingent considerations [4] | 1,105 | (1,378) |
| Other income, net | 6,929 | 4,767 |
| **Other expense, net** | **$ (11,155)** | **$ (63,307)** |

[1]See Note 11 “Long-term Notes and Loans Payable, Net” for additional information on loss on debt extinguishment.
[2]See Note 4 “Property and Equipment” for additional information on loss on disposal of assets.
[3]See Note 5 “Leases” for additional information on loss on lease termination.
[4]See Note 10 “Acquisitions and Dispositions” for additional information related to deferred and contingent considerations.

## NOTE 14. RELATED PARTY TRANSACTIONS

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

As of December 31, 2025 and December 31, 2024, related parties, including key management personnel and certain board members, hold 66.8 million and 78.0 million, respectively, of Redeemable Units, which accounts for a deficit of $ 68.9 million and $77.9 million, respectively, in non-controlling interests. During the years ended December 31, 2025 and 2024, 56.1% and 69.8%, 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 years ended December 31, 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.

Below is a summary of the expense resulting from the related party lease liabilities for the years ended December 31, 2025 and 2024:

| | | Year Ended December 31, | |
|---|---|---|---|
| *($ in thousands)* | **Classification** | **2025** | **2024** |
| Operating Leases | | | |
| Lessor has minority interest in MedMar | Rent expense | $ 288 | $ 288 |
| | | | |
| Finance Leases | | | |
| Lessor has minority interest in MedMar | Depreciation expense | $ 306 | $ 306 |
| Lessor has minority interest in MedMar | Interest expense | 185 | 218 |

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

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| *($ in thousands)* | **ROU Asset** | **Lease Liability** | **ROU Asset** | **Lease Liability** |
| Operating Leases | | | | |
| Lessor has minority interest in MedMar | $ 1,005 | $ 1,065 | $ 1,158 | $ 1,216 |
| | | | | |
| Finance Leases | | | | |
| Lessor has minority interest in MedMar | $ 1,119 | $ 1,606 | $ 1,423 | $ 1,929 |

## NOTE 15. 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 December 31, 2025 and December 31, 2024, the Company accrued $5.3 million and $2.6 million for matters that were pending litigation, respectively. As of December 31, 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 December 31, 2025, the parties have settled the matter for $0.7 million.

### (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 management believes that the Company is in substantial compliance with state and local regulations as of December 31, 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.

### (c) Commitments

As of December 31, 2025 and December 31, 2024, the Company had total commitments of $ 2.2 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 $5.2 million and $3.7 million as of December 31, 2025 and December 31, 2024, respectively.

## NOTE 16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Financial Instruments

The Company's financial instruments are held at amortized cost (adjusted for impairment or ECL, as applicable) or fair value. The carrying values of financial instruments held at amortized cost approximate their fair values as of December 31, 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 December 31, 2025 and December 31, 2024.

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

| | December 31, 2025 | | | |
|---|---|---|---|---|
| *($ in thousands)* | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial Assets:** | | | | |
| Loans receivable, short-term[1] | $ — | $ — | $ 1,119 | $ 1,119 |
| Loans receivable, long-term[1] | — | — | 480 | 480 |
| Investments[2] | 33 | — | 600 | 633 |
| | | | | |
| **Financial Liabilities:** | | | | |
| Deferred and contingent consideration, short-term | $ — | $ — | $ 2,566 | $ 2,566 |
| Deferred and contingent consideration, long-term | — | — | 5,815 | 5,815 |
| Unsecured promissory note[3] | — | — | 1,138 | 1,138 |

[1]Loans 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.
[2]Investments are included in "Other non-current assets" on the Consolidated Balance Sheets.
[3]Unsecured promissory note included in "Long-term notes and loans payable, net" on the Consolidated Balance Sheets.

| | December 31, 2024 | | | |
|---|---|---|---|---|
| *($ in thousands)* | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial Assets:** | | | | |
| Loans receivable, short-term[1] | $ — | $ — | $ — | $ 545 |
| Loans receivable, long-term[1] | — | — | — | 1,695 |
| Investments[2] | 53 | — | 600 | 653 |
| | | | | |
| **Financial Liabilities:** | | | | |
| Deferred and contingent consideration, short-term | $ — | $ — | $ 2,486 | $ 2,486 |
| Deferred and contingent consideration, long-term | — | — | 7,736 | 7,736 |

[1]Loans 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.
[2]Investments are included in "Other non-current assets" on the Consolidated Balance Sheets.

