

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 31, 2023**

CRONOS GROUP INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada

(State or other jurisdiction
of incorporation)

111 Peter Street, Suite 300

Toronto , Ontario

(Address of principal executive offices)

001-38403

(Commission
File Number)

N/A

(I.R.S. Employer
Identification No.)

M5V 2H1

(Zip Code)

Registrant's telephone number, including area code: **(416) 504-0004**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	CRON	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, 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.

Item 7.01. Regulation FD Disclosure.

On May 31, 2023, Cronos Group Inc. (the “Company”) issued a press release announcing its decision to streamline its operating structure by winding down and exiting its existing U.S. hemp-derived CBD-focused operations by the end of the second quarter of 2023. A copy of the press release is attached as Exhibit 99.1 to, and is incorporated by reference in, this Current Report on Form 8-K.

The information in this Item 7.01, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such a filing or document.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Cronos Group dated May 31, 2023
104	Cover Page Interactive Data File – The cover page from Cronos Group Inc.’s Current Report on Form 8-K filed on May 9, 2023 is formatted in Inline XBRL.

SIGNATURES

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

CRONOS GROUP INC.

Dated: May 31, 2023

By: /s/ Michael Gorenstein
Name: Michael Gorenstein
Title: President and Chief Executive Officer

Cronos Group Announces Streamlined Operating Structure to Improve Cash Flow

Plans to Exit Existing U.S. hemp-derived CBD Operations

Intends to Launch Lord Jones® Brand in the Canadian Adult-use Market in Q4 2023

TORONTO, May 31, 2023 (GLOBE NEWSWIRE) -- Cronos Group Inc. (NASDAQ: CRON) (TSX: CRON) ("Cronos" or the "Company"), an innovative global cannabinoid company, today announced its decision to streamline its operating structure by winding down and exiting its existing U.S. hemp-derived CBD-focused operations by the end of the second quarter of 2023. Cronos has made this decision to improve its cash flow in the near term and position itself to directly enter the U.S. THC market when the necessary changes in U.S. regulatory conditions occur.

Consequently, beginning with the second quarter of 2023, the Company intends to report its financial results under one consolidated segment and will no longer report the U.S. and Rest of World as separate segments. Cronos is also increasing its previously announced 2023 operating expense savings target from a range of \$10 to \$20 million to a new range of \$20 to \$25 million, partially due to its decision to wind down and exit its existing U.S. operations.

In connection with the exit of its existing U.S. operations, Cronos expects to incur expenses in the second quarter of 2023, of up to \$1.8 million comprised of inventory write-offs, severance and other employee costs, and asset impairment charges.

"We believe that one day, the U.S. will be one of the most important cannabis markets in the world," said Mike Gorenstein, Chairman, President and CEO, Cronos. "But we also believe our resources are best spent on staying laser-focused on becoming cash flow positive by driving cost savings and process efficiencies for our borderless adult-use products. We have the best balance sheet in the cannabis industry, with \$836 million in cash and short-term investments and zero debt as of March 31, 2023. Achieving our goal to generate positive cash flow in 2024 will advance our industry-leading cash balance and put us in the best position to win in the U.S. once regulatory conditions change."

The Company is committed to maximizing the value of its global branded product portfolio. It anticipates bringing the Lord Jones® brand back to its adult-use roots by launching it in the Canadian market in the fourth quarter of 2023. Cronos will continue to invest in R&D and product development in Canada to keep building our portfolio of borderless products across categories to equip us for when the U.S. THC market opens.

"We're looking forward to continuing the legacy and reputation of the Lord Jones® brand by bringing it across the border to Canada," said Jeff Jacobson, Chief Growth Officer, Cronos. "The Lord Jones® brand will offer high-quality, differentiated adult-use products, elevating the consumer experience through its original and unique brand proposition."

Cronos' adult-use brand, Spinach®, is currently the number-3 ranked cannabis brand in Canada and is currently the only cannabis brand in Canada that is top-10 in all categories it participates in, which includes the number-1 ranking in the gummies category, during the first quarter of

2023 according to HiFyre data. Cronos looks forward to utilizing its brand-building strength across both the Spinach® and Lord Jones® brands in Canada.

About Cronos

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®, PEACE NATURALS® and Lord Jones®. For more information about Cronos and its brands, please visit: thecronosgroup.com.

Forward-looking Statements

This press release may contain information that may constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws and court decisions (collectively, "Forward-looking Statements"). All information contained herein 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 "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify Forward-looking Statements. Some of the Forward-looking Statements contained in this press release include statements regarding Cronos' operations and business prospects in certain countries and regions, Cronos' ability to improve cash flow, the expected charges and costs of exiting the U.S. business, Cronos' ability to continue to build a portfolio of products across Canada, expectations around the launch of the Lord Jones® brand in Canada, expected cost savings and potential changes in regulatory conditions in the U.S., and Cronos' ability to directly enter the U.S. THC market when such changes occur. Forward-looking Statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, financial results, results, performance or achievements expressed or implied by those Forward-looking Statements and the Forward-looking Statements are not guarantees of future performance. A discussion of some of the material risks applicable to the Company can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and quarterly report on Form 10-Q for the quarter ended March 31, 2023, which have been filed on SEDAR and EDGAR and can be accessed at www.sedar.com and www.sec.gov/edgar, respectively. Any Forward-looking Statement included in this press release is made as of the date of this press release and, except as required by law, Cronos disclaims any obligation to update or revise any Forward-looking Statement. Readers are cautioned not to put undue reliance on any Forward-looking Statement.

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