

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

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

For the fiscal year ended December 31, 2025

or

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

For the transition period from to .

Commission File No. 001-38403

CRONOS GROUP INC.

(Exact name of Registrant as specified in its Charter)

British Columbia, Canada

(State or other jurisdiction of
incorporation or organization)

N/A

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

4491 Concession Rd 12

Stayner, Ontario

(Address of principal executive offices)

L0M 1S0

(Zip Code)

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, no par value	CRON	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2025, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of common shares held by non-affiliates of the Registrant computed by reference to the closing price of \$1.91 per common share on June 30, 2025 was approximately \$379.9 million.

As of February 23, 2026, there were 379,051,102 common shares of the Registrant issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III of this Annual Report on Form 10-K will either be incorporated into this Annual Report on Form 10-K by reference to the registrant's definitive proxy statement for its 2026 Annual Meeting of Shareholders, or will be included in an amendment to this Annual Report on Form 10-K to be filed no later than 120 days after the registrant's fiscal year ended December 31, 2025.

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Unless otherwise noted or the context indicates otherwise, references in this Annual Report on Form 10-K (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 (the “2018 Farm Bill”), including hemp-derived cannabidiol (“CBD”); and the term “U.S. Schedule I cannabis” means cannabis excluding U.S. hemp.

This report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us or our business by, any other companies.

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; all references to “C\$” are to Canadian dollars; all references to “A\$” are to Australian dollars; and all references to “ILS” are to New Israeli Shekels.

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

	As of December 31,		
	2025	2024	2023
Average rate	1.3975	1.3700	1.3494
Spot rate	1.3698	1.4351	1.3243

(Exchange rates are shown as ILS per \$)

	As of December 31,		
	2025	2024	2023
Average rate	3.4432	3.6997	3.6819
Spot rate	3.1863	3.6526	3.6163

All summaries of agreements described herein are qualified by the full text of such agreements (certain of which are filed as exhibits hereto).

PART I

Special Note Regarding Forward-Looking Statements

This Annual Report, the documents incorporated into this Annual Report 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. 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,” “believe,” “plan” 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 our markets outside of Canada and Israel, and our ability to successfully distribute the PEACE NATURALS® brand in overseas markets;
- 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 (inclusive of any revisions thereto, 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 and expansion 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 and any additional supply or growth opportunities (including in the wholesale market) provided thereby;

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- expectations related to the transaction by which we, as lender, obtained junior secured convertible debt (the “High Tide Loan”) from High Tide Inc. (“High Tide”), as borrower, and a warrant (the “High Tide Warrant”) to purchase common shares of High Tide, the performance of the High Tide Loan and the High Tide Warrant, and High Tide’s ability to repay the High Tide Loan;
- expectations related to our agreement to acquire CanAdelaar B.V. (“CanAdelaar”), including the timing and completion of the transaction, and the anticipated costs, benefits and integration matters associated therewith and the performance of the business from and following closing;
- our ability or plans to identify, develop, commercialize or expand our technology and 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, the related timing and impact thereof and our intentions to participate in such markets, if, when and to the extent 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. Department of Health and Human Services (“HHS”), 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;
- 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 A and Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), 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 our overseas markets; (iv) expectations related to the impact of our decision to exit our U.S. hemp-derived cannabinoid product operations; (v) 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; (vi) our ability to efficiently and effectively manage our operations at our Peace Naturals Campus; (vii) our ability to efficiently and effectively acquire raw materials on a timely and cost-effective basis from third parties or Cronos GrowCo; (viii) our ability to realize the expected benefits related to the expansion of Cronos GrowCo's purpose-built cannabis facility (including the quantity and quality of any additional supply provided thereby and the stability of pricing and demand with respect to such supply) and the ability of Cronos GrowCo to repay the credit facility provided by Cronos; (ix) High Tide's ability to repay the High Tide Loan, the performance of the High Tide Loan and the High Tide Warrant, and our ability to realize benefits related to the performance of the High Tide Warrant; (x) our ability to complete the acquisition of CanAdelaar on the terms and within the timelines anticipated, including the timely receipt of required regulatory approvals and the satisfaction of other closing conditions, and our ability to realize any expected benefits, synergies and operational performance associated with such acquisition; (xi) our ability to realize anticipated benefits, synergies or generate revenue, profits or value from our business combinations and strategic investments; (xii) the production and manufacturing capabilities and output from our facilities and our joint ventures, strategic alliances and equity investments; (xiii) government regulation of our activities and products including, but not limited to, the areas of cannabis taxation and environmental protection; (xiv) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (xv) consumer interest in our products; (xvi) our ability to differentiate our products, including through the utilization of rare cannabinoids; (xvii) competition; (xviii) anticipated and unanticipated costs; (xix) our ability to generate cash flow from operations; (xx) our ability to conduct operations in a safe, efficient and effective manner; (xxi) our ability to hire and retain qualified staff and acquire equipment and services in a timely and cost-efficient manner; (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 Annual Report 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 maintain or expand distribution of our products in our overseas markets or generate meaningful revenue in those markets; that we may be unable to further streamline our operations and 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 the expected benefits of the expansion of Cronos GrowCo's purpose-built cannabis facility (including any additional supply provided thereby) may not be fully realized within a reasonable time or at all or that Cronos GrowCo may not be able to repay its borrowings under the credit facility provided by Cronos; that the expected benefits of the High Tide Warrant and the High Tide Loan may not be fully realized within a reasonable time or at all or that High Tide may not be able to repay its borrowings under the High Tide Loan; that we may not be able to consummate our planned acquisition of CanAdelaar on the anticipated timeline or at all; 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

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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; 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 this 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 Annual Report 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 1. BUSINESS

General

Cronos is incorporated under the laws of the Province of British Columbia with principal executive offices located at 4491 Concession Rd 12, Stayner, Ontario L0M 1S0. The Company's telephone number is +1-416-504-0004, the website is <https://thecronosgroup.com/> and the investor relations section of the website is <https://ir.thecronosgroup.com/>. All references to Cronos' website are inactive references, are for informational purposes only and are not intended to incorporate any information from or referenced on its website into this Annual Report.

Cronos common shares are currently listed on the Toronto Stock Exchange ("TSX") and on the NASDAQ Global Market ("Nasdaq") under the trading symbol "CRON."

Description of the 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[®], PEACE NATURALS[®], LIT[™], and Lord Jones[®].

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 in Stayner, Ontario (the "Peace Naturals Campus"). Cronos also consolidates the results of operations of Cronos GrowCo in its consolidated financial statements and maintains a 50% equity interest in Cronos GrowCo. Cronos GrowCo's production facilities are licensed under the Cannabis Act and represent the Company's principal source of cannabis.

In Israel, Cronos operates under the Good Agricultural Practices ("IMC-GAP"), Good Manufacturing Practices ("IMC-GMP") and Good Distribution Practices ("IMC-GDP") certifications required for the cultivation, production, distribution and marketing of medical cannabis products in Israel.

Operations and Investments

Peace Naturals Campus & Cronos GrowCo

The production facilities at the Peace Naturals Campus and the production facilities of Cronos GrowCo are licensed by Health Canada under the Cannabis Act to engage in the cultivation, processing, distribution and sale of dried flower, cannabis seeds, cannabis plants, cannabis extracts, cannabis topicals and cannabis edibles, among other prescribed activities.

Israel

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.

Operations Outside of Canada and Israel

Cronos distributes PEACE NATURALS[®] and LIT[™] branded products and white-labeled cannabis products to select international markets.

Cronos anticipates that it will continue entering new markets and expanding in its current geographic markets. By leveraging operational, manufacturing and regulatory expertise, quality standards and procedures and intellectual property, the Company is well-positioned to effectively expand in its existing markets and access new markets. Subject to applicable regulatory approvals, strategic international business opportunities pursued by Cronos could include:

- production, distribution, sales and marketing in jurisdictions that have passed legislation to legalize the production, distribution and possession of cannabis products at all relevant levels of government; and
- the export of cannabis products to markets that permit the import of such products.

Cronos seeks to conduct business only in jurisdictions where Cronos has determined it is legal to do so and where such operations remain compliant with its TSX and Nasdaq listing obligations. Determining whether a business activity is legal in a jurisdiction may require judgment since laws, rules, regulations and licenses may not be clear and legal interpretation and advice of counsel may vary. If a business activity in which Cronos engages in any jurisdiction is determined to be illegal, the Company could be subject to fines, penalties, reputational harm, delisting from securities exchanges and material civil, criminal and regulatory litigation and proceedings or be enjoined from doing business in the applicable jurisdiction. See “*Risk Factors—Risks Relating to Regulation and Compliance—We operate in highly regulated sectors where the regulatory environment is rapidly developing, and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.*”

Joint Ventures/Strategic Investments

Cronos has established two strategic joint ventures in Canada and Israel. Additionally, the Company held approximately 8.3% of the issued capital of Vitura following the issuance by Vitura of an additional 74,814,757 shares on February 12, 2025, which is accounted for as equity securities with a readily determinable fair value, and approximately 13.7% of the issued capital of NatuEra S.à.r.l. (“Natuera”), which is accounted for as equity securities without a readily determinable fair value, as of December 31, 2025.

The Company has an investment in High Tide through the High Tide Loan and the High Tide Warrant. The High Tide Loan had an initial principal amount of C\$30,000, subject to a 16% original issue discount. The High Tide Loan bears interest at a rate of 4% per annum, payable in cash quarterly, has a term of five years, and may be repaid by High Tide prior to maturity without penalty. The High Tide Loan is convertible into common shares of High Tide at a conversion price of C\$4.20 per share, subject to mutual agreement of the Company and High Tide. The High Tide Warrant is exercisable into up to 3,836,317 common shares (the “Warrant Shares”) of High Tide at an exercise price of C\$3.91 per Warrant Share, subject to customary adjustments.

The Company’s ownership interest in each joint venture is summarized in the table below.

Joint Venture	Jurisdiction	Ownership Interest⁽ⁱ⁾
Cronos Israel ⁽ⁱⁱ⁾	Israel	70%/90%
Cronos GrowCo ⁽ⁱⁱⁱ⁾	Canada	50%

⁽ⁱ⁾ The Company defines ownership interest as the proportionate share of net income to which the Company is entitled; equity interest may differ from ownership interest shown above. The Company consolidates the financial results of Cronos Israel and Cronos GrowCo and accounts for other joint ventures under the equity method of accounting. See Note 1 “*Background, Basis of Presentation, and Summary of Significant Accounting Policies*” and Note 5 “*Investments*” to its consolidated financial statements in Item 8 of this Annual Report.

⁽ⁱⁱ⁾ A strategic joint venture with Kibbutz Gan Shmuel, an Israeli agricultural collective settlement, for the production, manufacturing and global distribution of medical cannabis, consisting of a cultivation company (Cronos Israel G.S. Cultivation Ltd.), a manufacturing company (Cronos Israel G.S. Manufacturing Ltd.), a distribution company (Cronos Israel G.S. Store Ltd.) and a pharmacy company (Cronos Israel G.S. Pharmacy Ltd.), collectively, “Cronos Israel.” The Company holds a 70% equity interest in the cultivation company and a 90% equity interest in each of the manufacturing, distribution and pharmacy companies.

⁽ⁱⁱⁱ⁾ A strategic joint venture with a group of investors led by Bert Mucci (the “Greenhouse Partners”), a Canadian large-scale greenhouse operator. Each of Cronos and the Greenhouse Partners owns a 50% equity interest in Cronos GrowCo. On July 1, 2024, the Company obtained majority control of the board of directors of Cronos GrowCo, which qualified as a business combination under ASC 805.

No U.S. Schedule I Cannabis-Related Activities

Although several states in the U.S. have authorized the cultivation, distribution or possession of U.S. Schedule I cannabis and U.S. Schedule I cannabis containing products to various degrees and subject to various requirements or conditions and although President Trump signed an executive order on December 18, 2025 (the “Executive Order”) directing the U.S. Attorney General to expedite the completion of the administrative process to reschedule marijuana from Schedule I to Schedule III under the U.S. Controlled Substances Act (the “CSA”), U.S. Schedule I cannabis continues to be a Schedule I controlled substance under the CSA unless and until the required federal rulemaking process is complete. Accordingly, the cultivation, manufacture, distribution and possession of U.S. Schedule I cannabis violates federal law in the U.S. unless a U.S. federal agency, such as the DEA, grants a registration for a specific activity, such as research, with U.S. Schedule I cannabis.

Cronos does not engage in any activities related to U.S. Schedule I cannabis in the U.S.

Brand Portfolio

Cronos is committed to building a portfolio of iconic brands that responsibly elevate the consumer experience.

In Canada, Cronos sells a variety of cannabis products through wholesale channels including under our Spinach[®], PEACE NATURALS[®] and Lord Jones[®] brands. Cronos also sells cannabis flower in several international medical markets under our PEACE NATURALS[®], LIT[™] and Lord Jones[®] brands.



Brand Positioning	Mainstream	Mainstream	Value	Premium
Product Offering	Dried flower, pre-rolls, vaporizers, edibles	Dried flower, pre-rolls, tinctures	Dried flower	Dried flower, pre-rolls, vaporizers, edibles
Geographic Availability	Canada	Canada, Israel, Germany, Australia, Switzerland & the UK	Germany, Israel & the UK	Canada & Israel

Spinach® is a mainstream adult-use cannabis brand focused on friends, fun and legendary cannabis. The Spinach® brand portfolio includes cannabinoid products in a wide range of formats including dried flower, pre-rolls, vaporizers and edibles.

PEACE NATURALS® is a mainstream global medical brand committed to producing high-quality cannabis products. The brand 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 several international medical markets.

LIT™ is a value-driven medical cannabis brand designed to make high-quality relief more accessible, without compromising quality or care. The brand offers a focused lineup of dried flower products, currently sold in medical markets across Israel, Germany and the United Kingdom (the “UK”).

Lord Jones® is a premium cannabis brand that goes above and beyond to unlock differentiated ways to experience cannabis. The Lord Jones® brand portfolio includes cannabis products in the pre-roll, vaporizers, concentrates and edible categories. In February 2026, Cronos launched the Lord Jones® brand in the Israeli medical market with cannabis flower products.

Cronos Marketing Code

In 2021, Cronos released its Marketing Code, which is designed to responsibly move the emerging cannabis industry forward. Cronos believes that those below the legal age of consumption should not be targeted in an adult-use cannabis market. Cronos recognizes there is a clear need for standards.

The principles in the Cronos Marketing Code apply to all marketing activities of all Cronos brands globally and the Company strives to communicate these principles to all business partners as part of any work they do on the Company’s behalf. The Marketing Code represents Cronos’ commitment to responsible marketing standards. The code standards are:

- Cronos advertising will be targeted to adults.
- Cronos will highlight responsible cannabis consumption and any people depicted in any imagery will be adults.
- Brand websites and social media will be designed for adults.
- All packaging will be child resistant. Cronos encourages parents to store products securely in their homes, out of sight and reach of children.
- Cronos marketing events will be targeted to adults and will promote responsible cannabis consumption.
- Cronos will provide customers with facts and substantiate its claims.

Global Sales and Distribution - Principal Markets

Cronos has developed a diversified global sales and distribution network. The Company has built a distribution footprint in Canada through the adult-use and medical markets, as well as markets and distribution channels outside of Canada.

Canadian Market and Distribution

- Adult-Use. Cronos currently sells dried flower, pre-rolls, vaporizers, concentrates and edibles through its brands, Spinach® and Lord Jones®, to cannabis control authorities in all provinces of Canada and the Yukon territory, except Saskatchewan, where the Company sells to private-sector retailers, subject to the relevant provincial or territorial restrictions and requirements. As the Company’s supply chain grows, Cronos continues to expand its portfolio of cannabis products for the existing markets in Canada.
- Medical Market. Cronos sells cannabis products under the PEACE NATURALS®, Spinach® and Lord Jones® brands to medical cannabis users in Canada through various third-party distributors.

Markets and Distribution Outside of Canada

- Israel. Cronos Israel distributes PEACE NATURALS® and LIT™ branded cannabis products to the Israeli medical market through pharmacies. In February 2026, Cronos launched the Lord Jones® brand in the Israeli medical market. See “—*Licenses and Regulatory Framework in Israel*.”
- Germany. In September 2023, Cronos established a strategic partnership with Cansativa, a leading German cannabis company, to distribute PEACE NATURALS® and LIT™ branded products along with other white-labeled cannabis products in the German medical market.
- United Kingdom. In February 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. In 2025, LIT™ branded products also became available in the UK market.
- Other International Markets. Cronos distributes PEACE NATURALS® medical cannabis flower in Australia, Switzerland, and Malta through third-party distributor relationships.

Additionally, Cronos GrowCo sells products in the wholesale channel into the markets listed above as well as Canada and select other international markets. Cronos continues to seek new international distribution channels in jurisdictions that have legalized the production, distribution and possession of cannabis products at all relevant levels of government.

Global Supply Chain

Cronos is focused on establishing an efficient global supply chain by seeking to develop industry-leading methodologies and best practices at the cultivation and processing facilities of Cronos GrowCo (the “Cronos GrowCo Facility”), the Peace Naturals Campus and the Cronos Israel facility at Kibbutz Gan Shmuel and leveraging this expertise to create beneficial production partnerships. The Company plans to continue to develop a global supply chain, which will employ a combination of wholly owned production facilities, third-party suppliers and global production partnerships, all of which will support the manufacturing of cannabinoid-based consumer goods.

- Peace Naturals Campus. The Peace Naturals Campus is licensed for cannabis production and the manufacturing of certain cannabis products. Activities at the Peace Naturals Campus include production, processing, finishing, packaging and shipping, as well as R&D, including cannabinoid product formulation, product development, tissue culture and micro propagation. The Company plans to continue and expand operations at the Peace Naturals Campus.
- Cronos GrowCo. The Cronos GrowCo Facility is licensed for cannabis production and the manufacturing of certain cannabis products. Under its current licenses, Cronos GrowCo is permitted to sell certain cannabis products to other license holders in the wholesale channel, as well as to provincial cannabis control authorities. Cronos GrowCo holds Global GAP and ICANN GAP certifications (equivalent to IMC-GAP) for the export of dried flower to Israel. In the second quarter of 2024, the Company entered into an amended and restated supply agreement with Cronos GrowCo (the “Cronos GrowCo Supply Agreement”), pursuant to which the Company has the right, but not the obligation, to purchase up to 70% of Cronos GrowCo’s total production from the Cronos GrowCo Facility. Cronos GrowCo supplies products to Canada, Israel and select international markets.
- Cronos Israel. Cronos Israel holds the IMC-GAP, IMC-GMP and IMC-GDP certifications required for the cultivation, production, distribution and marketing of medical cannabis products in Israel. Cronos Israel distributes PEACE NATURALS® and LIT™ branded cannabis products to the Israeli medical market. In February 2026, Cronos launched the Lord Jones® brand in the Israeli medical market. See “—*Licenses and Regulatory Framework in Israel*” for more information on the Company’s licenses in Israel.
- Third-party Supply and Manufacturing Agreements. In the ordinary course of business, the Company enters into spot market purchase agreements and supply agreements with suppliers of dried flower and other cannabis products to supply its global markets. These supply agreements, for the most part, do not oblige Cronos to purchase minimum quantities of products and generally contain provisions permitting cancellation of orders or termination on notice. Contract manufacturing agreements are entered with other license holders for certain manufacturing and processing services related to Cronos products.

Major Customers

Major customers are customers for which sales equaled or exceeded 10% of our consolidated net revenues for the year. In 2025, there were two major customers, Ontario Cannabis Retail Corporation and Alberta Gaming, Liquor and Cannabis Commission, which accounted for approximately 27% and 16%, respectively, of the Company’s consolidated net revenues, before excises taxes, for the year ended December 31, 2025. The Company verifies the customers’ liquidity prior to the authorization of material transactions for the purpose of mitigating credit risk.

Government Contracts

In Canada, Cronos sells cannabis products to cannabis control authorities in all provinces of Canada and the Yukon territory, except for Saskatchewan (where cannabis products are sold directly to private-sector retailers). Each such cannabis control authority is the sole wholesale distributor in the province, except in Manitoba (where the Company distributes cannabis products through private-sector distributors authorized by the provincial cannabis control authority), and in certain provinces, the sole retailer, of cannabis products. These products are sold to the various cannabis control authorities under supply agreements that are subject to terms that allow for renegotiation of sale prices and termination at the election of the applicable cannabis control authority. For the year ended December 31, 2025, the Company made approximately \$122.4 million in sales to cannabis control authorities in Canada.

Competitive Conditions

Competitive Conditions in Canada

The Company faces competition in all aspects of its business in the Canadian adult-use and medical markets. As the demand for cannabis increases as a result of the legalization of adult-use cannabis in Canada under the Cannabis Act, Cronos believes that new competitors will continue to enter the market.

The principal factors on which Cronos competes with other Canadian license holders are product quality, cost of production, innovation, intellectual property, brand recognition and price. The Company believes its strong capitalization resulting from the Altria Investment, along with the Spinach® and Lord Jones® brand recognition and differentiation in the Canadian market and Cronos GrowCo's efficient and expanding operations functioning as a source of supply, will enable Cronos to develop better quality consumer products, grow its Canadian business and strengthen its market position in Canada. However, an evolving and stringent federal regulatory framework affects all areas of the business. See "*Business—Regulatory Framework in Canada*" for further information on the regulatory framework applicable to the Canadian business.

Cronos also faces competition from illegal market participants that are unlicensed and unregulated. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may also have significantly lower costs and their products may be more easily accessible by consumers.

In addition to competition from illegal market participants, Cronos faces competition from licensed cannabis competitors that fail to comply with the regulations governing the cannabis industry when developing and selling cannabis products.

Competitive Conditions Outside of Canada

Cronos faces competition when entering new markets. The principal factors on which the Company competes are product quality, cost of production, innovation, intellectual property, brand recognition, price and physician familiarity. Cronos believes it is positioned to enter certain markets in Europe in a meaningful way while continuing to operate and penetrate the markets in which it currently participates due to the strong capitalization resulting from the Altria Investment, extensive experience and expertise in the highly regulated cannabis industry in Canada, which can be leveraged when entering new markets or growing existing operations, and strong partnerships with local distributors. The Company believes these factors will enable greater market penetration, provide a greater variety of quality consumer products, facilitate entry into new markets and strengthen its existing market position in overseas markets. However, a patchwork of regulatory frameworks and regulations in these various regions also affects the Company's ability to compete in emerging markets as evolving regulations and frameworks have the potential to affect all areas of the business. Additionally, the Company faces competition from illegal market participants that are unlicensed and unregulated in these markets and licensed competitors that fail to comply with applicable regulations.

Altria Strategic Investment

Altria Investment and Investor Rights Agreement

As of December 31, 2025, Altria beneficially owned 41.0% of Cronos' common shares and had the right to acquire additional common shares under its pre-emptive and top-up rights as discussed under "*Pre-emptive Rights and Top-Up Rights*" below.

Investor Rights Agreement

In connection with the Altria Investment, Cronos entered into the Investor Rights Agreement, dated as of March 8, 2019, by and between Cronos and Altria (the "Investor Rights Agreement") pursuant to which Altria received certain governance rights that are summarized below.

Board Representation

The Investor Rights Agreement provides that, for so long as Altria and certain of its affiliates (the “Altria Group”) continue to beneficially own at least 40% of Cronos’ issued and outstanding common shares and the size of Cronos’ board of directors (the “Board”) is seven directors, Cronos agrees to nominate for election as directors to the Board four individuals designated by Altria (the “Altria Nominees”). In addition, for so long as the Altria Group continues to beneficially own greater than 10% but less than 40% of Cronos’ issued and outstanding common shares, Altria is entitled to nominate a number of Altria Nominees that represents its proportionate share of the number of directors comprising the Board (rounded up to the next whole number) based on the percentage of Cronos’ issued and outstanding common shares beneficially owned by the Altria Group at the relevant time. At least one Altria Nominee must be independent for so long as Altria has the right to designate at least three Altria Nominees and the Altria Group’s beneficial ownership of Cronos’ issued and outstanding common shares does not exceed 50%.

The Investor Rights Agreement also provides that, subject to certain exceptions, for so long as Altria is entitled to designate one or more Altria Nominees, Cronos agrees to appoint to each committee established by the Board such number of Altria Nominees that represents Altria’s proportionate share of the number of directors comprising the applicable Board committee (rounded up to the next whole number) based on the percentage of Cronos’ issued and outstanding common shares beneficially owned by the Altria Group at the relevant time.

Approval Rights

The Investor Rights Agreement also grants Altria, until the Altria Group beneficially owns less than 10% of Cronos’ issued and outstanding common shares, approval rights over certain transactions that the Company may undertake. Cronos agreed that, among other things, it will not (and will use commercially reasonable efforts to cause its affiliates not to), without the prior written consent of Altria:

- consolidate or merge into or with another person or enter into any similar business combination;
- acquire any shares or similar equity interests, instruments convertible into or exchangeable for shares or similar equity interests, assets, business or operations with an aggregate value of more than C\$100,000,000, in a single transaction or a series of related transactions;
- sell, transfer, cause to be transferred, exclusively license, lease, pledge or otherwise dispose of any of the Company’s or its significant subsidiaries’ assets, business or operations in the aggregate with a value of more than C\$60,000,000;
- except as required by applicable law, make any changes to Cronos’ policy with respect to the declaration and payment of any dividends on its common shares;
- subject to certain exceptions, enter into any contract or other agreement, arrangement, or understanding with respect to, or consummate, any transaction or series of related transactions between Cronos or any of its subsidiaries, on the one hand, and any related parties, on the other hand, involving consideration or any other transfer of value required to be disclosed pursuant to Item 404 of Regulation S-K promulgated pursuant to the Securities Act; or
- engage in the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or any Related Products and Services (as defined in the Investor Rights Agreement) in any jurisdiction, including the U.S., where such activity is prohibited by applicable law as of the date of the Investor Rights Agreement (subject to certain limitations).

Exclusivity Covenant

Pursuant to the terms of the Investor Rights Agreement, until the earlier of:

- the six-month anniversary of the date on which the Altria Group beneficially owns less than 10% of Cronos’ issued and outstanding common shares; and
- the six-month anniversary of the termination of the Investor Rights Agreement,

Altria has agreed to make Cronos its exclusive partner for pursuing cannabis opportunities throughout the world (subject to certain limited exceptions).

Pre-emptive Rights and Top-Up Rights

Pursuant to the terms of the Investor Rights Agreement and provided the Altria Group continues to beneficially own at least 20% of Cronos' issued and outstanding common shares, Altria has a right to purchase, directly or indirectly by another member of the Altria Group, upon the occurrence of certain issuances of common shares by Cronos (each, a "Triggering Event") and subject to obtaining the necessary approvals, up to such number of common shares issuable in connection with the Triggering Event which will, when added to Cronos' common shares beneficially owned by the Altria Group immediately prior to the Triggering Event, result in the Altria Group beneficially owning the same percentage of Cronos' issued and outstanding common shares that the Altria Group beneficially owned immediately prior to the Triggering Event (in each case, calculated on a non-diluted basis). The price per common share to be paid by Altria pursuant to the exercise of these pre-emptive rights will be, subject to certain limited exceptions, the same price per common share at which the common shares are sold in the relevant Triggering Event; provided that if the consideration paid in connection with any such issuance is non-cash, the price per common share that would have been received had such common shares been issued for cash consideration will be determined by an independent committee (acting reasonably and in good faith).

In addition to (and without duplication of) the aforementioned pre-emptive rights, the Investor Rights Agreement provides Altria with top-up rights, exercisable on a quarterly basis, whereby, subject to obtaining the necessary approvals and for so long as the Altria Group beneficially owns at least 20% of Cronos' issued and outstanding common shares, Altria has the right to subscribe for such number of common shares in connection with any Top-Up Securities (as defined below) that Cronos may, from time to time, issue after the date of the Investor Rights Agreement, as will, when added to the Cronos common shares beneficially owned by the Altria Group prior to such issuance, result in the Altria Group beneficially owning the same percentage of Cronos' issued and outstanding common shares that the Altria Group beneficially owned immediately prior to such issuance. "Top-Up Securities" means any Cronos common shares issued:

- on the exercise, conversion or exchange of Cronos convertible securities issued prior to the date of the Investor Rights Agreement or on the exercise, conversion or exchange of Cronos convertible securities issued after the date of the Investor Rights Agreement in compliance with the terms of the Investor Rights Agreement, in each case, excluding any of Cronos convertible securities owned by any member of the Altria Group;
- pursuant to any share incentive plan of the Company;
- on the exercise of any right granted by Cronos pro rata to all shareholders to purchase additional common shares and/or other securities of the Company (other than a right issued in a rights offering in which Altria had the right to participate);
- in connection with bona fide bank debt, equipment financing or non-equity interim financing transactions with Cronos' lenders, in each case, with an equity component; or
- in connection with bona fide acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions or joint ventures undertaken and completed by Cronos, in each case, other than (A) common shares issued pursuant to Altria's pre-emptive right and (B) common shares issued pursuant to the collaboration and license agreement (the "Ginkgo Collaboration Agreement") between Cronos and Ginkgo Bioworks Holdings, Inc. ("Ginkgo").

The price per common share to be paid by Altria pursuant to the exercise of its top-up rights will be, subject to certain limited exceptions, the volume-weighted average price of Cronos common shares on the TSX for the 10 full trading days preceding such exercise by Altria; provided that the price per common share to be paid by Altria pursuant to the exercise of its top-up rights in connection with the issuance of common shares pursuant to the exercise of options or warrants that were outstanding on the date of closing of the Altria Investment will be C\$16.25 per common share without any set off, counterclaim, deduction or withholding.

Open Market Purchases

The Altria Group is permitted to acquire Cronos common shares in the open market at any time and in any amount.

Registration Rights

The Investor Rights Agreement provides Altria with the right, subject to certain limitations and to the extent permitted by applicable law, to require Cronos to use reasonable commercial efforts to file a prospectus under applicable securities laws and/or a registration statement, qualifying Cronos common shares held by Altria for distribution in Canada and/or the U.S. In addition, the Investor Rights Agreement provides Altria with the right to require Cronos to include its common shares held by Altria in any proposed distribution of common shares in Canada and/or the U.S. by Cronos for its own account.

Commercial Arrangements

In connection with the Altria Investment, Cronos and Altria have entered into certain commercial arrangements (the "Commercial Arrangements"), pursuant to which Altria may provide Cronos with consulting services on matters which may include R&D, marketing, advertising and brand management, government relations and regulatory affairs, finance, tax planning, logistics and other corporate administrative matters. The services under the Commercial Arrangements are provided on customary terms and for a services fee payable by Cronos that is equal to Altria's reasonably allocated costs plus 5%.

Protection of Intangible Assets

The ownership and protection of Cronos' intellectual property rights is a significant aspect of its future success. Currently, the Company relies on trademarks, patents, copyrights, trade secrets, technical know-how and proprietary information. Cronos seeks to protect its intellectual property by strategically seeking and obtaining registered protection where appropriate, developing and implementing standard operating procedures to protect inventions, germplasm, trade secrets, technical know-how and proprietary information and entering into agreements with parties that have access to its inventions, germplasm, trade secrets, technical know-how and proprietary information, such as its partners, collaborators, employees and consultants, to protect confidentiality and ownership. The Company also seeks to preserve the integrity and confidentiality of its inventions, germplasm, trade secrets, trademarks, technical know-how and proprietary information by maintaining physical security of its premises and physical and electronic security of its information technology systems.

In addition, trademark protections have been sought in many jurisdictions, including Canada, the U.S., Israel, the UK, Switzerland, the European Union (the "EU"), Australia and China. Cronos' ability to obtain registered trademark protection for cannabis-related goods and services, in particular for cannabis itself, may be limited in certain countries outside of Canada. For example, in the U.S., registered federal trademark protection is only available for goods and services that can be lawfully used in interstate commerce; the PTO is not currently approving any trademark applications for U.S. Schedule I cannabis, or certain goods containing U.S. hemp-derived CBD (such as dietary supplements and food) until the FDA provides clearer guidance on the regulation of such products. In the EU, trademarks cannot be obtained for products that are "contrary to public policy or accepted principles of morality." Accordingly, the Company's ability to obtain intellectual property rights and enforce intellectual property rights against third-party uses of similar trademarks may be limited in certain jurisdictions.

Human Capital Resources

Cronos employees are critical in achieving its mission. In order to compete and succeed in a highly competitive and rapidly evolving industry, it is crucial that Cronos continue to attract, develop, motivate and retain skilled, talented and passionate employees. The Company's people strategy seeks to build a winning team and to foster a community of mission-driven people, where everyone feels empowered to do their best work.

As of December 31, 2025, Cronos had 610 full-time employees. Of the full-time employees, 507 were in Canada, 36 were in the U.S., and 67 were in Israel. No employees are represented by a labor union or covered by a collective bargaining agreement.

Compensation and Benefits. The Company's compensation program is designed to attract, motivate and reward talented individuals who possess the skills necessary to support Cronos' business objectives, assist in the achievement of the strategic goals and create long-term value for Cronos shareholders. The Company believes it offers competitive compensation and benefits in each of its locations, including long-term equity awards to eligible employees under its 2020 Omnibus Equity Incentive Plan to reward and retain talented individuals and align employee and shareholder interests.

Safety, Health and Well-being. The safety, health and well-being of employees is paramount to the Company. Cronos provides employees and their families with access to a variety of health and welfare programs, including benefits that support their physical and mental health by providing tools and resources to help them improve or maintain their health status. See "*Risk Factors—Risks Relating to Operations in Israel*" for risks to the safety, health and well-being of employees in Israel due to the Middle East Conflict.

Employee Engagement, Development and Training. Cronos is committed to providing development opportunities for employees, building an agile and resilient organization and fostering a workforce with the skillset to effectively adapt to changing business needs in order to best position the Company for success. The Company seeks to foster a culture of employee learning, innovation and a drive to succeed through a talent development strategy that adapts to changing business needs. Management is an active enabler of the people strategy to recruit, retain and engage talent that will maximize business performance. Employees are enabled to succeed through the Company's communicated behaviors, development training opportunities, performance management program and pay for performance philosophy, and using their voice in its employee engagement survey.

Inclusion, Belonging and Ethical Business Practices. Cronos believes that maintaining a work environment that supports a wide range of experiences and perspectives, and where all employees feel a sense of belonging, allows the Company to benefit from all available talent and enhances, among other things, organizational strength, problem-solving ability and opportunity for innovation. Cronos continues to focus on a strategy to support further progress. Cronos is committed to fair hiring, development, and promotion of employees. The Company maintains a whistleblower policy and an anonymous hotline for the confidential reporting of any suspected policy violations and provides training and education to its global workforce with respect to the Code of Business Conduct and Ethics and related policies.

Regulatory Framework in Canada

Federal Regime

The Cannabis Act provides a licensing and permitting scheme for, among other things, the cultivation, processing, testing, packaging, labeling, distribution, sale, possession and disposal of adult-use cannabis, implemented by regulations promulgated under the Cannabis Act (the "Cannabis Regulations"). The Cannabis Act and Cannabis Regulations include, among other things, strict

specifications for the plain packaging and labeling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for all federally licensed cultivation, processing and sales sites.

Health Canada allows license holders to export cannabis products with appropriate export permits. Export permits issued by Health Canada are specific to each shipment and may only be obtained for medical or scientific purposes. To apply for a permit to export cannabis, a license holder must submit significant information to Health Canada including information about the substance to be exported (including description, intended use and quantity) and the importer. As part of the application, applicants are also generally required to provide a copy of the import permit issued by a competent authority in the jurisdiction of final destination and to make a declaration to Health Canada that the shipment does not contravene the laws of the jurisdiction of the final destination or any country of transit or transshipment.