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.

| | Year Ended December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Level 3 Fair Value Measurements | | | | |
| *($ in thousands)* | Loans receivable, short-term | Loans receivable, long-term | Deferred and contingent consideration, short-term | Deferred and contingent consideration, long-term | Unsecured promissory note |
| Balance as of December 31, 2024 | $ — | $ — | $ 2,486 | $ 7,736 | $ — |
| Additions[1] | 1,332 | 466 | — | — | 1,135 |
| Change in fair value recorded in Other expense, net | — | 14 | (1,433) | 342 | 3 |
| Payments[2] | (213) | — | (750) | — | — |
| Other[3] | — | — | 2,263 | (2,263) | — |
| **Balance as of December 31, 2025** | **$ 1,119** | **$ 480** | **$ 2,566** | **$ 5,815** | **$ 1,138** |

[1]See Note 10 “Acquisitions and Dispositions” for additional details on the Unsecured promissory note related to the Springfield dispensary acquisition.
[2]See Note 7 “Share Capital” for additional information of payments of contingent equity-based consideration.
[3]Other relates to reclassifications from long-term to short-term due to expected timing of payment. See Note 10 “Acquisitions and Dispositions” for additional details.

| | Year Ended December 31, 2024 | | |
|---|---|---|---|
| | Level 3 Fair Value Measurements | | |
| *($ in thousands)* | Deferred and contingent consideration, short-term | Deferred and contingent consideration, long-term |
| Balance as of December 31, 2023 | $ — | $ 6,577 |
| Additions[1] | — | 2,304 |
| Change in fair value recorded in Other expense, net | 40 | 1,301 |
| Other[2] | 2,446 | (2,446) |
| **Balance as of December 31, 2024** | **$ 2,486** | **$ 7,736** |

[1]See Note 10 “Acquisitions and Dispositions” for additional details related to the Keystone contingent consideration.
[2]Other relates to reclassifications from long-term to short-term due to expected timing of payment. See Note 10 “Acquisitions and Dispositions” for additional details.

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

| Financial asset | Valuation techniques | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|
| Loans receivable | Discounted cash flow | 1) Discount Rate | Increase or decrease in the discount rate will result in a lower or higher fair value, respectively. |

| Financial liabilities | 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. |
| Unsecured promissory note | Discounted cash flow | 1) Discount Rate | Increase or decrease in the discount rate will result in a lower or higher fair value, respectively. |

**(a) Loans receivable, short-term**

During the fourth quarter of 2025, in connection of the sale of Sonoma's Finest, the Company issued a $ 1.7 million loan receivable to Kolaboration Ventures Corporation ("**Kolaboration**"). The loan receivable has a 18-month term and interest accruing at 8% per annum, paid on a monthly basis. At the inception of the loan, an ECL determination was made. As of December 31, 2025, the short-term portion of the loan was $1.1 million.

**(b) Loans receivable, long-term**

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

| *($ in thousands)* | Valuation classification | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Long-term loans receivable - Illinois Incubator, net of ECL | Amortized cost | $ 832 | $ 829 |
| Long-term loans receivable - Kurvana, net of ECL | Amortized cost | 603 | — |
| Long-term loans receivable - Kolaboration, net of ECL | Level 3 fair value | 480 | — |
| Long-term loans receivable - Spark'd, net of ECL | Amortized cost | — | 866 |
| **Total Loans receivable, long-term** | | **$ 1,915** | **$ 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 Consolidated Statements of Operations.

During the second quarter of 2023, the Company issued a $ 1.0 million short-term loan receivable to 280EZ LLC, an Illinois limited liability company (d/b/a Spark'd). The short-term loan receivable had a one-year term and interest accruing at 9.5% per annum, paid on a monthly basis. At the inception of the loan, an ECL determination was made. During the second quarter of 2024, the Company entered into an amended agreement with Spark'd, extending the term to three years, payable on June 16, 2027. The entire balance of the Spark'd loan was reclassified to loans receivable, long-term. During the year ended December 31, 2025, the Spark'd loan balance of $0.9 million was paid in full.

**(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. During the year ended December 31, 2024, the Company wrote off its remaining investment balance of $0.1 million in Lighthouse Strategies, LLC. See Note 13 "Other (Expense) Income, Net" for additional information related to the market adjustments related to our investments.

**Financial Risk Management**

As of December 31, 2025, the Company had no customers that accounted for 10% or more 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.

The Company's summary of activity for allowance for expected credit losses for the years ended December 31, 2025 and 2024 was as follows:

| *($ in thousands)* | 2025 | 2024 |
|---|---|---|
| Balance at January 1 | $ 8,308 | $ 7,964 |
| Provision (recovery) expense | (994) | 781 |
| Write-offs | (2,293) | (437) |
| **Balance at December 31** | **$ 5,021** | **$ 8,308** |

In addition, the Company recorded a $0.1 million recovery and $1.0 million bad debt expense related to invoice write-offs for the years ended December 31, 2025 and 2024, respectively.

