

**CRONOS**

G R O U P

**CRONOS GROUP INC.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

**For the Year Ended December 31, 2024**

This document contains information under the heading “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” which has been excerpted from our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the “Annual Report”) filed concurrently with this MD&A on the date hereof under the profile of Cronos Group Inc. (“Cronos Group” or the “Company”) on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). This document should be read in conjunction with our Annual Report, including the consolidated financial statements and the related notes thereto included in Part II, Item 8 of our Annual Report, as well as Part I, Item 1 “Business”, Part I, Item 1A “Risk Factors” and Part II, Item 9A “Controls and Procedures”, and incorporates by reference herein Part I, Item 1A “Risk Factors” and Part II, Item 5 “Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities” from our Annual Report. Defined terms used herein but otherwise not defined have the meaning ascribed to them in the Annual Report.

### **Special Note Regarding Forward-Looking Statements**

This document, the documents incorporated into this document by reference, other reports we file with, or furnish to, the United States (“U.S.”) Securities and Exchange Commission (“SEC”) and other regulatory agencies, and statements by our directors, officers, other employees and other persons authorized to speak on our behalf contain information that may constitute forward-looking information and forward-looking statements within the meaning of applicable U.S. and Canadian securities laws and court decisions (collectively, “Forward-Looking Statements”), which are based upon our current internal expectations, estimates, projections, assumptions and beliefs. All information that is not clearly historical in nature may constitute Forward-Looking Statements. In some cases, Forward-Looking Statements can be identified by the use of forward-looking terminology, such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate” and other similar words, expressions and phrases, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussion of strategy. Forward-Looking Statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of historical fact.

Forward-Looking Statements include, but are not limited to, statements with respect to:

- the ongoing impact of the public investigation into Canadian licensed producers of alleged dumping of medical cannabis imports from Canada into Israel by the Trade Levies Commissioner of the Israel Ministry of Economy and Industry (the “Anti-Dumping Investigation”) and the proposed anti-dumping duty to which the Company’s imports would be subject;
- expectations related to the conflict involving Israel, Hamas, Hezbollah, Houthis, Iran, Iran’s proxies and other stakeholders in the region (the “Middle East Conflict”) and its impact on our operations in Israel, the supply of product in the market and the demand for product by medical patients in Israel, as well as any regional or global escalations and their impact to global commerce and stability;
- expectations related to the German, Australian and United Kingdom (“UK”) markets, including our strategic partnerships with Cansativa GmbH (“Cansativa”), Vitura Health Limited (“Vitura”), and other distributors, respectively, and our ability to successfully distribute the PEACE NATURALS® brand in Germany and the UK;
- expectations related to our announcement of cost-cutting measures, including our decision to wind down operations at our Winnipeg, Manitoba facility and list the facility for sale, the expected costs and benefits from the wind-down of production activities at the facility, challenges and effects related thereto as well as changes in strategy, metrics, investments, costs, operating expenses, employee turnover and other changes with respect thereto;
- expectations related to the impact of our decision to exit our U.S. hemp-derived cannabinoid product operations and any future plans to re-enter the U.S. market;
- the ongoing impact of our announced realignment (the “Realignment”) and any progress, challenges and effects related thereto as well as changes in strategy, metrics, investments, reporting structure, costs, operating expenses, employee turnover and other changes with respect thereto;
- our expectations as to the use of our facility in Stayner, Ontario (the “Peace Naturals Campus”);

- our ability to acquire raw materials from suppliers, including Cronos Growing Company Inc. (“Cronos GrowCo”), and the costs and timing associated therewith;
- expectations regarding the potential success of, and the costs and benefits associated with, our joint ventures, strategic alliances and equity investments;
- expectations related to the transaction by which we obtained majority control of the board of directors of Cronos GrowCo (the “Cronos GrowCo Transaction”), which qualified as a business combination under Accounting Standards Codification (“ASC”) 805, and the expansion of Cronos GrowCo’s purpose-built cultivation and processing facilities;
- our ability or plans to identify, develop, commercialize or expand our technology research and development (“R&D”) initiatives in cannabinoids, or the success thereof;
- expectations regarding revenues, expenses, gross margins and capital expenditures;
- expectations regarding our future production and manufacturing strategy and operations, the costs and timing associated therewith and the receipt of applicable production and sale licenses;
- the ongoing impact of the legalization of additional cannabis product types and forms for adult-use in Canada, including federal, provincial, territorial and municipal regulations pertaining thereto, the related timing and impact thereof and our intentions to participate in such markets;
- the legalization of the use of cannabis for medical or adult-use in jurisdictions outside of Canada, including the U.S. and Germany, the related timing and impact thereof and our intentions to participate in such markets, if and when such use is legalized;
- the grant, renewal, withdrawal, suspension, delay and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- our ability to successfully create and launch brands and cannabis products;
- expectations related to the differentiation of our products, including through the utilization of rare cannabinoids;
- the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, including CBD and other cannabinoids;
- laws and regulations and any amendments thereto applicable to our business and the impact thereof, including uncertainty regarding the application of U.S. state and federal law to cannabis and U.S. hemp (including CBD and other U.S. hemp-derived cannabinoids) products and the scope of any regulations by the U.S. Food and Drug Administration (the “FDA”), the U.S. Drug Enforcement Administration (the “DEA”), the U.S. Federal Trade Commission (the “FTC”), the U.S. Patent and Trademark Office (the “PTO”) and any state equivalent regulatory agencies over cannabis and U.S. hemp (including CBD and other U.S. hemp-derived cannabinoids) products, including the possibility marijuana is moved from Schedule I to Schedule III under the U.S. Controlled Substances Act;
- the anticipated benefits and impact of Altria Group Inc.’s investment in the Company (the “Altria Investment”), pursuant to a subscription agreement dated December 7, 2018;
- uncertainties as to our ability to exercise our option (the “PharmaCann Option”) in PharmaCann Inc. (“PharmaCann”), in the near term or the future, in full or in part, including the uncertainties as to the status and future development of federal legalization of cannabis in the U.S. and our ability to realize the anticipated benefits of the transaction with PharmaCann;
- expectations regarding the implementation and effectiveness of key personnel changes;
- expectations regarding business combinations and dispositions and the anticipated benefits therefrom;
- expectations of the amount or frequency of impairment losses, including as a result of the write-down of intangible assets, including goodwill;

- the impact of the ongoing military conflict between Russia and Ukraine (and resulting sanctions) on our business, financial condition and results of operations or cash flows;
- our compliance with the terms of the settlement (the “Settlement Order”) with the SEC and the settlement agreement (the “Settlement Agreement”) with the Ontario Securities Commission (the “OSC”); and
- the impact of the loss of our ability to rely on private offering exemptions under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and the loss of our status as a well-known seasoned issuer, each as a result of the Settlement Order.

Certain of the Forward-Looking Statements contained herein concerning the industries in which we conduct our business are based on estimates prepared by us using data from publicly available governmental sources, market research, industry analysis and on assumptions based on data and knowledge of these industries, which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. The industries in which we conduct our business involve risks and uncertainties that are subject to change based on various factors, which are described further below.

The Forward-Looking Statements contained herein are based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including: (i) our ability to effectively navigate developments related to the Anti-Dumping Investigation and the proposed anti-dumping duty to which the Company’s imports would be subject and its impact on our operations in Israel; (ii) our ability to effectively navigate developments related to the Middle East Conflict and its impact on our employees and operations in Israel, the supply of product in the market and demand for product by medical patients in Israel; (iii) our ability to efficiently and effectively distribute our PEACE NATURALS® brand in Germany with our strategic partner Cansativa and in the UK and our ability to efficiently and effectively distribute products in Australia with our strategic partner Vitura; (iv) our ability to realize the expected cost-savings and other benefits related to the wind-down of our operations at our Winnipeg, Manitoba facility; (v) expectations related to the impact of our decision to exit our U.S. hemp-derived cannabinoid product operations; (vi) our ability to realize the expected cost-savings, efficiencies and other benefits of our Realignment and other announced cost-cutting measures and employee turnover related thereto; (vii) our ability to efficiently and effectively manage our operations at our Peace Naturals Campus; (viii) our ability to efficiently and effectively acquire raw materials on a timely and cost-effective basis from third parties or Cronos GrowCo; (ix) the timely completion of the expansion of Cronos GrowCo’s purpose-built cannabis facility and the ability of Cronos GrowCo to repay the credit facility provided by Cronos; (x) our ability to realize anticipated benefits, synergies or generate revenue, profits or value from our business combinations and strategic investments; (xi) the production and manufacturing capabilities and output from our facilities and our joint ventures, strategic alliances and equity investments; (xii) government regulation of our activities and products including, but not limited to, the areas of cannabis taxation and environmental protection; (xiii) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (xiv) consumer interest in our products; (xv) our ability to differentiate our products, including through the utilization of rare cannabinoids; (xvi) competition; (xvii) anticipated and unanticipated costs; (xviii) our ability to generate cash flow from operations; (xix) our ability to conduct operations in a safe, efficient and effective manner; (xx) our ability to hire and retain qualified staff and acquire equipment and services in a timely and cost-efficient manner; (xxi) our ability to exercise the PharmaCann Option and realize the anticipated benefits of the transaction with PharmaCann; (xxii) our ability to complete planned dispositions, and, if completed, obtain our anticipated sales price; (xxiii) general economic, financial market, regulatory and political conditions in which we operate; (xxiv) management’s perceptions of historical trends, current conditions and expected future developments; and (xxv) other considerations that management believes to be appropriate in the circumstances. While our management considers these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct.