The Cannabis Act required the federal government to conduct a review of the Cannabis Act after three years, which commenced in September 2022. The scope of this statutory review included, among other things, consideration of (i) the administration and operation of the Cannabis Act, (ii) the impact of the Cannabis Act on public health, (iii) the health and consumption habits of young persons, (iv) the impact of cannabis on indigenous persons and communities and (v) the impact of the cultivation of cannabis plants in a dwelling-house. The final report of an independent expert panel on a review of the Cannabis Act was published in March 2024 and contains a variety of recommendations, some of which could adversely affect Cronos' business. For example, recommendation 27 suggests reforms to the excise tax regime which would apply progressively larger duties on cannabis products with higher quantities or concentrations of THC or other intoxicating cannabinoids.

On March 12, 2025, previously proposed amendments to the Cannabis Regulations came into effect. The amendments are intended to reduce regulatory and administrative burden for regulated parties and support diversity and competition in the legal cannabis market, while continuing to meet the public health and safety objectives of the Cannabis Act. The amendments were supported by conclusions and recommendations from the independent expert panel's final report published in March 2024 (described above), and were focused on five areas: (1) licensing, (2) personnel and physical security measures, (3) production requirements, (4) packaging and labeling, and (5) record-keeping and reporting.

In December 2023, Health Canada released guidance on cannabis products deliberately made with intoxicating cannabinoids other than delta-9-tetrahydrocannabinol. Health Canada defines "intoxicating cannabinoids" as cannabinoids that bind to and activate the type 1 cannabinoid receptor ("CB1 receptor"). This guidance recommends that license holders apply the regulatory controls currently applicable to THC to all other cannabinoids that Health Canada defines as "intoxicating cannabinoids" in order to minimize the risks of accidental consumption, overconsumption and adverse effects. Provincial cannabis regulators have adopted Health Canada's recommendation in various approaches.

In September 2025, Health Canada jointly with the Public Health Agency of Canada published a report on red tape reduction. The ongoing and future initiatives for streamlining regulations, simplifying rules and enhancing flexibility include proposed changes to the Cannabis Tracking System Order ("CTSO") to create operational efficiencies, while still meeting the objectives of the supply chain tracking system. Proposed amendments to the CTSO are expected in 2026.

Provincial and Territorial Developments

While the Cannabis Act provides for the regulation by the Canadian federal government of, among other things, the commercial production of cannabis and the sale of medical cannabis, the various provinces and territories of Canada regulate certain aspects of adult-use cannabis, including the distribution, sale, minimum age requirements and places where cannabis can be consumed.

The governments of each Canadian province and territory have implemented regulatory regimes for the distribution and sale of cannabis for adult-use purposes which continue to evolve over time. Most provinces and territories have announced a minimum age for possession and consumption of 19 years old, except for Québec and Alberta, where the minimum age is 21 and 18, respectively. In addition, provinces and territories may impose additional licensing requirements and restrictions on sales, distribution and promotion which are more stringent than those at the federal level. For example, the Société Québécoise du Cannabis (the "SQDC"), the exclusive distributor of cannabis in the province of Québec and the sole retail and online vendor in Québec, does not permit non-edible cannabis products exceeding 30% THC to be sold through its channels. The SQDC has also placed significant restrictions on the types of edibles that may be sold through its channels, prohibiting edibles that are sweet, confectionary, dessert, chocolate or any other product SQDC considers attractive to persons under 21 years of age. Provincial distributors also take different positions on the sale and distribution of products with various cannabinoids (including tetrahydrocannabinol and cannabidiol).

Licenses and Regulatory Framework in Israel

Medical Cannabis in Israel - Background

In Israel, cannabis is subject to the Israeli Dangerous Drugs Ordinance [New Version], 5733 – 1973 (the "Ordinance"), and its sale and use are prohibited unless applicable licenses or prescriptions have been obtained. Licenses to cultivate, produce, distribute, transport, conduct laboratory testing, dispense, possess and use cannabis for medical or research purposes in Israel are granted by the Israel Medical Cannabis Agency (the "Yakar") within the Israeli Ministry of Health (the "Israeli MOH"). Under the "Enabling Reform" (the "Reform"), which came into effect on April 1, 2024, patients with certain medical indications can obtain medical cannabis through prescriptions issued by physicians certified in their area of expertise who have undergone dedicated training within the public

healthcare system. However, the majority of medical cannabis patients in Israel still rely on the traditional licensing system, either obtaining licenses directly from certified physicians or through the Yakar.

In addition to allowing for medical cannabis prescriptions in certain cases, the Reform introduced key changes in other areas, including removing the restriction of medical cannabis as a last-line of treatment for certain indications, simplifying regulatory requirements for operators, establishing a structured research license for cultivators and manufacturers, and easing research and development processes. It also proposed further examination into excluding all cannabinoids besides THC at a THC concentration exceeding 0.3% (and its related cannabinoid family) from the Ordinance.

Export From Israel

In December 2020, the Israeli MOH initiated a pilot program in which certain medical cannabis companies were permitted to export their products, and the Yakar issued guidelines relating to the export of medical cannabis products. These guidelines set forth the process and conditions for obtaining an export license, which can only be issued to an applicant already holding a valid Yakar license.

In March 2024, within the framework of the Reform, the Israeli MOH updated Procedure 110 (Guidelines for the Process of Approving Applications for the Export of a Dangerous Drug (Cannabis)), introducing updates to the regulatory framework for medicinal cannabis exports. A key change in the updated procedure was the removal of the words “for medical use and research” from its then title and guidelines. This change potentially expands the markets for Israeli cannabis products beyond medical markets, provided that the products are manufactured on a separate production line from those marketed in Israel under Israeli regulatory standards and are intended for sale outside Israel in jurisdictions where regulators have approved their import and use. The updated Procedure 110 establishes that export approvals are primarily contingent on the submission of a valid import permit or official confirmation from the competent authority in the destination country. Additionally, Procedure 110 exempts cannabis products intended solely for export from meeting Israeli domestic quality standards, subject to the restrictions above, except for compliance with mandatory security requirements specified under IMC-GSP guidelines.

Constructive Licenses

The Yakar is also able to issue constructive licenses (i.e., licenses for dealing with medical cannabis, without direct contact with the product, such as brokering medical cannabis transactions) (the “Constructive Licenses”). While arguments were previously made by local manufacturers against the issuance of these Constructive Licenses due to the less stringent requirements needed to obtain one, on February 12, 2023, the Director General of the Yakar published a decision regarding the Constructive Licenses, clarifying the Yakar’s authority to grant Constructive Licenses for the import/export of medical cannabis.

Licenses and Regulatory Framework in Other Jurisdictions

Cronos and its joint venture partners, strategic investments and strategic partners are subject to comprehensive and evolving regulations in each jurisdiction in which they operate. All aspects of the production, manufacture and distribution of cannabis products are regulated and subject to licensing regimes. These regulations and licensing regimes vary by jurisdiction and the Company, its joint venture partners, strategic investments and strategic partners spend significant time, effort and money to comply with the applicable requirements. The Company seeks to comply with export laws in connection with distributing products in other jurisdictions by obtaining export permits from Health Canada. The Company’s strategic partners are responsible for compliance with import laws and local regulatory requirements (including laws related to distribution of medical products) in jurisdictions in which they operate.

Available Information

Cronos is subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, in accordance with the Exchange Act, the Company files reports with, and furnishes other information to, the SEC. The public may obtain any document filed with or furnished to the SEC from the SEC’s Electronic Document Gathering, Analysis, and Retrieval system, which can be accessed at www.sec.gov, or via the System for Electronic Data Analysis and Retrieval, which can be accessed at www.sedarplus.com, as well as from commercial document retrieval services.

Copies of this Annual Report may be obtained on request without charge from the Company’s Corporate Secretary, corporate.secretary@thecronosgroup.com, telephone: +1-416-504-0004. Cronos also provides access without charge to all of its SEC filings, including copies of this Annual Report, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as well as Section 16 reports on Forms 3, 4 or 5, as soon as reasonably practicable after filing or furnishing, on its website located at <https://ir.thecronosgroup.com>. In addition, the Company’s website includes, among other things, the Company’s Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is also available in print to any shareholder upon request without charge from our Corporate Secretary, corporate.secretary@thecronosgroup.com, telephone: +1-416-504-0004. Within the time period required by the SEC, the Company will post on its website any amendment to the Code of Business Conduct and Ethics and any waiver applicable to any executive officer, director or senior financial officer.

From time to time, Cronos may use its website, as well as the following social media sites, as an additional means of disclosing public information to investors, the media and others interested in the Company;

- Facebook (<https://www.facebook.com/The-Cronos-Group-419168411987225>);
- X (f.k.a. Twitter) (<https://x.com/cronosgroup>); and
- LinkedIn (<https://www.linkedin.com/company/cronosgroupcron/>).

It is possible that certain information on Cronos' website or these social media sites could be deemed to be material information. Investors, the media and others interested in the Company should review the business and financial information posted on the Company's website or these social media sites. None of the information on Cronos' website or disclosed through these social media sites is incorporated by reference into this Annual Report.

ITEM 1A. RISK FACTORS

An investment in us involves a number of risks. In addition to the other information contained in this Annual Report and in other filings we make, investors should give careful consideration to the following risk factors. Any of the matters highlighted in these risk factors could adversely affect our business, results of operations and financial condition, causing an investor to lose all, or part of, its, his or her investment. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material, our business, prospects, financial condition, results of operations and cash flows and consequently the price of our securities could be materially and adversely affected.

Risk Factor Summary

- We and certain of our joint ventures have limited operating histories and our growth strategy may not be successful.
- We may not be able to achieve or maintain profitability and may continue to incur losses in the future.
- We may not be able to successfully manage our growth.
- Our acquisition strategy may not be successful, and we have in the past, and may in the future, write down goodwill and intangible assets recognized upon acquisitions.
- We may not be able to complete, or realize the expected benefits of, our planned acquisition of CanAdelaar.
- Our products are new; there is limited long-term data with respect to the effects and the safety of our products, which is subject to conflicting medical data, and our products have been and may be in the future subject to recalls.
- The production and distribution of our products is subject to disruption as a result of risks inherent to agricultural operations and our reliance on third-party suppliers and distributors.
- We may be unable to obtain adequate supplies of raw materials in a timely manner and at commercially reasonable prices.
- Intellectual property is key to our growth strategy, and we may be unable to obtain or enforce our intellectual property rights.
- Our entry into new markets exposes us to market-specific regulatory, operational, and commercial risks, including unfamiliar regulatory regimes, changes in applicable laws, import and export restrictions, supply chain disruptions, currency fluctuations, and reliance on local partners and distributors.
- We are subject to extensive regulation and licensing and may not successfully comply with all applicable laws and regulations.
- Our business faces highly competitive conditions, including from the illegal cannabis market and licensed cannabis competitors that fail to comply with applicable regulations.
- Altria has significant influence over us.
- The price of our common shares has been and may continue to be highly volatile.
- We have had multiple restatements and material weaknesses in our internal control over financial reporting in the past.
- The adult-use cannabis market in Canada has in the past been and may in the future become oversupplied.
- Our business may be negatively impacted by the Middle East Conflict or the imposition of an anti-dumping duty or other restrictions on our imports into Israel.
- Any rescheduling of U.S. Schedule I cannabis to Schedule III would have an uncertain impact on our business.
- We are subject to other risks generally applicable to our industry and the conduct of our businesses.

Risks Relating to Our Growth Strategy.

We have a limited operating history and therefore we are subject to many of the risks common to early-stage enterprises.

We began carrying on business and generated our first revenues in 2013. In addition, many of our joint ventures are in the early stages of their operations and have generated little or no revenue. We are therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues.

We may not be able to achieve or maintain profitability and may continue to incur losses in the future.

We have incurred significant losses in recent periods and have had negative operating cash flow for four of the last six fiscal years. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, we expect to continue to incur significant costs and operating expenses as we implement initiatives to grow our business. If our revenue declines or fails to grow at a rate faster than our operating expenses, we will not be able to achieve and maintain profitability in future periods. As a result, we may continue to generate losses. We may not achieve profitability in the future and, even if we do become profitable, we might not be able to sustain that profitability.

We may not be able to successfully manage changes in our business or sustain our growth.

Our business has evolved and may continue to evolve as we adjust our operating footprint, expand in select markets, and implement operational and strategic initiatives. Our ability to manage changes in our business and sustain our growth will depend on a number of factors, many of which are beyond our control, including, but not limited to, changes in laws and regulations respecting the production of cannabis products, competition from other license holders, the size of the illegal market and the adult-use market in Canada and the other markets in which we sell or distribute, our ability to produce sufficient volumes of our products to meet customer demand, our ability to continue to implement and improve our operational and financial systems and controls, and our ability to expand, train and manage our employee base. There can be no assurances that we will be able to manage changes in our business or sustain our growth successfully. Any inability to manage changes in our business or sustain our growth could have a material adverse effect on our business, financial condition and results of operations.

Our use of joint ventures exposes us to risks associated with jointly owned investments.

We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments involve risks not otherwise present for investments made solely by us, including: (i) we may not control the joint ventures, either by virtue of our economic or legal ownership share, or our ability to influence day-to-day operational decision-making; (ii) our joint venture partners may not agree to distributions that we believe are appropriate; (iii) where we do not have substantial decision-making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or otherwise fail to fulfill their obligations as a joint venture partner; (v) the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests; (vii) we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; (viii) it may be difficult for us to exit a joint venture if an impasse arises or if we desire to sell our interest for any reason; (ix) our joint venture partners may exercise termination rights under the relevant agreements and (x) conflicts of interest may arise between our joint ventures and Company personnel who are directors of our joint ventures because of the fact that such directors are employed by us. Certain of these risks have materialized in the past. In addition, we may, in certain circumstances, be liable for the actions of our joint ventures or joint venture partners. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations, and the magnitude of these material adverse effects could be greater to the extent we decide to rely on such joint ventures for certain goods or services, such as the receipt of raw materials from Cronos GrowCo, or decide to outsource certain operating activities to such joint ventures.

There can be no assurance of continued growth in Israel and our performance in Israel depends on, among other things, our ability to continue to import cannabis into Israel and our joint venture partners.

Our prior performance in Israel is not indicative of any potential future results in Israel. The Middle East Conflict has created significant uncertainty with respect to our operations in Israel and may materially and adversely affect our sales and other activities in Israel. There can be no assurance that our growth in the Israeli market can be sustained or will continue. Our ability to manage and sustain revenue growth in Israel will depend on a number of factors, many of which are beyond our control, including, but not limited to, the impact of, and developments in, the Middle East Conflict on our operations, our ability to continue to import cannabis into Israel (including the outcome of the Anti-Dumping Investigation initiated by the Israel Ministry of Economy and Industry, see Part II, Note 12(b) “Contingencies” to the consolidated financial statements under Item 8 of this Annual Report for further details), changes in laws and regulations respecting the cultivation, production, marketing and sale of medical cannabis products in Israel, growth of the medical cannabis patient count in Israel, increased competition, our ability to produce sufficient volumes of our products to meet customer demand and our ability to maintain or grow our market share in Israel. Any of these factors could materially and negatively impact our growth in Israel.

We have begun to further leverage our strategic joint venture with Cronos GrowCo. Our revised plans for the Peace Naturals Campus as well as the completion of the Cronos GrowCo Transaction and entry into the Cronos GrowCo Supply Agreement have increased the importance of Cronos GrowCo to our business and operations. Cronos GrowCo’s production facilities are our principal source of raw materials. Therefore, our performance in Israel is reliant on our ability to acquire sufficient raw materials on a timely and cost-effective basis from Cronos GrowCo and to continue to import such raw materials and cannabis products to Israel from Cronos GrowCo’s production facilities. There is no guarantee that we will be able to obtain the regulatory approvals, licenses and permits

required for both the export of cannabis from Canada and the import of cannabis into Israel. Further, there can be no assurance that the Anti-Dumping Investigation will not result in the imposition of an anti-dumping duty on us or limit our imports into Israel, or that other trade restrictions will not limit our imports into Israel, the impact of which could have a material adverse effect on our business in Israel.

Our acquisition strategy may not be successful, and we have in the past, and may in the future, need to write down goodwill and intangible assets recognized upon acquisition.

Our growth strategy has included, and may continue to include, acquisitions and strategic investments. These transactions involve significant risks and uncertainties, including challenges associated with integration, changes in market conditions, regulatory developments, and the performance of acquired businesses or investments. As a result, acquisitions and strategic investments may not produce the anticipated revenues, profits or other benefits.

We have in the past recorded significant impairment charges related to goodwill and intangible assets arising from prior acquisitions, and we may be required to record additional impairment charges in the future if the carrying value of such assets exceeds their estimated fair value. Any such impairment charges could have a material adverse effect on our results of operations and financial condition.

Consummation of our planned acquisition of CanAdelaar is subject to closing conditions and regulatory approvals, and the transaction may be delayed, incur additional costs, or fail to close. If completed, we may face integration challenges and future unforeseen obligations based on CanAdelaar's operating performance following closing.

We entered into a definitive share sale and purchase agreement to acquire CanAdelaar, one of the licensed producers participating in the Netherlands' Controlled Cannabis Supply Chain Experiment (the "Wietexperiment"). The completion of this transaction is subject to a number of closing conditions, including obtaining required regulatory clearances in the Netherlands, receipt of confirmations relating to CanAdelaar's licenses and Bibob review (a background check conducted by Dutch authorities), the accuracy of representations and warranties, and the absence of certain regulatory orders. There can be no assurance that these closing conditions will be satisfied in a timely manner or at all. Failure to obtain required approvals or meet closing conditions could delay or prevent completion of the transaction, increase costs, or require us to modify or abandon the planned acquisition.

If the transaction does not close, we may not realize the anticipated strategic benefits associated with establishing a licensed production presence in the Netherlands. Additionally, we may suffer other consequences that could adversely affect our business, results of operations, and stock price, including an inability to benefit from or recover acquisition costs, negative publicity, and reputational damage. Even if completed, the transaction will require significant integration efforts, including integrating operations, technology, compliance systems, and personnel structures. Integration challenges could require greater-than-expected resources, divert significant management attention, or reduce the strategic benefits we expect to achieve. Further, the contingent consideration structure of the transaction may also give rise to future obligations based on CanAdelaar's operating performance following closing. Any failure to close the transaction or to integrate CanAdelaar effectively could adversely affect our business, financial condition, and results of operations.

CanAdelaar has operated independently prior to the acquisition, and we may not identify all costs, liabilities, or operational challenges associated with CanAdelaar prior to completing the transaction. Following the acquisition, we may incur unanticipated expenses. In addition, assumptions made in evaluating the acquisition, including estimates of costs, synergies, operational efficiencies, or future performance, may prove to be inaccurate. Actual results may differ materially from our expectations due to factors beyond our control, including changes in market conditions, regulatory requirements, supplier or customer relationships, or the condition of the acquired business's assets and operations.

We have had multiple restatements and material weaknesses in our internal control over financial reporting in the past. We have experienced significant turnover, both voluntary and involuntary, in our accounting and financial reporting functions, as well as in our internal audit function. If we are unable to create and maintain an appropriate control environment, our business, results of operations, financial condition, cash flows and reputation will be adversely affected.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) and for evaluating and reporting on the effectiveness of our system of internal control. Effective internal control is necessary for us to provide timely, reliable and accurate financial reports, identify and proactively correct any deficiencies, material weaknesses or fraud and meet our reporting obligations. Our financial reporting processes also rely in part on third-party information technology systems and service providers, including systems used for accounting, consolidation and reporting. Disruptions, failures, delays, or deficiencies in these systems or in the performance of third-party service providers could impair our ability to maintain effective internal control over financial reporting or timely prepare and file our financial statements.

We have had multiple restatements and material weaknesses in the past and significant turnover, both voluntary and involuntary, in our accounting, financial reporting and internal audit functions. Remediation efforts placed a significant burden on management and added increased pressure on our financial reporting resources and processes.

The accuracy of our financial reporting and our ability to timely file with the SEC and the applicable securities regulatory authorities in Canada have in the past been, and may in the future be, adversely impacted by material weaknesses or significant deficiencies in our

internal control over financial reporting. Restatement of our financial statements due to material weaknesses or significant deficiencies could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weaknesses or significant deficiencies, subject us to regulatory investigations and penalties, harm our reputation, cause a decline in investor confidence or otherwise cause a decline in our stock price.

We are subject to civil litigation relating to the restatements and we cannot predict the outcome of this litigation, but we have incurred and expect to continue to incur significant costs and expenses in defending against this civil litigation. For more information on this civil litigation and proceedings, see Part II, Note 12(b) “Contingencies” to the consolidated financial statements under Item 8 of this Annual Report.

We are subject to disabilities as a result of our settlement with the SEC that may expose us to increased future litigation and adversely affect our ability to raise capital.

As of the date of our settlement with the SEC (the “SEC Order”), October 24, 2022, and for a period of five years thereafter, we are unable to rely on the private offering exemptions provided by Regulations A and D under the Securities Act, which could impair our ability to raise additional capital in the private market quickly in response to changing requirements and market conditions.

There can be no assurance that our current and future strategic alliances or expansions of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration or operational obstacles or costs, could lead to or exacerbate product or supply shortages that could impact other markets in which we operate, may not enhance our business and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of debt, costs and liabilities, and there can be no assurance that strategic alliances will achieve the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Wholesale price volatility could have a material adverse effect on our business.

Following the Cronos GrowCo Transaction, the financial results of Cronos GrowCo are consolidated into our results, which are in turn impacted by the market for wholesale cannabis. Wholesale prices fluctuate due to changes in supply (which itself depends on other factors such as the level of cultivation of cannabis, weather conditions, fuel, equipment and labor costs, shipping costs, and government regulations), demand and other market conditions, which are factors beyond the control of Cronos GrowCo. The market for wholesale cannabis biomass is particularly volatile compared to other commoditized markets due to the relatively nascent maturity of the industry. The lack of centralized data and large variations in product quality make it difficult to establish a universal “spot price” for wholesale cannabis biomass. A decline or general volatility in the wholesale price of cannabis biomass may negatively impact Cronos GrowCo’s operating income, which may have a material adverse effect on our results of operations.

Under the Cronos GrowCo Supply Agreement, which governs our commercial arrangement with Cronos GrowCo, our option to purchase cannabis biomass from Cronos GrowCo is subject to fixed pricing. If wholesale market prices decline, we may choose not to exercise our option to purchase biomass at the fixed prices and instead seek to purchase such biomass at the prevailing market price from Cronos GrowCo or third parties. However, if we do not exercise our option, Cronos GrowCo would be under no obligation to sell to us at such lower market prices, and there can be no assurance that third-party suppliers will be able to provide biomass on a consistent basis or in the quantities, strains, grades and qualities we require. Similarly, if wholesale cannabis prices increase materially, our fixed-price purchasing arrangement with Cronos GrowCo may negatively impact the results of its operations, create economic misalignment between Cronos and Cronos GrowCo, and adversely affect long-term supply availability, reliability, and our consolidated financial results. As a result, wholesale price volatility could adversely affect our cost structure, supply reliability, and results of operations.

We may be unable to obtain adequate supplies of raw materials in a timely manner and at commercially reasonable prices.

Our production operations require that we obtain adequate supplies of raw materials, particularly biomass, on a timely basis, at commercially reasonable prices and in the quantities, strains, grades and qualities that we require. From time to time there have been shortages of raw materials. Industry-wide shortages in the supply of raw materials could result in industry-wide raw material price adjustments and shortages.

Cronos GrowCo’s production facilities are our principal source of raw materials. Therefore, our production operations are reliant on our ability to acquire such raw materials from Cronos GrowCo on a timely, cost-effective basis and in the quantities, strains, grades and qualities we require. If Cronos GrowCo is unable to meet our needs for raw materials on a timely, cost-effective basis and in the quantities, strains, grades and qualities we require (which may exceed forecasts), we may be, and have in the past been, required to source additional supply from third parties, and we may not be able to do so on a timely basis at commercially reasonable prices or in the quantities, strains, grades and qualities we require.

If we are unable to secure the raw materials we require, we may experience product shortages and delays, be unable to launch new products, and be required to discontinue certain products. Any such disruptions could result in fewer product listings, impact our market share, and cause reputational damage, which could materially and adversely affect our results of operations, financial condition, business and prospects.

If raw material shortages cause industry-wide prices of raw materials to rise, our costs could increase. To the extent that we are unable to offset such costs through higher prices of our products or other cost savings, our results of operations, financial condition, business and prospects could be materially and adversely affected.

Our option to purchase a significant portion of Cronos GrowCo's production could strain Cronos GrowCo's ability to develop, maintain and grow profitable relationships with third-party customers.

Under the Cronos GrowCo Supply Agreement, we have the option to purchase a significant portion of Cronos GrowCo's production. There can be no assurance that Cronos GrowCo will be able to sell its remaining production to third parties at commercially viable prices or on commercially viable terms. Likewise, volatility in the exercise of Cronos' option could negatively impact Cronos GrowCo's ability to forecast the portion or quantity of its production available for sale to third parties, which could negatively impact Cronos GrowCo's ability to develop, maintain and grow profitable relationships with third-party customers. To the extent Cronos GrowCo encounters difficulty in selling its remaining production capacity to third parties, Cronos GrowCo's results of operations may be significantly and adversely affected, which may have a material adverse effect on our results of operations.

Termination or non-renewal of the Cronos GrowCo Supply Agreement could have a material negative impact on our ability to obtain cannabis biomass at commercially viable prices.

Cronos GrowCo's production facilities are our principal source of raw materials. In addition to various termination rights under the Cronos GrowCo Supply Agreement, following an initial four-year term, the Cronos GrowCo Supply Agreement is subject to automatic renewal for successive one-year periods unless either party provides notice of non-renewal. In the event of non-renewal or termination of the Cronos GrowCo Supply Agreement, we would be required to source cannabis biomass from third parties or negotiate a new supply agreement with Cronos GrowCo, and we may not be able to do so on a timely basis at commercially reasonable prices or in the quantities, strains, grades and qualities we require. Any disruption to our access to raw materials could result in product shortages, delays, and discontinuations and limitations on product launches, which could have a material adverse effect on our business, financial condition and results of operations.

We may not successfully execute or sustain our production capacity strategy.

Our production capacity strategy depends on our ability to efficiently operate, optimize, expand and maintain production at our facilities and joint ventures, including the Peace Naturals Campus, the Cronos Israel facility at Kibbutz Gan Shmuel and the Cronos GrowCo Facility. Although certain expansion initiatives have been completed, including expansion of the Cronos GrowCo Facility, there can be no assurance that we will be able to achieve or sustain the expected levels of output, quality, efficiency, or cost structure from these operations.

Continuing operations at these facilities is subject to maintaining the appropriate licenses from the relevant regulatory authorities in those jurisdictions, including Health Canada. Any failure to maintain required licenses or comply with applicable regulatory requirements could disrupt operations or limit production capacity or actual production.

Cronos GrowCo's ability to operate at its current production levels and optimize output, margins and efficiency following expansion may be affected by a number of factors, including regulatory requirements, labor availability and costs, weather conditions, operational errors, aging or failure of equipment or processes and labor disputes, as well as factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to the facility, and other factors beyond our control. These factors may adversely affect yields, quality, operating costs, or supply reliability.

In addition, our ability to realize the benefits of our production capacity strategy may be affected by our ability to obtain the necessary approvals required to export or import our products to or from the jurisdictions in which we or our joint ventures operate. If we are unable to secure necessary approvals or permits, our production capacity strategy may not be realized, which could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully procure rare cannabinoids at commercially viable prices or in the quantities that we require.

We no longer have the internal capacity to produce rare cannabinoids through the fermentation process developed with Ginkgo. As we continue to utilize rare cannabinoids in our products, we are engaged with third-party suppliers capable of producing rare cannabinoids at commercially viable prices or in the quantities we require. If we are unable to secure the necessary rare cannabinoids from third-party suppliers, we may experience product shortages and delays and we may be unable to launch new products, which could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that recent operational and strategic initiatives will have a beneficial impact on our business, financial condition and results of operations. The timing, costs and benefits thereof cannot be guaranteed.

We have implemented a series of significant operational and strategic changes in recent years, including our Realignment of functions and cost structure, changes to the nature of our operations at the Peace Naturals Campus, the exit of our U.S. operations, the cessation of our fermentation operations and sale of our fermentation and manufacturing facility in Winnipeg, Manitoba (the “Cronos Fermentation Facility”), and the Cronos GrowCo Transaction.

There can be no assurance that these initiatives will achieve the expected benefits on a timely basis or at all. The execution and implementation of these initiatives involve risk, including that significant amounts of management’s time and Company resources could be diverted from our core operations and other risks, some of which are outside of our control. In addition, these initiatives could present unforeseen obstacles, lead to operating inefficiencies, negatively disrupt our corporate culture and lead to further employee attrition, which could have a material adverse effect on our business, financial condition and results of operations. We have and may continue to incur costs to implement these initiatives (including costs in excess of projections), and we could be subject to litigation risks and expenses related to these initiatives.

The industries and markets in which we operate are relatively new and may not continue to exist or grow as anticipated, and we may ultimately be unable to succeed in these industries and markets.

The medical and adult-use cannabis industries and markets in which we operate are relatively new, highly speculative, rapidly expanding, and may ultimately not continue to exist or grow. We build brand awareness in these markets through significant investments in our strategy, production capacity, quality assurance, and compliance with regulations. These activities may not promote our brands and products as effectively as intended, or at all. Competitive conditions (including from the illicit market), consumer preferences and behavior in these industries and markets are relatively unpredictable and may differ from existing industries and markets. We are subject to all of the business risks associated with a niche market, including unforeseen capital requirements, market acceptance of our products, business relationship risks, and competitive disadvantages against larger and more established competitors.

Accordingly, there are no assurances that these markets will continue to exist, grow, function, and evolve as currently anticipated, and a failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to supply the purchasers in various provinces and territories of Canada with our products in the quantities or prices anticipated, or at all, due to the discretion such purchasers have over purchasing, pricing, and product listings.

We have entered into supply arrangements with all provinces in Canada (where the relevant provincial body is the sole wholesale distributor of cannabis products in the province, except for Manitoba where we have also entered into a distribution agreement with a Manitoba Liquor & Lotteries Corporation authorized cannabis distributor) and the Yukon territory and with private retailers in Saskatchewan.

These supply arrangements do not contain any binding minimum purchase obligations on the part of the relevant provincial or territorial purchaser. Purchase orders are primarily driven by end-consumer demand for our products and the relevant purchaser’s supply. Accordingly, we cannot predict the quantities of our products that will be purchased by the provincial, territorial and private purchasers, or if our products will be purchased at all.

Provincial and territorial purchasers may change the terms of the supply agreements at any time during the supply relationship, including pricing, may terminate such supply agreements at their election, have broad rights of order cancellation and return of products, and are under no obligation to purchase our products or maintain any listings of our products for sale. As a result, provincial and territorial purchasers have a significant amount of control over the terms of the supply arrangements. Provincial and territorial purchasers have in the past and may in the future choose to stop purchasing Cronos products.

Furthermore, provincial and territorial purchasers may decide to ban, limit or implement new guidance on the types of cannabis products permitted for sale in each of their jurisdictions (including in response to Health Canada’s guidance on intoxicating cannabinoids) which may result in some or all of our products being viewed as non-compliant with law or non-binding policy guidance.

The adult-use cannabis market in Canada has in the past been and may in the future become oversupplied.

Numerous cannabis producers operate in the Canadian adult-use market. Cannabis producers have in the past produced and may in the future produce more cannabis than is needed to satisfy aggregate demand of the Canadian medical and adult-use markets, and we have in the past, and may in the future, be unable to export that over-supply into other markets. As a result, the available supply of cannabis could exceed demand, which has in the past, and may in the future, result in significant inventory write downs and decreases in market prices.

We may be unsuccessful in competing in the legal adult-use cannabis market in Canada.

We face competition from existing license holders under the Cannabis Act. Certain of these competitors may have significantly greater financial, production, marketing, R&D, technical and human resources than we do, which may allow them to achieve greater

economies of scale, invest more heavily in brand development, and respond more quickly to changing consumer preferences. As a result, our competitors may be more successful than us in gaining or maintaining market share.

Our ability to compete also depends on the acceptance of our products by consumers and retail channels. If competing products are perceived to be safer, more effective, more consistently available, more effectively marketed, or less expensive than our products, or if our products do not achieve or sustain an adequate level of market acceptance, our revenues, margins, and profitability could be adversely affected.

In addition, competition in the Canadian adult-use market has intensified as certain retailers or retail groups have become vertically integrated with, or otherwise affiliated with or influenced by, licensed producers. Although applicable laws and regulations in certain provinces restrict certain forms of vertical integration between retailers and licensed producers, the interpretation and enforcement of these requirements may vary over time and by jurisdiction. To the extent retailers prioritize the sale, promotion, and shelf placement of their own or affiliated cannabis products over third-party brands such as ours, or if regulatory requirements are not enforced or are unevenly enforced, our ability to secure or maintain retail access, shelf space, and promotional visibility could be adversely affected, which could reduce sales volumes, increase pricing pressure, and harm our competitive position.

If we are unable to compete effectively in the legal adult-use cannabis market in Canada, we may not generate sufficient revenue from these products, our market share may decline, and our business, financial condition, and results of operations could be materially adversely affected.

We are subject to liability arising from any fraudulent or illegal activity by our employees, contractors, manufacturers and consultants.

We are exposed to the risk that our employees, independent contractors, manufacturers and consultants may engage in fraudulent, improper or otherwise illegal activity. Such misconduct could include intentional, reckless and/or negligent violations of: (i) applicable laws and regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse of federal, state and provincial laws and regulations; or (iv) laws and regulations that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter such misconduct within a reasonable time or at all, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are brought against us, and we are not successful in defending them, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, loss or suspension of licenses and the curtailment of our operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

Some jurisdictions may never develop markets for cannabis.

Many jurisdictions place restrictions on or prohibit commercial activities involving cannabis. Such restrictions or prohibitions may make it impossible or impractical for us to enter or expand our operations in such jurisdictions unless there is a change in law or regulation. For example, U.S. Schedule I cannabis remains illegal under U.S. federal law and may never become legal under U.S. federal law.

Our U.S. strategy in part depends on the success of the PharmaCann Investment and there is no guarantee that we will exercise the PharmaCann Option in the near term, or at all, and, even if exercised, that the PharmaCann Investment will achieve the expected benefits of the PharmaCann Investment.

Our ability to exercise the PharmaCann Option will depend on the satisfaction of several conditions, including U.S. federal cannabis legalization. In addition, our ability to exercise the PharmaCann Option is subject to the receipt of any required regulatory approvals, including in the states where PharmaCann operates that may be required upon exercise, as well as Altria's approval under the Investor Rights Agreement. These conditions are outside of our control and therefore there can be no certainty that the PharmaCann Option will be exercised in the near term or at all. If the PharmaCann Option is not exercised, we will not receive the benefits of the contemplated commercial arrangements between us and PharmaCann.

In addition, the regulatory approval processes in connection with the exercise of the PharmaCann Option may take a prolonged period of time to complete, which could significantly delay our ability to exercise the PharmaCann Option and realize the benefits of the PharmaCann Investment or result in our not being able to exercise all or part of the PharmaCann Option. Furthermore, in connection with obtaining approvals from or otherwise satisfying the requests of the state regulators or applicable laws, we may be required to divest all or a portion of the PharmaCann Option (or shares from the exercise thereof).

Even if we are able to and do exercise the PharmaCann Option, the intended benefits of the PharmaCann Investment may not be realized within the expected timeframe or at all. There can be no assurance that the PharmaCann Investment will be accretive to us in the near term or at all. Any commercial arrangements between us and PharmaCann may not be successful or beneficial. For example, in December 2024 and March 2025, Innovative Industrial Properties, Inc. ("IIP") disclosed that PharmaCann had defaulted on its obligations to pay rent under several lease agreements with IIP. Though certain of the defaults have since been resolved, PharmaCann's financial condition and results of operations may not improve or may continue to deteriorate, and the value of the

PharmaCann Investment could be materially adversely affected. If we fail to realize the intended benefits of the PharmaCann Investment, or if market expectations regarding those benefits are not met, our stock price could decline.