## NOTE 17. VARIABLE INTEREST ENTITIES

On November 26, 2025, the Company entered into a support service agreement with Strategic Capital and Management Services, LLC a third-party holder of a dispensing license in Illinois. On February 25, 2025, the Company entered into a management service agreement (" **MSA**") with KSKYAPP, LLC, holder of a Kentucky cultivation license. Similarly, on March 3, 2025, the Company entered into a MSA with BSRKYAPP, LLC, holder of a Kentucky dispensing license. On June 7, 2025, the Company entered into another MSA with RSKYAPP, LLC, holder of a Kentucky processing license. As of December 31, 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 associated with its involvement.

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

| | Years Ended December 31, | |
|---|---|---|
| *($ in thousands)* | 2025 | 2024 |
| Current assets | 20,468 | $ 15,056 |
| Non-current assets | 119,100 | 82,910 |
| Current liabilities | (4,184) | (1,741) |
| Non-current liabilities | (173,430) | (132,230) |
| Non-controlling interests | 1,759 | 981 |
| Deficit attributable to Cresco Labs Inc. | 36,287 | 35,024 |

The following table presents the summarized financial information about the Company's consolidated VIEs, which are included in the Consolidated Statements of Operations for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | 2025 | 2024 |
| Revenue | 22,726 | 23,275 |
| Net loss attributable to non-controlling interests | (778) | (899) |
| Net loss attributable to Cresco Labs Inc. | (1,401) | (5,327) |
| Net loss | (2,178) | (6,226) |

## NOTE 18. SEGMENT INFORMATION

During the fourth quarter of 2025, the Company reorganized our internal reporting and realigned our operating segments following the completed sale of its Sonoma's Finest cultivation facility and exit of the California market. The change resulted in the identification of two (2) new operating segments consolidated wholesale and consolidated retail with the Chief Executive Officer as the sole Chief Operating Decision Maker ("**CODM**"). As such, the segment information for prior periods has been recast to conform to current period presentation.

The Company operates in the cultivation, manufacturing, distribution, and sale of cannabis. For evaluating financial performance and allocating resources, the CODM review certain financial information presented on a consolidated basis accompanied by information disaggregated by wholesale and retail customers.

The following table reflects revenues net of discounts, significant expenses, and gross profit by segment for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Wholesale | $ 387,797 | $ 417,940 |
| Retail | 433,078 | 471,753 |
| Intersegment eliminations | (165,028) | (165,350) |
| **Revenues, net** | **$ 655,847** | **$ 724,343** |
| | | |
| Wholesale | $ 211,492 | $ 237,385 |
| Retail | 284,815 | 287,854 |
| Intersegment eliminations | (165,028) | (165,350) |
| **Total Cost of Goods Sold** | **$ 331,279** | **$ 359,889** |
| | | |
| Wholesale | $ 176,305 | $ 180,555 |
| Retail | 148,263 | 183,899 |
| Intersegment eliminations | — | — |
| **Total Gross Profit** | **$ 324,568** | **$ 364,454** |

The Company's assets are aggregated into two reporting units wholesale and retail which aligns with our operating segments. All revenues are generated from customers in the U.S. and all assets are located in the U.S.

## NOTE 19. INTEREST EXPENSE, NET

Interest expense, net consisted of the following for the years ended December 31, 2025 and 2024:

| | Year Ended December 31, | |
|---|---|---|
| *($ in thousands)* | **2025** | **2024** |
| Interest expense – notes and loans payable [1] | $ (41,746) | $ (37,926) |
| Interest expense – financing activities [1] | (11,273) | (11,549) |
| Accretion of debt discount and amortization of deferred financing fees [1] | (4,059) | (4,855) |
| Interest expense – leases [2] | (2,930) | (3,146) |
| Interest income | 3,748 | 2,922 |
| Other interest expense | (20) | (47) |
| **Interest expense, net** | **$ (56,280)** | **$ (54,601)** |

[1]See Note 11 "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.
[2]See Note 5 "Leases" for additional information on Interest expense – leases.

## NOTE 20. 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, 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 2024, Pennsylvania decoupled from the application of IRC Section 280E for certain medical cannabis businesses operating in the state of Pennsylvania beginning for taxable years beginning on or after January 1, 2024.

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.