By their nature, Forward-Looking Statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the Forward-Looking Statements in this document and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf. Such factors include, without limitation,

negative impacts on our business and operations in Israel due to the Anti-Dumping Investigation, including that we may not be able to produce, import or sell our products in Israel as a result thereof; negative impacts on our employees, business and operations in Israel due to the Middle East Conflict, including that we may not be able to produce, import or sell our products or protect our people or facilities in Israel during the Middle East Conflict; the supply of product in the market and the demand for product by medical patients in Israel; that we may not be able to successfully continue to distribute our products in Germany, Australia and the UK or generate material revenue from sales in those markets; that we may not be able to achieve the anticipated benefits of the wind-down of our operations at our Winnipeg, Manitoba facility; that we may be unable to further streamline our operations and reduce expenses; that we may not be able to effectively and efficiently re-enter the U.S. market in the future; that we may not be able to access raw materials on a timely and cost-effective basis from third-parties or Cronos GrowCo; that Cronos GrowCo may not be able to complete the expansion of its purpose-built cannabis facility within a reasonable time or repay its borrowings under the credit facility provided by Cronos; the military conflict between Russia and Ukraine may disrupt our operations and those of our suppliers and distribution channels and negatively impact the demand for and use of our products; the risk that cost savings and any other synergies from the Altria Investment may not be fully realized or may take longer to realize than expected; failure to execute key personnel changes; that our Realignment and our further leveraging of our strategic partnerships will not result in the expected cost-savings, efficiencies and other benefits or will result in greater than anticipated turnover in personnel; that we may not be able to efficiently and effectively manage our operations, and any changes thereto, at our Peace Naturals Campus; lower levels of revenues; the lack of consumer demand for our products; our inability to manage disruptions in credit markets; unanticipated future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; failure to realize expected growth opportunities; the lack of cash flow necessary to execute our business plan (either within the expected timeframe or at all); difficulty raising capital; the potential adverse effects of judicial, regulatory or other proceedings, or threatened litigation or proceedings, on our business, financial condition, results of operations and cash flows; volatility in and/or degradation of general economic, market, industry or business conditions; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to vaping and the use of cannabis and U.S. hemp products in vaping devices; the unexpected effects of actions of third parties such as competitors, activist investors or federal (including U.S. federal), state, provincial, territorial or local regulatory authorities or self-regulatory organizations; adverse changes in regulatory requirements in relation to our business and products; legal or regulatory obstacles that could prevent us from being able to exercise the PharmaCann Option and thereby realize the anticipated benefits of the transaction with PharmaCann; dilution of our fully diluted ownership of PharmaCann and the loss of our rights as a result of that dilution; our failure to improve our internal control environment and our systems, processes and procedures; and the factors discussed under Part I, Item 1A “Risk Factors” in the Annual Report. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on Forward-Looking Statements.

Forward-Looking Statements are provided for the purposes of assisting the reader in understanding our financial performance, financial position and cash flows as of and for periods ended on certain dates and to present information about management’s current expectations and plans relating to the future, and the reader is cautioned not to place undue reliance on these Forward-Looking Statements because of their inherent uncertainty and to appreciate the limited purposes for which they are being used by management. While we believe that the assumptions and expectations reflected in the Forward-Looking Statements are reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct. Forward-Looking Statements are made as of the date they are made and are based on the beliefs, estimates, expectations and opinions of management on that date. We undertake no obligation to update or revise any Forward-Looking Statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such Forward-Looking Statements. The Forward-Looking Statements contained in this document and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf are expressly qualified in their entirety by these cautionary statements.

## ITEM 6. RESERVED

Not applicable.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Management's discussion and analysis of financial condition and results of operations is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and related notes, which are included in Item 8 of this Annual Report on Form 10-K (this "Annual Report"), to enhance the understanding of our operations and our present business environment.

This discussion contains forward-looking statements that involve risks and uncertainties, see Part I, Item 1 "*Business—Special Note Regarding Forward-Looking Statements*" in this Annual Report for a discussion of the risks and uncertainties involved in the Forward-Looking Statements.

For more information about our operations and the risks facing our business, see Part I, Item 1 "*Business*" and Part I, Item 1A "*Risk Factors*", respectively, of this Annual Report.

### **Business Overview**

Cronos is an innovative global cannabinoid company committed to building disruptive intellectual property by advancing cannabis research, technology and product development. With a passion to responsibly elevate the consumer experience, Cronos is building an iconic brand portfolio. Cronos' diverse international brand portfolio includes Spinach<sup>®</sup>, PEACE NATURALS<sup>®</sup> and Lord Jones<sup>®</sup>.

Unless otherwise noted or the context indicates otherwise, references in this Annual Report to the "Company", "Cronos", "we", "us" and "our" refer to Cronos Group Inc., its direct and indirect wholly owned subsidiaries and, if applicable, its joint ventures and investments accounted for by the equity method; the term "cannabis" means the plant of any species or subspecies of genus *Cannabis* and any part of that plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers; the term "U.S. hemp" has the meaning given to the term "hemp" in the U.S. Agricultural Improvement Act of 2018, including hemp-derived cannabidiol ("CBD").

### **Strategy**

Cronos seeks to create value for shareholders by focusing on four core strategic priorities:

- growing a portfolio of iconic brands that responsibly elevate the consumer experience;
- developing a diversified global sales and distribution network;
- establishing an efficient global supply chain; and
- creating and monetizing disruptive intellectual property.

### **Business Segment**

Cronos reports through one consolidated segment, which includes operations in both Canada and Israel. In Canada, Cronos operates one wholly-owned license holder under the Cannabis Act (Canada) (the "Cannabis Act"), Peace Naturals Project Inc. ("Peace Naturals"), which has production facilities near Stayner, Ontario (the "Peace Naturals Campus"). On July 1, 2024, the Company obtained majority control of the board of directors of Cronos Growing Company Inc. ("Cronos GrowCo"), a license holder under the Cannabis Act, which qualified as a business combination under ASC 805 (the "Cronos GrowCo Transaction"). As a result, the Company now consolidates the results of operations of Cronos GrowCo in its consolidated financial statements. Cronos maintains its 50% equity interest in Cronos GrowCo. In Israel, the Company operates under the IMC-GAP, IMC-GMP and IMC-GDP certifications required for the cultivation, production, distribution and marketing of medical cannabis products in Israel.

### **Discontinued Operations**

In the second quarter of 2023, Cronos exited its U.S. hemp-derived cannabinoid product operations. The exit of the U.S. operations represented a strategic shift that had a major effect on Cronos' operations and financial results, and as such, qualified for reporting as discontinued operations in our consolidated statements of net income (loss) and comprehensive income (loss). Prior period amounts

have been reclassified to reflect the discontinued operations classification of the U.S. operations. For further detail on the discontinuation of the U.S. operations, see Note 3 “*Discontinued Operations*” to the consolidated financial statements under Item 8 of this Annual Report.

## **Recent Developments**

### ***Brand and Product Portfolio***

In 2024, our growth efforts in Canada were focused on expanding our consumer base by launching innovative products in the edible, vape and pre-roll categories, while maintaining popular flower offerings. Our growth efforts in Israel were focused on refining the PEACE NATURALS® brand portfolio and pricing strategy with cultivars that meet the needs of its patient base. Our international growth efforts have focused on the same high-quality products and genetics that propelled Cronos to become one of the leaders in flower sales in Canada in 2024.

#### **Spinach®**

Spinach® is a mainstream adult-use cannabis brand with a portfolio that includes cannabinoid products in a wide range of formats including dried flower, pre-rolls, vaporizers, edibles and tinctures.

Cronos’ cannabis cultivar breeding program and extensive portfolio of premium genetics have been instrumental in driving sustained growth. The brand expanded its offerings in 2024 with the introduction of Spinach Grindz™, its entry into the milled flower category, a growing and promising market segment.

In 2024, Cronos launched the new SOURZ by Spinach® Fully Blasted gummy line. The launch of these 10mg THC per piece gummies marked a significant milestone for the Company and was followed by an expansion into additional flavors and cannabinoid combinations. Incremental growth in the edibles category was achieved through renovated rare cannabinoid-focused 5-packs, the introduction of the SOURZ by Spinach® CBD Berry Variety Pack, a CBD-only multi-flavor pack, and its first-ever limited-edition Caramel Green Apple flavor.