We have only limited governance, information and board observer rights with respect to PharmaCann. As a result, we will have little to no ability to influence PharmaCann's strategy, operations, or other material business decisions. Furthermore, until such time as we exercise the PharmaCann Option, we will not have the ability to vote on matters requiring the vote of PharmaCann's shareholders, and even following any exercise of the PharmaCann Option, our ability to influence PharmaCann may remain limited. In addition, we are subject to certain standstill restrictions, both prior to and after the exercise of the PharmaCann Option, which limit our ability to influence decisions of PharmaCann.

Although we are entitled to certain anti-dilution protections with respect to our investment in PharmaCann, such protections are subject to various conditions and limitations. Our potential ownership in PharmaCann may be significantly diluted by, among other things, future issuances of PharmaCann securities or acquisition activity in which PharmaCann uses its equity as consideration. As of December 31, 2025, the Company's ownership percentage in PharmaCann on a fully diluted basis was approximately 1.1%. Under the terms of our investment in PharmaCann, Cronos' rights to nominate an observer to the PharmaCann board of directors could be lost if our ownership drops below 6% on a fully diluted basis and we sell or transfer all or any portion of the PharmaCann Option (subject to certain exceptions).

We rely largely on our own market research to forecast sales and market demand and market prices may differ from our forecasts.

We rely largely on our own market research and internal data to forecast sales as there is limited availability of detailed and reliable market data from other sources at this early stage of the cannabis industry. Inaccurate forecasts or expectations regarding market conditions, including prices, capital expenditure levels, inventory levels, production and supply chain capacity and operating expenses could have, and have in the past had, a material adverse effect on our business, financial condition and results of operations.

We could have difficulty integrating the operations of businesses that we have acquired and will acquire.

The success of our acquisitions depends upon our ability to integrate any businesses that we acquire. The integration of acquired business operations could disrupt our business by causing unforeseen operating difficulties, diverting management's attention from day-to-day operations and requiring significant financial resources that would otherwise be used for the ongoing development of our business. The difficulties of integrations could be increased by the necessity of coordinating geographically dispersed organizations, coordinating personnel with disparate business backgrounds, managing different corporate cultures, or discovering previously unknown liabilities. In addition, we could be unable to retain key employees or customers of the acquired businesses. We could face integration issues including those related to operations, internal control and information systems and operational functions of the acquired companies and we also could fail to realize cost efficiencies or synergies that we anticipated when selecting our acquisition candidates or these acquisitions could fail to compete successfully. Any of these items could adversely affect our business, financial condition and results of operations. For more information on the risks associated with acquisitions, see "*Risk Factors—Risks Relating to Our Growth Strategy—Our acquisition strategy may not be successful and we have in the past, and may in the future, need to write down goodwill and intangible assets recognized upon acquisition.*"

If we complete our planned acquisition of CanAdelaar, we may face challenges integrating its operations into our existing organization, particularly given that CanAdelaar operates under the Netherlands' Wietexperiment. The Wietexperiment is an experimental and highly regulated regime that imposes detailed requirements governing cultivation, production, quality control, distribution, reporting, and ongoing regulatory oversight. Complying with this framework may require operational practices, compliance systems, and regulatory expertise that differ from those used in our existing businesses. Any difficulties integrating CanAdelaar's operations, maintaining compliance with applicable requirements, changes in the regulatory framework, delays in regulatory approvals, or modification, suspension, or termination of the Wietexperiment could disrupt operations, increase compliance costs, or prevent us from realizing the anticipated benefits of the CanAdelaar acquisition, which could materially and adversely affect our business, financial condition, and results of operations.

We have been, and may in the future be, required to write down intangible assets, including goodwill, due to impairment, which could have a material adverse effect on our results of operations or financial position.

Goodwill and other intangible assets are reviewed annually or more frequently when events or changes in circumstances indicate that their fair value has been reduced to less than their carrying amount. We periodically calculate the fair value of our reporting units and intangible assets to test for impairment. This calculation may be affected by several factors, including general economic conditions, regulatory developments, changes in category growth rates as a result of changing adult consumer preferences, success of planned new product introductions, and competitive activity. Certain events can also trigger an immediate impairment review. If the carrying amount of goodwill or other intangible assets exceeds their fair value, they are considered impaired, which would result in impairment losses and could have a material adverse effect on our consolidated financial position or results of operations. The Company has been and may in the future be required to write down intangible assets, including goodwill, due to impairment, which would reduce earnings.

For a discussion of previous write downs of goodwill and other intangible assets, see Note 8 "*Goodwill and Intangible Assets, net*" to the consolidated financial statements in Item 8 of this Annual Report.

Risks Relating to Operations in Israel

Conditions in Israel could materially and adversely affect our business, financial condition, and results of operations.

We have operations in Israel through a strategic joint venture, Cronos Israel, including employees and management personnel based in Israel, and we are therefore exposed to risks associated with geopolitical instability and armed conflict in the region.

On October 7, 2023, Hamas terrorists from the Gaza Strip launched a rocket barrage against Israel and engaged in incursions into Israeli territory, breaching the Gaza-Israel border, attacking military bases and slaughtering and kidnapping civilians in neighboring Israeli communities. Israel formally declared war on October 8. The Middle East Conflict may further escalate and may continue to result in a broader conflict across the Middle East. Ongoing hostilities and any escalation could disrupt our operations in Israel, adversely affect employee safety and availability, damage or destroy facilities, and materially impair economic activity and commercial operations in the region. Any resulting regional political instability or interruption or curtailment of trade between Israel and its trading partners could materially and adversely affect our business, financial condition, and results of operations.

The Middle East Conflict has adversely affected transportation, logistics, and imports into Israel, and we may be unable to import materials into Israel on a timely basis, or at all. Further, our sales have been, and may continue to be, adversely affected, including as a result of reduced demand, supply disruptions, or regulatory or governmental actions taken in response to the Middle East Conflict.

Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Any damage to our facilities, operations, or inventory, or any disruption of our business resulting from the Middle East Conflict or related events could result in losses that we may not be able to recover, which could have an adverse effect on our business, financial condition, and results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict doing business with the State of Israel and with Israeli companies. A campaign of boycotts, divestment, and sanctions has been undertaken against Israel, which could also adversely impact our business, financial condition, and results of operations and the expansion of our business.

Our operations may be disrupted by the obligations of personnel to perform military service.

Some of our employees in Israel are obligated to perform annual reserve duty in the Israeli military for several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and are subject to being called for additional active duty under emergency circumstances. In response to the Middle East Conflict, a number of our employees have been called up to serve in the Israeli military. We cannot predict the full impact of these conditions on us in the future, particularly if emergency circumstances or an escalation in the political or military situation occurs. If many of our employees are called for active duty, our operations in Israel and our business may not be able to function at profitable levels, or at all, and our business in, and results of operations from, Israel could be adversely affected.

The imposition of an anti-dumping duty on our imports into Israel could have a material adverse effect on our business, financial condition and results of operations.

On January 18, 2024, the Company was notified that the Trade Levies Commissioner of the Israel Ministry of Economy and Industry initiated a public investigation of alleged dumping of medical cannabis imports from Canada into Israel. On April 10, 2025, following the investigation, the Minister of Economy approved a duty of up to 165% on imports of cannabis from Canada, including the Company's imports. On April 25, 2025, the Minister of Finance released a memorandum opposing the imposition of the duty, which acted as a veto of the Minister of Economy's approval. On April 29, 2025, the Minister of Economy released a memorandum stating that notwithstanding the veto, he intended to proceed with the process of imposing the duty. On July 3, 2025, the Ministry of Justice issued a memorandum sustaining the Minister of Finance's veto. Notwithstanding the government's decision not to impose a tariff at this time, on June 12, 2025, a group of Israeli cannabis cultivators initiated an administrative proceeding against the government and certain importers, including the Company's subsidiaries in Israel, asking the court to declare the Minister of Finance's veto void and order the Minister of Economy to impose an anti-dumping duty. On December 18, 2025, the court denied the cultivators' petition, effectively dismissing the case. The Company cannot predict further proceedings or determinations of the Ministers of Economy or Finance and cannot predict whether a duty will ultimately be imposed on its products.

If a final decision is made to impose an anti-dumping duty, or any other import restrictions, to which the Company's imports would be subject, our ability to continue to import raw materials and cannabis products into Israel from Cronos GrowCo, the performance of our business in Israel, and our results of operations, financial condition, business and prospects could be materially and adversely impacted.

Risks Relating to Our Products

There is limited long-term data with respect to the efficacy and side effects of cannabis and cannabinoids, and future clinical research studies on the effects of cannabis and cannabinoids may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, viability, safety, efficacy, dosing and social acceptance.

Research in Canada, the U.S. and internationally regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, U.S. hemp or isolated cannabinoids (such as CBD and THC) inhaled, in dietary supplements, food, or cosmetic products remains in early stages. There have been relatively few clinical trials on the potential benefits of cannabis, U.S. hemp or isolated cannabinoids in dietary supplements, food, or cosmetic products and there is limited long-term data with respect to potential benefits, effects and/or interaction of these substances with human or animal biochemistry. As a result, our products could have unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possible criminal enforcement actions, which could have a material adverse effect on our business, financial condition and results of operations. In addition, if the products we sell do not or are not perceived to have the effects intended by the end user, this could have a material adverse effect on our business, financial condition and results of operations.

The statements made by the Company, including in this Annual Report, concerning the potential benefits of cannabis, U.S. hemp and isolated cannabinoids are based on publicly available scientific literature and reports, which are subject to methodological limitations, qualifications and assumptions and evolving scientific consensus. Future research and clinical trials may cast doubt or disprove the Company's current beliefs regarding the benefits, viability, safety, efficacy, dosing, and social acceptance of cannabis, U.S. hemp and cannabinoids in dietary supplements, food, or cosmetic products, or could raise or heighten concerns regarding, and perceptions relating to, cannabis, U.S. hemp and cannabinoids, which could have a material adverse effect on the demand for our products, as well as on our business, financial condition and results of operations. In particular, the FDA has raised questions regarding the safety of CBD and other cannabinoids, particularly in food and dietary supplements and gaps in the public scientific literature supporting the use of CBD and other cannabinoids by the general population.

Clinical trials of cannabis-based medical products and treatments have a limited history, and any trials may not result in commercially viable products and treatments.

Clinical trials are expensive, time consuming and difficult to design and implement. Regulatory authorities may suspend, delay or terminate any clinical trials we commence at any time, may require us, for various reasons, to conduct additional clinical trials, or may require a particular clinical trial to continue for a longer duration than originally planned. Clinical trials face many risks, including, among others:

- lack of effectiveness of any formulation or delivery system during clinical trials;
- discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;
- slower than expected subject recruitment and enrollment rates in clinical trials;
- delays or inability in manufacturing or in obtaining sufficient quantities of materials for use in clinical trials due to regulatory and manufacturing constraints;
- delays in obtaining regulatory authorization to commence a trial, including licenses required for obtaining and using isolated cannabinoids for research, either before or after a trial is commenced;
- unfavorable results from ongoing pre-clinical studies and clinical trials;
- trial participants or investigators failing to comply with study protocols;
- trial participants failing to return for post-treatment follow-up at the expected rate;
- sites participating in an ongoing clinical study withdrawing, requiring us to engage new sites; and
- third-party clinical investigators declining to participate in our clinical studies, not performing the clinical studies on the anticipated schedule, or acting in ways inconsistent with the established investigator agreement, clinical study protocol or good clinical practices.

Any of the foregoing could cause our products or treatments not to be commercially viable, which could have a material adverse effect on our business, financial condition and results of operations.

The controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus has been on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products – THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and municipalities in the U.S. and Canada have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors, substances and concentration of substances used, or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the Cannabis Act, Cannabis Regulations and other laws and regulations of general application. Although this legislation sets rules and standards for the manufacture, composition, packaging, and marketing of cannabis vaporizer products, these rules and standards predate the spate of vaporizer-related health issues that have recently arisen in the U.S. These issues and accompanying negative public sentiment may prompt Health Canada or individual provinces/territories or municipalities to decide to further limit or defer the industry's ability to sell cannabis vaporizer products and may also diminish consumer demand for such products.

There can be no assurance that the jurisdictions in which we operate will allow the sale of cannabis vaporizers in the future, that other jurisdictions will not prohibit the sale of cannabis vaporizers, that we will be able to meet any additional compliance requirements or regulatory restrictions, or that we will remain competitive in face of unexpected changes in market conditions.

An extension of this controversy to non-nicotine vaporizer devices and other product formats could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. In February 2020, the U.S. Centers for Disease Control reported that federal and state agencies were investigating an outbreak of over 2,807 lung injury cases associated with the use of vaporizer products, including non-nicotine containing products. Litigation pertaining to vaporizer products is ongoing and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If a consensus were to develop among the scientific or medical community that the use of any or all of these products pose long-term health risks, market demand for these products and their use could materially decline. Such a development could also lead to litigation, reputational harm and significant regulation. Loss of demand for our products, product liability claims and increased regulation stemming from unfavorable scientific studies on vaporizer products could have a material adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer perception.

We believe the cannabis industry is highly dependent upon broad social acceptance and consumer perception regarding the safety, efficacy and quality of cannabis products, as well as consumer views concerning regulatory compliance. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, market rumors or speculation and other publicity regarding the consumption or effects of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition and results of operations. Our dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for our products, and our business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption or use of cannabis with illness or other negative effects or events, could have such material adverse effects. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

The increased usage of social media, artificial intelligence and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether or not true, on our products, operations, and activities and the cannabis industry in general. Social media permits user-generated content to be distributed to a broad audience which can respond or react, in near real time, with comments that may not be filtered or checked for accuracy. Accordingly, the speed with which negative publicity (whether based in truth or not) can be disseminated has increased dramatically with the expansion of social media and artificial intelligence. The dissemination of negative or inaccurate posts, comments or other user-generated content about the cannabis industry, our business, or our products on social media (including those published by third parties) could damage our brand, image, and reputation or how the cannabis industry is perceived generally, which could have a material adverse impact on the market for our products and thus on our business, financial condition and results of operations.

Certain businesses may have strong economic opposition to the cannabis industry. Lobbying by such groups, and any resulting inroads they might make in halting or rolling back the cannabis movement, could affect how the cannabis industry is perceived by others and could have a detrimental impact on the market for our products and thus on our business, financial condition and results of operations.

The parties with which we do business have perceived and may in the future perceive that they are exposed to reputational or regulatory risk as a result of our cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and results of operations. Third-party service providers and suppliers have, and may in the future, suspend or withdraw services to us or require increased fees or compensation based on their perception of such risks. For example, we face challenges making U.S. dollar wire transfers or engaging third-party service providers or suppliers with a substantial presence where cannabis is not federally legal (including the U.S.). In these circumstances, we have, and may in the future have, difficulty maintaining existing or securing new bank accounts or clearing services, service providers or other vendors or we may be forced to pay increased fees or compensation for such services.

We do not ultimately have control over how we or the cannabis industry are perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance our business strategy and realize our growth prospects, thereby having a material adverse impact on our business, financial condition and results of operations.

We may be subject to litigation in the ordinary course of our marketing, distribution and sale of our products.

We are subject to litigation, claims and other legal and regulatory proceedings from time to time in the ordinary course of our manufacturing, marketing, distribution and sale of our products, some of which may adversely affect our business, financial condition and results of operations. Several companies in the U.S. hemp-derived CBD industry, including the Company with respect to its previous U.S. operations, have become party to an increasing number of purported class action lawsuits relating to their food and dietary supplement products containing U.S. hemp-derived CBD. We have in the past been, and may in the future be, subject to such class actions or other litigation, and the plaintiffs may seek very large or indeterminate amounts, including punitive damages, which may remain unknown for substantial periods of time. Any adverse outcome in litigation could adversely affect our operations, adversely affect the market price for our common shares and require the use of significant financial and management resources. Even to the extent we ultimately prevail in litigation, litigation can consume and redirect significant resources and create a negative perception of our brands, which could have an adverse effect on our business, financial condition and results of operations. See Part II, Note 12(b) “*Contingencies*” to the consolidated financial statements under Item 8 of this Annual Report for a discussion of our legal proceedings.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be ingested by humans, we face exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused loss or injury. In addition, the manufacture and sale of cannabis and U.S. hemp products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis or U.S. hemp products alone or in combination with other medications or substances could occur as described above under “— *There is limited long-term data with respect to the efficacy and side effects of cannabis, and cannabinoids and future clinical research studies on the effects of cannabis, and cannabinoids may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, viability, safety, efficacy, dosing and social acceptance.*” We have been, and may in the future be, subject to product liability claims that include our products caused injury or illness, incorrect labeling, inadequate instructions for use or inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation with our consumers generally, and have a material adverse effect on our business, financial condition and results of operations. See Part II, Note 12(b) “*Contingencies*” to the consolidated financial statements under Item 8 of this Annual Report for a discussion of our legal proceedings.

There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Our products have in the past and may in the future be subject to recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including, product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Some of our products have been subject to recalls in the past.

If one or more of our products are recalled for any reason, we may experience unexpected expenses in connection with the recall, related legal proceedings, disruption of our sales and operations, diversion of management attention, negative publicity, decreased demand for our products and increased regulatory scrutiny of our operations. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. If one or more of our products were subject to recall, the public perception of that product and us could be harmed. A recall of one of our products could lead to decreased demand for that product and our other products and could have a material adverse effect on our business, financial condition and results of operations. Furthermore, any product recall affecting the cannabis industry more broadly could lead

consumers to lose confidence in the safety and security of the products sold by participants in these industries generally, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on third-party testing and analytical methods which are validated but have not yet been standardized.

For certain of our cannabis products, testing for cannabinoid levels, heavy metals and pesticides (among other things) is performed by independent third-party testing laboratories. Testing methods and analytical assays for cannabinoids and levels of detection vary among different testing laboratories in different jurisdictions. There is currently no industry consensus on standards for testing methods or an industry accepted compendium of analytical assays or standard levels of detection. The detected and reported cannabinoid content in our cannabis products therefore can differ depending on the laboratory and testing methods (analytical assays) used. Variations in reported cannabinoid content will likely continue until the relevant regulatory agencies and independent certification bodies (e.g., ISO, USP) collaborate to develop, publish and implement standardized analytical assays and levels of detection for cannabis, cannabinoids and their derivative products, and it is possible that such variations could continue even after such standardization. As a result, the existing differences have in the past caused, and could continue to cause, confusion with our consumers, lead to a negative perception of us and our products, increase the risk of litigation regarding cannabinoid content and regulatory enforcement action and make it more difficult for us to comply with regulatory requirements regarding contents of ingredients and packaging and labeling. See Part II, Note 12(b) “Contingencies” to the consolidated financial statements under Item 8 of this Annual Report.

We may not be able to successfully develop new products or find a market for their sale.

The legal cannabis industry is in its early stages of development and it is likely that we and our competitors will seek to introduce new products, including products that contain cannabinoids other than THC and CBD, in the future. In attempting to keep pace with any new market developments, we may need to spend significant amounts of capital in order to successfully develop and generate revenues from new products we introduce. In addition, we may be required to obtain additional regulatory approvals from Health Canada and/or any other applicable regulatory authority, which may take significant amounts of time. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, and, in the event we are successful, it is possible that there may be little or no demand for the products we develop (including products containing cannabinoids other than THC and CBD with which consumers may not be familiar or have significant reservations), which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and results of operations.

The Canadian excise duty framework may adversely affect our profitability.

Canada’s excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the Canada Revenue Agency (“CRA”) required to comply with this excise framework. Any change in the rates or application of the excise duty, and any restrictive interpretations by the CRA or the courts of the provisions of the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market. Similarly, the excise duty has in the past, and will likely continue to, have an effect on our profitability and ability to compete in the market.

Our business may be impacted by conditions in the global economy and financial markets, including changes in inflation, interest rates, trade policy and overall economic conditions.

In recent years, the global economy has experienced elevated inflation and inflationary pressures, including on wages and other input costs. Inflation could reduce our purchasing power and negatively impact our ability to obtain goods and services at commercially viable prices. We may be unable to pass on rising costs to our customers. To the extent that we are unable to offset such inflation through higher prices of our products or other cost savings, our operating margins, net income, cash flows and the trading price of our common shares could be negatively impacted. Inflation may also reduce consumer discretionary spending, which could negatively affect demand for our products.

Interest rates directly affect the amount of interest income we generate from investing our cash and cash equivalents and short-term investments. Interest rates are subject to fluctuation, and a decrease in interest rates could negatively impact our interest income. Further, high interest rates have in the past had, and may in the future have, adverse effects on consumer disposable income and spending habits.

International trade and diplomatic tensions, including trade disputes and tariffs, may impact our business and future opportunities. For example, in early 2025, the U.S. government announced tariffs affecting imports from certain countries, and retaliatory measures were subsequently announced by affected countries. Although certain measures were deferred or are subject to negotiation, the implementation, modification, or escalation of tariffs remains possible. Tariffs, trade restrictions, and related uncertainty could adversely affect our business, including through increased costs, supply chain disruptions, currency fluctuations, and reduced demand. The ultimate impact of such developments is uncertain and depends on various factors, such as negotiations between countries, exemptions or exclusions, availability and cost of alternative sources of supply, and broader economic conditions. Actions we take to adapt to tariffs or trade restrictions may cause us to modify our operations or forgo business opportunities.

Risks Relating to Production and Distribution of Products

Our production facilities, and those of our strategic joint ventures, are integral to our operations, and any adverse changes or developments affecting such facilities may impact our business, financial condition and results of operations.

Our activities and resources are focused on various production and manufacturing facilities including in Canada and Israel. Some licenses are specific to those facilities. Adverse changes or developments affecting our facilities and the facilities of our joint venture partners or strategic partners, including the Cronos GrowCo Facility, such as a breach of security, an inability to successfully grow cannabis plants or produce finished goods, unanticipated cost overruns in growing or producing products, an outbreak of a communicable illness (such as COVID-19) or a force majeure event, could have a material and adverse effect on our business, financial condition and results of operations. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory agencies, could also have an impact on our ability to continue operating under our licenses or the prospect of renewing our licenses or result in a revocation of our licenses.

We bear the responsibility for all of the costs of maintenance and upkeep at our facilities and our operations and financial performance may be adversely affected if our facilities are unable to keep up with maintenance requirements.

We have in the past and may in the future experience unauthorized access to our information technology systems or other cybersecurity incidents, which could disrupt our operations and have a material adverse effect on our business.

A cybersecurity incident or breach may occur in a variety of ways, including as a result of process failure, information technology malfunction, inadvertent disclosure of sensitive or personal information, deliberate unauthorized intrusion, malware, phishing scheme, computer virus, or cyberattack or other electronic security breach. Financial theft, as well as theft of data for competitive or fraudulent purposes, such as customer, employee or vendor information, trade secrets or confidential or proprietary information, is an ongoing and growing risk. Any such theft or cybersecurity incident or breach may have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon information technology systems in the conduct of our operations, and we collect, store and use certain data, intellectual property, proprietary business information and certain personal information of our employees and customers, including through cloud-based and software-as-a-service (“SaaS”) platforms. We have been, and expect to continue to be, subject to cyberattacks and phishing attempts. Additionally, our ongoing efforts to modernize our information technology systems may increase the risk of cybersecurity incidents, including during system migrations or transitions. We also permit employees to use certain third-party artificial intelligence tools for productivity purposes, which increases our reliance on external systems and may create risks of inadvertent disclosure of confidential information, exposure of proprietary data, or other compliance risks.

Any fraudulent, malicious or accidental breach of our systems could result in unintended disclosure of, or unauthorized access to, third-party, customer, vendor, employee or other confidential information, and could require us to incur significant costs and devote substantial resources to repair or replace damaged systems, enhance security, or respond to or remediate occurrences, which in turn may require us to divert substantial resources from our business. Such incidents could disrupt our operations, harm our reputation, cause customers to lose confidence in our security practices, and result in lost sales, violations of applicable laws and regulations and subsequent penalties, fines, regulatory action or litigation. Moreover, we could be required or otherwise find it appropriate to expend significant capital and other resources to respond to, notify third parties of, and otherwise address the breach or incident and its root cause.

We rely on third-party service providers, including cloud-based and SaaS systems, for most of our information technology systems. A cybersecurity incident affecting any of these service providers could have similar adverse effects. In addition, media or other reports of perceived security vulnerabilities to our systems or those of our service providers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation.

There can be no assurance that our cybersecurity risk management systems and processes will prevent or timely detect a cybersecurity incident. We rely on third-party service providers to assist with these measures. We and our third-party service providers may not have the resources or technical sophistication to anticipate, prevent, respond to, or mitigate cyberattacks or cybersecurity breaches or incidents, and we or they may face difficulties or delays in identifying and responding to cyberattacks, cybersecurity breaches and incidents. We incur significant costs to detect, prevent and mitigate cybersecurity breaches and incidents and we expect those costs to increase as we continue to implement systems and processes designed to prevent and otherwise address cybersecurity breaches and incidents. In the event of a significant or material cybersecurity breach or incident, we could be required to expend additional significant capital and other resources in an effort to respond to or prevent further breaches or incidents, which may require us to divert substantial resources from our business, as well as increase our premiums for cybersecurity insurance, or limit our ability to obtain insurance on acceptable terms or with adequate coverage.

In recent years, our Information Systems department, which oversees our cybersecurity systems and processes, has experienced high turnover, creating opportunities for knowledge and skill gaps, which can result in operational errors and security oversights. In addition, cybersecurity is not the sole focus of our Information Systems department and competing responsibilities may divert their attention from cybersecurity matters. We also partner with external service providers to implement, manage and monitor our

cybersecurity systems, including a managed security service provider whose personnel are not dedicated full time to our systems and may have their attention diverted by other customers.

Any actual or perceived failure by us to comply with laws, regulations or any other obligations relating to privacy, data protection or the protection or transfer of personal data, could adversely affect our business.

We collect and store personal information about our customers and employees, including health information, and are responsible for protecting that information. In Canada, for example, we are required to retain certain customer personal information for prescribed periods of time pursuant to the Cannabis Act. In the U.S., for example, we must comply with Americans with Disability Act requirements for confidential employee medical records, including that they must be stored separately from other personnel records and access must be restricted to those who need access. With respect to customer health information, there are a number of federal, state and provincial laws and regulations protecting the confidentiality of certain customer health information, including customer records, and restricting the use and disclosure of that protected information. The privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) (“PIPEDA”) and related provincial laws protect medical records and other personal health information by limiting the use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose and apply to our operations globally. If we were found to be in violation of the privacy or data protection rules under PIPEDA or other applicable laws and regulations protecting the confidentiality of client health information in jurisdictions we operate in, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

The jurisdictions in which we operate or which we may enter also have data privacy and data protection laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information. We may incur significant expenses in an effort to comply with privacy, data protection and information security standards imposed by such laws and regulations, as well as contractual obligations.

Additionally, upon the completion of our acquisition of CanAdelaar, we will become subject to the European Union’s General Data Protection Regulation (GDPR), as well as Dutch data protection laws and regulations, as a result of CanAdelaar’s ongoing business in the Netherlands. Completion of this acquisition would result in our operating a business in Europe for the first time. European data privacy laws impose significant obligations and restrictions on the collection, use, processing, storage, transfer, and security of personal data, including employee, customer, vendor, and business contact information, and we have limited experience complying with these legal and regulatory requirements. Compliance with these requirements may require us to implement new or enhanced policies, procedures, systems, controls, training programs, contractual arrangements, and technical safeguards, and to devote substantial management time and financial resources to compliance efforts. In addition, we may identify compliance gaps or legacy practices within the acquired business that require remediation, which could result in unanticipated costs, operational changes, or delays. We may also be required to engage external legal, technical, or compliance advisors to assist with ongoing compliance and oversight. Failure to comply with applicable European data privacy laws could result in regulatory investigations, fines, penalties, litigation, reputational harm, or restrictions on our ability to process personal data, any of which could materially and adversely affect our business, results of operations and financial condition.

New and modified laws, and other changes in laws or regulations relating to privacy, data protection and information security, may require us to modify our data collection or processing practices and policies, incur substantial costs and expenses to comply with these laws and regulations, and increase our potential exposure to regulatory enforcement and litigation. The interpretation and enforcement of such laws and regulations are uncertain and subject to change and may require substantial costs to monitor and implement compliance systems. Failure to comply with data privacy and protection laws and regulations could result in government enforcement actions (which could include substantial civil and criminal penalties), litigation, business disruption, the diversion of management’s attention and adverse publicity and could negatively affect our business, results of operations and financial condition.

Our cannabis cultivation operations are subject to risks inherent in an agricultural business.

Our business and that of our joint venture partners and third-party suppliers involves the growing of cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and other agricultural risks that may create crop failures and supply interruptions for our customers. Although our current operational production facilities, those of our joint venture partners and many of our third-party suppliers, grow products indoors (including in greenhouses) under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on the production of our products. Any such crop failure or production disruptions could increase our costs, limit product availability, and materially and adversely affect our business, financial condition, and results of operations.

The inability of our suppliers to meet their financial or contractual obligations to us may result in disruption to our supply chain and could result in financial losses.

We face exposure to our third-party suppliers that may face financial difficulties which would impact our supply of products. We have in the past, and in the future may have disruptions in our supply chain.

We rely on third-party distributors and manufacturers to distribute and manufacture certain of our products, and those distributors and manufacturers may not perform their obligations.

We rely on third-party distributors and other services to distribute our products and third-party manufacturers to manufacture certain of our products. If these distributors or manufacturers do not successfully carry out their contractual obligations, terminate or suspend their contractual arrangements with us, experience delays or interruptions, or damage our products, our operations could be disrupted, management's attention could be diverted, and our business, results of operations and financial condition could be adversely affected. In certain cases, damage to our products, such as product spoilage or improper storage or handling, could expose us to potential product liability, damage our reputation or otherwise harm our business.

Risks Relating to Intellectual Property

We are subject to risks related to the protection and enforcement of our intellectual property rights, and we may be unable to protect or enforce our intellectual property rights.

The ownership and protection of our intellectual property rights is a significant aspect of our future success. Currently we rely on trade secrets, technical know-how, proprietary information, trademarks, copyrights, designs and certain patent filings to maintain our competitive position. When we develop intellectual property that we believe is valuable, we try to protect our intellectual property by strategically seeking and obtaining registered protection where appropriate, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information, and entering into agreements with parties that have access to our inventions, trade secrets, technical know-how and proprietary information, such as our partners, collaborators, employees and consultants, to protect confidentiality and ownership. We also seek to preserve the integrity and confidentiality of our inventions, trade secrets, technical know-how and proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, and we seek to protect our trademarks and the goodwill associated therewith by monitoring and enforcing against unauthorized use of our trademarks.

It is possible that we will inadvertently disclose or otherwise fail or be unable to protect our inventions, trade secrets, technical know-how or proprietary information, or will fail to identify our inventions or trademarks as patentable or registrable intellectual property, or fail to obtain patent or registered trademark protection therefor. Any such disclosure or failure could have a material adverse effect on our business.

We may be unable to protect our inventions, trade secrets, and other intellectual property from discovery or unauthorized use or disclosure.

We enter into agreements with employees, consultants, collaborators, and other parties that have access to our intellectual property. Any of these parties may breach their obligations to us, and we may not have adequate remedies for such breach. Our physical, electronic and procedural security measures may be compromised, and we may not be able to prevent unauthorized access to or use of our intellectual property.

Our intellectual property that has not yet been applied for or registered may otherwise become known to, be independently developed by or be the subject of applications for intellectual property registrations filed by our competitors, which could have a material adverse effect on our ability to protect or enforce our rights.

We have experienced instances of misappropriation or unauthorized disclosure of our confidential information, including intellectual property, and similar incidents could occur in the future. Unauthorized parties may attempt to replicate or otherwise obtain and use our inventions, trade secrets, technical know-how and proprietary information. Identifying and policing the unauthorized use of our current or future intellectual property rights is difficult, expensive, time-consuming and unpredictable, as is enforcing these rights against unauthorized use by others. We may be unable to effectively monitor and evaluate the products being distributed by our competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. If the steps taken to identify and protect our trade secrets are inadequate, we may be unable to enforce our rights in them against third parties.

Our intellectual property rights may be invalid or unenforceable under applicable laws, and we may be unable to have issued or registered, and unable to enforce, our intellectual property rights.

The laws regarding intellectual property rights relating to cannabis and cannabis-related products, and the positions of intellectual property offices administering such laws, are constantly evolving, and there is uncertainty regarding which countries will permit the filing, prosecution, issuance, registration and enforcement of intellectual property rights relating to cannabis and cannabis-related products. Additionally, since the exit of our U.S. operations, we have voluntarily forfeited certain of our trademark registrations in the U.S. that we were no longer utilizing, and in the future we may forfeit additional intellectual property rights, either voluntarily or through operation of law due to non-use.

We have sought trademark protection in many countries, including Canada, the U.S. and others. Our ability to obtain registered trademark protection for cannabis and cannabis-related goods and services (including U.S. hemp and U.S. hemp-related goods and services) may be limited in certain countries outside of Canada, including the U.S., where a trademark applicant or registrant needs to demonstrate continued use or intent to use a trademark in U.S. commerce to obtain or maintain rights to register such trademark, where registered federal trademark protection is currently unavailable for trademarks covering the sale of U.S. Schedule I cannabis

products or certain goods containing U.S. hemp-derived CBD (such as dietary supplements and foods) until the FDA provides clearer guidance on the regulation of such products, and including Europe, where laws on the legality of cannabis use are not uniform, and trademarks cannot be obtained for products that are “contrary to public policy or accepted principles of morality.” Accordingly, our ability to obtain, maintain, or enforce intellectual property rights may be limited in certain countries.

Moreover, in any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and results of operations.

There is no guarantee that any patent or other intellectual property applications that we file will result in registration or any enforceable intellectual property rights or the breadth of any such protection. Further, with respect to any patent applications that we file, there is no assurance that we will find all potentially relevant prior art relating to such applications, which may prevent a patent from issuing from such application or invalidate any patent that issues from such application. Even if patents do successfully issue, and cover our products and processes, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Even if they are unchallenged, any patent applications and future patents may not adequately protect our intellectual property rights, provide exclusivity for our products or processes or prevent others from designing around any issued patent claims. Any of these outcomes could impair our ability to prevent competition from third parties, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to allegations that we are in violation of third-party intellectual property rights, and we may be found to infringe third-party intellectual property rights, possibly without the ability to obtain licenses necessary to use such third-party intellectual property rights.

Other parties may assert that our products, including those developed, produced, and sold by contract manufacturers on our behalf, or a contract manufacturer’s operations and production methods, may infringe on their intellectual property rights. There may be third-party patents or patent applications with claims to products or processes related to the manufacture, use or sale of our products and processes. There may be currently pending patent applications, some of which may still be confidential, that may later result in issued patents that our products or processes may infringe. In addition, third parties may obtain patents in the future and claim that use of our inventions, trade secrets, technical know-how and proprietary information, or the manufacture, use or sale of our products, infringes upon those patents. Third parties may also claim that our use of our trademarks infringes upon their trademark rights. Such claims, whether or not meritorious, may result in supply chain disruptions, as well as the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders, other equitable relief, and require the payment of damages, any or all of which may have an adverse impact on our business, financial condition and results of operations. In addition, we may need to obtain licenses from third parties who allege that we have infringed on their purported rights, whether or not such allegations have merit. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights to such third-party intellectual property.

Our germplasm relies heavily on intellectual property, and we may be unable to protect, register or enforce our intellectual property rights in germplasm and may infringe third-party intellectual property rights with respect to germplasm, possibly without the ability to obtain licenses necessary to use such third-party intellectual property rights.

Germplasm, including seeds, clones and cuttings, is the genetic material used in new cannabis varieties and hybrids. We use advanced breeding technologies to produce cannabis germplasm (hybrids and varieties). We rely on parental varieties for the success of our breeding program. Although we believe that the parental germplasm is proprietary to us, we may need to obtain licenses from third parties who may allege that we have appropriated their germplasm or their rights to such germplasm, whether or not such allegations have merit. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights under third-party intellectual property. We may seek to protect our parental germplasm, as appropriate, relying on intellectual property rights, including rights related to inventions (patents and plant breeders’ rights), trade secrets, technical know-how, and proprietary information. There is a risk that we will fail to protect such germplasm or that we will fail to register rights in relation to such germplasm. We have also licensed certain of our germplasm strains to Cronos GrowCo and may be unable to maintain control of these strains.