Loss before income taxes after the adoption of ASU 2023-09 consists of the following for the year ended December 31, 2025:

| *($ in thousands)* | **December 31, 2025** |
|---|---|
| **Loss before income taxes** | |
| U.S. | $ (94,232) |
| Foreign | (1,190) |
| **Total** | **$ (95,422)** |

Provision for income taxes consists of the following for the years ended December 31, 2025 and 2024:

| *($ in thousands)* | Year Ended December 31, 2025 | 2024 |
|---|---|---|
| **Provision (benefit) for income taxes** | | |
| **Current tax expense** | | |
| U.S. Federal | $ 50,567 | $ 53,403 |
| U.S. State and local | (1,799) | (737) |
| Foreign | — | — |
| **Total current tax expense** | **$ 48,768** | **$ 52,666** |
| | | |
| **Deferred tax expense** | | |
| U.S. Federal | $ (1,922) | $ (1,391) |
| U.S. State and local | (2,224) | (1,402) |
| Foreign | — | — |
| **Total deferred tax expense** | **$ (4,146)** | **$ (2,793)** |
| | | |
| **Total income tax expense** | | |
| U.S. Federal | $ 48,645 | $ 52,012 |
| U.S. State and local | (4,023) | (2,139) |
| Foreign | — | — |
| **Total income tax expense** | **$ 44,622** | **$ 49,873** |

As of December 31, 2025 and 2024, the components of deferred tax assets and liabilities were as follows:

| *($ in thousands)* | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Deferred tax assets** | | |
| Share-based compensation | $ 3,028 | $ 4,040 |
| Net operating losses | 36,116 | 35,785 |
| Inventory | 103 | 99 |
| Lease liabilities | 37,306 | 38,915 |
| Tax receivable agreement | 13,629 | 16,407 |
| Other | 6,820 | 1,770 |
| Total deferred tax assets | **$ 97,002** | **$ 97,016** |
| | | |
| **Deferred tax liabilities** | | |
| ROU assets | $ (10,707) | $ (12,781) |
| Property, plant and equipment | (9,938) | (8,700) |
| Intangible assets | (56,294) | (62,692) |
| Total deferred tax liabilities | **$ (76,939)** | **$ (84,173)** |
| | | |
| **Valuation allowance** | $ (40,181) | $ (38,666) |
| **Net deferred tax liabilities** | **$ (20,118)** | **$ (25,823)** |

As of December 31, 2025, the Company had the following loss carryforwards:

- $45.4 million of non-capital Canadian losses which expire from 2038-2045, which are fully offset by a valuation allowance.
- $51.1 million of U.S. federal net operating losses which have an indefinite carryforward period, which are fully offset by a valuation allowance.
- $157.9 million of state net operating losses, which expire in 2038-2045. $136.4 million of state net operating loss carryforwards are offset by a valuation allowance.

As of December 31, 2024, the Company had the following loss carryforwards:

- $41.9 million of non-capital Canadian losses which expire from 2038-2043, which are fully offset by a valuation allowance.
- $53.2 million of U.S. federal net operating losses which have an indefinite carryforward period, a portion of which are not recorded as the Company does not consider these to be more-likely-than-not to be realized. These are fully offset by a valuation allowance.
- $162.9 million of state net operating losses, which expire in 2038-2043. $160.7 million of state net operating loss carryforwards are offset by a valuation allowance.

A valuation allowance to reflect management's estimate of the temporary deductible differences that may expire prior to their utilization has been recorded at December 31, 2025 and 2024. During the years ended December 31, 2025 and 2024, the Company decreased its tax asset by $2.8 million and increased its tax asset by $1.0 million, respectively, related to the step-up in basis from shareholder redemption activity under the tax receivable agreement for Cresco Labs LLC. The 2025 and 2024 step-up in basis would have been a decrease of $5.6 million and increase of $68.9 million, respectively, if not for the Company's uncertain tax positions. In 2025 and 2024, the Company also recognized a decrease to the tax receivable agreement liability of $5.6 million and an increase of $68.9 million, respectively, related to estimated payables to certain shareholders.

After the adoption of ASU 2023-09, the reconciliation between the effective tax rate on income from continuing operations and the statutory tax rate for the year ended December 31, 2025 is as follows:

| *($ in thousands)* | December 31, 2025 | |
|---|---|---|
| | **Amount** | **Percent** |
| **U.S. federal statutory tax rate** | $ (20,038) | 21.0% |
| **State and local income taxes, net of federal income tax effects** [1] | (5,670) | 5.9% |
| **Foreign Tax Effects** | | |
| Canada | | |
| Effect of rates different than statutory | 150 | (0.2)% |
| Changes in valuation allowances | 1,282 | (1.3)% |
| FX rate changes | (561) | 0.6% |
| Return to provision / prior period adjustments | (704) | 0.7% |
| Other | 83 | (0.1)% |
| **Changes in Valuation Allowances** | 3,745 | (3.9)% |
| **Nontaxable or Nondeductible Items** | | |
| Goodwill impairment | 15,815 | (16.6)% |
| Share-based payment awards | — | —% |
| Pass through and non-controlling entities | (2,868) | 3.0% |
| Penalties and interest | — | —% |
| Tax receivable agreement | — | —% |
| Debt modification | — | —% |
| Other nondeductible items | 711 | (0.7)% |
| **Changes in Unrecognized Tax Benefits** | 47,262 | (49.5)% |
| **Other Adjustments** | | |
| Prior year provision-to-return true-ups | 4,450 | (4.7)% |
| Accrued current tax penalties and interest | 827 | (0.9)% |
| Other | 138 | (0.1)% |
| **Income tax expense** | **$ 44,622** | |
| **Effective tax rate** | | **(46.8%)** |

[1] State taxes in California made up the majority (greater than 50%) of the tax effect in this category for the year ended December 31, 2025.