In 2024, Cronos introduced two new Spinach® all-in-one vapes, Pineapple Paradise and Blueberry Dynamite. We also introduced new Pink Lemonade and Rocket Icicle 0.5g all-in-one Spinach HITZ™, alongside line extensions in Spinach® 1.2g vapes. Vape production was brought in-house in the second half of 2024 in an effort to improve profitability and enhance production efficiency in this category.

In 2024, the Spinach® Fully Charged Multi-Pack pre-rolls, the brand’s first multi-pack, introduced a new area of growth within the infused pre-rolls category.

#### **Lord Jones®**

Lord Jones® is a premium adult-use cannabis brand. The Lord Jones® brand portfolio includes cannabis products in the pre-roll, vaporizer and edible categories. Lord Jones® Ice Water Hash Fusions pre-rolls feature flower and terpene-rich ice water hash and are fitted with a branded ceramic tip. In 2024, Lord Jones® Chocolate Fusions™ edibles debuted in three flavors: Cookies and Cream, Dazzleberry Pop, and Salted Caramel Crunch, further diversifying the product lineup. In 2024, we launched Lord Jones® live resin vapes with new strains, including Purple Lemon Haze, Deadhead OG, and Gorilla Z, expanding the brand’s premium offerings.

#### **PEACE NATURALS®**

PEACE NATURALS® is a global medical brand committed to producing high-quality cannabis products. It is focused on building and shaping the global medical market. The Company currently distributes products under the PEACE NATURALS® brand for the Canadian market and the Israeli, German, and United Kingdom (“UK”) medical markets.

#### **Israel**

In 2024, Cronos Israel revamped and repositioned its flower portfolio, optimizing pricing, potency and bringing new strains to market to meet patient needs. The PEACE NATURALS® brand launched new strains including GG4, Key Limez Punch, Pink Sherb and GMO Lite.

#### **Germany**

Throughout 2024, the Company continued its sales to the German market through the PEACE NATURALS® brand. Cronos sells the PEACE NATURALS® brand through its distribution partner, Cansativa GmbH (“Cansativa”), one of the leading distributors of medical cannabis in Germany. Cronos also supplies flower for Cansativa’s private-label brand.

#### **UK**

In 2024, Cronos expanded into the UK by shipping its first batch of PEACE NATURALS® medical cannabis flower to this emerging market, through a partnership with a third-party distributor of prescribed cannabis products.

## Regional Brands

In 2024 Cronos launched Sonique™, a regional brand, in Quebec. The Company also launched LIT™, a brand marketed and sold in Israel. The goal of these regional brands is to capitalize on market trends, combining local insights with product development to build loyalty in each market.

## Global Supply Chain and Operations

### Cronos GrowCo Transaction

On June 20, 2024, Cronos announced an investment in its then equity method investee, Cronos GrowCo, through a secured non-revolving credit facility to expand Cronos GrowCo’s purpose-built cannabis facility and address the growing global demand for high-quality cannabis flower. This expansion aims to bolster Cronos’ supply capabilities and support future growth opportunities. The Cronos GrowCo Transaction and resulting facility expansion efforts are intended to enable Cronos to increase supply of Cronos’ portfolio of genetics, as well as expand Cronos’ international footprint with distribution to growing markets in Australia, Germany and the UK.

The expansion efforts at Cronos GrowCo’s facility are underway. In the fourth quarter of 2024, Health Canada approved amendments to the site’s perimeter. Cronos GrowCo expects to finish construction of the expanded cultivation and processing facilities in the second quarter of 2025, with the first harvests and sales for the area expected to commence in the second half of 2025. Prior to the commencement of sales from the expanded facility, Cronos has the option to purchase up to 80% of Cronos GrowCo’s total production. Once sales from the expanded area begin, Cronos will have the option to purchase up to 70% of the total production from the expanded facility. Cronos GrowCo sells the remaining portion of its supply through the wholesale channel in Canada and across markets internationally. The expansion of Cronos GrowCo is expected to position the Company to capitalize on domestic demand and meet international growth opportunities in the global cannabis market.

### Peace Naturals Campus

On November 26, 2023, the Company announced that Peace Naturals had entered into an agreement to sell and lease back the Peace Naturals Campus. However, the agreement was terminated pursuant to its terms in the second quarter of 2024, and the Company has decided to continue and expand operations at the site. As part of expanding operations, in the second half of 2024, the Company invested in machinery, automation and process improvement to drive cost efficiency within the facility. This included investment in warehousing and vault expansion as well as R&D equipment and laboratory enhancements.

### Cronos Fermentation Facility

In August 2023, Cronos announced the wind-down of Thanos Holdings Ltd., known as Cronos Fermentation (“Cronos Fermentation”) and listed the facility for sale. Operations ceased in the first quarter of 2024, with all associated licenses revoked and the assets reclassified as held-for-sale. During the third quarter of 2024, Cronos adjusted its sales strategy for the assets to market them to a broader buyer pool, resulting in the recognition of a loss on held-for-sale assets.

## 2023 Compared to 2022

### Results of Operations and Cash Flows

For a discussion of our 2023 results of operations and cash flows compared to 2022, see Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual Report on Form 10-K for the year ended December 31, 2023.

### Foreign currency exchange rates

All currency amounts in this Annual Report are stated in U.S. dollars, which is our reporting currency, unless otherwise noted. All references to “dollars” or “\$” are to U.S. dollars. The assets and liabilities of our foreign operations are translated into dollars at the exchange rate in effect as of December 31, 2024 and December 31, 2023, as reported on Bloomberg. Transactions affecting the shareholders’ equity (deficit) are translated at historical foreign exchange rates. The consolidated statements of net income (loss) and comprehensive income (loss) and consolidated statements of cash flows of our foreign operations are translated into dollars by applying the average foreign exchange rate in effect for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, as reported on Bloomberg.

The exchange rates used to translate from Canadian dollars (“C\$”) to dollars are shown below:

*(Exchange rates are shown as C\$ per \$)*

	Year ended December 31,		
	2024	2023	2022
Average rate	1.3700	1.3494	1.3017
Spot rate	1.4351	1.3243	1.3554

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The exchange rates used to translate from New Israeli Shekels (“ILS”) to dollars are shown below:

(Exchange rates are shown as ILS per \$)

	Year ended December 31,		
	2024	2023	2022
Average rate	3.6997	3.6819	3.3566
Spot rate	3.6526	3.6163	3.5178

### Consolidated Results of Operations - 2024 Compared to 2023

The tables below set forth our consolidated results of operations, expressed in thousands of U.S. dollars for the periods presented. Our consolidated financial results for these periods are not necessarily indicative of the consolidated financial results that we will achieve in future periods.

	Year ended December 31,	
	2024	2023
Net revenue before excise taxes	\$ 161,821	\$ 120,270
Excise taxes	(44,206)	(33,029)
Net revenue	117,615	87,241
Cost of sales	91,710	74,527
Inventory write-down	707	805
Gross profit	25,198	11,909
Operating expenses:		
Sales and marketing	21,603	22,701
Research and development	4,229	5,843
General and administrative	46,514	49,475
Restructuring costs	630	1,524
Share-based compensation	8,700	8,756
Depreciation and amortization	3,701	5,044
Impairment loss on long-lived assets	16,350	3,366
Total operating expenses	101,727	96,709
Operating loss	(76,529)	(84,800)
Other income	113,115	11,131
Income tax expense (benefit)	(3,436)	(3,230)
Loss from discontinued operations	—	(4,114)
Net income (loss)	40,022	(74,553)
Net loss attributable to non-controlling interest	(1,058)	(590)
Net income (loss) attributable to Cronos Group	\$ 41,080	\$ (73,963)

### Summary of select financial results

	Year ended December 31,		Change	
	2024	2023	\$	%
Net revenue	\$ 117,615	\$ 87,241	\$ 30,374	35 %
Cost of sales	91,710	74,527	17,183	23 %
Inventory write-down	707	805	(98)	(12) %
Gross profit	25,198	11,909	13,289	112 %
Gross margin <sup>(i)</sup>	21 %	14 %	N/A	7 pp

<sup>(i)</sup> Gross margin is defined as gross profit divided by net revenue.

### Net revenue

For 2024, we reported consolidated net revenue of \$117.6 million, representing a \$30.4 million increase from 2023. This change was primarily due to higher cannabis flower and extract sales in the Canadian market and higher cannabis flower sales in Israel and other countries. Due to the consolidation of Cronos GrowCo’s results of operations in our financial statements beginning July 1, 2024, Cronos GrowCo contributed \$6.4 million of cannabis flower sales in the year ended December 31, 2024. No such sales were recognized for the year ended December 31, 2023.