We also seek to protect our parental germplasm, hybrids and varieties from pests and diseases and enhance plant productivity and fertility, and we research products to protect against crop pests and fungus. There are several reasons why new product concepts in these areas may be abandoned, including greater than anticipated development costs, technical difficulties, regulatory obstacles, competition, inability to prove the original concept, lack of demand and the need to divert focus, from time to time, to other initiatives. The processes of breeding, development and trait integration are lengthy, and the germplasm we test may not be selected for commercialization. The length of time and the risk associated with breeding may affect our business. Our sales depend, in part, on our germplasm. Commercial success frequently depends on being the first company to the market, and many of our competitors are also

making considerable investments in similar new and improved cannabis germplasm products. Consequently, there is no assurance that we will successfully develop new cannabis germplasm to the point of commercial viability in the markets we serve on a timely basis.

We receive licenses to use some third-party intellectual property rights and germplasm; the failure of the owner of such intellectual property or germplasm to properly maintain or enforce the intellectual property underlying such licenses or germplasm, as the case may be, or our inability to obtain or maintain such licenses, could have a material adverse effect on our business, financial condition and performance.

We are party to licenses granted by third parties, which give us rights to use third-party intellectual property and germplasm that is necessary or useful to our business. Our success will depend, in part, on the ability of the applicable licensor to maintain and enforce its licensed intellectual property, including intellectual property underlying licensed germplasm, against other third parties, particularly intellectual property rights to which we have secured exclusive rights. Without protection for the intellectual property we have licensed, or underlying germplasm that we have licensed, as the case may be, other companies might be able to offer substantially similar products for sale or utilize substantially similar processes, publicity and marketing rights or other intellectual property, any of which could have a material adverse effect on our business, financial condition and results of operations. Our success will also depend, in part, on our ability to obtain licenses to certain intellectual property and germplasm that we believe are necessary or useful for our business. Such licenses may not be available on terms acceptable to us, or at all, which could adversely affect our ability to commercialize our products or services, as well as have a material adverse effect on our business, financial condition and results of operations.

Any of our licensors may allege that we have breached our license agreements with those licensors, whether with or without merit, and accordingly seek to terminate our applicable licenses. If successful, this could result in our loss of the right to use applicable licensed intellectual property or germplasm, which could adversely affect our ability to commercialize our products or services, as well as have a material adverse effect on our business, financial condition and results of operations.

The technologies, processes and formulations we use may face competition or become obsolete.

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize our business. The introduction of new products embodying new technologies, including new growing or manufacturing processes or formulations, and the emergence of new industry standards may render our products obsolete, less competitive or less marketable. The process of developing our products is complex and requires significant continuing costs, innovation, development efforts and third-party commitments, including licensees, researchers, and collaborators. Our failure to develop new processes, technologies and products and the obsolescence of existing technologies or processes could adversely affect our business, financial condition and results of operations. We may be unable to anticipate changes in our potential customer preferences or requirements that could make our existing technology, processes or formulations obsolete. Our success will depend, in part, on our ability to continue to grow products efficiently, enhance our existing technologies, develop new technology that addresses evolving consumer and market preferences, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

Risks Relating to Entry into New Markets

Entering into new jurisdictions is inherently risky, may not be successful and could be costly.

From time to time, we enter into additional jurisdictions throughout the world, whether directly or through strategic partnerships with local operators who distribute our products. These expansion efforts involve significant risks and uncertainties, including risks related to the ability to obtain and maintain governmental permits and licenses, consumer reception of our products in such jurisdictions, increases in operational complexity, increases in the complexity involved in ensuring our products consistently meet our quality standards, unanticipated delays or challenges, increased strain on our operational and internal resources, our dependence on strategic commercial partnerships, and negative public reception.

Our expansion efforts have required, and may in the future require, the dedication of substantial resources. In particular, we may need to make additional investments in management and personnel, infrastructure, operations and compliance systems. Expanding into additional jurisdictions may involve significant up-front capital investments and such investments may not generate our expected return on investment or any return at all. Further, from time to time we may reevaluate and discontinue our participation in such jurisdictions, which could result in write-offs and asset, intangible asset and goodwill impairments, and could otherwise adversely affect our business, financial condition and results of operations.

We also face new operational risks and challenges as we enter into new markets. Expansion into foreign jurisdictions subjects us to legal, regulatory, reputational and political risks that may be different from and additional to those that we face in jurisdictions in which we currently operate, and we may be at a disadvantage relative to competitors who are more familiar with local markets and local laws and regulations. Similarly, consumer preferences in jurisdictions we enter may differ from those in our existing markets, and our products may not be received by consumers as well as competing products in such jurisdictions. These factors may cause our expansion efforts to be unsuccessful, which may result in write-offs and asset, intangible asset and goodwill impairments, and may otherwise have a material negative impact on our business, results of operations and financial condition.

Our expansion into the Netherlands exposes us to unique regulatory and commercial risks associated with the Dutch cannabis market.

The Netherlands operates under a highly regulated and evolving framework for adult-use cannabis. Participation in the Wietexperiment is limited to a small number of licensed producers and participating municipalities, and the program has a set expiration and is subject to change, extension or termination at the discretion of the Dutch government. Evaluation criteria of the Wietexperiment remain uncertain, and changes in government policy, enforcement priorities or political support could materially restrict our ability to operate or expand in the Dutch market. Regulatory requirements, interpretations, and operational requirements may evolve over time, increasing compliance costs, delaying commercialization plans, or limiting anticipated revenues.

The Dutch market also imposes structural and commercial constraints that may limit our expected return on investment. Under the Wietexperiment, licensed producers may supply only licensed retailers within designated municipalities, certain product formats are limited or prohibited, import and export are prohibited and distribution to unlicensed retailers or licensed retailers operating outside of the participating municipalities remain prohibited. These limitations may restrict market size, reduce economies of scale and make it difficult to achieve or maintain profitability. In addition, the experimental nature of the program may result in inconsistent or shifting regulatory expectations or logistical challenges in distribution and quality-control oversight. Consumer preferences and competitive dynamics in the Netherlands (including competition from the illicit market) may differ significantly from those in our existing markets, and our products may not gain the consumer acceptance we expect. Any of these factors could prevent us from realizing anticipated strategic benefits from our expansion efforts in the Netherlands and could adversely affect our business, financial condition and results of operations.

Controlled substance and other legislation and treaties may restrict or limit our ability to research, manufacture and develop a commercial market for our products outside of the jurisdictions in which we currently operate, and our expansion into such jurisdictions is subject to risks.

Approximately 250 substances, including cannabis, are listed in the Schedules annexed to the United Nations Single Convention on Narcotic Drugs (New York, 1961), the Convention on Psychotropic Substances (Vienna, 1971) and the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (introducing control on precursors) (Vienna, 1988). The purpose of these listings is to control and limit the use of these drugs according to a classification of their therapeutic value, risk of abuse and health dangers, and to minimize the diversion of precursor chemicals to illegal drug manufacturers. The 1961 United Nations Single Convention on Narcotic Drugs, as amended in 1972, classifies cannabis as a Schedule I (“substances with addictive properties, presenting a serious risk of abuse”) narcotic drug. In December 2020, the United Nations Commission on Narcotic Drugs voted to remove cannabis from Schedule IV (“the most dangerous substances, already listed in Schedule I, which are particularly harmful and of extremely limited medical or therapeutic value”). The 1971 United Nations Convention on Psychotropic Substances classifies tetrahydrocannabinols, which includes delta-9 THC, as a Schedule I psychotropic substance (substances presenting a high risk of abuse, posing a particularly serious threat to public health which are of very little or no therapeutic value). Many countries are parties to these conventions, which govern international trade and domestic control of these substances, including cannabis. They may interpret and implement their obligations in a way that creates legal obstacles to our obtaining manufacturing or marketing approval for our products in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit our products to be manufactured or marketed, and achieving such amendments to the laws and regulations may take a prolonged period of time. There can be no assurance that any market for our products will develop in any jurisdiction in which we do not currently have operations. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, political instability, changes in laws and regulations and the effects of competition. These factors may limit our capability to successfully expand our operations into such jurisdictions and may have a material adverse effect on our business, financial condition and results of operations.

Investments and joint ventures outside of Canada are subject to the risks normally associated with any conduct of business in foreign countries, including varying degrees of political, legal, regulatory and economic risk.

Much of our exposure to markets in jurisdictions outside of Canada is through investments and joint ventures. These investments and joint ventures are subject to the risks normally associated with any conduct of business in foreign or emerging countries, including political risks; civil disturbance risks; changes in laws, regulations or policies of particular countries, including those relating to royalties, duties, imports, exports and currency; the cancellation or renegotiation of contracts; the imposition of royalties, net profits payments, tax increases or other claims by government entities, including retroactive claims; a disregard for due process and the rule of law by local courts; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities.

Threats or instability in a country or region caused by political events, including elections, change in government, changes in personnel or legislative bodies, foreign relations or military control present serious political and social risk and instability causing interruptions to the flow of business negotiations and influencing relationships with government officials. Changes in policy or law may have a material adverse effect on our business, financial condition and results of operations. The risks include increased “unpaid” state participation, higher energy costs, higher taxation levels and potential expropriation.

Other risks include the potential for fraud and corruption by suppliers, personnel or government officials which may implicate us, compliance with applicable anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act and the Corruption of Foreign Public Officials Act (Canada), by virtue of our or our joint ventures and strategic alliances operating in jurisdictions that may be vulnerable to the possibility of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions or our joint ventures' and strategic alliances' possible failure to identify, manage and mitigate instances of fraud, corruption or violations of our Code of Business Conduct and Ethics and applicable regulatory requirements.

There is also the risk of increased disclosure requirements; exchange rate fluctuations; restrictions on the ability of local operating companies to hold Canadian dollars, U.S. dollars or other foreign currencies in offshore bank accounts; import and export restrictions; increased regulatory requirements and restrictions; increased health-related regulations; limitations on the repatriation of earnings or on our ability to assist in minimizing our expatriate workforce's exposure to double taxation in both the home and host jurisdictions; and increased financing costs.

These risks may limit or disrupt our joint ventures, strategic alliances or investments, restrict the movement of funds, cause us to have to expend more funds than previously expected or required or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect our business, financial position and/or results of operations. In addition, the enforcement by us of our legal rights in foreign countries, including rights to exploit our properties or utilize our permits and licenses and contractual rights may not be recognized by the court systems in such foreign countries or enforced in accordance with the rule of law.

We currently do, and may in the future, invest in companies, or engage in joint ventures, in countries with developing economies. It is difficult to predict the future political, social and economic direction of the countries in which we or our joint ventures operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we operate could have a material and adverse effect on our business, financial condition and results of operations.

Risks Relating to Regulation and Compliance

We operate in highly regulated sectors where the regulatory environment is rapidly developing, and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada and other federal, provincial and local regulatory agencies relating to the cultivation, manufacture, processing, marketing, labeling, packaging, management, transportation, distribution, import, export, storage, sale, pricing and disposal of cannabis, and also including laws, regulations and guidelines relating to health and safety, insurance coverage, banking, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, and the handling and disposal of hazardous and non-hazardous materials and wastes)). Our operations may also be affected in varying degrees by government regulations with respect to, among other things, price controls, import or export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Laws, regulations and guidelines, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services, as well as on our personnel (including management and our board of directors).

Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the cultivation, production, processing, storage, transportation, distribution, sale, import and export, as applicable, of our products. The cannabis industry is still new, and in Canada in particular, the Cannabis Act has no close precedent in Canadian law. Similarly, the regulatory regimes in the jurisdictions in which we and our joint ventures operate outside of Canada are new and are still being developed without close precedent in such jurisdictions. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, necessary regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition and results of operations.

The regulatory environment for our products is rapidly developing, and the need to build and maintain robust systems to comply with different and changing regulations in multiple jurisdictions increases the possibility that we may violate one or more applicable requirements. Further, the regulations to which our business is subject are not always clear, may be subject to interpretation and have in the past, and may in the future be, interpreted or applied inconsistently by the applicable regulatory agencies, which have broad interpretative and enforcement discretion with respect to such activities. This has in the past, and may in the future, make it difficult for us to determine whether we are in compliance with such regulations. While we endeavor to comply with all relevant laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations could subject us to negative consequences, including, but not limited to, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, asset seizures, revocation or imposition of additional conditions on licenses to operate our business, the denial of regulatory applications, the suspension or expulsion from a particular market or jurisdiction of our key personnel, the imposition of additional or more stringent inspection, testing and reporting requirements or negative publicity, any of which could materially

adversely affect our business, financial condition and results of operations. Additionally, scheduled or unscheduled inspections of our facilities or facilities of our joint ventures or third-party suppliers by applicable regulatory agencies could result in adverse findings that could require significant remediation efforts and/or temporary or permanent shutdown of our facilities or those of our joint ventures or third-party suppliers. The outcome of any regulatory or agency proceedings, investigations, inspections, audits, and other contingencies could harm our reputation, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our results of operations, financial condition and cash flows. There can be no assurance that any pending or future regulatory or agency proceedings, investigations, inspections and audits will not result in substantial costs or a diversion of management's attention and resources, negatively impact our future growth plans and opportunities or have a material adverse impact on our business, financial condition and results of operations.

As it relates to U.S. Schedule I cannabis, in the U.S., despite cannabis manufacturing, distribution, sale, possession and use having been legalized at the state level for medical use and for adult-use in many states and efforts to reschedule marijuana to Schedule III under the CSA, marijuana as defined by the CSA continues to be categorized as a Schedule I controlled substance under the CSA and subject to the Controlled Substances Import and Export Act ("CSIEA"). Although we do not engage in any activities related to marijuana as defined by the CSA in the U.S., violations of any U.S. federal laws and regulations, including the CSA and the CSIEA, whether intentional or inadvertent, could result in civil, criminal and administrative enforcement actions, which could result in fines, penalties, and other sanctions, including but not limited to, cessation of business activities. Additionally, U.S. border officials could deny entry into the U.S. to those employed at or investing in legal and licensed non-U.S. cannabis companies and such persons could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses.

We and our joint ventures and strategic investments are reliant on required licenses, authorizations, approvals and permits for our ability to grow, process, store and sell cannabis and cannabinoids which are subject to ongoing compliance, reporting and renewal requirements, and we may also be required to obtain additional licenses, authorizations, approvals and permits in connection with our business.

Our ability to grow, process, store and sell cannabis in Canada is dependent on our licenses from Health Canada, and in particular the licenses currently held by Peace Naturals and Cronos GrowCo. Failure to comply with the requirements of the licenses or failure to maintain the licenses would have a material adverse impact on our business, financial condition and results of operations. Although we believe Peace Naturals and Cronos GrowCo will meet the requirements of the Cannabis Act for their licenses, there can be no guarantee that Health Canada will extend or renew the licenses or, if they are extended or renewed, that they will be extended or renewed on the same or similar terms or that Health Canada will not revoke the licenses. Should we fail to comply with requirements of the licenses, should Health Canada not extend or renew the licenses, should they be renewed on different terms or should the licenses be revoked or suspended, our business, financial condition and results of operations will be materially adversely affected. To the extent we apply for any additional licenses from Health Canada, there can be no assurance that such licenses will be granted or, if granted, that they will be granted on commercially reasonable terms or within the time period we expect, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to grow, process, store and sell cannabis in Israel is dependent on maintaining our cannabis cultivation, production and distribution licenses and our ability to export products to, or import products from, Cronos Israel is also dependent on obtaining the relevant permits.

Additional government licenses in the future may be required in connection with our operations, in addition to other unknown permits and approvals which may be required. To the extent such permits, and approvals are required and not obtained, we may be prevented from operating or expanding our business, which could have a material adverse effect on our business, financial condition and results of operations.

Changes in the laws, regulations and guidelines governing cannabis may adversely impact our business.

Our operations are and have been subject to various laws, regulations and guidelines promulgated by governmental authorities (including, in Canada, Health Canada and other federal, provincial and local regulatory agencies) relating to the cultivation, processing, marketing, acquisition, manufacture, packaging/labeling, management, transportation, distribution, import, export, storage, sale and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Additionally, our growth strategy continues to evolve as regulations governing the cannabis industry in the jurisdictions other than Canada in which we and our joint ventures operate become more fully developed. Interpretation of these laws, rules and regulations and their application to our operations and those of our joint ventures is ongoing. No assurance can be given that new laws, regulations and guidelines will not be enacted or that existing laws, regulations and guidelines will not be amended, repealed or interpreted or applied in a manner which could require extensive changes to our operations, increase compliance costs, give rise to material liabilities or a revocation of our licenses and other permits, restrict the growth opportunities that we currently anticipate or otherwise limit or curtail our operations. For example, the Cannabis Act requires the Canadian federal government to conduct a review of the Cannabis Act after three years, which commenced in September 2022. The scope of this statutory review included, among other things, consideration of (i) the administration and operation of the Cannabis Act, (ii) the impact of the Cannabis Act on public health, (iii) the health and consumption habits of young persons, (iv) the impact of cannabis on Indigenous persons and communities and (v) the impact of cultivation of cannabis plants in a dwelling-house. The final report of an

independent expert panel on a review of the Cannabis Act was published in March 2024 and the amendment, removal or addition of provisions in or to the Cannabis Act based on the recommendations resulting from this report could adversely affect our business. For example, recommendations related to imposing restrictions or prohibition of certain products with higher quantities or concentrations of THC or other intoxicating cannabinoids could limit and affect the types of products we can sell. On March 12, 2025, amendments to the Cannabis Regulations related to streamlining the regulatory requirements came into effect. As part of Health Canada's red tape reduction initiatives, feedback from license holders and other recommendations from the independent expert panel may result in more changes to the current laws, regulations and guidelines. Amendments to current laws, regulations and guidelines governing the production, sale and use of cannabis and cannabis-based products, more stringent implementation or enforcement thereof or other unanticipated events, including changes in political regimes or political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation, governmental regulations relating to foreign investment and the cannabis business more generally, and changes in attitudes toward cannabis, are beyond our control and could require extensive changes to our operations, which in turn may result in a material adverse effect on our business, financial condition and results of operations.

While the production of cannabis in Canada, among other things, is under the regulatory oversight of the federal government of Canada, the distribution and retail sale of adult-use cannabis in Canada falls within the jurisdiction of the provincial and territorial governments. The impact of the legislation regulating adult-use cannabis passed in the provinces and territories on the cannabis industry and our business plans and operations is uncertain. Provinces and territories have announced certain restrictions that are more stringent than the federal rules or regulations such as retail sale and marketing restrictions, bans on certain types of cannabis products, raising minimum age of purchase and flavor restrictions. For example, Québec limits the sale of other high THC non-edible cannabis products. In April 2023, the Supreme Court of Canada affirmed the provinces' power to enact regulations that are more restrictive than the federal regime. In addition, the distribution and retail channels and applicable rules and regulations in the provinces continue to evolve, and our ability to distribute and sell cannabis products in Canada is dependent on the ability of the provinces and territories of Canada to establish licensed retail networks and outlets. There is no guarantee that the applicable legislation regulating the distribution and sale of cannabis for adult-use purposes will allow for the growth opportunities we currently anticipate and may result in a material adverse effect on our business, financial condition and results of operations.

In December 2023, Health Canada released guidance on cannabis products deliberately made with intoxicating cannabinoids other than delta-9-THC. Health Canada defines "intoxicating cannabinoids" as cannabinoids that bind to and activate the CB1 receptor and the guidance includes a list of 9 cannabinoids which can be revised as new evidence becomes available. This guidance recommends that license holders apply the regulatory controls (including limits on the amount of cannabinoids in certain products) currently applicable to delta-9-THC to all other cannabinoids that Health Canada considers to be "intoxicating cannabinoids" in order to minimize the risks of accidental consumption, overconsumption and adverse effects. Provincial and territorial distributors have taken different positions on the sale and distribution of products with various cannabinoids and may decide to ban, limit or implement new guidance on the types of cannabis products permitted for sale in each of their jurisdictions (including in response to Health Canada's guidance on intoxicating cannabinoids) which may result in some or all of our products being viewed as non-compliant with law or non-binding policy guidance. For example, the NSLC does not permit the sale of cannabis products that do not meet Health Canada's recommendation for total intoxicating cannabinoid content.

Furthermore, additional countries continue to pass laws and implement additional rules and regulations with respect to the production and distribution of cannabis in some form or another. We have subsidiaries, investments, joint ventures and strategic alliances in places outside of Canada, which may be affected by such changes. Increased international competition and limitations placed on us by Canadian regulations might lower the demand for our products on a global scale. We also face competition in each jurisdiction outside Canada where we have subsidiaries, investments, joint ventures and strategic alliances with local companies that have more experience, more in-depth knowledge of local markets or applicable laws, regulations and guidelines or longer operating histories in such jurisdictions.

We are subject to certain restrictions of the TSX and Nasdaq, which may constrain our ability to expand our business internationally.

Our common shares are listed on the TSX and Nasdaq. We must comply with the TSX and Nasdaq requirements or guidelines when conducting business.

The TSX has provided clarity regarding the application of Section 306 (Minimum Listing Requirements), Section 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the "Requirements") to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017- 0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding U.S. Schedule I cannabis are not in compliance with the Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review. Although we do not conduct any operations in the U.S. with respect to U.S. Schedule I cannabis, failure to comply with the Requirements could result in a delisting of our common shares from the TSX or the denial of an application for certain approvals, such as to have additional securities listed on the TSX, which could have a material adverse effect on the trading price of our common shares.

While Nasdaq has not issued official rules specific to the cannabis industry, stock exchanges in the U.S., including Nasdaq, have historically refused to list certain U.S. Schedule I cannabis related businesses, including U.S. Schedule I cannabis retailers, that operate primarily in the U.S. Failure to comply with any requirements imposed by Nasdaq could result in the delisting of our common shares from Nasdaq or denial of any application to have additional securities listed on Nasdaq, which could have a material adverse effect on the trading price of our common shares.

We are constrained by law in our ability to market and advertise our products.

Our marketing and advertising are subject to regulation by various regulatory bodies in the jurisdictions in which we operate. In Canada and Israel, the development of our business and related results of operations may be hindered by applicable regulatory restrictions on sales and marketing activities. For example, the regulatory environments in Canada and Israel limit our ability to compete for market share in a manner similar to other industries. Furthermore, the applicable regulatory restrictions on sales and marketing activities are not always clear, may be subject to interpretation and have in the past, and may in the future, be interpreted or applied inconsistently by the applicable regulatory agencies, which have broad interpretative and enforcement discretion with respect to such activities. Furthermore, if our competitors fail to comply with applicable laws relating to sales and marketing activities with which we comply, and regulatory agencies are delayed or do not take enforcement action against such competitors, or take sporadic or inconsistent enforcement action, our ability to compete for market share and our sales and results of operations could be adversely affected. If we are unable to effectively market our products and compete for market share in Canada and Israel, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and results of operations could be adversely affected. See “*Business–Regulatory Framework in Canada*” and “*Business–Regulatory Framework in Israel*.”

Any rescheduling of U.S. Schedule I cannabis to Schedule III would have an uncertain impact on our business.

In August 2023, the U.S. Department of Health and Human Services recommended that the DEA move marijuana from Schedule I to Schedule III under the CSA. In May 2024, DEA published a notice of proposed rulemaking in the Federal Register agreeing with HHS’s recommendation and proposing to move marijuana from Schedule I to Schedule III. Later in 2024, the process slowed considerably. The proposed rule became the subject of a hearing before a DEA administrative law judge (“ALJ”), where it experienced significant procedural disputes. When the ALJ retired in August 2025, the rescheduling process effectively stalled. In December 2025, President Trump issued the Executive Order directing the Department of Justice to expedite the completion of the rescheduling of marijuana from Schedule I to Schedule III, among other things. There can be no assurances that the rulemaking process will continue, be completed or withstand legal challenges.

If rescheduling occurs, the impacts on our business and competitive position are unclear. For example, rescheduling marijuana from Schedule I to Schedule III may be accompanied by additional regulatory obligations as prerequisite to participate in the U.S. market, and it may provide a greater benefit to the businesses of our competitors than our business, including by providing favorable tax treatment to their U.S. operations. We cannot assure you that rescheduling of marijuana from Schedule I to Schedule III would result in our ability or willingness to operate in the U.S. market. Participation in the U.S. cannabis market could remain subject to extensive licensing, compliance, and enforcement requirements, if participation were pursued, and rescheduling may impose additional regulatory obligations or costs. As a result, rescheduling could fail to improve, or could adversely affect, our ability to compete or operate, and any potential benefits may accrue disproportionately to other market participants.

Public speculation regarding the likelihood, timing or effects of rescheduling has contributed to, and may continue to contribute to, significant volatility in the market for our common stock. To the extent that market speculation results in an increase in the price of our stock, our stock price could decline significantly thereafter if market expectations are not realized or regulatory developments are delayed, modified or reversed or investor optimism fades.

The legal and regulatory framework governing U.S. hemp and hemp-derived products is complex, evolving, and subject to significant uncertainty.

There is substantial uncertainty concerning the legal status of U.S. hemp and U.S. hemp products containing U.S. hemp-derived ingredients, including CBD and other cannabinoids. The status of products derived from the cannabis or hemp plant, under both federal and state law can depend on the THC content of the plant or derivative (including whether the plant meets the statutory definition of “industrial hemp” or “hemp”), the part of the plant from which an individual or entity produces the derivative (including whether the plant meets the statutory definition of “marihuana” under the CSA), the THC concentration during the manufacturing process, whether the cultivator, processor, manufacturer or product marketer engages in cannabis-related activities for research versus purely commercial purposes, as well as the form and intended use of the product. Under U.S. federal law, products containing CBD may be unlawful if derived from U.S. Schedule I cannabis (including hemp with a concentration greater than 0.3% THC on a dry weight basis), or if derived from U.S. hemp grown outside the parameters of an approved U.S. hemp program or U.S. hemp cultivated in violation of the 2018 Farm Bill. Even after enactment of the 2018 Farm Bill, the DEA may not treat all products containing U.S. hemp-derived ingredients, including CBD and other cannabinoids, as exempt from the CSA. In September 2020, the DEA issued an interim final rule that purported to align the DEA’s regulations with the statutory changes to the CSA made effective by the 2018 Farm Bill. The DEA received a number of comments objecting to the interim final rule, and the interim final rule has been the subject of litigation. However, the litigation was dismissed by the D.C. Circuit Court in June 2022.

In November 2025, as part of the spending package to reopen U.S. the federal government (H.R. 5371), Congress enacted significant changes to the federal definition and regulation of U.S. hemp. The legislation narrows what qualifies as federally legal U.S. hemp, effectively prohibiting most intoxicating U.S. hemp products currently sold in the U.S. marketplace (e.g., U.S. hemp-derived THC gummies and beverages). The ban is scheduled to go into effect in November 2026. One of the many uncertainties regarding the ban is how, if at all, the Executive Order that President Trump issued in December 2025 related to marijuana rescheduling and the regulation of U.S. hemp will impact H.R. 5371. The Executive Order could lead to the establishment of guidance on an upper-limit of U.S. hemp-derived THC per serving in food and dietary supplements, and President Trump has directed the Assistant to the President and Deputy Chief of Staff for Legislative, Political, and Public Affairs to work with Congress to update the statutory definition of U.S. hemp-derived cannabinoid products.

Uncertainty regarding the interpretation, implementation, timing and interaction of these and other legislative and executive actions may result in inconsistent or delayed regulatory guidance, transitional disruption, or additional compliance obligations. Any such developments could adversely affect the broader cannabis and cannabinoid marketplace and indirectly affect our business, financial condition, results of operations, or the market price of our common shares, even if we do not directly participate in the U.S. hemp market.

Risks Relating to Competition

The markets in which we operate are increasingly competitive, and we may compete for market share with other companies, both domestically and internationally, that may have longer operating histories and more financial resources, manufacturing, distribution, and marketing experience than us.

The market for cannabis is competitive and evolving and we face strong competition from both existing and emerging companies that offer similar products. Some of our current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than we have. In addition, there is potential that the cannabis industry will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that are greater than ours. As a result of these competitive pressures, we may be unable to maintain or grow our operations on terms we consider acceptable, or at all. Increased competition from larger, better-financed competitors, including those with geographic advantages, could materially and adversely affect our business, financial condition and results of operations.

Given the rapid changes affecting global, national and regional economies generally, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to respond to, among other things, changes in the economy, regulatory conditions, market conditions and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

In Canada, the number of licenses granted by Health Canada could also have an impact on our operations. We expect to face additional competition from new market entrants that are granted licenses under the Cannabis Act or existing license holders which are not yet active in the industry. If a significant number of new licenses are granted by Health Canada, we may experience increased competition for market share and may experience downward price pressure on our products as new entrants increase production. If the number of users of cannabis in Canada increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in R&D, sales and customer support. We may not have sufficient resources to maintain R&D, sales and customer support efforts on a competitive basis which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the Canadian federal authorization of home cultivation, outdoor grow, and the easing of other barriers to entry to the Canadian adult-use cannabis market, could materially and adversely affect our business, financial condition and results of operations.

We face competition from the illegal cannabis market.

We face competition from illegal market participants that are unlicensed and unregulated. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may have significantly lower costs and they may be able to sell products with significantly higher cannabinoid potencies or which include ingredients that are prohibited by law. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, results of operations and financial condition as well as the perception of cannabis use.

Regulatory non-compliance by licensed cannabis competitors may have an adverse effect on our business, results of operations and financial condition.

In addition to competition from illegal market participants, we also face competition from licensed cannabis competitors that fail to comply with the regulations governing the cannabis industry when developing, marketing and selling cannabis products. These competitors may be able to produce and sell products with significantly higher cannabinoid potencies or which include ingredients that are prohibited by law, or market products in contravention of the law. If regulatory authorities are delayed in, or fail to, effectively restrict the marketing, sale or distribution of such non-compliant cannabis products by our competitors, there may be a material adverse effect on our business, results of operations and financial condition, as well as the perception of cannabis use.

We have been and may in the future be required to write down inventory due to downward pressure on market prices, which could have a material adverse effect on our results of operations or financial position.

At the end of each reporting period, management performs an assessment of inventory obsolescence, prices and demand to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. We also consider factors such as slow-moving or non-marketable products in our determination of obsolescence. As a result of this assessment, inventory write-downs have occurred on a number of occasions in the past and may occur in the future. Continued pricing pressures in the markets in which we operate may result in further inventory write-downs. We have had a series of inventory write-downs due to price compression in the cannabis market. We expect these write-downs to continue as pricing pressures remain elevated. In connection with the Cronos GrowCo Transaction, we consolidated additional inventory of \$15.8 million, which includes a step-up to fair value of \$5.6 million, which if reversed, could significantly affect our results of operations. These inventory write-downs have in the past and may in the future materially adversely affect our results of operations.

We may be unable to attract or retain skilled labor and personnel with experience in the cannabis sector and may be unable to attract, develop and retain additional employees required for our operations and future developments.

Our success is currently largely dependent on the performance of our skilled employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. Restructurings and other changes to our operations have in the past led, and could in the future lead, to increased attrition amongst employees, including those not directly affected by a reduction in headcount, and we may not be successful at retaining such employees or attracting new employees, which may have a material adverse effect on our business, results of operations and financial condition.

Further, certain shareholders, directors, officers, employees and contractors in our operations may require security clearance from various regulatory agencies. For example, in Canada, under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance or analogous clearance from another jurisdiction will be able to obtain one. A failure by any of our existing personnel to maintain or renew his or her security clearance may impair our business operations. In addition, if an individual with security clearance leaves the service of the Company and we are unable to find a suitable replacement who has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on our business operations. Similar risks and potential effects apply to analogous security clearances required by various provincial agencies.

Risks Relating to the Altria Investment

Altria has significant influence over us following closing of the Altria Investment.

Altria is our single largest shareholder. As of December 31, 2025, Altria beneficially owned approximately 41.0% of our issued and outstanding common shares (calculated on a non-diluted basis). In light of such ownership, Altria is in a position to exercise significant influence over matters affecting shareholders or requiring shareholder approval, including the election of the Board, amendments to our articles and the determination of significant corporate actions. In addition, pursuant to the Investor Rights Agreement, Altria has certain rights, including the right to nominate a specified number of directors to the Board, approval rights over certain Company actions and pre-emptive and top-up rights entitling Altria to maintain its pro rata beneficial ownership in us. Further, as of the date hereof, four of the seven directors on the Board are Altria Nominees. For more information, see “*Business—Altria Strategic Investment—Investor Rights Agreement.*”

Accordingly, Altria currently has significant influence over us. There can be no assurance that Altria’s interests will align with our interests or the interests of other shareholders. In addition, such influence could limit the price that an acquirer might be willing to pay in the future for our common shares and it may have the effect of delaying or preventing a change of control of us, such as a merger or take-over.

We have discretion in the use of net proceeds from the Altria Investment and may not use them effectively.

Under the Subscription Agreement, we have discretion in the use of net proceeds from the Altria Investment, subject to our obligation to consult with Altria, in certain circumstances, seek the approval of Altria (such approval not to be unreasonably conditioned, withheld or delayed) and certain other limitations regarding the use of net proceeds set forth in the Subscription Agreement and the Investor Rights Agreement. Accordingly, shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds. Our failure to apply the funds effectively could have a material adverse effect on our business, financial condition and results of operations.

We have cash on hand, including short-term investments, of approximately \$831.8 million as of December 31, 2025. There can be no assurance that we will be able to deploy the available cash in an effective manner that is accretive to us, or at all. Until such time as we are able to deploy the cash available to us, we anticipate holding the net proceeds as cash balances in our bank accounts, investing in, among other things, certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of

Canada or any province thereof, or investing in U.S. Treasury securities or other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

We may not realize the benefits of our strategic partnership with Altria, which could have an adverse effect on our business, financial condition and results of operations.

We believe that the strategic partnership between us and Altria provides us with additional financial resources, product development and commercialization capabilities, and deep regulatory expertise to better position us to compete, scale and lead the rapidly growing global cannabis industry. We believe that the growth opportunities for us are significant and could extend across the globe as new markets open. With Altria's resources, we expect to be even better positioned to support cannabinoid innovation, create differentiated products and brands across medical and adult-use categories and expand our global footprint and growing production capacity. Nevertheless, a number of risks and uncertainties are associated with the expansion into such markets and the pursuit of these other growth opportunities. The successful implementation of the Altria Investment is critical to our growth and capital position. The failure to successfully implement or reap the anticipated benefits of Altria's resources and expertise to realize growth and expansion opportunities could have a material adverse effect on our business, financial condition and results of operations.

Altria's significant interest in us may impact the liquidity of our common shares.

Our common shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where Altria did not have the ability to significantly influence or determine matters affecting us. Additionally, Altria's significant voting interest in us may discourage transactions involving a change of control of us, including transactions in which an investor, as a shareholder, might otherwise receive a premium for its common shares over the then-current market price.

Future sales of our common shares by Altria could cause the market price for our common shares to fall.

Sales of a substantial number of our common shares by Altria could occur at any time. Such sales, or the market perception of such sales, could significantly reduce the market price of our common shares. We cannot predict the effect, if any, that future public sales of our common shares beneficially owned by Altria or the availability of these common shares for sale will have on the market price of our common shares. If the market price of our common shares were to drop as a result, this might impede our ability to raise additional capital and might cause a significant decline in the value of the investments of our other shareholders.

The intentions of Altria regarding its long-term economic ownership of our common shares are subject to change as a result of changes in the circumstances of Altria or its affiliates, changes in our management and operation and changes in laws and regulations, market conditions and our financial performance.

Conflicts of interest may arise between us and our directors and officers, including as a result of the continuing involvement of certain of our directors with Altria and its affiliates.