The reconciliation between the effective tax rate on income from continuing operations and the statutory tax rate prior to the adoption of ASU 2023-09 was as follows for the year ended December 31, 2024:

| *($ in thousands)* | | **December 31, 2024** |
|---|---|---|
| Expected income tax expense at statutory tax rate | $ | (2,356) |
| Tax rate differences | | (81) |
| Pass through and non-controlling entities | | (5,881) |
| State tax expense, net | | (3,292) |
| Uncertain tax treatment (including penalties and interest) | | 57,934 |
| Share-based compensation | | 790 |
| Tax penalties and interest | | (230) |
| Change in valuation allowance | | (2,802) |
| Change in state tax rates | | (3,748) |
| Change in state filing methods | | (2,409) |
| Canadian reorganization basis change | | (5) |
| Tax receivable agreement | | 13,910 |
| Adjustments to prior year provisions | | (1,858) |
| Other | | (99) |
| **Income tax expense** | **$** | **49,873** |
| | | |
| **Effective tax rate** | | **(469.8%)** |

After the adoption of ASU 2023-09, income taxes paid, net of refunds consists of the following the year ended December 31, 2025:

| *($ in thousands)* | | **December 31, 2025** |
|---|---|---|
| **U.S. Federal** | **$** | **8,982** |
| **U.S. State and local** | | |
| Illinois | $ | (2,677) |
| Other | | 655 |
| **Total U.S. State and local** | **$** | **(2,022)** |
| **Foreign:** | | |
| Canada | $ | — |
| Total Foreign | **$** | **—** |
| **Total** | **$** | **6,960** |

During 2024, the Company adopted a tax position whereby 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 2025, the Company has maintained the same position. This is in addition to the Company's historic uncertain tax position, whereby certain expenses incurred at dispensary locations are treated as inventoriable costs for tax purposes, reducing the impact of IRC Section 280E.

The Company records unrecognized tax benefits as liabilities in accordance with ASC 740 *Income Taxes* and adjusts these liabilities when judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax benefit liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available. It is possible that additional tax distribution liabilities may become due to certain non-controlling interest members as a

result of unrecognized tax benefits. While the probable amount of any future tax distribution liability cannot reasonably be estimated, the maximum future tax distribution liability associated with these unrecognized tax benefits is estimated to be $73.0 million as of December 31, 2025.

The Company accrued $10.3 million and $2.3 million in tax penalties and interest as of December 31, 2025 and 2024, respectively.

A reconciliation of the beginning and ending amount of the Company's unrecognized tax benefits is as follows:

| *($ in thousands)* | 2025 | 2024 |
|---|---|---|
| Balance at January 1 | $ 200,499 | $ 18,800 |
| Reductions based on lapse of statute of limitations | (5,181) | — |
| Additions based on tax positions related to the current year | 46,803 | 137,721 |
| Additions based on tax positions related to prior years | 362 | 43,978 |
| Reductions based on tax positions related to the current year | (1,814) | — |
| Reductions based on tax positions related to prior years | (1,738) | — |
| **Balance at December 31** | **$ 238,931** | **$ 200,499** |

A reconciliation of the beginning and ending amount of the Company's Uncertain tax position liability is as follows:

| *($ in thousands)* | 2025 | 2024 |
|---|---|---|
| Balance at January 1 | $ 122,468 | $ 20,212 |
| Reductions based on lapse of statute of limitations | (6,607) | — |
| Additions based on tax positions related to the current year | 46,803 | 53,225 |
| Additions based on tax positions related to prior years | 362 | 44,322 |
| Reductions based on tax positions related to prior years | (1,861) | — |
| Interest and Penalties recorded in income tax expense, net of reversals | 10,309 | 4,709 |
| **Balance at December 31** | **$ 171,474** | **$ 122,468** |

The Company is currently under examination by U.S. federal, state, and Canadian tax authorities. As of December 31, 2025, no additional liabilities are anticipated as a result of these examinations. With few exceptions, the Company is generally not subject to examination by tax authorities for years before 2020. In 2025, U.S. Congress passed the One Big Beautiful Bill Act ("**OBBBA**"), enacting significant U.S. tax reform. The Company has analyzed any material changes to its tax provision for legislative updates. The only material impact of the OBBBA on the Company was to reassess interest expense under IRC 163(j).