**Cost of sales**

For 2024, we reported consolidated cost of sales of \$91.7 million, representing a \$17.2 million increase from 2023. This increase was primarily due to the impact of the inventory step-up from the Cronos GrowCo Transaction, higher cannabis flower and extract sales in the Canadian market, and higher cannabis flower sales in Israel and other countries, partially offset by production cost improvements. For 2024, we recognized \$5.3 million of inventory step-up from the Cronos GrowCo Transaction into cost of sales since July 1, 2024. No such costs were recognized for 2023.

**Inventory write-down**

For 2024, we reported inventory write-downs of \$0.7 million, representing a \$0.1 million decrease from 2023. The activity in both periods was primarily due to write-downs resulting from unusable inventory that was scrapped in the period.

**Gross profit**

For 2024, we reported consolidated gross profit of \$25.2 million, representing an \$13.3 million increase from 2023. The increase in gross profit was primarily due to higher cannabis flower and extract sales in the Canadian market, higher cannabis flower sales in Israel and other countries, and production cost improvements, partially offset by the impact on cost of sales from the inventory step-up from the Cronos GrowCo Transaction. For 2024, gross profit was reduced \$5.3 million as a result of the impact of the inventory step-up from the Cronos GrowCo Transaction that was recorded into cost of sales since July 1, 2024. No such costs were recognized for 2023.

**Operating expenses**

	Year ended December 31,		Change	
	2024	2023	\$	%
Sales and marketing	\$ 21,603	\$ 22,701	\$ (1,098)	(5)%
Research and development	4,229	5,843	(1,614)	(28)%
General and administrative	46,514	49,475	(2,961)	(6)%
Restructuring costs	630	1,524	(894)	(59)%
Share-based compensation	8,700	8,756	(56)	(1)%
Depreciation and amortization	3,701	5,044	(1,343)	(27)%
Impairment loss on long-lived assets	16,350	3,366	12,984	386 %
Operating expenses	\$ 101,727	\$ 96,709	\$ 5,018	5 %

**Sales and marketing**

For 2024, we reported sales and marketing expenses of \$21.6 million, representing a decrease of \$1.1 million from 2023. The decrease was primarily due to lower salaries and benefits and reduced advertising and marketing spend.

**Research and development**

For 2024, we reported research and development expenses of \$4.2 million, representing a decrease of \$1.6 million from 2023. This decrease was primarily due to lower costs associated with the collaboration and license agreement between Ginkgo Bioworks Holdings, Inc. (“Ginkgo”) and the Company (the “Ginkgo Collaboration Agreement”).

**General and administrative**

For 2024, we reported general and administrative expenses of \$46.5 million, representing a decrease of \$3.0 million from 2023. The decrease was primarily due to lower professional fees, largely related to financial statement review costs in the prior year period, and lower salaries and benefits and insurance costs, partially offset by the impact of the Cronos GrowCo Transaction, which increased general and administrative expenses by \$1.5 million, and \$1.2 million higher expected credit loss allowance on loans receivable related to the increased borrowings by Cronos GrowCo in the second quarter of 2024.

**Restructuring costs**

For 2024, we reported restructuring costs of \$0.6 million, representing a decrease of \$0.9 million from 2023. The restructuring costs in 2024 and 2023 were related to Realignment activities. See Note 18 “Restructuring” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

**Share-based compensation**

For 2024, we reported share-based compensation expenses of \$8.7 million, essentially flat compared to 2023, as decreases related to headcount reductions that occurred in the prior year period were offset by expenses on new grants in the current year.

*Depreciation and amortization*

For 2024, depreciation and amortization expenses were \$3.7 million, representing a decrease of \$1.3 million from 2023. The decrease was primarily due to lower depreciation on property, plant and equipment as a result of the reclassification of the Company’s production facility in Winnipeg, Manitoba (the “Cronos Fermentation Facility”) to held-for-sale in the first quarter of 2024.

*Impairment loss on long-lived assets*

For 2024, impairment loss on long-lived assets was \$16.4 million and was primarily due to the impairment of the exclusive rights to use and commercialize the key patented intellectual property related to the production of the target cannabinoids globally (the “Ginkgo Exclusive Licenses”) and the cessation of operations of Thanos Holdings Ltd., known as Cronos Fermentation (“Cronos Fermentation”). For 2023, we recorded \$3.4 million of impairment charges related to one of our Ginkgo Exclusive Licenses. See Note 8 “*Goodwill and Intangible Assets, net*” and Note 18 “*Restructuring*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

***Total other income, income tax expense (benefit) and loss from discontinued operations***

	Year ended December 31,		Change <sup>(i)</sup>	
	2024	2023	\$	%
Interest income, net	\$ 52,019	\$ 51,235	\$ 784	2 %
Gain (loss) on revaluation of derivative liabilities	49	(85)	134	N/M
Share of income from equity method investments	2,365	1,583	782	49 %
Gain on revaluation of loan receivable	11,804	—	11,804	N/A
Gain on revaluation of equity method investment	32,469	—	32,469	N/A
Loss on revaluation of financial instruments	(6,248)	(12,042)	5,794	48 %
Impairment loss on other investments	(25,650)	(23,350)	(2,300)	(10)%
Foreign currency transaction gain (loss)	57,859	(7,324)	65,183	N/M
Loss on held-for-sale assets	(11,202)	—	(11,202)	N/A
Other, net	(350)	1,114	(1,464)	N/M
<b>Total other income</b>	<b>113,115</b>	<b>11,131</b>	<b>101,984</b>	<b>916 %</b>
Income tax expense (benefit)	(3,436)	(3,230)	(206)	(6)%
Loss from discontinued operations	—	(4,114)	4,114	N/A
<b>Net income (loss)</b>	<b>\$ 40,022</b>	<b>\$ (74,553)</b>	<b>\$ 114,575</b>	<b>N/M</b>

<sup>(i)</sup> “N/M” is defined as not meaningful.

*Interest income, net*

For 2024, we reported interest income, net of \$52.0 million, representing an increase of \$0.8 million from 2023, primarily due to higher interest rates in the current period compared to the prior period.

*Share of income from equity method investments*

For 2024, we reported share of income from equity method investments of \$2.4 million, representing an increase of \$0.8 million from 2023. The increase was primarily due to income pick-ups from our equity method investment in Cronos GrowCo. As a result of the Cronos GrowCo Transaction on July 1, 2024, we now consolidate Cronos GrowCo and no longer account for our investment in Cronos GrowCo as an equity method investment. See Note 5 “*Investments*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

*Gain on revaluation of loans receivable*

For 2024, we reported a gain on revaluation of loans receivable of \$11.8 million. The gain related to the remeasurement of the outstanding loans receivable under the credit facility as a result of the Cronos GrowCo Transaction on July 1, 2024. No such gain was recognized for 2023. See Note 6 “*Loans Receivable, net*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

*Gain on revaluation of equity method investment*

For 2024, we reported a gain on revaluation of equity method investment of \$32.5 million. The gain related to the remeasurement of the existing investment in Cronos GrowCo as a result of the Cronos GrowCo Transaction. No such gain was recognized for 2023. See Note 5 “*Investments*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

*Loss on revaluation of financial instruments*

For 2024, we reported a loss on revaluation of financial instruments of \$6.2 million, compared to a loss of \$12.0 million in 2023. The change was primarily due to the change in fair value of our investment in Vitura. See Note 5 “*Investments*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

*Impairment loss on other investments*

For 2024 and 2023, we recognized \$25.7 million and \$23.4 million, respectively, of impairment loss on other investments, driven by impairment charges recorded on our PharmaCann Option for the difference between its estimated fair value and its carrying amount. See Note 5 “*Investments*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

*Foreign currency transaction gain (loss)*

For 2024, foreign currency transaction gain was \$57.9 million, representing an increased gain of \$65.2 million from 2023. The change was primarily due to certain foreign currency-denominated cash equivalents and short-term investments and certain foreign currency-denominated intercompany loans anticipated to be settled in the foreseeable future.

*Loss on held-for-sale assets*

For 2024, we recognized \$11.2 million of loss on held-for-sale assets as a result of the change in the Company’s sales strategy for the Cronos Fermentation assets to market the assets to a broader buyer pool. No such loss was recognized for 2023. See Note 18 “*Restructuring*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

*Other, net*

For 2024, other, net was a loss of \$0.4 million, compared to income of \$1.1 million in 2023. The activity for both the current and prior period relates primarily to gains and losses on the disposal of assets.

*Income tax benefit*

For 2024, we reported an income tax benefit of \$3.4 million, compared to an income tax benefit of \$3.2 million in 2023. The change was due primarily due to an increase in the income tax benefits recorded on the losses that will be carried back to prior years to recover income taxes paid in 2022, partially offset by an increase in income tax expense caused by recognizing a liability related to prior years’ income taxes.