We may be subject to various potential conflicts of interest because of the fact that some of our directors and officers may be engaged in a range of business activities, or have relationships with or are employed by Altria. One of our directors, Jason Adler, is the co-founder and Managing Member of Gotham Green Partners, a private equity firm focused primarily on early-stage investing in companies in the cannabis industry, and Michael Gorenstein, our Chairman, President, and Chief Executive Officer, is a co-founder and non-managing Member of Gotham Green Partners. Three of our directors, Kamran Khan, Dominik Meier and Elizabeth Seegar, are employed by Altria. As a result of these relationships, conflicts of interests may arise between us and them, as described below.

We may also become involved in other transactions that are inconsistent or conflict with the interests of our directors and officers, and/or our directors and officers may have interests in persons, firms, institutions, corporations or transactions that are inconsistent or in conflict with our interests and those of our shareholders. In addition, from time to time, Gotham Green Partners or Altria may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and regulations. In particular, in the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict is required to abstain from voting for or against the approval of the transaction and may recuse himself or herself from any related discussion or deliberation. In accordance with applicable laws and regulations, our directors are required to act honestly, in good faith and in our best interests.

Risks Relating to Our Common Shares

It is not anticipated that any dividend will be paid to holders of our common shares in the foreseeable future.

No dividends on our common shares have been paid to date. We currently intend to retain future earnings, if any, for future operations and expansion. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. Any changes to our policy with respect to the declaration and payment of any dividends requires Altria's approval. As a result, investors may not receive any return on an investment in our common shares unless they sell their shares for a price greater than that which such investors paid for them.

The market price for our common shares has in the past been volatile and may continue to be volatile and subject to significant fluctuation.

The market price for our common shares has been volatile and subject to wide fluctuations and may continue to be volatile and subject to wide fluctuations in response to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- changes in estimates of our future results of operations by us or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to us;
- additions or departures of our executive officers and other key personnel;
- restating our financial results;
- sales of additional common shares or the perception in the market that such sales might occur;
- significant acquisitions or business combinations, strategic partnerships, investments, joint ventures or capital commitments by or involving us or our competitors;
- increases in speculative trading activity by investors targeting publicly traded cannabis companies, which can further contribute to the volatility of the market price for our common shares if aggregate short exposure exceeds the number of our common shares available for purchase;
- news reports relating to trends, concerns or competitive developments, regulatory changes or enforcement actions and other related issues in our industry or target markets;
- the prospect of actual or perceived future changes to the legal and regulatory regimes that govern our products and our industries;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with the SEC and Canadian securities regulators;
- our failure to timely file our public filings with the SEC and Canadian securities regulators;
- our failure to comply with the Nasdaq and TSX rules and potential trading halts or delisting notices;
- reports by industry analysts, investor perceptions, and market rumors or speculation; and
- negative announcements by our customers, competitors or suppliers regarding their own performance.

For example, reports by industry analysts, investor perceptions, market rumors or speculation could trigger a sell-off in our common shares. Any sales of substantial numbers of our common shares in the public market or the perception that such sales might occur may cause the market price of our common shares to decline. In addition, to the extent that other large companies within our industries experience declines in their stock price, the price of our common shares may decline as well. Moreover, if the market price of our common shares drops significantly, shareholders may institute securities class action lawsuits against us. Lawsuits against us could cause us to incur substantial costs and divert the time and attention of our management and other resources.

Securities markets have in the past experienced, and may continue to experience, significant price and volume fluctuations that have, in some cases, been unrelated to the operating performance, underlying asset values or prospects of public companies. Accordingly, the market price of our common shares may decline even if our results of operations, underlying asset values or prospects have not changed. In addition, we may not be able to meet the diverse expectations and demands of all of our stakeholders, including on topics related to environmental, social, governance and sustainability matters, which could harm our reputation, reduce customer demand, subject us to legal and operational risks and adversely affect the trading price of our common shares. See “*Risk Factors—General Risks—Our business faces evolving and diverging expectations, requirements and demands from regulators, investors and other stakeholders, including with respect to environmental, social, governance and sustainability matters, which could expose us to numerous risks.*” There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the trading price of our common shares may be adversely affected.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We have been the target of such litigation and may in the future be the target of similar litigation. Regardless of merit, such litigation could result in substantial costs and damages and divert management's attention and resources, which could adversely affect our business. Any adverse determination in litigation against us could also subject us to significant liabilities.

We may require additional capital or issue additional securities in the future or be required to issue common shares pursuant to certain of our agreements, which may dilute holders of our securities.

Other than with respect to Altria's pre-emptive rights to subscribe for additional common shares in us following certain issuances, holders of common shares have no pre-emptive rights in connection with further issuances. Our Board has the discretion to determine if an issuance of common shares is warranted, the price at which such issuance is effected and the other terms of issue of common shares. The issuance of any additional equity will dilute the percentage of ownership of holders of our common shares. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business.

A substantial number of our securities are owned by a limited number of existing shareholders.

Our management, directors and employees own a substantial number of our outstanding common shares (on a fully diluted basis). In addition, as of December 31, 2025, Altria beneficially owned approximately 41.0% of our outstanding common shares (calculated on a non-diluted basis). As such, our management, directors and employees, as a group, and Altria each are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. In addition, these shareholders could delay or prevent a change in control that could otherwise be beneficial to holders of common shares.

Investors in the U.S. may have difficulty bringing actions and enforcing judgments against us and others based on securities law civil liability provisions.

We are incorporated under the laws of the Province of British Columbia and our head office is located in the Province of Ontario. Some of our directors and officers and some of the experts named in this Annual Report are residents of Canada or otherwise reside outside of the U.S., and a substantial portion of their assets and our assets are located outside the U.S. Consequently, it may be difficult for investors in the U.S. to bring an action against such directors, officers or experts or to enforce against those persons or us a judgment obtained in a U.S. court predicated upon the civil liability provisions of U.S. federal securities laws or other laws of the U.S. In addition, while statutory provisions exist in British Columbia for derivative actions to be brought in certain circumstances, the circumstances in which a derivative action may be brought, and the procedures and defenses that may be available in respect of any such action, may be different than those of shareholders of a company incorporated in the U.S.

If we are a passive foreign investment company for U.S. federal income tax purposes in any year, certain adverse tax rules could apply to U.S. holders of our common shares.

We will be classified as a passive foreign investment company (“PFIC”) for any taxable year for U.S. federal income tax purposes if for a taxable year, (i) 75% or more of our gross income is passive income, or (ii) 50% or more of the value of our assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets. The determination of PFIC status depends on interpretive rules and computational conventions that are often unclear. In particular, in making our determination, we are relying on the application of certain “look-through” rules, taking into account certain intercompany items (including our interests in subsidiaries). There is, however, no direct legal authority applying these look-through rules to our particular situation (including to what extent they apply to intercompany items). Likewise, in light of the volatility of our common share price, we intend to take the position that the spot trading price of our stock at each quarter end, as adjusted by liabilities, does not dictate the determination of the fair market value of our assets. Based on current business plans and financial expectations and the application of certain look-through rules (including to certain intercompany items and to our interests in our subsidiaries), we do not expect to be a PFIC for the taxable year ending December 31, 2026. However, PFIC status is determined annually and depends upon the composition of our gross income and assets, both of which are subject to change. Moreover, there can be no assurance that the Internal Revenue Service (“IRS”) or a court will agree with our interpretation of fair market value or its computation, or with our interpretation of the PFIC rules (including the “look-through” rules and the scope of their application, including in respect of intercompany items). Therefore, there can be no assurance as to our PFIC status for the current taxable year or for future taxable years, nor any assurance that the IRS or a court will agree with our determination of our PFIC status.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our common shares or publish inaccurate or unfavorable research about our business, the trading price of our common shares would likely decline. In addition, if our results of operations fail to meet the forecasts of analysts, the trading price of our common shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common shares could decrease, which could cause our trading price and trading volume of our common shares to decline.

General Risk Factors

We are dependent on our senior management.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of our senior management team. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of a member of senior management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on our ability to execute on our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all. We do not maintain key-person insurance on the lives of any of our officers or employees.

We may be unable to obtain insurance coverage at acceptable rates and there may be coverage limitations and other exclusions which may not be sufficient to cover our potential liabilities.

We have insurance to protect certain of our assets, operations and employees. Our insurance coverage, however, is subject to deductibles, coverage limits and exclusions and may not be available or adequate for the risks and hazards to which we are exposed. No assurance can be given that insurance will be generally available in the future or, if available, that premiums and deductibles will be commercially justifiable. If we were to incur substantial liability claims and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, there could be a material adverse effect on our business, financial condition and results of operations. Furthermore, our insurers have in the past and may in the future deny us coverage, whether or not such denial is with merit, and we have in the past and may in the future need to commence litigation against such insurers, which could be time consuming and expensive and divert significant management resources, with no assurance that we will be successful in any resulting proceedings.

Tax and accounting requirements may be interpreted or changed in ways that are complex and not necessarily anticipated by us, and we may face difficulty or be unable to implement and/or comply with any such interpretations or changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. In many countries, we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned and are taxed accordingly. Although we believe that we are in substantial compliance with all applicable regulations and restrictions, we are subject to the risk that governmental authorities could audit our transfer pricing and related practices and assert that additional taxes are owed or that various jurisdictions could assert that we should file tax returns in jurisdictions where we do not file and subject us to additional tax. In the future, the geographic scope of our business may expand, and such expansion will require us to comply with the tax laws and regulations of additional jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws and regulations of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we fail to comply. Failure to comply with applicable tax laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, unusual weather, pandemic outbreaks, boycotts and geopolitical events or acts of terrorism could adversely affect our operations and financial results.

The occurrence of one or more natural disasters, such as hurricanes, floods and earthquakes, unusually adverse weather, pandemic outbreaks, such as the COVID-19 virus, influenza, and other highly communicable diseases or viruses, boycotts and geopolitical events, such as civil unrest in countries in which our or our joint ventures' operations are located and acts of terrorism, or similar disruptions could adversely affect our business, financial condition and results of operations. These events could result in physical damage to one or more of our or our joint ventures' properties, increases in fuel or other energy prices, the temporary or permanent closure of one or more of our or our joint ventures' facilities, the temporary or long-term lack of an adequate workforce in a market, the temporary or long-term disruption in the supply of products from suppliers, the temporary disruption in the transport of goods, delay in the delivery of goods to our or our joint ventures' facilities, and disruption to our information systems. Such events could also negatively impact consumer sentiment, reduce demand for consumer products like ours and cause general economic slowdown.

Our business faces evolving and diverging expectations, requirements and demands from regulators, investors and other stakeholders, including with respect to environmental, social, governance and sustainability matters, which could expose us to numerous risks.

We are subject to changing rules and regulations promulgated by a number of governmental and self-regulatory organizations, including the SEC, Nasdaq and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity. In addition, environmental, social, governance and sustainability topics, including climate, corporate diversity and companies' actions and initiatives on such issues, have received significant attention from a wide range of stakeholders, including regulators, customers, investors and employees. Many jurisdictions, including the U.S. and Canadian federal and local governments, have adopted or are considering legislation, regulation or policies on these topics, including requirements to disclose and/or otherwise address material climate risks, corporate greenhouse gas emissions and workplace diversity. Compliance with these laws, regulations or policies, including any that may be adopted in the future has resulted in, and are likely to continue to result in, among other things, increased general, compliance and administrative expenses, increased costs of operating our businesses, increased legal and reputational risks and reduced demand for our products, any or all of which could adversely affect our results of operations. In addition, policymakers in some jurisdictions have adopted or proposed laws, regulations and policies that diverge from, or potentially conflict with, those in other jurisdictions. Failure to comply with any legislation, regulation or policy could potentially result in substantial fines, criminal sanctions, reputational harm or operational changes.

Moreover, our customers, shareholders, employees and other stakeholders have differing expectations, demands and perspectives, including on these topics, which are continuing to evolve and, in some cases, diverge. We may not be able to meet the diverse expectations and demands of all of our stakeholders, which could harm our reputation, reduce customer demand for our products and services, and subject us to legal and operational risks. For example, we may communicate certain initiatives and goals, regarding

environmental, social, governance and sustainability matters in our SEC filings or in other public disclosures. These initiatives and goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we could be criticized for the accuracy, adequacy or completeness of the disclosure. Also, there can be no assurance that regulators, our shareholders or other stakeholders will agree with our initiatives or goals (including any potential changes to such initiatives or goals), or be satisfied with our efforts to achieve such goals. Any perception, whether or not valid, that we have failed to act responsibly with respect to such matters, failed (or may fail) to achieve our goals or to effectively respond to new or additional legal or regulatory requirements, could adversely affect our business, reputation and exposure to legal risks. Our ability to execute on our initiatives and goals, including on environmental, social, governance and sustainability matters, is subject to numerous risks and uncertainties, many of which are outside of our control, including, among other factors, changes in the regulatory or legal environment, changes in industry practices, evolving standards for measuring progress, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. If our disclosures related to these and other topics are incomplete or inaccurate, or if we fail to achieve our initiatives or goals on a timely basis, or at all, our reputation, business, financial performance and growth, as well as our reputation and customer and other stakeholder relationships, could be adversely affected.

Climate change may disrupt our business and our efforts to address concerns relating to climate change could result in damage to our reputation.

Our business and that of our joint venture partners and third-party suppliers involves the growing of cannabis, an agricultural product, and adverse weather conditions have historically caused volatility in the agricultural industry and consequently in operating results by causing crop failures or significantly reduced harvests, which may negatively affect the supply and pricing of agricultural commodities, such as cannabis. Additionally, the potential physical impacts of climate change are uncertain and may vary by region. These potential effects could include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels that could adversely impact our costs and business operations, the location, costs, and competitiveness of cannabis production and related storage and processing facilities and the supply and transportation of cannabis.

We are also exposed to risks resulting from changes in public policy, laws and regulations, or market and public perceptions and preferences in connection with climate change. These changes could adversely affect our business, results of operations and reputation. See *“Risk Factors—General Risks—Our business faces evolving and diverging expectations, requirements and demands from regulators, investors and other stakeholders, including with respect to environmental, social, governance and sustainability matters, which could expose us to numerous risks.”*

Our financial performance is subject to risks of foreign exchange rate fluctuation, which could result in foreign exchange losses.

We are exposed to fluctuations of the U.S. dollar against certain other currencies, particularly the Canadian dollar and Israeli Shekel, because we publish our financial statements in U.S. dollars, while a significant portion of our assets, liabilities, revenues and costs are or will be denominated in other currencies. Exchange rates for currencies of the countries in which we operate may fluctuate in relation to the U.S. dollar, and such fluctuations may have a material adverse effect on our earnings or assets when translating foreign currency into U.S. dollars. We do not hedge our exchange rate exposure so any changes in exchange rates will directly affect our earnings.

Our business, financial condition, results of operations and cash flows could be adversely affected by disruptions in the global economy caused by the ongoing conflict between Russia and Ukraine.

The global economy has been negatively impacted by the military conflict between Russia and Ukraine. Furthermore, governments in the U.S., Canada, the UK and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. Although we do not have any customers or direct supplier relationships in Russia or Ukraine, businesses globally have experienced shortages in materials and increased costs for transportation, energy, and raw material due in part to the negative impact of the Russia-Ukraine military conflict on the global economy. Further escalation of geopolitical tensions related to the military conflict, including increased trade barriers or restrictions on global trade, could result in, among other things, cyberattacks, supply disruptions, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business, financial condition, results of operations and cash flows.

We are continuing to monitor the situation in Ukraine and globally and assessing its potential impact on our business. Although our business has not been, as of the date of this Annual Report, materially impacted by the ongoing military conflict in Ukraine, it is impossible to predict the extent to which our operations, or those of our suppliers and vendors, will be impacted in the long term, or the ways in which the conflict may impact our business. The extent and duration of the military conflict, sanctions and resulting market disruptions are impossible to predict, but may be substantial. In addition, the effects of the ongoing conflict could heighten any of our known risks described above.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY.

Our cybersecurity processes include:

- Security awareness online training for personnel with Company email, at least annually;
- Periodic updates and reminders distributed to personnel with Company email relating to cybersecurity awareness and trends;
- Phishing tests for personnel with Company email on a periodic basis;
- Reviews of certain third-party vendors' information security programs (as discussed below);
- Periodic reviews of industry standards to strengthen our practices and policies, on an ad hoc basis;
- Electronic monitoring and logging of the majority of our technology environments to identify cybersecurity events, including the use of a security information and event management system;
- Periodic assessments of existing technology hardware configurations, patches, security and lifecycle; and
- Periodic assessments, in consultation with software providers, of existing software versions, configurations, patches and updates.

Certain information technology general controls are reviewed and tested as part of our internal control over financial reporting.

We rely on third-party services for penetration testing, security incident monitoring and security awareness online training. We generally manage our enterprise-wide cybersecurity program and processes, incident response preparation and end point protection, and internally, with the assistance of third-party service providers as we deem appropriate.

Before engaging third-party service providers to whom we grant access to our information technology systems, we may review their information security programs, depending on the feasibility of such review and our assessment of the level of risk the third-party service provider poses to our business operations and our information technology and financial reporting systems. We determine risk level based on internally developed criteria. We do not, however, review the information security programs of all third-party vendors. Where feasible, we also conduct periodic reviews (typically annual) of certain third-party service providers, particularly service providers of financial, financial reporting and accounting systems, depending on our assessment of the level of risk to our business operations and our information technology and financial reporting systems.

To date, we are not aware of any cybersecurity incident that has had or is reasonably likely to have a materially adverse effect on our business, including our business strategy, results of operations and financial condition. However, there can be no assurance that our processes and procedures will prevent or timely detect a cybersecurity incident. For more information regarding risks from cybersecurity threats, see *“Risk Factors—Risks Relating to Our Products—Risks Relating to Production and Distribution of Products.”*

Our Board has delegated oversight of our program for assessing, monitoring and mitigating cybersecurity risks to our Audit Committee. Our Audit Committee receives periodic reports on our program for assessing, monitoring and mitigating cybersecurity risks. In addition, as part of its overall responsibility for overseeing the adequacy of the Company's internal control over financial reporting, our Audit Committee receives periodic reports about our financial reporting information system controls and security.

Our Information Systems department, in addition to managing our general information technology systems, is also responsible for managing our enterprise-wide cybersecurity processes. Our Information Systems department has a dedicated cybersecurity professional who, in conjunction with a third-party managed security service provider (“MSSP”), implements, manages, and monitors our cybersecurity systems. Personnel in our Information Systems department, together with personnel at the MSSP, collectively have decades of experience in information security, information technology and cybersecurity operations. The MSSP monitors and receives notifications of potential cybersecurity incidents detected through automated detection and monitoring tools, which are communicated to personnel within our Information Systems department. In the event we discover a material cybersecurity incident, Information Systems personnel report such incident to our Senior Vice President, Global Head of People and Technology, who then reports to our Chief Executive Officer and the Audit Committee, as appropriate. We do not currently have a Chief Information Security Officer; however, we do have a professional solely dedicated to enterprise-wide cybersecurity processes, as well as overseeing our MSSP relationship.

ITEM 2. PROPERTIES.

As of December 31, 2025, the Company owned various manufacturing facilities in Canada and Gan Shmuel, Israel. The Company ceased operations at the Cronos Fermentation Facility in Manitoba and sold the property on November 15, 2025. See Part I, Item 1 *“Business – Operations and Investments”* for further information. Management believes that our existing facilities and the anticipated changes described herein are adequate to meet our current requirements and, to the extent that our facilities are leased, comparable space is readily available.

ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to various legal proceedings in the ordinary course of its business and in connection with its marketing, distribution and sale of its products. Many of these legal proceedings are in the early stages of litigation and seek damages that are unspecified or not quantified. Although the outcome of these matters cannot be predicted with certainty, the Company does not believe these legal proceedings, individually or in the aggregate, will have a material adverse effect on its consolidated financial condition but could be material to its results of operations for any particular reporting period depending, in part, on its results for that period. See Part II, Note 12(b) “*Contingencies*,” to the consolidated financial statements under Item 8 of this Annual Report for a description of legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURE.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common shares are traded on Nasdaq and the TSX under the symbol “CRON.”

Holders

As of February 23, 2026, there were approximately 140 holders of record of our common shares. This number of holders of record does not represent the actual number of beneficial owners of our common shares because shares are frequently held in “street name” by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

Dividends

As of the date of this Annual Report, we have not declared any dividends or made any distributions on our common shares. Furthermore, we have no current intention to declare dividends on our common shares in the foreseeable future. Any decision to pay dividends on our common shares in the future will be at the discretion of the Board and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions, and financing agreement covenants, our ability to meet solvency tests imposed by corporate law and other factors that the Board may deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

Information concerning securities authorized for issuance under equity compensation plans will be set forth in the Company’s definitive proxy statement for its 2026 Annual Meeting of Shareholders or an amendment to this Annual Report to be filed within 120 days of our fiscal year end.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended December 31, 2025 was as follows (in thousands, except share and per share amounts):

Period	Number of shares purchased	Weighted average price per share	Purchased as part of publicly announced repurchase plan ⁽ⁱ⁾	Approximate dollar value of shares that may yet be purchased under repurchase plan ⁽ⁱ⁾	Approximate shares that may yet be purchased under repurchase plan
October 1, 2025 to October 31, 2025	—	—	\$ —	\$ 44,535	16,478,138
November 1, 2025 to November 30, 2025	499,502	\$ 2.45	\$ 1,228	\$ 43,310	15,978,636
December 1, 2025 to December 31, 2025	1,127,166	\$ 2.65	\$ 3,042	\$ 40,326	14,851,470
	<u>1,626,668</u>		<u>\$ 4,270</u>		

⁽ⁱ⁾ On May 7, 2025, the Company was authorized by the Board to purchase up to \$50,000 of the Company’s common shares under a share repurchase program announced on May 8, 2025, of which \$9,741 had been repurchased as of December 31, 2025. The repurchase program is expected to terminate on May 13, 2026, unless earlier terminated.

Recent Sales of Unregistered Securities

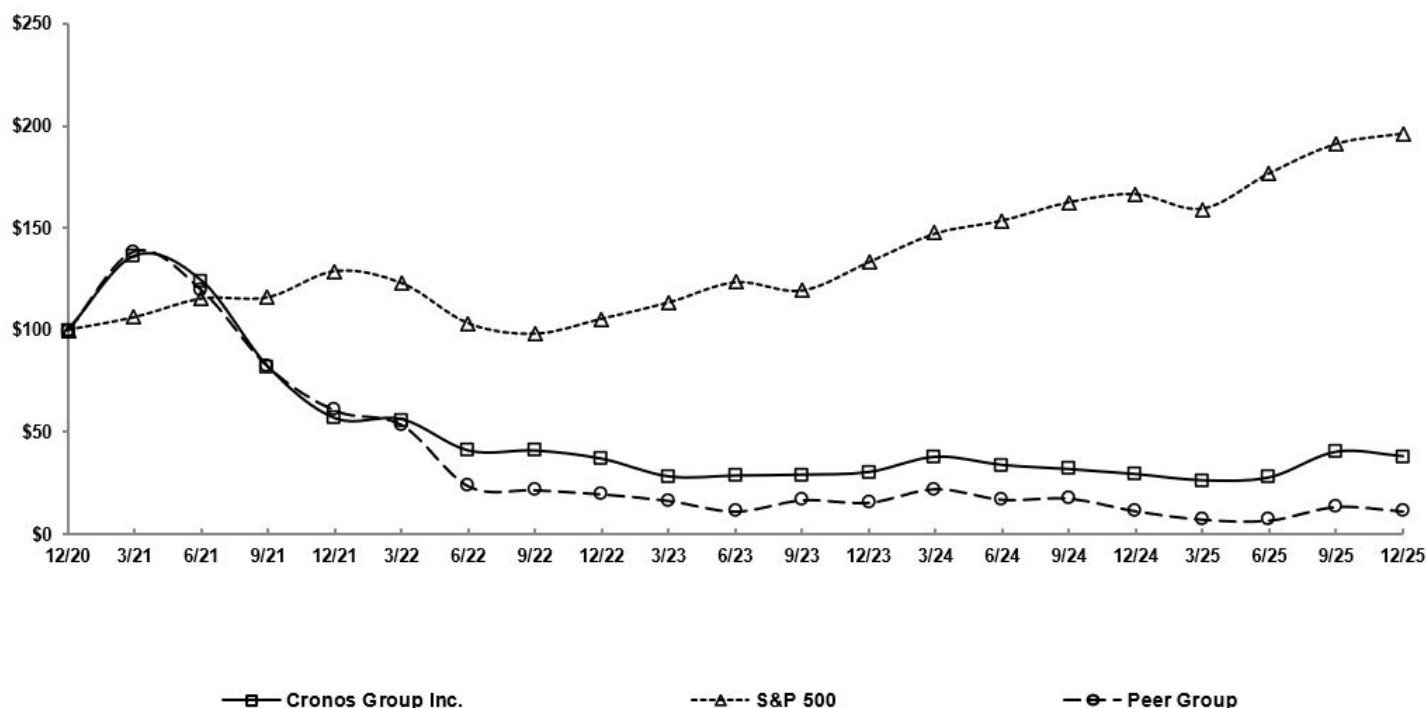
None.

Performance Graph

The following performance graph compares the cumulative total shareholder return of our common shares as listed on Nasdaq with the cumulative total return of the S&P 500 Index and a market-weighted index of publicly traded peers over the 60-month period beginning on December 31, 2020, and ending on December 31, 2025. The peer group includes Aurora Cannabis Inc., Canopy Growth Corporation, Green Thumb Industries, Inc., Organigram Holdings Inc., Tilray Inc., and Trulieve Cannabis Corp., (the “Peer Group”). The graph assumes that \$100 is invested in each of our common shares, the S&P 500 Index, and the indices of publicly traded peers on December 31, 2020, and that all dividends, if applicable, were reinvested. Past performance may not be indicative of future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Cronos Group Inc., the S&P 500 Index,
and a Peer Group



Date	Cronos Group Inc.	S&P 500	Peer Group
December 31, 2020	\$ 100.00	\$ 100.00	\$ 100.00
March 31, 2021	\$ 136.31	\$ 106.17	\$ 61.06
June 30, 2021	\$ 123.92	\$ 115.25	\$ 73.73
September 30, 2021	\$ 81.56	\$ 115.92	\$ 69.83
December 31, 2021	\$ 56.48	\$ 128.71	\$ 122.46
March 31, 2022	\$ 56.05	\$ 122.79	\$ 169.90
June 30, 2022	\$ 40.63	\$ 103.02	\$ 146.42
September 30, 2022	\$ 40.63	\$ 97.99	\$ 100.28
December 31, 2022	\$ 36.59	\$ 105.40	\$ 74.25
March 31, 2023	\$ 27.95	\$ 113.30	\$ 65.56
June 30, 2023	\$ 28.39	\$ 123.20	\$ 28.80
September 30, 2023	\$ 28.82	\$ 119.17	\$ 26.57
December 31, 2023	\$ 30.12	\$ 133.10	\$ 24.07
March 31, 2024	\$ 37.61	\$ 147.15	\$ 20.17
June 30, 2024	\$ 33.57	\$ 153.46	\$ 13.76
September 30, 2024	\$ 31.56	\$ 162.49	\$ 20.54
December 31, 2024	\$ 29.11	\$ 166.40	\$ 19.06
March 31, 2025	\$ 26.08	\$ 159.30	\$ 27.20
June 30, 2025	\$ 27.52	\$ 176.73	\$ 20.84
September 30, 2025	\$ 40.06	\$ 191.08	\$ 21.54
December 31, 2025	\$ 37.90	\$ 196.16	\$ 13.91

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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[®], PEACE NATURALS[®], LIT[™] and Lord Jones[®].

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.

Recent Developments

CanAdelaar Acquisition

On December 9, 2025, we entered into a definitive share sale and purchase agreement to acquire all of the issued and outstanding shares of CanAdelaar B.V. (“CanAdelaar”), one of ten licensed cannabis producers in the Dutch Controlled Cannabis Supply Chain Experiment. Closing of the proposed acquisition is subject to certain closing conditions, including obtaining required regulatory clearances in the Netherlands, receipt of confirmations relating to CanAdelaar’s licenses and Bibob review (a background check conducted by Dutch authorities), the accuracy of representations and warranties, and the absence of certain regulatory orders.

Cronos GrowCo Expansion

The expansion of the facility at Cronos Growing Company Inc. (“Cronos GrowCo”) is complete and sales from the expansion commenced in Fall 2025. Under the terms of our amended and restated supply agreement with Cronos GrowCo (the “Cronos GrowCo Supply Agreement”), Cronos has 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 Company believes this additional supply will fuel growth internationally and within the domestic Canadian market and the wholesale market in

2026. As with any cultivation expansion, it typically takes time to fully optimize the new facility.

U.S. Federal Cannabis Rescheduling

In December 2025, President Trump issued an executive order (the “Executive Order”) directing the U.S. Attorney General to expedite the completion of the administrative process to reschedule marijuana from Schedule I to Schedule III under the U.S. Controlled Substances Act (the “CSA”). The Executive Order followed the U.S. Department of Health and Human Services’ August 2023 recommendation to reschedule marijuana and the DEA’s May 2024 notice of proposed rulemaking agreeing with that recommendation. Prior to the Executive Order, the rescheduling process had experienced procedural delays, including a hearing before a DEA administrative law judge and subsequent developments that slowed progress on the rulemaking.

The Executive Order does not itself change the legal status of marijuana under U.S. federal law. Any rescheduling would require the completion of the DEA’s administrative rulemaking process and could be subject to further procedural steps and legal challenges.

The Company continues to monitor developments related to U.S. federal cannabis policy, including the DEA’s rulemaking process and related legislative and regulatory activity, and will evaluate any potential implications for its business as additional information becomes available.

Sale of Cronos Fermentation Facility

In September 2025, we entered into a purchase and sale agreement to sell our fermentation and manufacturing facility in Winnipeg, Manitoba (the “Cronos Fermentation Facility”) for a purchase price of CAD \$4.0 million, subject to customary adjustments. The sale, which closed on November 15, 2025, included the land, buildings and related chattels associated with the facility.

Termination of Ginkgo Collaboration Agreement

On December 15, 2025, Cronos and Ginkgo Bioworks Holdings, Inc. (“Ginkgo”) mutually terminated their collaboration and license agreement (the “Ginkgo Collaboration Agreement”). As a result of the termination, all rights and licenses granted to Cronos under the Ginkgo Collaboration Agreement, including licenses to Ginkgo intellectual property and collaboration strains, terminated as of that date, and neither party has any continuing obligations thereunder.

Ginkgo paid Cronos nominal consideration for the termination of the licenses to the Ginkgo intellectual property and the collaboration strains. No payments or equity issuances were required by Cronos in connection with the termination, and Cronos has no further rights or obligations with respect to any patent families previously associated with the collaboration. In connection with the termination, Cronos exited fermentation-based cannabinoid manufacturing and no longer operates facilities leveraging intellectual property under the Ginkgo Collaboration Agreement.

Spinach®

A key addition to our gummy portfolio in 2025 was 10mg THC Fully Blasted SOURZ by Spinach® gummies featuring rare cannabinoids, including Mango Lime with CBC, Peach Passionfruit with CBN and CBD and Strawberry Watermelon with CBG.

In the fourth quarter of 2025, SOURZ by Spinach® Fully Blasted gummies launched in new multipack formats. The SOURZ by Spinach® Fully Blasted Multipacks with liquid diamond-infused gummies are now available in five popular flavors.

In the first quarter of 2025, the brand introduced two new Spinach® 1g vapes, Cherry Crush and Cocoa Mintz, alongside new 1.2g cartridges, Mango Kiwi Haze CBC, Peach Passionfruit Kush CBN and Strawberry Watermelon OG CBG. These additions extend our popular SOURZ by Spinach® flavor profiles into the vape category.

In the third quarter of 2025, the brand launched the limited-edition Spinach® Sweet Green Apple 1g vape, to complement its corresponding SOURZ by Spinach® Carmel Green Apple seasonal offering.

PEACE NATURALS®

In 2025, new launches for the PEACE NATURALS® brand included strain-specific oils and limited-edition premium flower series, further strengthening the brand’s portfolio and patient appeal. In the third quarter of 2025, Cronos Israel introduced new PEACE NATURALS® strains ANML, OGC, and Do Si Do under a new premium limited-edition product series, and launched a limited-edition combo pack featuring Wedding CK and Blue Thai.

Internationally, PEACE NATURALS® expanded its global footprint significantly. In the second quarter of 2025, the brand entered the medical cannabis markets in Australia and Malta, followed by launching in Switzerland in the third quarter. By mid-2025, the brand’s medical presence spanned seven key markets: Canada, Israel, Germany, the United Kingdom (the “UK”), Australia, Switzerland, and Malta.

LIT™

The LIT™ brand continued to gain momentum by launching in the German and UK medical markets in 2025. The goal of this value-driven brand is to capitalize on market trends, combining local insights with product development to build loyalty in emerging medical markets. Germany and the UK’s growth environments helped LIT™ gain visibility and traction as demand for affordable, high-quality flower products increased across clinics and distributors.

Lord Jones®

In the first quarter of 2025, the brand launched a Lord Jones® Chocolate Fusions™ fudge brownie bite in Canada, which features a 1:1:1 ratio of CBN, CBD and THC.

The brand also expanded its presence in concentrates in Canada with the introduction of Lord Jones® Live Resin Caviar in the second quarter of 2025, reinforcing its positioning as a high-quality, innovation-driven brand.

2024 Compared to 2023

Results of Operations and Cash Flows

For a discussion of our 2024 results of operations and cash flows compared to 2023, 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, 2024.

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, 2025 and December 31, 2024, 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, 2025, December 31, 2024, and December 31, 2023, 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,		
	2025	2024	2023
Average rate	1.3975	1.3700	1.3494
Spot rate	1.3698	1.4351	1.3243

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,		
	2025	2024	2023
Average rate	3.4432	3.6997	3.6819
Spot rate	3.1863	3.6526	3.6163

Consolidated Results of Operations - 2025 Compared to 2024

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,	
	2025	2024
Net revenue before excise taxes	\$ 193,363	\$ 161,821
Excise taxes	(46,776)	(44,206)
Net revenue	146,587	117,615
Cost of sales	83,174	91,710
Inventory write-down	654	707
Gross profit	62,759	25,198
Operating expenses:		
Sales and marketing	21,764	21,603
Research and development	4,449	4,229
General and administrative	41,999	46,514
Restructuring costs	2,037	630
Share-based compensation	7,050	8,700
Depreciation and amortization	2,119	3,701
Impairment loss on goodwill and indefinite-lived intangible assets	700	—
Impairment loss on long-lived assets	36	16,350
Total operating expenses	80,154	101,727
Operating loss	(17,395)	(76,529)
Other income	275	113,115
Income (loss) before income taxes	(17,120)	36,586
Income tax benefit	(14,191)	(3,436)
Net income (loss)	(2,929)	40,022
Net income (loss) attributable to non-controlling interest	6,518	(1,058)
Net income (loss) attributable to Cronos Group	\$ (9,447)	\$ 41,080

Summary of select financial results

	Year ended December 31,		Change	
	2025	2024	\$	%
Net revenue	\$ 146,587	\$ 117,615	\$ 28,972	25 %
Cost of sales	83,174	91,710	(8,536)	(9) %
Inventory write-down	654	707	(53)	(7) %
Gross profit	\$ 62,759	\$ 25,198	\$ 37,561	149 %
Gross margin ⁽ⁱ⁾	43 %	21 %	N/A	22 pp

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

Net revenue

For 2025, we reported consolidated net revenue of \$146.6 million, representing a \$29.0 million increase from 2024. This change was primarily due to higher cannabis flower sales in Israel and other countries, which carry no excise taxes, the inclusion of a full year of Cronos GrowCo sales in the current period, and higher cannabis extract sales in the Canadian market, partially offset by a decrease in cannabis flower sales in the Canadian market due to supply constraints. Due to the consolidation of Cronos GrowCo's results of operations in our financial statements beginning July 1, 2024, Cronos GrowCo contributed \$10.3 million of cannabis flower sales to third parties in the year ended December 31, 2025, compared to \$6.4 million of cannabis flower sales to third parties in the year ended December 31, 2024.