## NOTE 21. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 5, 2026, which is the date on which these financial statements were issued.

During the first quarter of 2026, the Company has entered into a purchase agreement, pending approval, which will result in the acquisition of 9 dispensaries for the purpose of expanding the Company's national presence. Total consideration is an estimated $50.0 million, subject to certain closing adjustments.

**Cresco Labs Delivers Q4 2025 Revenue of $162 Million and Sequential Margin Improvement**

**CHICAGO – March 5, 2026 –** 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 fourth quarter ended and year ended December 31, 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.

**Fiscal Year 2025 Highlights**

- Revenue of $656 million. Operating cash flow of $73 million and Free Cash Flow[1] of $38 million.
- Gross profit of $325 million. Adjusted gross profit[1] of $329 million; and an Adjusted gross margin[1] of 50.2%.
- SG&A of $218 million. Reduced Adjusted SG&A[1] by 5.7% year-over-year to $200 million, or 30.4%.
- Net loss of $140 million, which includes one-time, non-cash charges of $105 million related to the Company's impairment of intangibles and goodwill associated with the write-down of the New York reporting unit and fair value adjustments to the California reporting unit related to the sale of Sonoma's Finest.
- Adjusted EBITDA[1] of $157 million and Adjusted EBITDA margin[1] of 24.0%.
- Retained the No. 1 share position in multiple billion dollar markets for the full year.[2]

**Fourth Quarter 2025 Highlights**

- Fourth quarter revenue of $162 million. Fourth quarter operating cash flow of $27 million.
- Gross profit of $83 million. Adjusted gross profit[1] of $84 million; and an Adjusted gross margin[1] of 52.2%.
- SG&A of $57 million or 35.3% of revenue.
- Net loss of $89 million, which includes one-time, non-cash charges of $93 million related to the write-down of the New York reporting unit.
- Fourth quarter Adjusted EBITDA[1] of $40 million and Adjusted EBITDA margin[1] of 25.0%.
- Retained the No. 1 share position in multiple billion dollar markets.[2]

**Management Commentary**

"In Q4, we strengthened our financial foundation while expanding margins and generating meaningful cashflow. We delivered $162 million in revenue, $40 million in Adjusted EBITDA, and $27 million in operating cashflow, with sequential improvement across multiple profitability metrics. Our focused strategy continues to enhance our competitive position."

"The cannabis industry is consolidating in real time, and Cresco Labs is operating from a position of strength – we continue to show that we win where we operate. We are intentionally building a productive cash-generating platform, balancing organic expansion with selective, accretive acquisitions while maintaining a strong balance sheet. With leading brand share, differentiated retail execution, and embedded operating leverage, Cresco Labs is positioned to capitalize on industry consolidation and federal reform to create long-term value for shareholders."

[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.

**Balance Sheet, Liquidity, and Other Financial Information**

- As of December 31, 2025, current assets were $259 million, including cash, cash equivalents, and restricted cash of $91 million. An additional $3 million of restricted cash was classified as a non-current asset. The Company had senior secured term loan debt, net of discount and issuance costs, of $311 million and a mortgage loan, net of discount and issuance costs, of $19 million.
- Total shares on a fully converted basis to Subordinate Voting Shares were 491,585,556 as of December 31, 2025.

**Conference Call and Webcast**

The Company will host a conference call and webcast to discuss its financial results on**Thursday, March 5, 2026**, 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 1-646-844-6383 (US Local), and providing access code 152399. Archived access to the webcast will be available for one year on Cresco Labs' investor website, here.

**Consolidated Financial Statements**

The financial information reported in this press release contains certain preliminary financial results for the three months and year ended December 31, 2025. These financial statements have been prepared in accordance with U.S. GAAP. These preliminary results for the three months and year ended December 31, 2025, are provided prior to completion of all internal reviews and external audit procedures and are therefore subject to adjustment until the filing of the Company's audited consolidated financial statements, which the Company expects to file on SEDAR+ and EDGAR on or about March 5, 2026. The audit of the consolidated financial statements for the year ended December 31, 2025, is currently in process. 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, 2025, 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, 2025, expected to be filed on or about March 5, 2026, 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)