*Loss from discontinued operations*

For 2024, there was no activity in discontinued operations, compared to a loss from discontinued operations of \$4.1 million in 2023. For 2023, loss from discontinued operations was due to the exit of U.S. operations. See Note 3 “*Discontinued Operations*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

**Non-GAAP Measures**

Cronos reports its financial results in accordance with Generally Accepted Accounting Principles in the United States (“U.S. GAAP”). This Annual Report refers to measures not recognized under U.S. GAAP (“non-GAAP measures”). These non-GAAP measures do not have a standardized meaning prescribed by U.S. GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these non-GAAP measures are provided as a supplement to corresponding U.S. GAAP measures to provide additional information regarding our results of operations from management’s perspective. Accordingly, non-GAAP measures should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. All non-GAAP measures presented in this Annual Report are reconciled to their closest reported U.S. GAAP measure. Reconciliations of historical adjusted financial measures to corresponding U.S. GAAP measures are provided below.

*Adjusted EBITDA*

Management reviews Adjusted EBITDA, a non-GAAP measure, which excludes non-cash items and items that do not reflect management’s assessment of ongoing business performance. Management defines Adjusted EBITDA as net income (loss) before interest, tax expense (benefit), depreciation and amortization adjusted for: share of (income) loss from equity method investments; impairment loss on goodwill and intangible assets; impairment loss on long-lived assets; (gain) loss on revaluation of derivative liabilities; (gain) loss on revaluation of financial instruments; gain on revaluation of loan receivable; gain on revaluation of equity method investment; transaction costs related to strategic projects; loss on held-for-sale assets; impairment loss on other investments; foreign currency transaction loss; other, net; loss from discontinued operations; restructuring costs; inventory write-downs resulting from restructuring actions; share-based compensation; costs related to the Israel Ministry of Economy and Industry dumping inquiry; purchase accounting adjustment-related inventory step-up adjustments recorded through cost of sales; and financial statement review costs and reserves related to the restatements of our 2019 and 2021 interim financial statements (the “Restatements”), including the costs related to the settlement of the SEC’s and the OSC’s investigations of the Restatements and legal costs of defending shareholder class action complaints brought against us as a result of the 2019 restatement (see Note 12(b) “Contingencies,” to the consolidated financial statements under Item 8 of this Annual Report for a discussion of the shareholder class action complaints relating to the restatement of the 2019 interim financial statements and the settlement of the SEC’s and the OSC’s investigations of the Restatements). Results are reported as total consolidated results, reflecting our reporting structure of one reportable segment.

Management believes that Adjusted EBITDA provides the most useful insight into underlying business trends and results and provides a more meaningful comparison of period-over-period results. Management uses Adjusted EBITDA for planning, forecasting and evaluating business and financial performance, including allocating resources and evaluating results relative to employee compensation targets.

The following tables set forth a reconciliation of Net income (loss) as determined in accordance with U.S. GAAP to Adjusted EBITDA for the periods indicated:

*(in thousands of U.S. dollars)*

	<b>For the year ended December 31, 2024</b>		
	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
Net income	\$ 40,022	\$ —	\$ 40,022
Interest income, net	(52,019)	—	(52,019)
Income tax expense (benefit)	(3,436)	—	(3,436)
Depreciation and amortization	9,336	—	9,336
EBITDA	(6,097)	—	(6,097)
Share of income from equity method investments	(2,365)	—	(2,365)
Impairment loss on long-lived assets <sup>(i)</sup>	16,350	—	16,350
Revaluation gain on loan receivable <sup>(ii)</sup>	(11,804)	—	(11,804)
Gain on revaluation of equity method investment <sup>(iii)</sup>	(32,469)	—	(32,469)
Gain on revaluation of derivative liabilities <sup>(iv)</sup>	(49)	—	(49)
Loss on revaluation of financial instruments <sup>(v)</sup>	6,248	—	6,248
Impairment loss on other investments <sup>(vi)</sup>	25,650	—	25,650
Foreign currency transaction gain	(57,859)	—	(57,859)
Transaction costs <sup>(vii)</sup>	701	—	701
Loss on held-for-sale assets <sup>(viii)</sup>	11,202	—	11,202
Other, net <sup>(ix)</sup>	350	—	350
Restructuring costs <sup>(x)</sup>	630	—	630
Share-based compensation <sup>(xi)</sup>	8,700	—	8,700
Financial statement review costs <sup>(xii)</sup>	(1)	—	(1)
Inventory step-up recorded to cost of sales <sup>(xiv)</sup>	5,284	—	5,284
Israel Ministry of Economy and Industry dumping inquiry <sup>(xv)</sup>	587	—	587
Adjusted EBITDA	<u>\$ (34,942)</u>	<u>\$ —</u>	<u>\$ (34,942)</u>

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(in thousands of U.S. dollars)

	For the year ended December 31, 2023		
	Continuing Operations	Discontinued Operations	Total
Net loss	\$ (70,439)	\$ (4,114)	\$ (74,553)
Interest income, net	(51,235)	(10)	(51,245)
Income tax expense (benefit)	(3,230)	—	(3,230)
Depreciation and amortization	7,866	244	8,110
EBITDA	(117,038)	(3,880)	(120,918)
Share of income from equity method investments	(1,583)	—	(1,583)
Impairment loss on long-lived assets <sup>(i)</sup>	3,366	205	3,571
Loss on revaluation of derivative liabilities <sup>(iv)</sup>	85	—	85
Loss on revaluation of financial instruments <sup>(v)</sup>	12,042	—	12,042
Impairment loss on other investments <sup>(vi)</sup>	23,350	—	23,350
Foreign currency transaction loss	7,324	—	7,324
Other, net <sup>(ix)</sup>	(1,114)	118	(996)
Restructuring costs <sup>(x)</sup>	1,524	523	2,047
Share-based compensation <sup>(xi)</sup>	8,756	13	8,769
Financial statement review costs <sup>(xii)</sup>	919	—	919
Inventory write-down <sup>(xiii)</sup>	805	839	1,644
Adjusted EBITDA	\$ (61,564)	\$ (2,182)	\$ (63,746)

(in thousands of U.S. dollars)

	For the year ended December 31, 2022		
	Continuing Operations	Discontinued Operations	Total
Net loss	\$ (155,178)	\$ (13,556)	\$ (168,734)
Interest income, net	(22,514)	(23)	(22,537)
Income tax expense (benefit)	34,175	—	34,175
Depreciation and amortization	11,924	1,198	13,122
EBITDA	(131,593)	(12,381)	(143,974)
Share of income from equity method investments	(3,114)	—	(3,114)
Impairment loss on long-lived assets <sup>(i)</sup>	3,493	—	3,493
Gain on revaluation of derivative liabilities <sup>(iv)</sup>	(14,060)	—	(14,060)
Gain on revaluation of financial instruments <sup>(v)</sup>	(14,739)	—	(14,739)
Impairment loss on other investments <sup>(vi)</sup>	61,392	—	61,392
Foreign currency transaction loss	2,286	—	2,286
Other, net <sup>(ix)</sup>	324	169	493
Restructuring costs <sup>(x)</sup>	3,545	1,788	5,333
Share-based compensation <sup>(xi)</sup>	15,008	107	15,115
Financial statement review costs <sup>(xii)</sup>	7,167	—	7,167
Adjusted EBITDA	\$ (70,291)	\$ (10,317)	\$ (80,608)

<sup>(i)</sup> For the year ended December 31, 2024, impairment loss on long-lived assets included \$14,258 related to the write-down of our Ginkgo Exclusive Licenses and \$1,631 related to the cessation of operations of Cronos Fermentation. For the year ended December 31, 2023, impairment loss on long-lived assets related to certain leased properties associated with the Company's former U.S. operations and impairment of the Ginkgo Collaboration Agreement's CBCVA exclusive license. For the year ended December 31, 2022, impairment loss on long-lived assets related to the Company's decision to seek a sublease for leased office space in Toronto, Ontario, Canada during the first quarter of 2022. See Note 7 "Property, Plant and Equipment, net" and Note 8 "Goodwill and Intangible Assets, net" to the consolidated financial statements in Item 8 of this Annual Report.

<sup>(ii)</sup> For the year ended December 31, 2024, a revaluation gain on loan receivable was recognized as a result of the Cronos GrowCo Transaction on July 1, 2024.

<sup>(iii)</sup> For the year ended December 31, 2024, a gain on revaluation of equity method investment was recognized as a result of the Cronos GrowCo Transaction on July 1, 2024.

<sup>(iv)</sup> For the years ended December 31, 2024, 2023 and 2022, the (gain) loss on revaluation of derivative liabilities represented the fair value changes on the derivative liabilities. See Note 10 "Derivative Liabilities" to the consolidated financial statements in Item 8 of this Annual Report.