Cost of sales

For 2025, we reported consolidated cost of sales of \$83.2 million, representing a \$8.5 million decrease from 2024. This decrease was primarily due to lower amounts of inventory step-up from the transaction by which we obtained majority control of the board of directors of Cronos GrowCo (the “Cronos GrowCo Transaction”) recognized into cost of sales, as well as the consolidation of Cronos GrowCo and production efficiencies, partially offset by higher sales volumes. For 2025 and 2024, we recognized \$0.5 million and \$5.3 million, respectively, of inventory step-up from the Cronos GrowCo Transaction into cost of sales.

Inventory write-down

For each of 2025 and 2024, we reported inventory write-downs of \$0.7 million. The activity in both years was due to write-downs resulting from unusable inventory that was scrapped in the period.

Gross profit

For 2025, we reported consolidated gross profit of \$62.8 million, representing a \$37.6 million increase from 2024. The increase in gross profit was primarily due to lower amounts of inventory step-up from the Cronos GrowCo Transaction recognized into cost of sales, the consolidation of Cronos GrowCo, higher average sales prices driven primarily by a mix shift to Israel and other countries, higher sales volumes, and production efficiencies. For 2025 and 2024, gross profit was reduced \$0.5 million and \$5.3 million, respectively, as a result of the impact of the inventory step-up from the Cronos GrowCo Transaction that was recorded into cost of sales.

Operating expenses

	Year ended December 31,		Change	
	2025	2024	\$	%
Sales and marketing	\$ 21,764	\$ 21,603	\$ 161	1 %
Research and development	4,449	4,229	220	5 %
General and administrative	41,999	46,514	(4,515)	(10)%
Restructuring costs	2,037	630	1,407	223 %
Share-based compensation	7,050	8,700	(1,650)	(19)%
Depreciation and amortization	2,119	3,701	(1,582)	(43)%
Impairment loss on goodwill and indefinite-lived intangible assets	700	—	700	N/A
Impairment loss on long-lived assets	36	16,350	(16,314)	(100)%
Operating expenses	<u>\$ 80,154</u>	<u>\$ 101,727</u>	<u>\$ (21,573)</u>	<u>(21)%</u>

Sales and marketing

For 2025, we reported sales and marketing expenses of \$21.8 million, representing an increase of \$0.2 million from 2024. The increase was primarily due to higher salaries and benefits, partially offset by lower marketing expenses.

Research and development

For 2025, we reported research and development expenses of \$4.4 million, representing an increase of \$0.2 million from 2024. The increase was primarily due to higher costs associated with genetics development, partially offset by lower salaries and benefits.

General and administrative

For 2025, we reported general and administrative expenses of \$42.0 million, representing a decrease of \$4.5 million from 2024. The decrease was primarily due to lower salaries and benefits and lower expected credit loss allowances on loans receivable, partially offset by the consolidation of Cronos GrowCo and higher transaction costs. For the year ended December 31, 2025, changes in expected credit loss allowances on loans receivable decreased general and administrative expenses by \$16 thousand, compared to an increase to general and administrative expenses of \$1.0 million for the year ended December 31, 2024. For the year ended December 31, 2025 and 2024, general and administrative expenses related to Cronos GrowCo were \$4.2 million and \$1.5 million, respectively.

Restructuring costs

For 2025, we reported restructuring costs of \$2.0 million, representing an increase of \$1.4 million from 2024. The restructuring costs in 2025 and 2024 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 2025, we reported share-based compensation expenses of \$7.1 million, representing a decrease of \$1.7 million compared to 2024. The decrease was primarily due to lower amounts of share-based compensation awards outstanding, partially offset by the inclusion of expense related to DSUs in share-based compensation in 2025, which was not included in share-based compensation in 2024.

Depreciation and amortization

For 2025, depreciation and amortization expenses were \$2.1 million, representing a decrease of \$1.6 million from 2024. The decrease was primarily due to lower amortization of intangible assets.

Impairment loss on goodwill and indefinite-lived intangible assets

For 2025, impairment loss on goodwill and indefinite-lived intangible assets was \$0.7 million and related to the Company’s Lord Jones® indefinite-lived intangible asset. There were no such impairment losses in 2024. See Note 8 “*Goodwill and Intangible Assets, net*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

Impairment loss on long-lived assets

For 2025, impairment loss on long-lived assets was \$36 thousand, compared to \$16.4 million in 2024. Impairment loss on long-lived assets in 2024 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 (the “Ginkgo Exclusive Licenses”) globally and the cessation of operations of Thanos Holdings Ltd., known as Cronos Fermentation (“Cronos Fermentation”). 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 ⁽ⁱ⁾	
	2025	2024	\$	%
Interest income, net	\$ 39,963	\$ 52,019	\$ (12,056)	(23)%
Share of income from equity method investments	—	2,365	(2,365)	(100)%
Gain on revaluation of loan receivable	—	11,804	(11,804)	(100)%
Gain on revaluation of equity method investment	—	32,469	(32,469)	(100)%
Loss on revaluation of financial instruments	(452)	(6,248)	5,796	(93)%
Impairment loss on other investments	—	(25,650)	25,650	(100)%
Foreign currency transaction gain (loss)	(28,588)	57,859	(86,447)	N/M
Loss on held-for-sale assets	(5,532)	(11,202)	5,670	(51)%
Change in allowance for credit loss on non-operating loan	(4,875)	—	(4,875)	N/A
Other, net	(241)	(301)	60	(20)%
Total other income	275	113,115	(112,840)	(100)%
Income tax benefit	(14,191)	(3,436)	(10,755)	313 %
Net income (loss)	\$ (2,929)	\$ 40,022	\$ (42,951)	N/M

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

Interest income, net

For 2025, we reported interest income, net of \$40.0 million, representing a decrease of \$12.1 million from 2024, primarily due to lower interest rates in the current period and the absence of income recognized on the Cronos GrowCo loan receivable, which is eliminated in consolidation, effective from and after July 1, 2024.

Share of income from equity method investments

For 2025, we had no income from equity method investments, compared to \$2.4 million in 2024. 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 2025, we reported no 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 with Cronos GrowCo as a result of the Cronos GrowCo Transaction on July 1, 2024. 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 2025, we reported no gain on revaluation of equity method investment. For 2024, we reported a gain on revaluation of equity method investment of \$32.5 million related to the remeasurement of the existing investment in Cronos GrowCo as a result of the

Cronos GrowCo Transaction. 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 2025, we reported a loss on revaluation of financial instruments of \$0.5 million, compared to a loss of \$6.2 million in 2024. The decreased loss was primarily related to the changes in fair value of our investment in Vitura Health Limited (“Vitura”) and the warrant (the “High Tide Warrant”) to purchase common shares of High Tide Inc. (“High Tide”). 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 2025, we recognized no impairment loss on other investments. For 2024, we recognized \$25.7 million 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 2025, foreign currency transaction loss was \$28.6 million, representing a change of \$86.4 million from 2024. The change was primarily due to the weakening of the U.S. dollar compared to the Canadian dollar impacting the revaluation of certain foreign currency-denominated cash equivalents and short-term investments held in Canada.

Loss on held-for-sale assets

For 2025, we recognized \$5.5 million of loss on held-for-sale assets. For 2024, we recognized \$11.2 million of loss on held-for-sale assets. The losses in both 2025 and 2024 relate to decreases in the fair value of the Cronos Fermentation Facility held-for-sale assets. See Note 18 “*Restructuring*” to the consolidated financial statements in Item 8 of this Annual Report for additional information.

Change in allowance for credit loss on non-operating loan

For 2025, change in allowance for credit loss on non-operating loan was \$4.9 million. The expense relates to the change in the allowance for credit loss on the junior secured convertible debt (the “High Tide Loan”) from High Tide. For further information, see Note 6 “*Loans Receivable, net.*”

Other, net

Other, net primarily includes gains and losses on the disposal of assets.

Income tax benefit

For 2025, we reported an income tax benefit of \$14.2 million, compared to an income tax benefit of \$3.4 million in 2024. The change was primarily driven by tax benefits realized on the termination of the Ginkgo Collaboration Agreement and the disposition of the Cronos Fermentation Facility assets in 2025.

Net income (loss)

For the year ended December 31, 2025, net loss was \$2.9 million, compared to net income of \$40.0 million for the year ended December 31, 2024. The change was mainly driven by foreign currency transaction loss, partially offset by higher gross profit and lower operating expenses.

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 (gain) loss; other, net; loss from discontinued operations; change in allowance for credit loss on non-operating loan; 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.

Beginning in 2025, the Company modified the composition of Adjusted EBITDA to exclude the impact of the provision for expected credit losses recognized under ASC 326 solely with respect to the High Tide Loan (see Note 6 "*Loans Receivable, net*" to the consolidated financial statements under Item 8 of this Annual Report for further information). Management determined that excluding this non-cash provision provides investors with additional insight into period-over-period operating performance by isolating credit-risk movements unrelated to the Company's core operations.

Management believes that this change provides additional information regarding the Company's ongoing operational results and enhances comparability with peers that do not routinely extend credit to third parties. This change does not affect the Company's GAAP financial statements.

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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)

	For the year ended December 31, 2025		
	Continuing Operations	Discontinued Operations	Total
Net loss	\$ (2,929)	\$ —	\$ (2,929)
Interest income, net	(39,963)	—	(39,963)
Income tax benefit	(14,191)	—	(14,191)
Depreciation and amortization	14,231	—	14,231
EBITDA	(42,852)	—	(42,852)
Impairment loss on goodwill and indefinite-lived intangible assets ⁽ⁱ⁾	700	—	700
Impairment loss on long-lived assets ⁽ⁱⁱ⁾	36	—	36
Loss on revaluation of financial instruments ^(v)	452	—	452
Foreign currency transaction loss	28,588	—	28,588
Transaction costs ^(vii)	1,965	—	1,965
Loss on held-for-sale assets ^(viii)	5,532	—	5,532
Other, net ^(ix)	241	—	241
Restructuring costs ^(x)	2,037	—	2,037
Share-based compensation ^(xi)	7,050	—	7,050
Restatement litigation costs ^(xii)	275	—	275
Inventory step-up recorded to cost of sales ^(xiii)	517	—	517
Israel Ministry of Economy and Industry dumping inquiry ^(xiv)	694	—	694
Change in allowance for credit loss on non-operating loan ^(xv)	4,875	—	4,875
Adjusted EBITDA	\$ 10,110	\$ —	\$ 10,110

(in thousands of U.S. dollars)

	For the year ended December 31, 2024		
	Continuing Operations	Discontinued Operations	Total
Net income	\$ 40,022	\$ —	\$ 40,022
Interest income, net	(52,019)	—	(52,019)
Income tax 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 ⁽ⁱⁱ⁾	16,350	—	16,350
Revaluation gain on loan receivable ⁽ⁱⁱⁱ⁾	(11,804)	—	(11,804)
Gain on revaluation of equity method investment ^(iv)	(32,469)	—	(32,469)
Loss on revaluation of financial instruments ^(v)	6,248	—	6,248
Impairment loss on other investments ^(vi)	25,650	—	25,650
Foreign currency transaction gain	(57,859)	—	(57,859)
Transaction costs ^(vii)	701	—	701
Loss on held-for-sale assets ^(viii)	11,202	—	11,202
Other, net ^(ix)	301	—	301
Restructuring costs ^(x)	630	—	630
Share-based compensation ^(xi)	8,700	—	8,700
Restatement litigation costs ^(xii)	(1)	—	(1)
Inventory step-up recorded to cost of sales ^(xiii)	5,284	—	5,284
Israel Ministry of Economy and Industry dumping inquiry ^(xiv)	587	—	587
Adjusted EBITDA	\$ (34,942)	\$ —	\$ (34,942)

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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 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 ⁽ⁱⁱ⁾	3,366	205	3,571
Loss on revaluation of financial instruments ^(v)	12,042	—	12,042
Impairment loss on other investments ^(vi)	23,350	—	23,350
Foreign currency transaction loss	7,324	—	7,324
Other, net ^(ix)	(1,029)	118	(911)
Restructuring costs ^(x)	1,524	523	2,047
Share-based compensation ^(xi)	8,756	13	8,769
Restatement litigation costs ^(xii)	919	—	919
Inventory write-down ^(xiii)	805	839	1,644
Adjusted EBITDA	\$ (61,564)	\$ (2,182)	\$ (63,746)

- (i) For the year ended December 31, 2025, impairment loss on goodwill and indefinite-lived intangible assets related to our Lord Jones[®] brand intangible asset, which was assessed for impairment in the fourth quarter of 2025. There were no such losses in the years ended December 31, 2024 and 2023. See Note 8 “Goodwill and Intangible Assets, net” to the consolidated financial statements in Item 8 of this Annual Report.
- (ii) For the year ended December 31, 2025, impairment loss on long-lived assets related to equipment no longer in use. 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 winding down of operations at the Cronos Fermentation Facility. 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. On December 15, 2025, Cronos and Ginkgo mutually terminated the Ginkgo Collaboration Agreement. 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.
- (iii) 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.
- (iv) 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.
- (v) For the year ended December 31, 2025, the loss on revaluation of financial instruments was driven by the Company’s equity securities in Vitura, partially offset by a gain related to the High Tide Warrant. For the years ended December 31, 2024 and 2023, loss on revaluation of financial instruments related primarily to the Company’s equity securities in Vitura. See Note 5 “Investments” to the consolidated financial statements in Item 8 of this Annual Report.
- (vi) For the years ended December 31, 2024 and 2023, impairment loss on other investments represented the fair value change on the PharmaCann Option. See Note 5 “Investments” to the consolidated financial statements in Item 8 of this Annual Report.
- (vii) For the years ended December 31, 2025 and 2024, transaction costs represented legal, financial and other advisory fees and expenses incurred in connection with the Cronos GrowCo Transaction and the pending acquisition of CanAdelaar. These costs are included in general and administrative expenses on the consolidated statements of net income (loss) and comprehensive income (loss).
- (viii) For the years ended December 31, 2025 and 2024, loss on held-for-sale assets related to revaluations of the Cronos Fermentation Facility held-for-sale asset group.
- (ix) For the year ended December 31, 2025, other, net related to (gain) loss on disposal of assets and dividend income. For the years ended 2024 and 2023, other, net primarily related to (gain) loss on disposal of assets and (gain) loss on revaluation of derivative liabilities.
- (x) For the year ended December 31, 2025, restructuring costs from continuing operations related to employee-related severance costs and IT infrastructure and finance transformation 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 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 year ended December 31, 2023 restructuring costs related to the employee-related severance costs and other restructuring costs associated with the Realignment.
- (xi) For the year ended December 31, 2025, share-based compensation related to the expenses of share-based compensation awarded to employees and our DSUs issued to certain members of our Board of Directors, each under the Company’s share-based award plans, as described in Note 10 “Share-based Compensation” to the consolidated financial statements in Item 8 of this Annual Report. For the years ended December 31, 2024 and 2023, 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 10 “Share-based Compensation” to the consolidated financial statements in Item 8 of this Annual Report.
- (xii) For the years ended December 31, 2025, 2024 and 2023, restatement litigation costs included legal costs incurred defending shareholder class action complaints brought against the Company as a result of the 2019 restatement.
- (xiii) For the years ended December 31, 2025 and 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).
- (xiv) 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.

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- (xv) For the year ended December 31, 2025, change in allowance for credit loss on non-operating loan represents the allowance recognized on the High Tide loan receivable and adjustments thereto, as described in Note 6, “*Loans Receivable, net*” to the consolidated financial statements in Item 8 of this Annual Report.
- (xvi) 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 winding down of operations at the Cronos Fermentation Facility as described in Note 18 “*Restructuring*” to the consolidated financial statements in Item 8 of this Annual Report.

For the year ended December 31, 2025, Adjusted EBITDA was \$10.1 million, representing an improvement of \$45.1 million from the year ended December 31, 2024. The improvement was primarily due to higher Adjusted Gross Profit and lower operating expenses due to a decline in general and administrative costs.

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,		
	2025	2024	2023
Net revenue	\$ 146,587	\$ 117,615	\$ 87,241
Gross profit	\$ 62,759	\$ 25,198	\$ 11,909
Inventory step-up recorded to cost of sales	517	5,284	—
Adjusted Gross Profit	<u>\$ 63,276</u>	<u>\$ 30,482</u>	<u>\$ 11,909</u>
Gross margin ⁽ⁱ⁾	43 %	21 %	14 %
Adjusted Gross Margin ⁽ⁱⁱ⁾	43 %	26 %	14 %

⁽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.

For the year ended December 31, 2025, Adjusted Gross Profit was \$63.3 million, representing an increase of \$32.8 million from the year ended December 31, 2024. The increase was primarily due to the consolidation of Cronos GrowCo, higher average sales prices driven primarily by a mix shift to Israel and other countries, higher sales volumes, and production efficiencies.

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 2025, as well as cash and cash equivalents and short-term investment balances as of December 31, 2025 compared to December 31, 2024, 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 2024 rather than the actual average exchange rates in effect during 2025; 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 2024. 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.

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The table below sets forth certain measures of consolidated results from continuing operations on an as-reported and constant currency basis for 2025 compared to 2024, as well as cash and cash equivalents and short-term investments as of December 31, 2025, compared to December 31, 2024, 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	
	2025	2024	\$	%	2025	\$	%	
Net revenue	\$ 146,587	\$ 117,615	\$ 28,972	25 %	\$ 145,402	\$ 27,787	24 %	
Gross profit	62,759	25,198	37,561	149 %	61,802	36,604	145 %	
Gross margin	43 %	21 %	N/A	22 pp	43 %	N/A	22 pp	
Operating expenses	80,154	101,727	(21,573)	(21)%	80,247	(21,480)	(21)%	
Net income (loss)	(2,929)	40,022	(42,951)	N/M	(4,289)	(44,311)	N/M	
Adjusted EBITDA	10,110	(34,942)	45,052	N/M	8,555	43,497	N/M	
	As of December 31,		As Reported Change		As of December 31,		Constant Currency Change	
	2025	2024	\$	%	2025	\$	%	
	Cash and cash equivalents	\$ 791,794	\$ 858,805	\$ (67,011)	(8)%	\$ 788,204	\$ (70,601)	(8)%
Short-term investments	40,000	—	40,000	N/A	40,000	40,000	N/A	
Total cash and cash equivalents and short-term investments	\$ 831,794	\$ 858,805	\$ (27,011)	(3)%	\$ 828,204	\$ (30,601)	(4)%	

Net revenue

	As Reported				As Adjusted for Constant Currency		
	Year ended December 31,		As Reported Change		Year ended December 31,	Constant Currency Change	
	2025	2024	\$	%	2025	\$	%
Cannabis flower	\$ 108,476	\$ 87,912	\$ 20,564	23 %	\$ 106,677	\$ 18,765	21 %
Cannabis extracts	37,700	29,168	8,532	29 %	38,320	9,152	31 %
Other	411	535	(124)	(23)%	405	(130)	(24)%
Net revenue	\$ 146,587	\$ 117,615	\$ 28,972	25 %	\$ 145,402	\$ 27,787	24 %

	As Reported				As Adjusted for Constant Currency		
	Year ended December 31,		As Reported Change		Year ended December 31,	Constant Currency Change	
	2025	2024	\$	%	2025	\$	%
Canada	\$ 90,330	\$ 82,437	\$ 7,893	10 %	\$ 91,840	\$ 9,403	11 %
Israel	41,796	28,368	13,428	47 %	38,773	10,405	37 %
Other countries	14,461	6,810	7,651	112 %	14,789	7,979	117 %
Net revenue	\$ 146,587	\$ 117,615	\$ 28,972	25 %	\$ 145,402	\$ 27,787	24 %

For 2025, net revenue on a constant currency basis was \$145.4 million, representing a 24% increase from 2024. Net revenue increased on a constant currency basis primarily due to higher cannabis flower sales in Israel and other countries, which carry no excise taxes, the inclusion of a full year of Cronos GrowCo sales in the current period, and higher cannabis extract sales in the Canadian market, partially offset by a decrease in cannabis flower sales in the Canadian market due to supply constraints. Due to the consolidation of Cronos GrowCo's results of operations in our financial statements beginning July 1, 2024, Cronos GrowCo contributed \$10.5 million of cannabis flower sales to third parties in the year ended December 31, 2025, on a constant currency basis, compared to \$6.4 million of cannabis flower sales to third parties in the year ended December 31, 2024.

Gross profit

For 2025, gross profit on a constant currency basis was \$61.8 million, representing a 145% increase from 2024. Gross profit increased on a constant currency basis primarily due to lower amounts of inventory step-up from the Cronos GrowCo Transaction recognized into cost of sales, the consolidation of Cronos GrowCo for a full year, higher average sales prices driven primarily by a mix shift to Israel and other countries, higher sales volumes, and production efficiencies. For 2025 and 2024, gross profit on a constant currency basis was reduced \$0.6 million and \$5.3 million, respectively, as a result of the impact of the inventory step-up from the Cronos GrowCo Transaction that was recorded into cost of sales.

Operating expenses

For 2025, operating expenses on a constant currency basis were \$80.2 million, representing a 21% decrease from 2024. Operating expenses decreased on a constant currency basis primarily due to the impairment of Ginkgo Exclusive Licenses in 2024, lower salaries and benefits, lower expected credit losses on loans receivable, lower depreciation and amortization and lower share-based compensation expense, partially offset by higher restructuring costs, transaction costs and impairment loss on goodwill and indefinite-lived intangible assets in 2025.

Net income (loss)

For 2025, net loss on a constant currency basis was \$4.3 million, compared to net income of \$40.0 million for 2024. The change on a constant currency basis was mainly driven by lower other income, partially offset by higher gross profit and lower operating expenses.

Adjusted EBITDA

For 2025, Adjusted EBITDA on a constant currency basis was \$8.6 million, representing a \$43.5 million improvement from 2024. Adjusted EBITDA improved on a constant currency basis primarily due to higher Adjusted Gross Profit and lower operating expenses due to a decline in general and administrative costs.

Cash and cash equivalents & short-term investments

Cash and cash equivalents and short-term investments on a constant currency basis decreased 4% to \$828.2 million as of December 31, 2025 from \$858.8 million as of December 31, 2024. The decrease in cash and cash equivalents and short-term investments is primarily due to cash flows used in investing and financing activities in 2025, partially offset by cash generated in operating activities in 2025.

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, 2025, we had \$791.8 million in cash and cash equivalents and \$40.0 million in short-term investments, compared to \$858.8 million in cash and cash equivalents and no short-term investments as of December 31, 2024. As of both December 31, 2025 and December 31, 2024, we had no external debt financing.

Cash flows

(In thousands of U.S. dollars)

	Year ended December 31,		
	2025	2024	2023
Net cash provided by (used in) operating activities	\$ 25,866	\$ 18,843	\$ (42,835)
Net cash provided by (used in) investing activities	(76,559)	175,149	(59,499)
Net cash used in financing activities	(19,905)	(1,231)	(1,030)
Effect of foreign currency translation on cash and cash equivalents	3,587	(3,247)	8,011
Net change in cash	\$ (67,011)	\$ 189,514	\$ (95,353)

2025 cash flows vs. 2024 cash flows

Operating activities

During 2025, we generated \$25.9 million of cash from operating activities, compared to cash generated of \$18.8 million in 2024, representing an increase in cash generated of \$7.0 million. This change is primarily driven by a \$41.1 million increase in net income adjusted for non-cash items as well as higher accounts payable and lower interest receivable, partially offset by higher inventory, accounts receivable and other receivables.

Investing activities

During 2025, we used \$76.6 million of cash in investing activities, compared to cash provided by investing activities of \$175.1 million during 2024, representing a change of \$251.7 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 in 2024 that did not recur in 2025, as well as the purchase of short-term investments, higher purchases of property plant, and equipment, higher advances on loans receivable, the purchase of the High Tide Warrant in 2025 and cash obtained from the Cronos GrowCo Transaction in 2024.

Financing activities

During 2025, cash used in financing activities was \$19.9 million, as compared to \$1.2 million in 2024, representing an increase in net cash used of \$18.7 million. This change is primarily driven by share repurchases and dividends paid to non-controlling interests in 2025 and an increase in withholding taxes paid on share-based awards.

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, 2025:

Pending acquisition

On December 9, 2025, the Company announced a definitive share sale and purchase agreement (the “Purchase Agreement”) to acquire all of the outstanding shares of CanAdelaar, one of ten licensed cannabis producers operating within the Netherlands’ adult-use cannabis pilot program. Under the terms of the Purchase Agreement, all of the issued and outstanding share capital of CanAdelaar will be acquired for up-front consideration of €57.5 million, or approximately \$67.5 million, subject to certain customary adjustments, with additional contingent consideration payable in cash based on 0.5x of CanAdelaar’s normalized EBITDA in 2026 and 2027. As of December 31, 2025, the transaction has not closed and is subject to certain closing conditions, including obtaining required regulatory clearances in the Netherlands, receipt of confirmations relating to CanAdelaar’s licenses and Bibob review (a background check

conducted by Dutch authorities), the accuracy of representations and warranties, and the absence of certain regulatory orders. The upfront cash consideration is expected to be paid in the first half of 2026 and will be funded by available cash on hand.

Leases

We have operating leases for land, buildings and office and research space. As of December 31, 2025, the future minimum payments required under these leases totaled \$1.9 million, with \$0.5 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 statements in Item 8 of this Annual Report for further information.

Purchase obligations

Our purchase obligations primarily consist of contractual obligations for capital expenditures, computer software, agricultural supply services and data analytics and to maintain the ordinary course of business through information technology. As of December 31, 2025, the Company had purchase obligations of \$40.0 million, with \$27.6 million payable within 12 months. Other purchase obligations consist of noncancellable obligations related to maintenance, internet, and telecommunication service. As of December 31, 2025, we had other purchase obligations of \$2.1 million, with \$1.2 million payable within 12 months.

Cronos GrowCo Credit Facility

On August 23, 2019, the Company, as lender, and Cronos GrowCo, as borrower, entered into a senior secured credit agreement for an aggregate principal amount of C\$100.0 million (as amended, the “GrowCo Credit Facility”). The GrowCo Credit Facility is secured by substantially all present and after-acquired personal and real property of Cronos GrowCo. In August 2021, the GrowCo Credit Facility was amended to increase the aggregate principal amount available to C\$105.0 million, and in June 2024, the GrowCo Credit Facility was amended to increase the aggregate principal amount available by C\$70.0 million to C\$175.0 million by providing a second secured non-revolving credit facility.

As a result of the Cronos GrowCo Transaction on July 1, 2024, the existing loans receivable under the GrowCo Credit Facility were remeasured at their fair value and effectively settled for accounting purposes. Beginning in the third quarter of 2024, the GrowCo Credit Facility has been treated as an intercompany loan and eliminated upon consolidation.

For the twelve months ended December 31, 2025, Cronos GrowCo repaid an aggregate C\$17.7 million (\$12.8 million) and C\$7.9 million (\$5.7 million) in principal and interest, respectively, under the terms of the GrowCo Credit Facility.

As of December 31, 2025, Cronos GrowCo had repaid an aggregate C\$35.8 million (\$26.0 million) and C\$36.4 million (\$26.5 million) in principal and interest, respectively, under the terms of the GrowCo Credit Facility.

As of December 31, 2025, the closing balance of the GrowCo Credit Facility was C\$131.2 million (\$95.8 million).

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. Cost is determined using standard cost, which approximates actual cost. Standard costs are reviewed periodically and adjusted to reflect current costs. 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 recorded during an interim period may be reversed, in whole or in part, in subsequent interim periods of the same fiscal year if the net realizable value recovers prior to the inventory being sold. 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 were subjective and complex judgments in the determination of whether the Cronos Fermentation Facility met the criteria to be classified as held for sale, including: (1) whether the Cronos Fermentation Facility was available for sale in its then-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 was probable and that the transfer of assets would be a completed sale within one year from period end, and (3) whether the Cronos Fermentation Facility was 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 was initially recognized and measured at the date of acquisition. On the date of acquisition, we then tested 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 were significantly impacted by the future expectations for products containing each cannabinoid. We estimated the fair value using the relief-from-royalty method. Each cannabinoid exclusive license was subject to amortization. Refer to Note 8 *“Goodwill and Intangible Assets, net”* 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 borrower 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest rate risk

Interest rate risk is the risk that the value or yield of fixed-income investments may decline if interest rates change. Fluctuations in interest rates may impact the level of income and expense recorded on the cash equivalents and short-term investments, and the market value of all interest-earning assets, other than those which possess a short term to maturity. During the years ended December 31, 2025 and December 31, 2024, we had interest income, net of \$40.0 million and \$52.0 million, respectively. A 10% change in the interest rate in effect on December 31, 2025 would not have a material effect on the fair value of our cash equivalents and short-term investments as the majority of the portfolio had a maturity date of three months or less. A 10% change in the interest rate in effect for 2025 would have an effect of \$3.8 million on interest income, net earned on our cash equivalents, short-term investments.

Foreign currency risk

Our consolidated financial statements included in Part II, Item 8 “Financial Statements and Supplementary Data” of this Annual Report are expressed in U.S. dollars. In addition, we have net assets, liabilities, and revenues denominated in foreign currencies, including Canadian dollars and Israeli new shekels. As a result, we are exposed to foreign currency translation gains and losses. Revenue and expenses of all foreign operations are translated into U.S. dollars at the foreign currency exchange rates that approximate the rates in effect during the period when such items are recognized. Appreciating foreign currencies relative to the U.S. dollar will adversely impact operating income and net earnings, while depreciating foreign currencies relative to the U.S. dollar will have a positive impact.

For the years ended December 31, 2025 and December 31, 2024, we had foreign currency gain (loss) on translation of \$48.7 million and \$(86.3) million, respectively. A 10% change in the exchange rates for the Canadian dollar would affect the carrying amount of the net assets by approximately \$40.5 million and \$40.1 million as of December 31, 2025 and December 31, 2024, respectively. The corresponding impact would be recorded in accumulated other comprehensive income. We have not historically engaged in hedging transactions and do not currently contemplate engaging in hedging transactions to mitigate foreign exchange risks. As we continue to recognize gains and losses in foreign currency transactions, depending upon changes in future currency rates, such gains and losses could have a significant, and potentially adverse, effect on our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Cronos Group Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Cronos Group Inc. (the “Company” as of December 31, 2025 and 2024, and the related consolidated statements of net income (loss) and comprehensive income (loss), changes in shareholders’ equity, and cash flows for the years ended December 31, 2025, and 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025, and 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (“COSO”) and our report dated February 26, 2026 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the entity’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

We have served as the Company’s auditor since 2024.

/s/ DAVIDSON & COMPANY LLP

Chartered Professional Accountants

Vancouver, Canada

February 26, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Cronos Group Inc.

Opinion on the Consolidated Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 14, the consolidated statements of net income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the year ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). The 2023 consolidated financial statements before the effects of the adjustments described in Note 14 are not presented herein. In our opinion, the consolidated financial statements, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 14, present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the change in accounting described in Note 14 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We served as the Company's auditor from 2018 to 2024.

Vaughan, Canada

February 29, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Cronos Group Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Cronos Group Inc.'s (the "Company") internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements net income (loss), comprehensive income (loss), changes in shareholders' equity, and cash flows for the years ended December 31, 2025 and 2024, and the related notes and our report dated February 26, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition of Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have served as the Company's auditor since 2024.

/s/ DAVIDSON & COMPANY LLP

Chartered Professional Accountants

Vancouver, Canada
February 26, 2026

CRONOS GROUP INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Cronos Group Inc.
Consolidated Balance Sheets
As of December 31, 2025 and 2024
(In thousands of U.S. dollars)
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	As of December 31,	
	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 791,794	\$ 858,805
Short-term investments	40,000	—
Accounts receivable, net	34,099	15,462
Interest receivable	8,654	8,690
Other receivables	14,445	5,000
Current portion of loans receivable, net	—	618
Inventory, net	46,750	33,149
Prepays and other current assets	8,344	6,277
Held-for-sale assets	—	8,112
Total current assets	944,086	936,113
Other investments	7,664	2,813
Non-current portion of loans receivable, net	20,847	15,526
Property, plant and equipment, net	145,865	133,189
Right-of-use assets	1,422	1,390
Goodwill	66,478	63,453
Intangible assets, net	8,890	11,257
Deferred tax assets	1,888	2,571
Total assets	\$ 1,197,140	\$ 1,166,312
Liabilities		
Current liabilities		
Accounts payable	\$ 11,640	\$ 16,973
Income taxes payable	—	9
Accrued liabilities	36,210	31,653
Current portion of lease obligation	337	1,025
Derivative liabilities	—	40
Total current liabilities	48,187	49,700
Non-current portion due to non-controlling interests	733	1,073
Non-current portion of lease obligation	1,172	993
Deferred tax liabilities	4,089	3,564
Total liabilities	54,181	55,330
Shareholders' equity		
Share capital and additional paid-in capital (no par value; authorized for issue as of December 31, 2025 and 2024: unlimited; shares outstanding as of December 31, 2025 and 2024: 381,592,969 and 382,530,780, respectively)	662,983	669,879
Retained earnings	447,756	457,709
Accumulated other comprehensive loss	(16,842)	(63,525)
Total equity attributable to shareholders of Cronos Group	1,093,897	1,064,063
Non-controlling interests	49,062	46,919
Total shareholders' equity	1,142,959	1,110,982
Total liabilities and shareholders' equity	\$ 1,197,140	\$ 1,166,312

See notes to consolidated financial statements.

Cronos Group Inc.
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2025, 2024, and 2023

(In thousands of U.S. dollars, except share and per share amounts)

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	Year ended December 31,		
	2025	2024	2023
Net revenue, before excise taxes	\$ 193,363	\$ 161,821	\$ 120,270
Excise taxes	(46,776)	(44,206)	(33,029)
Net revenue	146,587	117,615	87,241
Cost of sales	83,174	91,710	74,527
Inventory write-down	654	707	805
Gross profit	62,759	25,198	11,909
Operating expenses			
Sales and marketing	21,764	21,603	22,701
Research and development	4,449	4,229	5,843
General and administrative	41,999	46,514	49,475
Restructuring costs	2,037	630	1,524
Share-based compensation	7,050	8,700	8,756
Depreciation and amortization	2,119	3,701	5,044
Impairment loss on goodwill and indefinite-lived intangible assets	700	—	—
Impairment loss on long-lived assets	36	16,350	3,366
Total operating expenses	80,154	101,727	96,709
Operating loss	(17,395)	(76,529)	(84,800)
Other income (expense)			
Interest income, net	39,963	52,019	51,235
Share of income from equity method investments	—	2,365	1,583
Gain on revaluation of loan receivable	—	11,804	—
Gain on revaluation of equity method investment	—	32,469	—
Loss on revaluation of financial instruments	(452)	(6,248)	(12,042)
Impairment loss on other investments	—	(25,650)	(23,350)
Foreign currency transaction gain (loss)	(28,588)	57,859	(7,324)
Loss on held-for-sale assets	(5,532)	(11,202)	—
Change in allowance for credit loss on non-operating loan	(4,875)	—	—
Other, net	(241)	(301)	1,029
Total other income	275	113,115	11,131
Income (loss) before income taxes	(17,120)	36,586	(73,669)
Income tax benefit	(14,191)	(3,436)	(3,230)
Income (loss) from continuing operations	(2,929)	40,022	(70,439)
Loss from discontinued operations	—	—	(4,114)
Net income (loss)	(2,929)	40,022	(74,553)
Net income (loss) attributable to non-controlling interest	6,518	(1,058)	(590)
Net income (loss) attributable to Cronos Group	\$ (9,447)	\$ 41,080	\$ (73,963)

Cronos Group Inc.
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2025, 2024, and 2023

(In thousands of U.S. dollars, except share and per share amounts)

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	Year ended December 31,		
	2025	2024	2023
Comprehensive income (loss)			
Net income (loss)	\$ (2,929)	\$ 40,022	\$ (74,553)
Other comprehensive income (loss)			
Foreign exchange gain (loss) on translation	48,721	(86,321)	21,539
Comprehensive income (loss)	45,792	(46,299)	(53,014)
Comprehensive income (loss) attributable to non-controlling interest	8,556	(3,176)	(526)
Comprehensive income (loss) attributable to Cronos Group	\$ 37,236	\$ (43,123)	\$ (52,488)
Net income (loss) per share			
Basic - continuing operations	\$ (0.02)	\$ 0.11	\$ (0.18)
Basic - discontinued operations	\$ —	\$ —	\$ (0.01)
Basic net income (loss) per share attributable to Cronos Group	\$ (0.02)	\$ 0.11	\$ (0.19)
Diluted - continuing operations	\$ (0.02)	\$ 0.11	\$ (0.18)
Diluted - discontinued operations	\$ —	\$ —	\$ (0.01)
Diluted net income (loss) per share attributable to Cronos Group	\$ (0.02)	\$ 0.11	\$ (0.19)

See notes to consolidated financial statements.