**Consolidated Statements of Operations**
**For the Three Months Ended December 31, 2025, September 30, 2025, and December 31, 2024**
**and**
**Years Ended December 31, 2025 and December 31, 2024**

| | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| *($ in thousands)* | **December 31, 2025** | **September 30, 2025** | **December 31, 2024** | **December 31, 2025** | **December 31, 2024** |
| | *(unaudited)* | *(unaudited)* | *(unaudited)* | | |
| Revenues, net | $ 161,553 | $ 164,913 | $ 175,909 | $ 655,847 | $ 724,343 |
| Cost of goods sold | 78,232 | 85,553 | 91,883 | 331,279 | 359,889 |
| **Gross profit** | **83,321** | **79,360** | **84,026** | **324,568** | **364,454** |
| **Gross profit %** | **51.6 %** | **48.1 %** | **47.8 %** | **49.5 %** | **50.3 %** |
| Operating expenses: | | | | | |
| Selling, general, and administrative | 57,014 | 51,640 | 56,030 | 217,863 | 221,269 |
| Share-based compensation | 3,415 | 1,891 | 3,133 | 9,413 | 11,803 |
| Depreciation and amortization | 4,966 | 5,636 | 5,457 | 20,178 | 21,770 |
| Impairment loss | 93,471 | 2,365 | — | 105,101 | 2,320 |
| Total operating expenses | 158,866 | 61,532 | 64,620 | 352,555 | 257,162 |
| **Income from operations** | **(75,545)** | **17,828** | **19,406** | **(27,987)** | **107,292** |
| | | | | | |
| Other (expense) income, net: | | | | | |
| Interest expense, net[2] | (14,264) | (14,140) | (13,195) | (56,280) | (54,601) |
| Other income (expense) , net[2] | 2,664 | (13,789) | (3,156) | (11,155) | (63,307) |
| Total other expense, net | (11,600) | (27,929) | (16,351) | (67,435) | (117,908) |
| **(Loss) Income before income taxes** | **(87,145)** | **(10,101)** | **3,055** | **(95,422)** | **(10,616)** |
| Income tax expense | (1,804) | (11,867) | (2,616) | (44,622) | (49,873) |
| **Net (loss) income[1]** | **$ (88,949)** | **$ (21,968)** | **$ 439** | **$ (140,044)** | **$ (60,489)** |

[1] Net (loss) income includes amounts attributable to non-controlling interests.
[2] Certain immaterial prior period amounts were reclassified to conform to the current presentation.

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

| | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| *($ in thousands)* | **December 31, 2025** | **September 30, 2025** | **December 31, 2024** | **December 31, 2025** | **December 31, 2024** |
| Revenues, net | $ 161,553 | $ 164,913 | $ 175,909 | $ 655,847 | $ 724,343 |
| Cost of goods sold[1] | 78,232 | 85,553 | 91,883 | 331,279 | 359,889 |
| **Gross profit** | **$ 83,321** | **$ 79,360** | **$ 84,026** | **$ 324,568** | **$ 364,454** |
| Fair value mark-up for acquired inventory | 28 | — | — | 28 | 123 |
| Cost of goods sold adjustments for acquisition and other non-core costs | 1,049 | 1,110 | 3,121 | 4,795 | 9,447 |
| **Adjusted gross profit (Non-GAAP)** | **$ 84,398** | **$ 80,470** | **$ 87,147** | **$ 329,391** | **$ 374,024** |
| **Adjusted gross profit % (Non-GAAP)** | **52.2 %** | **48.8 %** | **49.5 %** | **50.2 %** | **51.6 %** |

[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 December 31, 2025 and December 31, 2024**

| *($ in thousands)* | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Cash, cash equivalents, and restricted cash (current) | $ 91,086 | $ 141,003 |
| Other current assets | 168,187 | 153,254 |
| Property and equipment, net | 327,192 | 344,846 |
| Intangible assets, net | 275,342 | 293,994 |
| Goodwill | 208,173 | 283,484 |
| Other non-current assets | 127,320 | 138,774 |
| **Total assets** | **$ 1,197,300** | **$ 1,355,355** |
| | | |
| Total current liabilities | $ 100,180 | $ 94,338 |
| Total non-current liabilities | 844,618 | 872,841 |
| Total shareholders' equity | 252,502 | 388,176 |
| **Total liabilities and shareholders' equity** | **$ 1,197,300** | **$ 1,355,355** |

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

| | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| *($ in thousands)* | **December 31, 2025** | **September 30, 2025** | **December 31, 2024** | **December 31, 2025** | **December 31, 2024** |
| Selling, general, and administrative | $ 57,014 | $ 51,640 | $ 56,030 | $ 217,863 | $ 221,269 |
| Adjustments for acquisition and other non-core costs | 7,702 | 3,920 | 2,299 | 18,327 | 9,656 |
| **Adjusted SG&A (Non-GAAP)** | **$ 49,312** | **$ 47,720** | **$ 53,731** | **$ 199,536** | **$ 211,613** |
| **Adjusted SG&A % (Non-GAAP)** | **30.5 %** | **28.9 %** | **30.5 %** | **30.4 %** | **29.2 %** |