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- (v) For the years ended December 31, 2024, 2023 and 2022, (gain) loss on revaluation of financial instruments related primarily to our unrealized holding (gain) or loss (as applicable) on our mark-to-market investment in Vitura as well as revaluations of financial liabilities resulting from deferred share units (“DSUs”) granted to directors. See Note 5 “Investments” and Note 11 “Share-based Compensation” to the consolidated financial statements in Item 8 of this Annual Report.
- (vi) For the years ended December 31, 2024, 2023 and 2022, impairment loss on other investments related to the PharmaCann Option for the difference between its fair value and carrying amount. See Note 5 “Investments” to the consolidated financial statements in Item 8 of this Annual Report.
- (vii) For the year ended December 31, 2024, transaction costs represented legal, financial and other advisory fees and expenses incurred in connection with the Cronos GrowCo Transaction. These costs are included in general and administrative expenses on the consolidated statements of net income (loss) and comprehensive income (loss).
- (viii) For the year ended December 31, 2024, a loss on held-for-sale assets was recognized as a result of the change in the Company’s sales strategy for the Cronos Fermentation assets to market the assets to a broader buyer pool.
- (ix) For the years ended December 31, 2024, 2023 and 2022, other, net primarily related to (gain) loss on disposal of assets.
- (x) For the year ended December 31, 2024, restructuring costs from continuing operations related to shutdown costs at the Cronos Fermentation Facility, as well as employee-related severance costs associated with the Realignment, as described in Note 18 “Restructuring” to the consolidated financial statements in Item 8 of this Annual Report. For the years ended December 31, 2023 and 2022 restructuring costs related to the employee-related severance costs and other restructuring costs associated with the Realignment. See Note 18 “Restructuring” to the consolidated financial statements in Item 8 of this Annual Report.
- (xi) For the years ended December 31, 2024, 2023 and 2022, share-based compensation related to the vesting expenses of share-based compensation awarded to employees under our share-based award plans, as described in Note 11 “Share-based Compensation” to the consolidated financial statements in Item 8 of this Annual Report.
- (xii) For the years ended December 31, 2024, 2023 and 2022, financial statement review costs included costs related to the Restatement, costs related to the Company’s responses to requests for information from various regulatory authorities relating to the Restatements, the costs related to the Settlement Order and Settlement Agreement and legal costs defending shareholder class action complaints brought against the Company as a result of the 2019 restatement as well as related insurance reimbursements.
- (xiii) For the year ended December 31, 2023, inventory write-downs from discontinued operations related to product destruction and obsolescence associated with the exit of our U.S. operations as described in Note 3 “Discontinued Operations” to the consolidated financial statements in Item 8 of this Annual Report and inventory write-downs from continuing operations related to product destruction and obsolescence associated with the planned exit of Cronos Fermentation as described in Note 18 “Restructuring” to the consolidated financial statements in Item 8 of this Annual Report.
- (xiv) For the year ended December 31, 2024, inventory step-up recorded to cost of sales represented the portion of the inventory step-up from the Cronos GrowCo Transaction that was recorded through the consolidated statements of income (loss) and comprehensive income (loss).
- (xv) For the year ended December 31, 2024, Israel Ministry of Economy and Industry dumping inquiry expense included expenditures relating to the regulatory inquiry about alleged dumping of medical cannabis products in Israel and related litigation and external relations expenses.

### Adjusted Gross Profit and Adjusted Gross Margin

To supplement the consolidated financial statements presented in accordance with U.S. GAAP, we have presented Adjusted Gross Profit and Adjusted Gross Margin, non-GAAP measures that exclude the impacts of inventory-related purchase accounting adjustments from the calculations of gross profit and gross margin, which resulted from the Cronos GrowCo Transaction. Results are reported as total consolidated results, reflecting our reporting structure of one reportable segment.

Management believes that Adjusted Gross Profit and Adjusted Gross Margin provide useful insight into underlying business trends to facilitate comparisons of period-over-period results by removing the impacts of inventory-related purchase accounting adjustments resulting from the Cronos GrowCo Transaction, which reflect a one-time event and do not reflect management’s assessment of ongoing business performance.

The following table sets forth a reconciliation of Gross profit and Gross margin, each as determined in accordance with U.S. GAAP, to Adjusted Gross Profit and Adjusted Gross Margin, respectively, for the periods indicated:

(in thousands of USD)

	Year ended December 31,		
	2024	2023	2022
Net revenue	\$ 117,615	\$ 87,241	\$ 86,749
Gross profit	\$ 25,198	\$ 11,909	\$ 15,436
Inventory step-up recorded to cost of sales	5,284	—	—
Adjusted Gross Profit	\$ 30,482	\$ 11,909	\$ 15,436
Gross margin <sup>(i)</sup>	21 %	14 %	18 %
Adjusted Gross Margin <sup>(ii)</sup>	26 %	14 %	18 %

(i) Gross margin is defined as gross profit divided by net revenue.

(ii) Adjusted Gross Margin is defined as Adjusted Gross Profit divided by net revenue.

*Constant Currency*

To supplement the consolidated financial statements presented in accordance with U.S. GAAP, we have presented constant currency adjusted financial measures for net revenues, gross profit, gross profit margin, operating expenses, net income (loss) and Adjusted EBITDA for 2024, as well as cash and cash equivalents and short-term investment balances as of December 31, 2024 compared to December 31, 2023, which are considered non-GAAP financial measures. We present constant currency information to provide a framework for assessing how our underlying operations performed excluding the effect of foreign currency rate fluctuations. To present this information, current and prior period income statement results in currencies other than U.S. dollars are converted into U.S. dollars using the average exchange rates from the comparative period in 2023 rather than the actual average exchange rates in effect during 2024; constant currency current period balance sheet information is translated at the prior year-end spot rate rather than the current year-end spot rate. All growth comparisons relate to the corresponding period in 2023. We have provided this non-GAAP financial information to aid investors in better understanding the performance of our business. The non-GAAP financial measures presented in this Annual Report should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with U.S. GAAP.

The table below sets forth certain measures of consolidated results from continuing operations on an as-reported and constant currency basis for 2024 compared to 2023, as well as cash and cash equivalents and short-term investments as of December 31, 2024, compared to December 31, 2023, on an as-reported and constant currency basis (in thousands):

	As Reported				As Adjusted for Constant Currency			
	Year ended December 31,		As Reported Change		Year ended December 31,		Constant Currency Change	
	2024	2023	\$	%	2024	\$	%	
Net revenue	\$ 117,615	\$ 87,241	\$ 30,374	35 %	\$ 118,983	\$ 31,742	36 %	
Gross profit	25,198	11,909	13,289	112 %	25,505	13,596	114 %	
Gross margin	21 %	14 %	N/A	7 pp	21 %	N/A	7 pp	
Operating expenses	101,727	96,709	5,018	5 %	102,972	6,263	6 %	
Net income (loss) from continuing operations	40,022	(70,439)	110,461	N/M	42,007	112,446	N/M	
Adjusted EBITDA	(34,942)	(61,564)	26,622	43 %	(35,891)	25,673	42 %	
	As of December 31,		As Reported Change		As of December 31,		Constant Currency Change	
	2024	2023	\$	%	2024	\$	%	
Cash and cash equivalents	\$ 858,805	\$ 669,291	\$ 189,514	28 %	\$ 869,761	\$ 200,470	30 %	
Short-term investments	—	192,237	(192,237)	(100) %	—	(192,237)	(100) %	
Total cash and cash equivalents and short-term investments	\$ 858,805	\$ 861,528	\$ (2,723)	— %	\$ 869,761	\$ 8,233	1 %	

*Net revenue*

	As Reported				As Adjusted for Constant Currency			
	Year ended December 31,		As Reported Change		Year ended December 31,		Constant Currency Change	
	2024	2023	\$	%	2024	\$	%	
Cannabis flower	\$ 87,912	\$ 62,070	\$ 25,842	42 %	\$ 88,904	\$ 26,834	43 %	
Cannabis extracts	29,168	24,569	4,599	19 %	29,552	4,983	20 %	
Other	535	602	(67)	(11)%	527	(75)	(12)%	
Net revenue	\$ 117,615	\$ 87,241	\$ 30,374	35 %	\$ 118,983	\$ 31,742	36 %	

	As Reported				As Adjusted for Constant Currency			
	Year ended December 31,		As Reported Change		Year ended December 31,		Constant Currency Change	
	2024	2023	\$	%	2024	\$	%	
Canada	\$ 82,437	\$ 64,702	\$ 17,735	27 %	\$ 83,709	\$ 19,007	29 %	
Israel	28,368	21,134	7,234	34 %	28,454	7,320	35 %	
Other countries	6,810	1,405	5,405	385 %	6,820	5,415	385 %	
Net revenue	\$ 117,615	\$ 87,241	\$ 30,374	35 %	\$ 118,983	\$ 31,742	36 %	

For 2024, net revenue on a constant currency basis was \$119.0 million, representing a 36% increase from 2023. Net revenue increased on a constant currency basis primarily due to higher cannabis flower and extract sales in the Canadian market and higher cannabis flower sales in Israel and other countries. The Cronos GrowCo Transaction contributed \$6.5 million of cannabis flower sales in the year ended December 31, 2024 on a constant currency basis. No such sales were recognized for the year ended December 31, 2023.