Cronos Group Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2025, 2024, and 2023

(In thousands of U.S. dollars, except number of share amounts)

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	Number of shares	Share capital and additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total shareholders' equity
Balance as of January 1, 2023	380,575,403	\$ 654,000	\$ 490,682	\$ (797)	\$ (2,921)	\$ 1,140,964
Activities relating to share-based compensation	723,450	8,174	—	—	—	8,174
Net loss	—	—	(73,963)	—	(590)	(74,553)
Foreign exchange gain on translation	—	—	—	21,475	64	21,539
Balance as of December 31, 2023	381,298,853	662,174	416,719	20,678	(3,447)	1,096,124
Non-controlling interest resulting from business combination	—	—	—	—	53,542	53,542
Activities relating to share-based compensation	1,231,927	7,705	(90)	—	—	7,615
Net income (loss)	—	—	41,080	—	(1,058)	40,022
Foreign exchange loss on translation	—	—	—	(84,203)	(2,118)	(86,321)
Balance as of December 31, 2024	382,530,780	669,879	457,709	(63,525)	46,919	1,110,982
Activities relating to share-based compensation	3,481,670	2,845	(506)	—	—	2,339
Share repurchases	(4,419,481)	(9,741)	—	—	—	(9,741)
Dividend paid to non-controlling interest	—	—	—	—	(6,413)	(6,413)
Net income (loss)	—	—	(9,447)	—	6,518	(2,929)
Foreign exchange gain on translation	—	—	—	46,683	2,038	48,721
Balance as of December 31, 2025	381,592,969	\$ 662,983	\$ 447,756	\$ (16,842)	\$ 49,062	\$ 1,142,959

See notes to consolidated financial statements.

Cronos Group Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025, 2024, and 2023
(In thousands of U.S. dollars)

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	Year ended December 31,		
	2025	2024	2023
Operating activities			
Net income (loss)	\$ (2,929)	\$ 40,022	\$ (74,553)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Share-based compensation	7,050	8,700	8,769
Depreciation and amortization	14,231	9,336	8,110
Impairment loss on goodwill and indefinite-lived intangible assets	700	—	—
Impairment loss on long-lived assets	36	16,350	3,571
Impairment loss on other investments	—	25,650	23,350
Loss from investments	446	3,841	10,513
Changes in expected credit losses on long-term financial assets	4,859	1,032	(1,528)
Revaluation of equity method investment	—	(32,469)	—
Revaluation of loan receivable	—	(11,804)	—
Loss on held-for-sale assets	5,532	11,202	—
Inventory step-up recorded to cost of sales	517	5,284	—
Foreign currency (gain) loss	28,588	(57,859)	7,324
Other non-cash operating activities, net	1,250	(131)	(1,923)
Changes in operating assets and liabilities:			
Accounts receivable, net	(16,741)	(917)	9,206
Interest receivable	(11)	(3,656)	(14,344)
Other receivables	(9,001)	2,059	(1,449)
Prepays and other current assets	(1,802)	(512)	1,437
Inventory, net	(10,395)	7,417	7,399
Accounts payable	1,108	(7,449)	(773)
Income taxes payable	(10)	(93)	(33,104)
Accrued liabilities	2,438	2,840	5,160
Net cash provided by (used in) operating activities	25,866	18,843	(42,835)
Investing activities			
Purchase of short-term investments	(40,000)	—	(608,247)
Proceeds from short-term investments	—	185,817	532,838
Purchase of other investments	(5,107)	—	—
Proceeds from sale of held for sale assets	2,847	—	—
Cash acquired in business combination	—	5,993	—
Advances on loans receivable	(13,307)	(8,759)	—
Proceeds from repayment on loans receivable	5,064	5,252	16,831
Dividends received from equity method investment	—	—	1,297
Dividend proceeds	—	—	345
Purchase of property, plant and equipment	(25,717)	(12,411)	(2,505)
Purchase of intangible assets, net of disposals	(339)	(743)	(918)
Other investing activities	—	—	860
Net cash provided by (used in) investing activities	(76,559)	175,149	(59,499)

Cronos Group Inc.
Consolidated Statements of Cash Flows (continued)
For the years ended December 31, 2025, 2024, and 2023
(In thousands of U.S. dollars)

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	Year ended December 31,		
	2025	2024	2023
Financing activities			
Repurchases of common stock	(9,741)	—	—
Dividend paid to non-controlling interest	(6,413)	—	—
Withholding taxes paid on share-based awards	(3,751)	(1,231)	(1,030)
Net cash used in financing activities	(19,905)	(1,231)	(1,030)
Effect of foreign currency translation on cash and cash equivalents	3,587	(3,247)	8,011
Net change in cash and cash equivalents	(67,011)	189,514	(95,353)
Cash and cash equivalents, beginning of period	858,805	669,291	764,644
Cash and cash equivalents, end of period	<u>\$ 791,794</u>	<u>\$ 858,805</u>	<u>\$ 669,291</u>
Supplementary cash flow information⁽ⁱ⁾:			
Interest paid	\$ —	\$ —	\$ —
Interest received	39,130	48,399	36,501
Income taxes paid	\$ 104	\$ 647	\$ 33,013

⁽ⁱ⁾ See Note 3 and Note 9 for supplementary cash flow information related to the Company's operating leases.

See notes to consolidated financial statements.

Cronos Group Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2025, 2024, and 2023
(In thousands of U.S. dollars, except for share amounts)

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1. Background, Basis of Presentation, and Summary of Significant Accounting Policies

(a) Background

Cronos Group Inc. (“Cronos” or the “Company”) is incorporated in the province of British Columbia and under the *Business Corporations Act* (British Columbia) with principal executive offices at 4491 Concession Rd 12, Stayner, Ontario L0M 1S0. The Company’s common shares are currently listed on the Toronto Stock Exchange (“TSX”) and Nasdaq Global Market (“Nasdaq”) under the ticker symbol “CRON.”

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®.

(b) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Certain prior year amounts have been reclassified to conform to the current year presentation of our consolidated financial statements, which includes discontinued operations. These reclassifications had no effect on reported results of operations and ending shareholders’ equity.

(c) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company, and all entities in which the Company has a controlling voting interest or is the primary beneficiary of a variable interest as of and for the reporting periods. The Company assesses control under the variable interest entity (“VIE”) model to determine whether the Company is the primary beneficiary of that entity’s operations. If an entity is not deemed to be a VIE, the Company consolidates the entity if the Company has a controlling voting interest. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Investments in which the Company has the ability to exercise significant influence over the operating and financial policies of the investee, but does not have control, are accounted for under the equity method of accounting. The Company consolidates the financial results of the following entities, which the Company controls but does not wholly own:

Subsidiaries	Jurisdiction of incorporation	Incorporation date	Ownership interest ⁽ⁱⁱⁱ⁾
Cronos Growing Company Inc. ⁽ⁱ⁾	Canada	June 14, 2018	50%
Cronos Israel G.S. Cultivation Ltd. ⁽ⁱⁱ⁾	Israel	February 4, 2018	70%
Cronos Israel G.S. Manufacturing Ltd. ⁽ⁱⁱ⁾	Israel	September 4, 2018	90%
Cronos Israel G.S. Store Ltd. ⁽ⁱⁱ⁾	Israel	June 28, 2018	90%
Cronos Israel G.S. Pharmacy Ltd. ⁽ⁱⁱ⁾	Israel	February 15, 2018	90%

⁽ⁱ⁾ Cronos Growing Company Inc. is referred to as “Cronos GrowCo.”

⁽ⁱⁱ⁾ These Israeli entities are collectively referred to as “Cronos Israel.”

⁽ⁱⁱⁱ⁾ “Ownership interest” is defined as the proportionate share of net income to which the Company is entitled; equity interest may differ from ownership interest as described herein.

In the consolidated statements of net income (loss) and comprehensive (income) loss, net income (loss) and comprehensive income (loss) are attributed to the equity holders of the Company and to the non-controlling interests. Non-controlling interests in the equity of Cronos Israel and Cronos GrowCo are presented separately in the shareholders’ equity section of the consolidated balance sheets and consolidated statements of shareholders’ equity. All intercompany transactions and balances are eliminated upon consolidation.

(d) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Significant estimates and assumptions include, among other things, allocation of consideration to acquired assets and liabilities in a business combination, expected credit losses on long-term financial assets, gain on revaluation of loans receivable, gain on revaluation of equity method investment, impairment losses on goodwill and indefinite-lived intangible assets, impairment losses on long-lived

Cronos Group Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2025, 2024, and 2023
(In thousands of U.S. dollars, except for share amounts)

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assets, inventory write-downs, share-based payments, valuation allowance on deferred income tax assets and uncertain tax liabilities. Actual results could differ from those estimates.

(e) Cash and cash equivalents and short-term investments

Cash and cash equivalents are comprised of cash and highly liquid short-term investments that are readily convertible into known amounts of cash, generally with original maturities of three months or less. Cash and cash equivalents include amounts held in dollars, C\$, and ILS and security deposits. Short-term investments consist of debt securities that (i) generally have original maturities of greater than three months and (ii) the Company has the ability to convert into cash within one year.

Short-term investments are classified as held-to-maturity and recorded at cost. Interest earned on short-term investments is recorded in other receivables on the consolidated balance sheets and interest income, net on the consolidated statements of net income (loss) and comprehensive income (loss). Cash inflows and outflows related to the purchase and maturity of short-term investments are classified as investing activities in the Company's consolidated statements of cash flows.

(f) Business combination

Effective July 1, 2024, the Company obtained majority control of the board of directors of Cronos GrowCo, a cannabis cultivation company. The business combination was accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805 *Accounting for Business Combinations* (the "Cronos GrowCo Transaction"). Prior to this date, the Company's investment in Cronos GrowCo was accounted for as an investment under the equity method and loans receivable from Cronos GrowCo. The excess of the fair value of our existing equity method investment over the net assets acquired was recorded as goodwill. The results of operations of Cronos GrowCo have been included in the Company's consolidated financial statements from the acquisition date. Transaction costs associated with the acquisition were \$70 and \$701 in the years ended December 31, 2025 and 2024, respectively, and were expensed as incurred.

(g) Inventory

Inventory is comprised of raw materials, finished goods and work-in-progress. Cannabis inventories are accounted for at various stages of cultivation, production, and packaging. The costs of growing cannabis, including but not limited to labor, utilities, nutrition and irrigation, are capitalized into inventory until the time of harvest.

Inventory is stated at the lower of cost and net realizable value. Cost is determined using standard cost, which approximates actual cost. Standard costs are reviewed periodically and adjusted to reflect current costs. Costs include, but are not limited to, direct labor, overhead, contract manufacturer fees, consumables, packaging, and the depreciation of manufacturing equipment and production facilities. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. 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 recorded during an interim period may be reversed, in whole or in part, in subsequent interim periods of the same fiscal year if the net realizable value recovers prior to the inventory being sold.

(h) Investments

Variable interest entities

A variable interest entity is an entity having either a total equity investment that is insufficient to finance its activities without additional subordinated financial support or equity investors at risk that lack the ability to control the entity's activities. Variable interests are investments or other interests that will absorb portions of a VIE's expected losses or receive portions of the VIE's expected residual returns. The Company evaluates whether it is the primary beneficiary of each VIE it identifies on a periodic basis and considers the impact of any reconsideration events. The primary beneficiary is the party that has both the power to direct the activities that most significantly impact the VIE and holds a variable interest that could potentially be significant to the VIE. To make this determination, the Company considers both quantitative and qualitative factors regarding the nature, size and form of its involvement with the VIE. The Company consolidates a VIE when it is determined that it is the primary beneficiary of the VIE.

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Equity method investments

The Company accounts for investments in companies over which it has the ability to exercise significant influence but does not hold a controlling financial interest using the equity method. Under the equity method, the Company records its proportionate share of income or loss in share of income (loss) from equity method investments within the consolidated statements of net income (loss) and comprehensive income (loss). Cash payments to equity method investees such as additional investments or expenses incurred on behalf of investees, as well as income earned and payments from equity method investees such as dividends and distributions are recorded as adjustments to investment balances. If the current fair value of an investment falls below its carrying amount, this may indicate that an impairment loss should be recorded. Any impairment losses recognized in one period cannot be reversed in subsequent periods.

Other investments

Other investments include common stock, options and warrants in third-party entities in which the Company's influence is deemed non-significant. The Company holds other investments with and without readily determinable fair values. Other investments with readily determinable fair values are recorded using the fair value method of accounting as of period-end on the consolidated balance sheets. Other investments without readily determinable fair values are recorded using the cost method of accounting on the consolidated balance sheets. Other investments without readily determinable fair values are assessed for observable price changes and other than temporary impairment on a periodic basis. Changes in the reported value of other investments are reported in the consolidated statements of net income (loss) and comprehensive income (loss).

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Rate
Building and leasehold improvements	15 to 20 years
Machinery and equipment	7 to 10 years
Furniture and fixtures	5 years

When assets are disposed of, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized. Maintenance and repairs are charged to expense as incurred. Significant expenditures, which increase productivity or extend the useful life of the asset, are capitalized.

Available for use is defined as the point at which the related property, plant and equipment is operational, including the possession of any requisite licenses. Depreciation commences at the point the assets are available for use.

(j) Definite-lived intangible assets

Intangible assets are recorded at cost less any accumulated amortization and accumulated impairment losses. Intangible assets acquired through a business combination are measured at fair value at the acquisition date. The fair value of the know-how intangible asset that was acquired in the Cronos GrowCo Transaction was estimated using the income approach. Under the income approach, significant inputs used in the relief-from-royalty method include projected revenues, royalty rate, income tax rate and discount rate.

The Company capitalizes certain costs incurred in connection with its enterprise software, which include external direct costs of materials and services consumed in developing or obtaining internal-use software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the development of the software for the function intended. All other costs are expensed as incurred.

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Intangible assets with definite useful lives are amortized over their estimated useful lives using the following methods and rates:

	Method	Rate
Software	Straight-line	5 years
Health Canada licenses	Straight-line	Useful life of corresponding facilities
Israeli codes ⁽ⁱ⁾	Straight-line	Useful life of corresponding facilities
Know-how ⁽ⁱⁱ⁾	Straight-line	10 years

(i) The preliminary licenses granted to Kibbutz Gan Shmuel (the Cronos Israel joint venture partner) by the Medical Cannabis Unit of the Israeli Ministry of Health in early 2017 (the “Israeli codes”) were transferred by non-controlling interests to Cronos Israel in exchange for equity interests in the Cronos Israel entities specified above.

(ii) Know-how was acquired as part of the Cronos GrowCo Transaction. See Note 2 “*Business Combination*” for further information.

Amortization begins when assets become available for use. The estimated useful life, amortization method, and rate are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Definite-lived intangible assets are subject to amortization and reviewed for impairment annually or more frequently when events or changes in circumstances indicate that fair value has been reduced to less than its carrying amount.

(k) Accrued liabilities

Accrued liabilities consist of the following:

	As of December 31,	
	2025	2024
Accrued payroll and related expenses	\$ 9,463	\$ 10,324
Accrued professional fees	713	1,537
Accrued taxes	16,102	11,831
Deferred share units liability	1,993	1,128
Other accrued expenses	7,939	6,833
Total accrued liabilities	<u>\$ 36,210</u>	<u>\$ 31,653</u>

Accrued payroll and related expenses include salaries and wages, bonuses, and other related payroll expenses associated with the Company’s employees. Accrued professional fees include fees for legal expenses, litigation, consulting, marketing, and other related expenses. Accrued taxes include sales, excise and other taxes owed. Deferred share units liability includes the fair value of deferred share units outstanding to directors. Other accrued expenses include other general expenses.

(l) Leases

The Company enters into leases in the normal course of business, primarily for the land-use rights, office and research premises, and equipment used in the production of its products. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company performs an analysis over the classification of the lease agreement as either an operating lease or finance lease.

A right-of-use asset and the related lease obligation associated with the lease are recorded at the inception of the lease. The right-of-use asset’s recorded amount is based on the present value of future lease payments over the lease term at the commencement date plus any initial direct costs incurred. If the rate implicit in the lease is not readily determinable for the Company’s operating leases, an incremental borrowing rate is generally used based on information available at the lease commencement date to determine the present value of future lease payments. Subsequent changes to these lease payments due to rate updates are recorded as lease expense in the period incurred. Leases with a term of 12 months or less are not recorded on the balance sheet as a lease.

The right-of-use asset is subject to impairment testing whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. The leased asset is amortized over the shorter of the lease term or its estimated useful life if title does not transfer to the Company, while the leased asset is depreciated in accordance with the Company’s depreciation policy if the title is to eventually transfer to the Company.

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The Company’s lease agreements generally exclude non-lease components. As a result, non-lease components are accounted for separately for all classes of assets and expensed as incurred. In addition, the Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. For finance leases, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, the right-of-use asset is amortized on a straight-line basis and the interest expense is recognized on the lease liability using the effective interest method. For operating leases, lease expense is recognized on a straight-line basis over the term of the lease and presented as a single charge in the consolidated statements of net income (loss) and comprehensive income (loss).

(m) Capital stock

Capital stock is presented at the fair value at the time of issuance of the shares issued. Costs related to the issuance of shares are reported in equity, net of tax, as a deduction from the issuance proceeds.

(n) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Company’s contracts with customers for the sale of dried flower, cannabis oil, cannabinoid-derived products and “hemp” (as defined in the U.S. Agricultural Improvement Act of 2018 “U.S. hemp”) derived products consist of a single performance obligation.

The Company has concluded that revenue from the sale of these products should be recognized at the point in time when control is transferred to the customer, depending on the specific contractual terms. The Company has determined that the most definitive demonstration that control has transferred to a customer is physical shipment or delivery, depending on the contractual shipping terms, except for consignment transactions. Consignment transactions are arrangements where the Company transfers product to a customer or third-party location but retains ownership and control of such product until it is used by the customer. Revenue for consignment arrangements is recognized upon the customer’s usage.

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer. Net revenue before excise taxes from sale of goods, as presented in the consolidated statements of net income (loss) and comprehensive income (loss), represents revenue from the sale of goods less expected price discounts, allowances for customer returns and other forms of variable consideration. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated using either the expected value or most likely amount method, based on the Company’s historical information, at contract inception. The Company’s payment terms vary by customer and product type.

The Company treats shipping and handling activities as a fulfillment cost, classified as cost of sales. Accordingly, the Company accrues all fulfillment costs related to the shipping and handling of consumer goods at the time of shipment.

The following table presents the Company’s revenue by major product category for continuing operations:

	Year ended December 31,		
	2025	2024	2023
Cannabis flower	\$ 108,476	\$ 87,912	\$ 62,070
Cannabis extracts	37,700	29,168	24,569
Other	411	535	602
Net revenue	<u>\$ 146,587</u>	<u>\$ 117,615</u>	<u>\$ 87,241</u>

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Net revenue attributed to a geographic region based on the location of the customer was as follows:

	Year ended December 31,		
	2025	2024	2023
Canada	\$ 90,330	\$ 82,437	\$ 64,702
Israel	41,796	28,368	21,134
Other countries	14,461	6,810	1,405
Net revenue	\$ 146,587	\$ 117,615	\$ 87,241

(o) Research and development

The Company has a research and development center in Canada that performs scientific research on the interaction of cannabinoids as well as strain development, growing conditions and extraction technology. In 2023, fermentation and production related research was performed to further strategic initiatives around rare cannabinoids. In addition, until December 2025, the Company had the Ginkgo Collaboration Agreement to research, produce, and commercialize cultured cannabinoids. Technological feasibility was considered to be established once productivity targets or commercialization were achieved, at which point the exclusive license was recognized at cost less impairment charges. As of the acquisition date of each exclusive license, cost less impairment charges was equal to the fair value. See Note 8 “*Goodwill and Intangible Assets, net*” for more information on the Ginkgo Collaboration Arrangement. Research and development costs associated with these collective efforts are expensed as incurred as part of operating expenses in the Company’s consolidated statements of net income (loss) and comprehensive income (loss).

(p) Advertising costs

Advertising costs include costs to sell the Company’s products and are expensed as incurred through sales and marketing expenses in the consolidated statements of net income (loss) and comprehensive income (loss). Advertising costs were \$2,270, \$887 and \$1,382 for the years ended December 31, 2025, 2024, and 2023, respectively.

(q) Share-based compensation

Share-based awards consists of equity-settled share-based awards such as stock options and restricted share units (“RSUs”) that are issued to eligible employees, non-executive directors, and non-employees, as well as cash-settled deferred share units (“DSUs”) that are issued to non-executive directors under the DSU Plan dated August 10, 2019 (the “DSU Plan”) and are recorded in accrued liabilities.

Equity instruments granted are initially measured at fair value on the grant date. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of RSUs and DSUs are determined using the market price of the Company’s common shares. Compensation expense related to options and RSUs is recognized on a straight-line basis in the consolidated statements of net income (loss) and comprehensive income (loss) over the vesting period for employees, and over the contractual term for non-employees. The fair value of the payout of cash-settled DSUs is determined at each reporting date based on the fair value of the Company’s common shares at the reporting date and is recorded within accrued liabilities. The related costs for all equity-settled share-based awards are reflected in additional paid-in capital until the awards are settled or exercised. Upon settlement or exercise, shares are issued and the amount previously reflected in additional paid-in capital is, along with any proceeds paid upon settlement or exercise, credited to a combination of share capital and additional paid-in capital. Forfeitures of share-based compensation awards are accounted for as reductions to share-based compensation and additional paid-in capital as they occur.

(r) Impairment of long-lived assets

The Company reviews its long-lived assets, such as property, plant and equipment and definite-lived intangible assets, for impairment in accordance with ASC 360, *Property, Plant, and Equipment*. In accordance with ASC 360, long-lived assets are reviewed for events or changes in circumstances that indicate that their carrying amount may not be recoverable. The Company periodically reviews for indicators and, if indicators are present, tests the carrying amount of long-lived assets, assessing their recoverable value based on estimated undiscounted cash flows over their remaining estimated useful lives. The Company groups assets at the lowest level for which cash flows are separately identifiable, referred to as an asset group. If the carrying amount of an asset (or asset group) exceeds its estimated undiscounted future cash flows, an impairment charge is measured as the amount by which the carrying amount of the asset (or asset group) exceeds the fair value of the asset (or asset group, as applicable), based on discounted cash flows.

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(s) Assets held-for-sale and discontinued operations

In accordance with ASC 205-20 *Presentation of Financial Statements: Discontinued Operations*, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the components of an entity meet the criteria in paragraph ASC 205-20-45-10. In the period in which the component meets held-for-sale or discontinued operations criteria, the major current assets, other assets, current liabilities, and other liabilities are reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes (benefit), are reported as components of net income (loss) separate from the net income (loss) of continuing operations.

The Company periodically evaluates its long-lived assets that it plans 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 its Winnipeg, Manitoba facility ("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 met the criteria to be classified as held for sale as of December 31, 2024, including: (1) whether the Cronos Fermentation Facility was 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 was probable and that the transfer of assets would be a completed sale within one year from period end, and (3) whether the Cronos Fermentation Facility was being actively marketed at a reasonable price. The Cronos Fermentation Facility assets were subsequently sold in November 2025. See Note 7 "*Property, Plant and Equipment, net*" for discussion regarding our evaluation of the Cronos Fermentation Facility for held-for-sale classification as of December 31, 2024 and the subsequent sale of the Cronos Fermentation Facility in 2025.

(t) Impairment of goodwill and indefinite-lived intangible assets

Goodwill and indefinite-lived intangible assets are not amortized. Goodwill and indefinite-lived intangible assets are reviewed for impairment annually or more frequently when events or changes in circumstances indicate that fair value of the reporting unit has been reduced to less than its carrying amount in accordance with the provisions of ASC 350, *Intangibles—Goodwill and Other*. The Company performs an impairment test annually in the fourth quarter by comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. An impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

(u) Income taxes

The Company uses the liability method of accounting for income taxes, under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be in effect when such assets and liabilities are recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the enactment date. The Company determines deferred tax assets including net operating losses and liabilities, based on temporary differences between the book and tax bases of assets and liabilities.

A valuation allowance is established to reduce some or all net deferred tax assets to amounts that are more likely than not to be realized. The Company considers all available evidence, both positive and negative, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies, in assessing the need for a valuation allowance.

A valuation allowance against some or all of the net deferred tax assets does not in any way impact the Company's ability to use future tax deductions such as the Company's net operating loss carryforwards; rather, the valuation allowance indicates, according to the provisions of ASC 740, *Income Taxes*, it is more likely than not that the deferred tax assets will not be realized. The valuation allowance that was established will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that the net deferred tax assets will be realized. The Company's income tax expense for future periods will be reduced to the extent of corresponding decreases in our valuation allowance. There is uncertainty regarding any future realization of the benefit by the Company of all or part of our net deferred tax assets.

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Judgment is required to determine the recognition and measurement attributes prescribed in the accounting guidance for uncertainty in income taxes. The Company uses a two-step approach for evaluating uncertain tax positions. Step one, recognition, requires us to determine whether the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. If a tax position is not considered “more likely than not” to be sustained, no benefits of the position are recognized. If we determine that a position is “more likely than not” to be sustained, then we proceed to step two, measurement, which is based on the largest amount of benefit which is more likely than not to be realized on effective settlement. This process involves estimating our actual current tax exposure, including assessing the risks associated with income tax audits, together with assessing temporary differences resulting from the different treatment of items for tax and financial reporting purposes. If actual results differ from our estimates, our net operating loss and credit carryforwards, to the extent not covered by a valuation allowance, could be materially impacted in the period which such determination is made.

The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense in the consolidated statements of net income (loss) and comprehensive income (loss). Accrued interest and penalties are included in accounts payable and other liabilities in the consolidated balance sheets.

(v) Foreign currency

The Company’s functional currency is the Canadian dollar (“C\$”) and its reporting currency is the U.S. dollar. Functional currencies for the entities in these consolidated financial statements are their respective local currencies, including C\$, U.S. dollar and Israeli New Shekel (“ILS”). All assets and liabilities of operations with a functional currency other than the Canadian dollar are translated into Canadian dollars at the period-end currency exchange rates and subsequently translated into U.S. dollars at period-end currency exchange rates. The resulting translation adjustments are recorded in accumulated other comprehensive income (loss), net of tax. Revenues and expenses of operations, as well as all cash flows, with a functional currency other than the Canadian dollar are translated into Canadian dollars at the average exchange rates for the period and subsequently translated into U.S. dollars at the average exchange rates for the period. Transaction gains and losses resulting from changes in foreign currency exchange rates are recorded in either general and administrative expenses or foreign currency transaction gain (loss) in the consolidated statements of net income (loss) and comprehensive income (loss).

(w) Segments

Segment reporting is prepared on the same basis that the Company’s chief operating decision maker (the “CODM”) manages the business, makes operating decisions and assesses the Company’s performance. Prior to the second quarter of 2023, the Company reported results for two reportable segments, the U.S. and Rest of World. In the second quarter of 2023, as a result of the Company’s exit of its then-existing U.S. operations, the Company determined that it has one operating segment and therefore one reportable segment. All prior period segment disclosure information has been reclassified to conform to the current reporting structure in this Annual Report. These reclassifications had no effect on our consolidated financial statements in any period presented.

(x) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

(y) Fair value measurements

The carrying amount of the Company’s cash and cash equivalents, accounts receivable, other receivables, loans receivable, accounts payable and other liabilities approximate fair value, given their short-term nature. Cronos uses a fair value hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities, noted as Level 1 measurements, and the lowest priority to unobservable inputs, noted as Level 3 measurements.

The following are the three levels of inputs used to measure fair value:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

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- Level 3 – valuation techniques using the inputs for the asset or liability that are not based on observable market data.

The Company's policy for determining when transfers between levels of the fair value hierarchy occur is based on the date of the event or changes in circumstances that caused the transfer.

(z) Adoption of new accounting pronouncements

In the fourth quarter of 2025, the Company adopted ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09") on a prospective basis. ASU 2023-09 enhances income tax disclosures by requiring disclosures such as a more detailed and standardized income tax rate reconciliation, disclosure of income taxes paid by jurisdiction and additional qualitative explanations supporting significant or unusual items and tax events.

(aa) New accounting pronouncements not yet adopted

In November 2024, the Financial Accounting Standards Board issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2024-03"). ASU 2024-03 adds an obligation under ASC 220-40 to require a footnote disclosure about specific expenses by requiring public business entities to disaggregate, in a tabular presentation, each relevant expense caption on the face of the income statement that includes any of the following natural expenses: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities or other types of depletion expenses. The tabular disclosure would also include certain other expenses, when applicable. ASU 2024-03 does not change or remove existing expense disclosure requirements; however, it may affect where that information appears in the footnotes to the financial statements. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted, and applicable entities are required to adopt ASU 2024-03 prospectively; however, companies are permitted to apply the amendments in ASU 2024-03 retrospectively. The Company does not expect the adoption of ASU 2024-03 to have a material impact on its consolidated financial statements. In January 2025, the effective date was further clarified with the issuance of ASU 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. No guidance was changed with ASU 2025-01, but the issuance simply ensures that all public business entities have a clear and consistent timeline for implementing the enhanced expense disaggregation disclosures.

In July 2025, the Financial Accounting Standards Board issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets ("ASU 2025-05"). ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. Entities should apply the new guidance prospectively. This ASU effectively simplifies the expected credit loss analysis on accounts receivable and contract assets. All entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The Company does not expect this ASU to have a material effect on its consolidated financial statements.

In December 2025, the Financial Accounting Standards Board issued ASU 2025-11, Interim Reporting (Topic 270): Improvements to Interim Disclosure Requirements. The ASU clarifies and reorganizes existing interim reporting guidance to improve its operability and consistency, primarily by emphasizing that interim disclosures should focus on significant changes since the most recent annual reporting period. The amendments do not change the recognition or measurement of amounts reported in the financial statements. The guidance is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. The adoption of ASU 2025-11 is not expected to have a material impact on the Company's consolidated financial statements.

2. Business Combination

Cronos GrowCo was formed under the Canada Business Corporations Act on June 14, 2018, with the objective of cultivating and commercializing cannabis and cannabis products. Cronos GrowCo is licensed to sell certain cannabis products to other license holders in the wholesale channel, as well as to provincial cannabis control authorities. It is also licensed to export dried flower to Israel.

As described in Note 1 "*Background, Basis of Presentation, and Summary of Significant Accounting Policies*," in the third quarter of 2024, the Company obtained majority control of the board of directors of Cronos GrowCo, which qualified as a business combination under ASC 805. In connection with the Cronos GrowCo Transaction, the Company provided an approximately \$51,000 secured non-revolving credit facility to Cronos GrowCo to fund the expansion of Cronos GrowCo's cultivation and processing facilities (such area, the "Phase 2 Expansion Area"), and the Company entered into a new supply agreement (the "Cronos GrowCo Supply Agreement") with Cronos GrowCo. Pursuant to the Cronos GrowCo Supply Agreement, the Company and its controlled affiliates (other than Cronos GrowCo) have the right, but not the obligation, to purchase 70% of Cronos GrowCo's forecasted production capacity over a

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given period and 70% of Cronos GrowCo's actual production in a given month. Cronos GrowCo's production is intended to support the majority of the Company's current and future biomass supply requirements.

As there was no cash consideration paid, the Cronos GrowCo Transaction has been valued with reference to the fair value of our existing equity method investment of \$53,542, as well as the effective settlement of various preexisting relationships between the Company and Cronos GrowCo. These preexisting relationships are now classified as intercompany transactions and eliminated upon consolidation. For the year ended December 31, 2024, we recorded a gain of \$32,469 on the consolidated statements of net income (loss) and comprehensive income (loss) from remeasuring our equity method investment in Cronos GrowCo. We also recorded \$11,804 to gain on revaluation of loan receivable on the consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2024, from remeasuring our outstanding loans receivable with Cronos GrowCo. Additionally, the consideration also included the effective settlement of various preexisting trade receivables and payables and other related accounts that are now classified as intercompany transactions and eliminated upon consolidation. The effective settlement of the preexisting trade receivables, payables, and related accounts did not result in the recognition of any gain or loss on settlement. As of the date of the Cronos GrowCo Transaction, the fair value of the non-controlling interest in Cronos GrowCo was \$53,542. The Company used the income approach to estimate both the fair value of the Company's equity method investment in Cronos GrowCo and the fair value of the non-controlling interest in Cronos GrowCo. Under the income approach, significant assumptions used in the discounted cash flow method that required the use of judgment were the discount rate, growth rates and cash flow projections. The Company used the income approach to estimate the fair value of the Company's loan receivable with Cronos GrowCo. Under the income approach, significant assumptions used that required the use of judgment were the credit spread and interest rate volatility.

During the fourth quarter of 2024, the Company completed the allocation of the purchase price to the assets acquired and liabilities assumed. The final allocation of the purchase price to the fair values of the assets acquired and liabilities assumed was:

Cash	\$	5,993
Accounts receivable		2,437
Inventory		15,754
Prepays and other current assets		795
Intangible assets		8,008
Goodwill		65,269
Property, plant and equipment		87,630
Accounts payable		(2,913)
Accrued liabilities		(2,757)
Deferred income tax liability		(1,337)
Total purchase price	\$	178,879

The inventory acquired in the Cronos GrowCo Transaction of \$15,754 includes a step-up to fair value of \$5,605. For the years ended December 31, 2025 and 2024, the Company recognized \$517 and \$5,284, respectively, of this inventory step-up into cost of sales on the consolidated statements of income (loss) and comprehensive income (loss). As of December 31, 2025, none of the inventory step-up was remaining in the Company's inventory on the consolidated balance sheet.

The following table presents details of the property, plant and equipment acquired by major category:

	Fair value at date of Cronos GrowCo Transaction
Land	\$ 4,557
Building and leasehold improvements	49,356
Machinery and equipment	21,603
Furniture and fixtures	580
Construction in progress	11,534
Total	\$ 87,630

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The following table presents details of the intangible assets acquired:

	Fair value at date of acquisition	Amortization period (in years)
Know-how	\$ 8,008	10
Total	<u>\$ 8,008</u>	

The Company's results of operations for the year ended December 31, 2024, included six months of the operating results of Cronos GrowCo, which was comprised of revenue of \$6,374 and loss before income taxes of \$802. Business combination-related costs of \$70 and \$701 were incurred in relation to the Cronos GrowCo Transaction for the years ended December 31, 2025 and 2024, respectively, and were reported in general and administrative expenses on the consolidated statements of net income (loss) and comprehensive income (loss).

As a result of the Cronos GrowCo Transaction, the Company recorded goodwill of \$65,269, none of which is deductible for income tax purposes. The goodwill acquired was primarily attributable to the ability to realize synergies, bolster Cronos' supply capabilities and support future growth opportunities from the expansion of Cronos GrowCo's cultivation and processing facilities.

The following table presents unaudited supplemental pro forma results for the year ended December 31, 2024 and 2023, respectively, as if the Cronos GrowCo Transaction had occurred as of January 1, 2023. The unaudited pro forma information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the business combination had taken place at such time. The unaudited pro forma results presented below include adjustments such as amortization of inventory step-up, amortization charges for acquired intangible assets, depreciation adjustments for property, plant and equipment that has been revalued, adjustment of interest expense and interest income resulting from the effective settlement of pre-existing debt financing in connection with the Cronos GrowCo Transaction and adjustments for certain business combination-related charges.