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

| | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| *($ in thousands)* | **December 31, 2025** | **September 30, 2025** | **December 31, 2024** | **December 31, 2025** | **December 31, 2024** |
| **Net (loss) income[1]** | **$ (88,949)** | **$ (21,968)** | **$ 439** | **$ (140,044)** | **$ (60,489)** |
| Depreciation and amortization | 10,758 | 12,858 | 13,904 | 48,712 | 59,096 |
| Interest expense, net[2] | 14,264 | 14,140 | 13,195 | 56,280 | 54,601 |
| Income tax expense | 1,804 | 11,867 | 2,616 | 44,622 | 49,873 |
| **EBITDA (Non-GAAP)** | **$ (62,123)** | **$ 16,897** | **$ 30,154** | **$ 9,570** | **$ 103,081** |
| Other (expense) income, net[2] | (2,664) | 13,789 | 3,156 | 11,155 | 63,307 |
| Fair value mark-up for acquired inventory | 28 | — | — | 28 | 123 |
| Adjustments for acquisition and other non-core costs | 8,071 | 4,443 | 4,493 | 20,263 | 16,851 |
| Impairment loss | 93,471 | 2,365 | — | 105,101 | 2,320 |
| Share-based compensation | 3,652 | 2,311 | 3,705 | 11,232 | 14,164 |
| **Adjusted EBITDA (Non-GAAP)** | **$ 40,435** | **$ 39,805** | **$ 41,508** | **$ 157,349** | **$ 199,846** |
| **Adjusted EBITDA % (Non-GAAP)** | **25.0 %** | **24.1 %** | **23.6 %** | **24.0 %** | **27.6 %** |

[1] Net (loss) income includes amounts attributable to non-controlling interests.
[2] Certain immaterial prior period amounts were reclassified to conform to the current presentation.

**Cresco Labs Inc.**
**Summarized Consolidated Statements of Cash Flows**
**For the Three Months Ended December 31, 2025, September 30, 2025, and December 31, 2024**
**and**
**Years Ended December 31, 2025 and December 31, 2024**

| *($ in thousands)* | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| | **December 31, 2025** | **September 30, 2025** | **December 31, 2024** | **December 31, 2025** | **December 31, 2024** |
| | *(unaudited)* | *(unaudited)* | *(unaudited)* | | |
| Net cash provided by operating activities | $ 27,432 | $ 6,164 | $ 29,486 | $ 72,890 | $ 132,480 |
| Net cash used in investing activities | (13,242) | (6,124) | (3,013) | (40,704) | (25,229) |
| Net cash used in financing activities | (1,793) | (71,096) | (42,034) | (82,088) | (71,478) |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | (17) | — | 9 | (17) | (39) |
| **Net increase (decrease) in cash and cash equivalents** | **$ 12,380** | **$ (71,056)** | **$ (15,552)** | **$ (49,919)** | **$ 35,734** |
| Cash and cash equivalents and restricted cash, beginning of period | 81,956 | 153,012 | 159,806 | 144,254 | 108,520 |
| **Cash and cash equivalents and restricted cash, end of period** | **$ 94,336** | **$ 81,956** | **$ 144,254** | **$ 94,335** | **$ 144,254** |

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

| *($ in thousands)* | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| | **December 31, 2025** | **September 30, 2025** | **December 31, 2024** | **December 31, 2025** | **December 31, 2024** |
| Net cash provided by operating activities | $ 27,432 | $ 6,164 | $ 29,486 | $ 72,890 | $ 132,480 |
| Purchases of property and equipment | (9,016) | (7,180) | (3,204) | (35,138) | (19,492) |
| Proceeds from tenant improvement allowances | — | — | 439 | 501 | 1,055 |
| **Free Cash Flow (Non-GAAP)** | **$ 18,416** | **$ (1,016)** | **$ 26,721** | **$ 38,253** | **$ 114,043** |

**Contacts**

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**Exhibit 99.8**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (File No. 333-253670 and 333-281425) and Forms F-10 (File No. 333-290729) of Cresco Labs Inc. of our report dated March 5, 2026, relating to the consolidated financial statements, which appears in this Annual Report on Form 40-F as of and for the year ended December 31, 2025.

/s/ Baker Tilly US, LLP

Chicago, IL
March 5, 2026

**Exhibit 99.9**

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (333-253670 and 333-281425) and Form F-10 (333-290729) of our report dated March 14, 2025, with respect to the consolidated financial statements of Cresco Labs Inc. included in this Annual Report on Form 40-F for the year ended December 31, 2025.

/s/ Marcum LLP

New York, NY
March 5, 2026