*Gross profit*

For 2024, gross profit on a constant currency basis was \$25.5 million, representing a 114% increase from 2023. Gross profit increased on a constant currency basis primarily due to higher cannabis flower and extract sales in the Canadian market, higher cannabis flower sales in Israel and other countries, and production cost improvements, partially offset by the impact on cost of sales from the inventory step-up from the Cronos GrowCo Transaction. For 2024, gross profit on a constant currency basis was reduced \$5.1 million as a result of the impact of the inventory step-up from the Cronos GrowCo Transaction that was recorded into cost of sales since July 1, 2024. No such costs were recognized for 2023.

*Operating expenses*

For 2024, operating expenses on a constant currency basis were \$103.0 million, representing a 6% increase from 2023. Operating expenses increased on a constant currency basis primarily due to the impairment of the Ginkgo Exclusive Licenses, partially offset by lower salaries and benefits, professional fees and restructuring costs.

*Net income (loss) from continuing operations*

For 2024, net income (loss) from continuing operations on a constant currency basis was \$42.0 million, compared to a loss of \$70.4 million for 2023.

*Adjusted EBITDA*

For 2024, Adjusted EBITDA on a constant currency basis was \$(35.9) million, representing a 42% improvement from 2023. Adjusted EBITDA improved on a constant currency basis primarily due to higher cannabis flower and extract sales in the Canadian market, higher cannabis flower sales in Israel and other countries, production cost improvements, and decreases in general and administrative, sales and marketing and research and development expenses.

*Cash and cash equivalents & short-term investments*

Cash and cash equivalents and short-term investments on a constant currency basis increased 1% to \$869.8 million as of December 31, 2024 from \$861.5 million as of December 31, 2023. The increase in cash and cash equivalents and short-term investments is primarily due to cash flows provided by operating activities in 2024.

## Liquidity and Capital Resources

We believe that our existing cash and cash equivalents and short-term investments will be sufficient to fund our business operations and capital expenditures over the next twelve months, including continuing to fund the expansion of Cronos GrowCo’s cultivation and processing facilities (the “Cronos GrowCo Phase 2 Expansion”). Our primary need for liquidity is to fund operations and capital expenditures. Our ability to fund operations and capital expenditures depends on, among other things, future operating performance and cash flows that are subject to general economic conditions and financial and other factors, including factors beyond our control. Since 2019, we have been funded by the C\$2.4 billion (approximately \$1.7 billion) Altria investment in us as further discussed under “Business—Altria Strategic Investment” in Part I, Item 1 of this Annual Report. As of December 31, 2024, we had \$858.8 million in cash and cash equivalents and no short term investments, compared to \$669.3 million in cash and cash equivalents and \$192.2 million in short term investments as of December 31, 2023. As of both December 31, 2024 and December 31, 2023, we had no external debt financing.

### Cash flows

(In thousands of U.S. dollars)

	Year ended December 31,		
	2024	2023	2022
Net cash provided by (used in) operating activities	\$ 18,843	\$ (42,835)	\$ (88,948)
Net cash provided by (used in) investing activities	175,149	(59,499)	(1,842)
Net cash used in financing activities	(1,231)	(1,030)	(2,897)
Effect of foreign currency translation on cash and cash equivalents	(3,247)	8,011	(28,642)
Net change in cash	\$ 189,514	\$ (95,353)	\$ (122,329)

### 2024 cash flows vs 2023 cash flows

#### Operating activities

During 2024, we generated \$18.8 million of cash from operating activities, compared to cash used of \$42.8 million in 2023, representing a decrease in cash used of \$61.7 million. This change is primarily driven by a \$32.8 million tax payment made in 2023 connected to the previously disclosed relinquishment by Altria of its warrant to purchase additional shares of the Company that did not recur in 2024, a \$35.5 million increase in net income after adjusting for non-cash items during 2024 compared to 2023, and higher interest received, partially offset by an increase in accounts receivable, net and a decrease in accounts payable.

#### Investing activities

During 2024, we generated \$175.1 million of cash in investing activities, compared to cash used of \$59.5 million during 2023, representing a decrease of \$234.6 million in net cash used. This change is primarily driven by the maturity of certain short-term investments, which were reinvested as cash equivalents upon maturity, as well as cash obtained from the Cronos GrowCo Transaction, partially offset by higher advances of loans receivable, lower loan repayments, and higher purchases of property, plant and equipment in 2024.

#### Financing activities

During 2024, cash used in financing activities was \$1.2 million, as compared to \$1.0 million in 2023, representing an increase in net cash used of \$0.2 million. This change is primarily driven by an increase in withholding taxes paid on share-based awards in 2024.

### Cash requirements

In the near term, we expect to use our available cash and investments to operate our core business and develop new ways to serve our customers as well as invest in our various strategic partnerships and in our investees. We believe we have adequate liquidity to meet working capital requirements.

Our material cash requirements include the following contractual and other obligations as of December 31, 2024:

#### Leases

We have operating leases for land, buildings and office and research space. As of December 31, 2024, the future minimum payments required under these leases totaled \$2.4 million, with \$1.1 million payable within 12 months. See Note 9 “Leases” to the consolidated financial statements in Item 8 of this Annual Report for further information.

#### Loans receivable with related parties

We have entered into two loan agreements with affiliates. The Mucci Promissory Note and Cannasoul Collaboration Loan (each as defined below) have been fully drawn. See Note 6 “Loans Receivable, net” to the consolidated financial statement in Item 8 of this Annual Report for further information.

*Purchase obligations*

Our purchase obligations primarily consist of contractual obligations for capital expenditures related to the Cronos GrowCo Phase 2 Expansion, computer software, agricultural supply services and data analytics and to maintain the ordinary course of business through information technology. As of December 31, 2024, the Company had purchase obligations of \$47.5 million, with \$39.0 million payable within 12 months. Other purchase obligations consist of noncancellable obligations related to maintenance, internet, and telecommunication service. As of December 31, 2024, we had other purchase obligations of \$0.5 million, with \$0.4 million payable within 12 months.

**Critical Accounting Estimates**

*Estimates and critical judgments by management*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and adjustments are made as appropriate in the year they become known. Items for which actual results may differ materially from these estimates are described in the following section.

Refer to Note 1 “*Background, Basis of Presentation, and Summary of Significant Accounting Policies*” to the consolidated financial statements in Item 8 of this Annual Report for further information on our critical accounting estimates and policies, which are as follows:

*Revenue recognition*

Revenue is recognized at the point in time when the control of the promised goods is transferred to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for the performance obligation. Excise taxes remitted to tax authorities are government-imposed excise taxes on cannabis products. Excise taxes are recorded as a reduction of sales in net revenue in the consolidated statements of net income (loss) and comprehensive income (loss) and are recognized as a current liability within accrued liabilities on the consolidated balance sheets, with the liability subsequently reduced when the taxes are remitted to the tax authority.

In addition, amounts disclosed as net revenue are net of allowances, discounts and rebates. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration and the existence of significant financing components, if any. Some contracts for the sale of goods may provide customers with a right of return, most-favored-customer rights, or early payment discounts. In addition, the Company may provide, in certain circumstances, a retroactive price reduction to a customer based primarily on inventory movement. These items give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method best predicts the amount of variable consideration to which the Company will be entitled. The Company uses historical evidence, current information and forecasts to estimate the variable consideration. The Company reduces revenue and recognizes a contract liability equal to the amount expected to be refunded to the customer in the form of a future rebate or credit for a retroactive price reduction, representing its obligation to return the customer’s consideration. The estimate is updated at each reporting period date.

*Goodwill and indefinite-lived intangible assets*

Goodwill and indefinite-lived intangible assets are not subject to amortization. We test goodwill and indefinite-lived intangible assets for impairment annually, or more frequently if an event occurs or circumstances change that could indicate a potential impairment. We compare the fair value of our reporting units with their carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value.

We believe that the accounting estimate for goodwill and indefinite-lived intangible assets is a critical accounting estimate because of the judgment required in assessing the fair value of each of our reporting units. We estimate fair value through various valuation methods, including the use of discounted expected future cash flows of each reporting unit, as well as the use of the relief-from-royalty method on the Lord Jones® brand. Significant inputs include discount rates, growth rates, and cash flow projections, and, for the Lord Jones® brand, royalty rate. These valuation inputs are considered Level 3 inputs as defined by Accounting Standards Codification 820 *Fair Value Measurement*. The expected future cash flows for each reporting unit are significantly impacted by current market conditions. If these market conditions and resulting expected future cash flows for each reporting unit decline significantly, the actual results for each reporting unit could differ from our estimate, which could cause goodwill to be impaired. Our accounting for goodwill and indefinite-lived intangible assets represents our best estimate of future events.

### *Inventory valuation*

We value our inventory at lower of cost or net realizable value determined using weighted average cost. Inventory is reflected at the lower of cost or net realizable value considering future demand, market conditions and market prices. Our estimates are based upon assumptions believed to be reasonable, but that are inherently uncertain and unpredictable. These valuations require the use of management's assumptions that do not reflect unanticipated events and circumstances that may occur. We record an inventory valuation adjustment for excess, slow moving, and obsolete inventory that is equal to the excess of the cost of the inventory over the estimated net realizable value. We also experience inventory write-downs due to reduced market prices. The inventory valuation adjustment to net realizable value establishes a new cost basis of the inventory that cannot be subsequently reversed. Inventory valuation adjustments are based on inventory levels, expected product life, and estimated product demand. In assessing the ultimate realization of inventories, we are required to make judgments as to future demand requirements compared with inventory levels.

### *Long-lived assets*

Long-lived assets are primarily comprised of property, plant, and equipment and definite-lived intangible assets. We evaluate long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying amount of such assets may not be recoverable. Long-lived asset recoverability is assessed on an asset group basis. We group assets and liabilities for our asset groups at the reporting unit level, which is the lowest level for which cash flows are separately identifiable. Long-lived asset recoverability is measured by comparing the carrying amount of the asset group with its estimated future undiscounted pre-tax cash flows over the remaining life of the primary long-lived asset of the asset group. If the carrying amount exceeds the estimated future undiscounted cash flows as part of the recoverability assessment, an impairment charge is recognized equal to the difference between the carrying amount and fair value of the asset group. The impairment charge is allocated to the underlying long-lived assets in the asset group on a relative carrying amount basis; however, carrying amount after allocated impairment is subject to a floor of fair value on an individual asset basis.

We believe the accounting estimates used in the long-lived asset impairment assessment are critical accounting estimates because of the judgment required in identifying indicators of impairment, determining asset groups, assessing future undiscounted cash flows of the asset groups, and as applicable, evaluating the fair value of the determined asset groups as well as the underlying long-lived assets, once indicators of impairment have been identified.

We periodically evaluate whether impairment indicators related to our property, plant and equipment, operating leases and other long-lived assets are present. These impairment indicators may include a significant decrease in the market price of a long-lived asset or asset group, early termination of an operating lease, a significant adverse change to the extent or manner in which a long-lived asset or asset group is being used or in its physical condition, or a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group. If impairment indicators are present, we estimate the fair value for the asset or group of assets. We estimate fair value of long-lived assets through various valuation methods, including the use of the indirect cost approach, income approach, and direct comparison approach. The indirect cost approach is based on the estimated cost to reproduce the asset as if new, adjusted for physical deterioration and consideration of functional and economic obsolescence. The income approach is based on estimated rental and capitalization rates. The direct comparison approach is based on recent observable transactions of comparable assets. The estimation of future undiscounted cash flows of the asset groups as well as each of these fair value approaches are significantly impacted by market conditions. A significant adverse change in market conditions could result in fair values that differ from our estimates, which could adversely impact whether an impairment exists and the extent to which an asset group and underlying assets are impaired. The difference between the fair value and the carrying amount of the asset group is recorded as an impairment charge. Refer to Note 7 "*Property, Plant and Equipment, net*" to the consolidated financial statements in Item 8 of this Annual Report.

We periodically evaluate our long-lived assets that we plan to dispose of through sale for held-for-sale classification. To be classified as held-for-sale, management must have committed to a plan to sell, the asset (or asset group) must be available for immediate sale in its present condition, an active program to locate a buyer must have been initiated, the sale must be probable to close within one year, the asset (or asset group) must be marketed at a reasonable sales price, and it must be unlikely that significant changes to the plan will be made. Once an asset (or asset group) meets all of the above criteria, it is reclassified as assets held-for-sale on the consolidated balance sheet, and the asset(s) cease depreciation and are written down to their fair value, less costs to sell, if applicable.

The Company completed a review of its global supply chain in 2023 and determined that it would wind down the Cronos Fermentation facility and list it for sale. This review involved significant complexities and judgments in making the accounting treatment determination. There are subjective and complex judgments in the determination of whether the Cronos Fermentation Facility meets the criteria to be classified as held for sale, including: (1) whether the Cronos Fermentation Facility is available for sale in its present condition subject only to terms that are usual and customary for sales of such businesses, (2) whether the sale of the Cronos Fermentation Facility is probable and that the transfer of assets will be a completed sale within one year from period end, and (3) whether the Cronos Fermentation Facility is being actively marketed at a reasonable price. See Note 7 "*Property, plant and equipment, net*" to the consolidated financial statements in Item 8 of this Annual Report for discussion regarding our evaluation of the Cronos Fermentation Facility for held-for-sale classification as of December 31, 2024.

We account for the cannabinoid exclusive licenses originating from the Ginkgo Strategic Partnership as definite-lived intangible assets in accordance with the acquisition method of accounting. The cost of cash and equity in Cronos issued in exchange for the cannabinoid exclusive licenses is initially recognized and measured at the date of acquisition. On the date of acquisition, we then test each cannabinoid exclusive license for impairment by comparing the cost and fair value of each license. We believe that the accounting estimate for the cannabinoid exclusive licenses is a critical accounting estimate because of the judgment required in assessing their fair values and the expected future cash flows are significantly impacted by the future expectations for products containing each cannabinoid. We estimate the fair value using the relief-from-royalty method. Each cannabinoid exclusive license is subject to amortization. Refer to Note 8 “*Goodwill and Intangible Assets, net*” to the consolidated financial statements in Item 8 of this Annual Report.

#### *Valuation of derivative liabilities*

Prior to December 16, 2022, derivative liabilities consisted of the warrant issued to Altria, as well as Altria’s pre-emptive rights, and certain top-up rights. On December 16, 2022, Altria notified us that its wholly owned subsidiary, Altria Summit LLC, irrevocably relinquished its warrant and all rights that it may have held in the warrant or any common shares underlying the warrant for no consideration. As of December 31, 2024, derivative liabilities consisted of pre-emptive rights and certain top-up rights. We measure derivative liabilities at fair value at each reporting date until settlement with the re-measurement gain or loss being recognized immediately in net income (loss) and comprehensive income (loss). We calculate fair value of the derivative liabilities using the Black-Scholes model. Significant assumptions are used in the valuation of derivative liabilities, including the expected term and our stock price. The assumptions used in computing the fair value of derivative liabilities reflect our best estimates, but involve uncertainties relating to market and other conditions, many of which are outside of our control. Sensitivity is performed on various inputs. See Note 10 “*Derivative Liabilities*” to the consolidated financial statements in Item 8 of this Annual Report.

#### *Impairment of other investments without readily determinable fair values*

We hold other investments without readily determinable fair values that are measured under the cost method less impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same investee. Each reporting period, we qualitatively assess if indicators of impairment are present, and, if present, we estimate the fair value of the investments and record impairment charges on the consolidated statements of income if the carrying value exceeds fair value. To estimate the fair value of the investments, we use a combination of the income and market approaches. Under the income approach, significant assumptions used in the discounted cash flow method that require the use of judgment are the discount rate, growth rates, cash flow projections, and the expectation of federal rescheduling and individual state legalization of cannabis in the U.S. Under the market valuation approach, the key assumptions that require judgment under the Guideline Public Companies method are cash flow projections, selected multiples and the discount for lack of marketability.

#### *Share-based compensation*

We measure the fair value of services received in exchange for all stock options granted based on the fair market value of the award as of the grant date. We compute the fair value of stock options with time-based vesting using the Black-Scholes option-pricing model and recognize the cost of the equity awards over the period that services are provided to earn the award. The Black-Scholes option-pricing model includes assumptions regarding dividend yields, expected volatility, expected option term and risk-free interest rates. The assumptions used in computing the fair value of share-based compensation expense reflect our best estimates, but involve uncertainties relating to market and other conditions, many of which are outside of our control. We estimate expected volatility based primarily on historical daily price changes of our stock and peers. The expected option term is the number of years that we estimate that the stock options will be outstanding prior to exercise.

#### *Loans receivable, net*

Loans receivable are presented net of an allowance for credit losses. The probability of default rate is adjusted for current conditions and reasonable and supportable forecasts of future losses as necessary. We may also record a specific reserve for individual accounts when we become aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the borrower’s operating results or financial condition.

#### *Assets held-for-sale*

We periodically evaluate our long-lived assets that we plan to dispose of through sale for held-for-sale classification. To be classified as held-for-sale, management must have committed to a plan to sell, the asset (or asset group) must be available for immediate sale in its present condition, an active program to locate a buyer must have been initiated, the sale must be probable to close within one year, the asset (or asset group) must be marketed at a reasonable sales price, and it must be unlikely that significant changes to the plan will be made. Once an asset (or asset group) meets all of the above criteria, it is reclassified as assets held-for-sale on the consolidated balance sheet, and the asset(s) cease depreciation and are written down to their fair value, less costs to sell, if applicable. See Note 7 “*Property, plant and equipment, net*” to the consolidated financial statements in Item 8 of this Annual Report for discussion regarding our evaluation of the Peace Naturals Campus and the Cronos Fermentation Facility for held-for-sale classification as of December 31, 2024.