	Year ended December 31,	
	2024	2023
Net revenue	\$ 125,089	\$ 106,700
Gross profit	35,906	18,500
Operating expenses	103,031	101,995
Other income	66,202	49,441
Net income (loss) attributable to Cronos Group	13,582	(44,256)

Material nonrecurring pro forma adjustments directly attributable to the Cronos GrowCo Transactions include the following:

- Acquired inventory fair value step-up of \$5,605 is assumed to be recorded at January 1, 2023. As such, historical amortization of the acquired inventory step-up of \$5,284 recognized in the historical six-month period ended December 31, 2024 was removed from pro forma net income for the year ended December 31, 2024. The entire inventory fair value step-up of \$5,605 was recognized as an incremental product cost in the year ended December 31, 2023.
- Pre-business combination revenues for sales from Cronos GrowCo to the Company of \$21,145 were adjusted out for the year ended December 31, 2023, and \$14,776 of pre-business combination revenues were adjusted out for the year ended December 31, 2024, as these amounts would have been eliminated in consolidation. Company pre-business combination cost of sales of \$17,988 were adjusted out for the year ended December 31, 2023, and \$11,386 of pre-business combination cost of sales were adjusted out for the year ended December 31, 2024, as these amounts would have been eliminated in consolidation.
- The gain on the revaluation of the equity method investment and loan receivable relating to the Cronos GrowCo Transaction of \$32,469 and \$11,804, respectively, were adjusted out for the year ended December 31, 2024 and added into the year ended December 31, 2023 as this revaluation is assumed to have occurred on January 1, 2023.

3. Discontinued Operations

In the second quarter of 2023, the Company exited its then-existing U.S. hemp-derived cannabinoid product operations. Accordingly, the net income (loss) for the year ended December 31, 2023 is reported separately as income (loss) from discontinued operations on the consolidated statements of net income (loss) and comprehensive income (loss). There was no activity in discontinued operations for the years ended December 31, 2025 or December 31, 2024.

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The following table presents the major components comprising loss from discontinued operations in the consolidated statements of operations for the year ended December 31, 2023:

	Year ended December 31, 2023
Net revenue	\$ 1,029
Cost of sales	2,164
Inventory write-down ⁽ⁱ⁾	839
Gross profit	(1,974)
Operating expenses	
Sales and marketing	578
Research and development	32
General and administrative	668
Restructuring costs	523
Share-based compensation	13
Depreciation and amortization	13
Impairment loss on long-lived assets ⁽ⁱⁱ⁾	205
Total operating expenses	2,032
Interest income	10
Other, net ⁽ⁱⁱⁱ⁾	(118)
Total other loss	(108)
Loss before income taxes	(4,114)
Income tax expense (benefit)	—
Net loss from discontinued operations	(4,114)

⁽ⁱ⁾ For the year ended December 31, 2023, Inventory write-down relates to the disposal of obsolete inventory as a result of the exit of the U.S. operations.

⁽ⁱⁱ⁾ During the year ended December 31, 2023, as a result of the exit of the U.S. operations, the Company recognized an impairment charge of \$205 related to the right-of-use lease assets associated with the Company's former U.S. manufacturing facility in Los Angeles, California.

⁽ⁱⁱⁱ⁾ For the year ended December 31, 2023, other, net related to loss on disposal of assets that were part of the U.S. operations.

The following table presents the Company's discontinued operations revenue by major product category:

	Year ended December 31, 2023
Cannabis extracts	1,029
Net revenue	\$ 1,029

The following table summarizes the Company's discontinued operations restructuring activity for the year ended December 31, 2023:

	Accrual as of December 31, 2022	Expenses	Payments/Write- offs	Accrual as of December 31, 2023
Employee Termination Benefits	\$ —	\$ 431	\$ (431)	\$ —
Other Restructuring Costs	—	92	(92)	—
Total	\$ —	\$ 523	\$ (523)	\$ —

As of December 31, 2023, there were no remaining assets or liabilities attributable to the Company's discontinued operations.

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For the year ended December 31, 2023, purchases of property, plant and equipment related to discontinued operations were \$67.

The following table presents information related to leases associated with the Company’s U.S. discontinued operations. As of December 31, 2025 and December 31, 2024, the Company had no right-of-use assets or lease obligations associated with its U.S. discontinued operations. For the year ended December 31, 2023, the aggregate depreciation expense on right-of-use assets associated with the Company’s U.S. discontinued operations was \$198, and was included in loss from discontinued operations on the consolidated statements of net income (loss) and comprehensive income (loss).

	2023
Lease cost	
Operating lease cost	\$ 213
Short-term lease cost	—
Total lease cost	<u>\$ 213</u>
Supplemental cash flow and other information	
Operating cash flows - cash paid for operating lease obligations	\$ 525
Non-cash activity - right-of-use assets obtained in exchange for lease obligations	—
Weighted-average remaining lease term (years) – operating leases	0.0
Weighted-average discount rate – operating leases	— %

4. Inventory, net

Inventory, net is comprised of the following items:

	As of December 31,	
	2025	2024
Raw materials	\$ 8,762	\$ 5,400
Work-in-progress	25,830	14,350
Finished goods	12,012	13,248
Supplies and consumables	146	151
Total	<u>\$ 46,750</u>	<u>\$ 33,149</u>

As a result of the Cronos GrowCo Transaction, the Company recorded a step-up to Cronos GrowCo’s existing inventory of \$5,605 to bring the inventory balance acquired by the Company to its fair value. For the year ended December 31, 2025, the Company recognized \$517 of this inventory step-up into cost of sales on the consolidated statements of net income (loss) and comprehensive income (loss). For the year ended December 31, 2024, the Company recognized \$5,284 of this inventory step-up into cost of sales on the consolidated statements of income (loss) and comprehensive income (loss). As of December 31, 2025, none of the inventory step-up was remaining in the Company’s inventory on the consolidated balance sheet. See Note 2 “*Business Combination*” for more information.

5. Investments

(a) Variable interest entities and investments in equity method investments, net

Cronos GrowCo

As a result of the Cronos GrowCo Transaction, the existing equity method investment in Cronos GrowCo was remeasured at its fair value on July 1, 2024. For the year ended December 31, 2024, we recorded a gain of \$32,469 on the consolidated statements of net income (loss) and comprehensive income (loss) from remeasuring our equity method investment in Cronos GrowCo. See Note 2 “*Business Combination*” for further information regarding the Cronos GrowCo Transaction.

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The following is a summary of the Company’s share of net income from equity investments accounted for under the equity method of accounting:

	Year ended December 31,		
	2025	2024	2023
Cronos GrowCo ⁽ⁱ⁾	—	2,365	1,583
	\$ —	\$ 2,365	\$ 1,583

⁽ⁱ⁾ The Company obtained control of Cronos GrowCo on July 1, 2024, and, as a result, the investment in Cronos GrowCo is now accounted for as an intercompany transaction and eliminated upon consolidation from the business combination date onwards.

The following is a summary of financial information for the Company’s equity method investments:

	Year ended December 31,		
	2025	2024	2023
Revenue	\$ —	\$ 22,191	\$ 40,604
Gross profit	—	10,529	21,565
Net income	—	3,514	3,051

As of December 31, 2025 and 2024, the Company did not hold any equity method investments.

(b) Other investments

Other investments consist of investments in common shares and options of two companies in the cannabis industry.

PharmaCann Option

On June 14, 2021, the Company purchased an option (the “PharmaCann Option”) to acquire 473,787 shares of Class A Common Stock of PharmaCann, Inc. (“PharmaCann”), a vertically integrated cannabis company in the United States, at an exercise price of \$0.0001 per share, representing approximately 10.5% of PharmaCann’s issued and outstanding capital stock on a fully diluted basis as of the date of the PharmaCann Option, for an aggregate purchase price of approximately \$110,392. The option exercise will be based upon various factors, including the status of U.S. federal cannabis legalization, as well as regulatory approvals, including in the states where PharmaCann operates that may be required upon exercise. The Company has deemed its influence in PharmaCann to be non-significant. The PharmaCann Option is classified as an investment in an equity security without a readily determinable fair value. The Company measures the PharmaCann Option at cost less accumulated impairment charges, if any, and subsequently adjusted for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The PharmaCann Option is reported as Other investments on the consolidated balance sheet for the periods ended December 31, 2025 and 2024.

As of December 31, 2025 and 2024, the Company’s ownership percentage in PharmaCann on a fully diluted basis was approximately 1.1% and 5.8%, respectively. Under the terms of the Company’s investment in PharmaCann, the Company’s rights to nominate an observer or a director to the PharmaCann board of directors could be lost if the Company’s ownership drops below 6% on a fully diluted basis and it sells or transfers all or any portion of the option (subject to certain exceptions). The decrease in the Company’s ownership percentage since acquisition does not materially affect the Company’s rights under the PharmaCann Option.

During the fourth quarter of 2023, the Company identified adverse forecast changes in the financial performance of PharmaCann as an indicator of impairment related to the PharmaCann Option and conducted an analysis comparing the PharmaCann Option’s carrying amount to its estimated fair value. The fair value was estimated using a combination of the income approach and the market approach. Under the income approach, significant inputs used in the discounted cash flow method include 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 are the selected multiples and the discount for lack of marketability. As a result of this analysis, the Company recorded a non-cash impairment charge of \$23,350 in the fourth quarter of 2023 as the difference between the carrying amount of the PharmaCann Option and its estimated fair value, in the consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2023.

During the first and second quarters of 2024, the Company identified adverse forecast changes in the financial performance of PharmaCann as indicators of impairment related to the PharmaCann Option and conducted analyses comparing the PharmaCann Option’s carrying amount to its estimated fair value. The fair value was estimated using the market approach. Under the market approach, the key assumptions are the selected multiples and the discount for lack of marketability. As a result of these analyses, the Company recorded non-cash impairment charges of \$12,734 and \$12,916 in the first and second quarters of 2024, respectively, as the

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difference between the carrying amount of the PharmaCann Option and its estimated fair value, in the consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2024. As a result of the impairment charge recorded in the second quarter of 2024, the net book value of the PharmaCann Option was reduced to zero.

The Company may sell, transfer or dispose of the PharmaCann Option without PharmaCann's prior written consent, subject to the following conditions: (i) any transferee of any part of the PharmaCann Option must comply with and commit to comply with all regulations issued by a governmental entity applicable to such transferee in all material respects; (ii) any transferee of any part of the PharmaCann Option must agree to be bound by the terms of the Option Purchase Agreement, dated as of June 14, 2021 (the "Option Purchase Agreement"), as a "Purchaser" thereunder; (iii) the Company may not split and/or transfer the PharmaCann Option, in the aggregate, to more than four persons (with certain exceptions); (iv) no transferee may be a Prohibited Assignee (as defined in the Option Purchase Agreement); and (v) subject to certain exceptions, in the event that the Company (or a Permitted Transferee (as defined in the Option Purchase Agreement) of the whole PharmaCann Option) transfers less than all of the PharmaCann Option to any third party that is not a Permitted Transferee, certain governance and information rights terminate immediately, unless waived by the PharmaCann board of directors in its sole and absolute discretion.

Additionally, in the event of an initial underwritten public offering of PharmaCann's common stock pursuant to an effective registration statement, to the extent that holders of PharmaCann common stock are subject to any lock-up period imposed by the underwriter in connection therewith, the Company will, if applicable, execute a customary lock-up agreement on the same material terms and conditions as the other holders of common stock are subject to or as otherwise agreed between PharmaCann and the Company, subject to certain conditions with respect to the duration of the lock-up period.

Vitura

The Company's investment in Vitura is considered an equity security with a readily determinable fair value. Changes in the fair value of the investment are recorded as gain (loss) on revaluation of financial instruments on the consolidated statements of net income (loss) and comprehensive income (loss). The Company recorded losses on the revaluation of its investment in Vitura of \$740 and \$6,206 for the years ended December 31, 2025 and 2024, respectively. Those amounts are included in the loss on revaluation of financial instruments on the statements of net income (loss) and comprehensive income (loss). The Company's investment in Vitura was \$2,253 and \$2,813 as of December 31, 2025 and 2024, respectively, and is included in other investments on the consolidated balance sheets. On February 12, 2025, Vitura issued 74,814,757 shares. This issuance diluted the Company's ownership to approximately 8.4%. As of December 31, 2025, the Company's ownership percentage in Vitura remained at approximately 8.3% of its outstanding common shares.

High Tide Warrant

On July 16, 2025, the Company, as lender, and High Tide Inc. ("High Tide"), as borrower, entered into a loan agreement for junior secured convertible debt with a principal amount of C\$30,000 (\$21,901) and an original issue discount of 16% (the "High Tide Loan"). Additionally, the Company received a common share purchase warrant (the "High Tide Warrant") with a five-year term, which is exercisable into up to 3,836,317 common shares (the "Warrant Shares") of High Tide at an exercise price of C\$3.91 per Warrant Share.

The High Tide Warrant is classified as a derivative that is not being held as a hedge and was initially recorded at a fair value of C\$6,989 (\$5,106) to other investments on the consolidated balance sheet on the transaction date. The High Tide Warrant's fair value is estimated at each reporting date using a Black-Scholes model. Key inputs include the share price and volatility of High Tide common shares, the risk-free rate and the remaining term of the High Tide Warrant. Changes in the fair value of the High Tide Warrant are recorded as income (loss) on revaluation of financial instruments on the consolidated statements of net income (loss) and comprehensive income (loss). See Note 6 "*Loans Receivable, net*" for discussion of the loan receivable recognized as part of the agreement with High Tide.

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The following table summarizes the Company's other investments activity:

	As of December 31, 2024	Warrants acquired	Unrealized gain (loss)	Foreign exchange effect	As of December 31, 2025
Vitura	\$ 2,813	\$ —	\$ (740)	\$ 180	\$ 2,253
High Tide Warrant	—	5,106	294	11	5,411
	<u>\$ 2,813</u>	<u>\$ 5,106</u>	<u>\$ (446)</u>	<u>\$ 191</u>	<u>\$ 7,664</u>

	As of December 31, 2023	Unrealized loss	Impairment charges	Foreign exchange effect	As of December 31, 2024
PharmaCann	\$ 25,650	\$ —	\$ (25,650)	\$ —	\$ —
Vitura	9,601	(6,206)	—	(582)	2,813
	<u>\$ 35,251</u>	<u>\$ (6,206)</u>	<u>\$ (25,650)</u>	<u>\$ (582)</u>	<u>\$ 2,813</u>

6. Loans Receivable, net

Loans receivable, net consists of the following:

	As of December 31,	
	2025	2024
Current portion of Mucci Promissory Note accrued interest	\$ —	\$ 618
Total current portion of loans receivable	—	618
High Tide Loan	9,185	—
Mucci Promissory Note	9,226	13,464
Cannasoul Collaboration Loan	1,972	1,736
Add: Long-term portion of accrued interest	464	326
Total long-term portion of loans receivable	<u>20,847</u>	<u>15,526</u>
Total loans receivable, net	<u>\$ 20,847</u>	<u>\$ 16,144</u>

Cronos GrowCo Credit Facility

On August 23, 2019, the Company, as lender, and Cronos GrowCo, as borrower, entered into a senior secured credit agreement for an aggregate principal amount of C\$100,000 (the "GrowCo Credit Facility"). The GrowCo Credit Facility is secured by substantially all present and after-acquired personal and real property of Cronos GrowCo. In August 2021, the GrowCo Credit Facility was amended to increase the aggregate principal amount available to C\$105,000.

In June 2024, the GrowCo Credit Facility was amended to increase the aggregate principal amount available by C\$70,000 to C\$175,000 by providing a second secured non-revolving credit facility ("Term Loan B"). The funds from Term Loan B were used to expand Cronos GrowCo's purpose-built cannabis facility and Term Loan B will mature 10 years after the commencement of sales from the Phase 2 Expansion Area. Principal is repaid under Term Loan B on a quarterly basis after the commencement of sales from the Phase 2 Expansion Area. Interest on Term Loan B is payable on a quarterly basis until maturity beginning after the first borrowing under Term Loan B. Prior to July 1, 2024, only C\$12,000 of the C\$70,000 increased principal availability could be drawn, which Cronos GrowCo drew in full on June 20, 2024.

As of June 30, 2024 and December 31, 2023, Cronos GrowCo had drawn C\$116,000 and C\$104,000 (\$84,833 and \$78,532, respectively), respectively from the GrowCo Credit Facility. For the six months ended June 30, 2024, Cronos GrowCo repaid C\$3,333 (\$2,447) in principal and C\$3,862 (\$2,835) in interest related to the GrowCo Credit Facility. As of June 30, 2024, Cronos GrowCo had repaid an aggregate C\$14,833 (\$10,848) and C\$24,384 (\$17,832) in principal and interest, respectively, under the terms of the GrowCo Credit Facility.

As a result of the Cronos GrowCo Transaction on July 1, 2024, the existing loans receivable under the GrowCo Credit Facility were remeasured at their fair value and effectively settled. We recorded a gain of \$11,804 to revaluation gain on loans receivable on the consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2024, from remeasuring our outstanding loans receivable with Cronos GrowCo. See Note 2 "Business Combination" for further information regarding the Cronos GrowCo Transaction.

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Mucci Promissory Note

On June 28, 2019, the Company entered into a promissory note receivable agreement (the “Mucci Promissory Note”) for C\$16,350 (approximately \$11,936) with the Cronos GrowCo joint venture partner (“Mucci”). The Mucci Promissory Note is secured by a general security agreement covering all the assets of Mucci. Prior to July 1, 2022, interest accrued on the Mucci Promissory Note was capitalized as part of the principal balance. On September 30, 2022, the Mucci Promissory Note was amended and restated to increase the interest rate from 3.95% to the Canadian Prime Rate plus 1.25%, change the interest payments from quarterly to annual, and defer Mucci’s initial cash interest payment from September 30, 2022 to July 1, 2023. On June 20, 2024, the Mucci Promissory Note was amended and restated. As a result, interest accrued on the Mucci Promissory Note between July 1, 2023 and July 1, 2024 was capitalized as part of the principal balance. Following July 1, 2024, interest accruing on the Mucci Promissory Note is required to be paid in cash beginning on July 1, 2025. For the year ended December 31, 2025, Mucci made principal repayments of C\$6,911 (\$5,064) and interest payments of C\$1,839 (\$1,316) on the Mucci Promissory Note. For the year ended December 31, 2024, there were no repayments of principal or interest on the Mucci Promissory Note. For the year ended December 31, 2023, Mucci repaid C\$563 (\$425) in principal and C\$1,187 (\$897) in interest related to the Mucci Promissory Note.

Cannasoul Collaboration Loan

The Company holds a variable interest in Cannasoul Lab Services Ltd. (“CLS”). CLS is a wholly owned subsidiary of Cannasoul Analytics Ltd., incorporated with the purpose of establishing a commercial cannabis analytical testing laboratory located on the premises of Cronos Israel (the “Cannasoul Collaboration”). Cronos Israel agreed to advance up to ILS 8,297 (\$2,604) by a non-recourse loan (the “Cannasoul Collaboration Loan”) to CLS over a period of two years from April 1, 2020 for the capital and operating expenditures of the laboratory. The loan bears interest at 3.5% annually. Cronos Israel will receive 70% of the profits of the laboratory until such time as it has recovered 150% of the amounts advanced to CLS, after which time it will receive 50% of the laboratory profits. As a result, the Company is exposed to economic variability from CLS’s performance. The Company does not consolidate CLS as it does not have the power to direct the activities that most significantly impact the entity’s economic performance; thus, the Company is not considered the primary beneficiary of the entity. The carrying amount of the non-recourse loan is recorded under loans receivable and the full loan amount, ILS 8,297, represents the Company’s maximum potential exposure to losses through the Cannasoul Collaboration.

High Tide Loan

On July 16, 2025, the Company, as lender, and High Tide, as borrower, entered into the High Tide Loan. The High Tide Loan bears interest at 4% per annum, payable in cash quarterly, and provides for conversion of the debt into common shares of High Tide at a price of C\$4.20 per common share. The High Tide Loan is convertible only upon the agreement of the Company and High Tide. The High Tide Loan has a term of five years and may be repaid early with no penalty. Additionally, the Company received the High Tide Warrant, which is exercisable into up to 3,836,317 common shares of High Tide at an exercise price of C\$3.91 per Warrant Share. See Note 5 “*Investments*” for discussion of the High Tide Warrant.

The loan receivable was recorded at a fair value as of the transaction date of C\$18,591 (\$13,572) and will be amortized using the effective interest method over the estimated life of the loan. For the year ended December 31, 2025, High Tide paid C\$556 (\$398) in interest. As of December 31, 2025, the High Tide loan receivable included an unamortized discount of C\$10,675 (\$7,793) and an expected credit loss of C\$6,744 (\$4,924) as presented in the tables below.

Credit Quality Indicators

The Company is exposed to credit risk on loan receivables. Credit risk is the risk of loss arising from the failure of borrowers to meet the terms of the contract or otherwise fail to perform as agreed. Because each borrower has distinct risk characteristics, the Company evaluates each loan individually rather than as part of a broader portfolio. The Company routinely reviews its borrowers and assesses their financial health to estimate current expected credit losses. This assessment involves examining historical loss data—including benchmarking risk grades using Moody’s reports across different economic cycles—analyzing asset-specific risks, particularly those unique to the cannabis industry, and evaluating the current financial status and forecasted financial results of each borrower. Furthermore, the Company assigns credit risk ratings through an ordinal logit regression model, which compares borrowers’ credit quality to other rated companies by analyzing key financial metrics such as total assets, debt, revenue, earnings before interest and taxes, and net income.

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Expected credit loss allowances on the Company's long-term financial assets were comprised of the following items:

	As of December 31, 2024	Increase (decrease) ⁽ⁱ⁾	Foreign exchange effect	As of December 31, 2025
Mucci Promissory Note	\$ 88	\$ (33)	\$ 4	\$ 59
Cannasoul Collaboration Loan	535	17	79	631
High Tide Loan	\$ —	\$ 4,875	\$ 49	\$ 4,924
	<u>\$ 623</u>	<u>\$ 4,859</u>	<u>\$ 132</u>	<u>\$ 5,614</u>
	As of December 31, 2023	Increase (decrease) ⁽ⁱ⁾	Foreign exchange effect	As of December 31, 2024
GrowCo Credit Facility ⁽ⁱⁱ⁾	\$ 11,176	\$ (10,794)	\$ (382)	\$ —
Mucci Promissory Note	89	6	(7)	88
Cannasoul Collaboration Loan	524	16	(5)	535
	<u>\$ 11,789</u>	<u>\$ (10,772)</u>	<u>\$ (394)</u>	<u>\$ 623</u>

⁽ⁱ⁾ During the year ended December 31, 2025 and 2024, \$(16) and \$1,032, respectively, were recorded as changes to general and administrative expenses on the consolidated statements of net income (loss) and comprehensive income (loss) as a result of adjustments to our expected credit losses. During the year ended December 31, 2025, \$4,875 was recorded as a change in allowance for credit loss on non-operating loan on the consolidated statements of net income (loss) and comprehensive income (loss) as a result of adjustments to our allowance for expected credit loss on the High Tide Loan. During the year ended December 31, 2024, \$11,804 was recorded as a gain on revaluation of loans receivable on the consolidated statements of net income (loss) and comprehensive income (loss) from remeasuring our outstanding loans receivable with Cronos GrowCo as a result of the Cronos GrowCo Transaction.

⁽ⁱⁱ⁾ The Company obtained control of Cronos GrowCo on July 1, 2024, and, as a result, the loans receivable from Cronos GrowCo are now accounted for as intercompany transactions and eliminated upon consolidation from the business combination date onwards.

7. Property, Plant and Equipment, net

Property, plant and equipment, net consisted of the following:

	As of December 31,	
	2025	2024
Cost		
Land	\$ 7,245	\$ 6,389
Building and leasehold improvements	236,811	192,059
Machinery and equipment	47,514	36,741
Furniture and fixtures	2,694	2,687
Construction in progress	1,062	28,710
Less: accumulated depreciation	(42,639)	(29,798)
Less: accumulated impairment charges	(106,822)	(103,599)
Property, Plant and Equipment, net	<u>\$ 145,865</u>	<u>\$ 133,189</u>

For the years ended December 31, 2025, 2024 and 2023, depreciation expense on property, plant and equipment was \$11,590, \$5,506 and \$3,913, respectively, and was included in cost of sales as well as depreciation and amortization in operating expenses on the consolidated statements of net income (loss) and comprehensive income (loss).

As of December 31, 2025 and December 31, 2024, the Company had \$760 and \$8,828, respectively, of unpaid purchases of property, plant and equipment accrued in accounts payable on the consolidated balance sheets.

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The following table presents details of the property, plant and equipment acquired on July 1, 2024, as a result of the Cronos GrowCo Transaction by major category:

	Fair value at date of Cronos GrowCo Transaction
Land	\$ 4,557
Building and leasehold improvements	49,356
Machinery and equipment	21,603
Furniture and fixtures	580
Construction in progress	11,534
Total	<u>\$ 87,630</u>

See Note 2 “*Business Combination*” for more information regarding the Cronos GrowCo Transaction.

Impairment of Long-lived Assets

During the first quarter of 2024, the Company ceased operations at the Cronos Fermentation Facility and performed an assessment under ASC 360 of the recoverability of the carrying value of the assets of Thanos Holdings Ltd., known as Cronos Fermentation (“Cronos Fermentation”), and determined the carrying value of the assets was not fully recoverable. The fair value was estimated using a combination of the market and income approaches. As a result of this analysis, an impairment loss on long-lived assets of \$1,631 was recorded to the consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2024.

Held-for-sale Assessments

During the year ended December 31, 2025, the Company completed the sale of certain assets previously classified as held for sale in accordance with ASC 360, Property, Plant and Equipment. These assets primarily include buildings and machinery and equipment related to production at the Cronos Fermentation Facility. As of December 31, 2025, the Company had no assets classified as held-for-sale on the consolidated balance sheet. As of December 31, 2024, the Company had \$8,112 of assets related to production at the Cronos Fermentation Facility classified as held-for-sale on the consolidated balance sheet. See Note 18 “*Restructuring*” for more information.

8. Goodwill and Intangible Assets, net

(a) Goodwill

Goodwill is comprised of the following items:

	As of December 31, 2025		
	Cost	Accumulated impairment charges	Net
Peace Naturals	\$ 1,022	\$ —	\$ 1,022
Cronos GrowCo	65,456	—	65,456
	<u>\$ 66,478</u>	<u>\$ —</u>	<u>\$ 66,478</u>
	As of December 31, 2024		
	Cost	Accumulated impairment charges	Net
Peace Naturals	\$ 976	\$ —	\$ 976
Cronos GrowCo	\$ 62,477	\$ —	\$ 62,477
	<u>\$ 63,453</u>	<u>\$ —</u>	<u>\$ 63,453</u>

(b) Intangible assets, net

In the fourth quarter of 2025, the Company determined that its Lord Jones® indefinite-lived intangible asset exhibited signs of impairment due to lower than anticipated sales figures and conducted an analysis comparing the Lord Jones® brand’s carrying amount to its estimated fair value. The fair value was estimated using the income approach, with key inputs being estimated cash flows and the discount rate. As a result of this analysis, the Company recorded an impairment loss on goodwill and long-lived assets of \$700 in its consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2025.

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In the fourth quarter of 2023, the Company determined that it had no current plans to utilize the intellectual property associated with one of its exclusive licenses with Ginkgo and, therefore, recognized \$3,366 in impairment charges on the consolidated statements of net income (loss) and comprehensive income (loss) for the year ended December 31, 2023.

In the third quarter of 2024, the Company determined that it was no longer utilizing and had no current plans to utilize the intellectual property associated with its other exclusive licenses with Ginkgo. As a result, the remaining net book value of \$14,258 was impaired and recorded to impairment loss on long-lived assets on the consolidated statements of income (loss) and comprehensive income (loss) in the year ended December 31, 2024. During the fourth quarter of 2025, the Company disposed of its existing Ginkgo exclusive licenses through a sale to Ginkgo for nominal consideration.

Intangible assets, net are comprised of the following items:

	As of December 31, 2025			
	Cost	Accumulated amortization	Accumulated impairment charges	Net
Software	\$ 5,511	\$ (4,391)	\$ (76)	\$ 1,044
Health Canada licenses	8,182	(1,710)	(6,472)	—
Israeli codes ⁽ⁱ⁾	323	(103)	—	220
Know-how ⁽ⁱⁱ⁾	8,030	(1,204)	—	6,826
Total definite-lived intangible assets	<u>22,046</u>	<u>(7,408)</u>	<u>(6,548)</u>	<u>8,090</u>
Lord Jones [®] brand	64,000	—	(63,200)	800
Trademarks	142	—	(142)	—
Total intangible assets	<u>\$ 86,188</u>	<u>\$ (7,408)</u>	<u>\$ (69,890)</u>	<u>\$ 8,890</u>

	December 31, 2024			
	Cost	Accumulated amortization	Accumulated impairment charges	Net
Software	\$ 6,988	\$ (4,646)	\$ (72)	\$ 2,270
Health Canada licenses	7,810	(1,673)	(6,137)	—
Ginkgo exclusive licenses	26,139	(5,329)	(20,810)	—
Israeli codes ⁽ⁱ⁾	281	(76)	—	205
Know-how ⁽ⁱⁱ⁾	7,665	(383)	—	7,282
Total definite-lived intangible assets	<u>48,883</u>	<u>(12,107)</u>	<u>(27,019)</u>	<u>9,757</u>
Lord Jones [®] brand	64,000	—	(62,500)	1,500
Trademarks	142	—	(142)	—
Total intangible assets	<u>\$ 113,025</u>	<u>\$ (12,107)</u>	<u>\$ (89,661)</u>	<u>\$ 11,257</u>

⁽ⁱ⁾ The Israeli codes were transferred by non-controlling interests to Cronos Israel in exchange for their equity interests in the Cronos Israel entities.

⁽ⁱⁱ⁾ Know-how was acquired as part of the Cronos GrowCo Transaction. See Note 2 “Business Combination” for more information. Amortization costs associated with the know-how intangible asset are recorded to cost of sales on the consolidated statements of net income (loss) and comprehensive income (loss).

The estimated future amortization of definite-lived intangible assets is as follows:

	As of December 31, 2025
2026	\$ 1,514
2027	1,094
2028	888
2029	825
Thereafter	<u>3,769</u>
	<u>\$ 8,090</u>

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Impairment of Intangible Assets

Accumulated impairment charges on intangible assets, net consist of:

	As of December 31, 2024	Impairment charges	Disposals	Foreign exchange effect	As of December 31, 2025
Software	\$ (72)	\$ —	\$ —	\$ (4)	\$ (76)
Health Canada licenses	(6,137)	—	—	(335)	(6,472)
Ginkgo exclusive licenses ⁽ⁱ⁾	(20,810)	—	21,654	(844)	—
Lord Jones® brand	(62,500)	(700)	—	—	(63,200)
Trademarks	(142)	—	—	—	(142)
	<u>\$ (89,661)</u>	<u>\$ (700)</u>	<u>\$ 21,654</u>	<u>\$ (1,183)</u>	<u>\$ (69,890)</u>

	As of December 31, 2023	Impairment charges	Disposals	Foreign exchange effect	As of December 31, 2024
Software	\$ (78)	\$ —	\$ —	\$ 6	\$ (72)
Health Canada licenses	(6,650)	—	—	513	(6,137)
Ginkgo exclusive licenses	(7,968)	(14,258)	—	1,416	(20,810)
Lord Jones® brand	(62,500)	—	—	—	(62,500)
Trademarks	(142)	—	—	—	(142)
	<u>\$ (77,338)</u>	<u>\$ (14,258)</u>	<u>\$ —</u>	<u>\$ 1,935</u>	<u>\$ (89,661)</u>

	As of December 31, 2022	Impairment charges	Disposals	Foreign exchange effect	As of December 31, 2023
Software	\$ (76)	\$ —	\$ —	\$ (2)	\$ (78)
Health Canada licenses	(6,498)	—	—	(152)	(6,650)
Ginkgo exclusive licenses	(4,434)	(3,366)	—	(168)	(7,968)
Lord Jones® brand	(62,500)	—	—	—	(62,500)
Trademarks	(142)	—	—	—	(142)
	<u>\$ (73,650)</u>	<u>\$ (3,366)</u>	<u>\$ —</u>	<u>\$ (322)</u>	<u>\$ (77,338)</u>

⁽ⁱ⁾ During the fourth quarter of 2025, the Company disposed of its existing Ginkgo exclusive licenses through a sale to Ginkgo for nominal consideration.

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9. Leases

The Company has entered into leases primarily for the land-use rights, office and research premises and equipment used in the production of cannabis and other related products. The Company's leases have terms that range from 19 months to six years, excluding land use rights, which generally extend to 15 years. These leases often include options to extend the term of the lease for up to 10 years. When it is reasonably certain that the option will be exercised, the impact of the option is included in the lease term for purposes of determining total future lease payments.

Operating leases greater than one year are included in right-of-use assets and operating lease liabilities. Finance leases are included in property, plant and equipment on the Company's consolidated balance sheet. The Company's finance leases were not material for any of the periods presented.

	As of December 31,		
	2025	2024	2023
Lease cost			
Operating lease cost	\$ 703	\$ 613	\$ 685
Short-term lease cost	—	—	—
Total lease cost	<u>\$ 703</u>	<u>\$ 613</u>	<u>\$ 685</u>
Supplemental cash flow and other information			
Operating cash flows - cash paid for operating lease obligations	\$ 1,207	\$ 1,137	\$ 1,124
Non-cash activity - right-of-use assets obtained in exchange for lease obligations	371	566	—
Weighted-average remaining lease term (years) – operating leases	4.5	3.6	3.6
Weighted-average discount rate – operating leases	8.19 %	7.71 %	7.62 %

For the years ended December 31, 2025, 2024 and 2023, the aggregate depreciation expense on right-of-use assets was \$569, \$486 and \$455, respectively, and was included in general and administrative expenses on the consolidated statements of net income (loss) and comprehensive income (loss).

The following is a summary of the Company's future minimum lease payments under operating leases for its premises due in future fiscal years:

	As of December 31, 2025
2026	\$ 500
2027	376
2028	376
2029	200
2030	147
Thereafter	256
Total lease payments	<u>1,855</u>
Less: imputed interest	(346)
Present value of lease liabilities	<u>\$ 1,509</u>

In addition to the minimum lease payments, the Company is required to pay realty taxes and other occupancy costs in accordance with the terms of the lease agreements.

10. Share-based Compensation

(a) Share-based award plans

The Company has granted stock options, RSUs and DSUs to employees and non-employee directors under the Stock Option Plan dated May 26, 2015 (the “2015 Stock Option Plan”), the 2018 Stock Option Plan dated June 28, 2018 (the “2018 Stock Option Plan” and, together with the 2015 Stock Option Plan, the “Prior Option Plans”), the Employment Inducement Award Plan #1 (the “Employment Inducement Award Plan”), the 2020 Omnibus Equity Incentive Plan dated March 29, 2020 (the “2020 Omnibus Plan”) and the DSU Plan. The Company can no longer make grants under the Prior Option Plans or the Employment Inducement Award Plan.

The following table summarizes the total share-based compensation associated with the Company’s stock options and RSUs:

	Year ended December 31,		
	2025	2024	2023
Stock options	\$ 189	\$ 134	\$ 1,175
RSUs	6,055	8,566	7,581
DSUs	806	—	—
Total share-based compensation	<u>\$ 7,050</u>	<u>\$ 8,700</u>	<u>\$ 8,756</u>

Share-based compensation for the year ended December 31, 2025 included \$806 of expense associated with the Company’s DSUs. For the years ended December 31, 2024 and 2023, \$449 and \$447, respectively, of DSU-related expense was included in general and administrative expense in the Company’s consolidated statement of net income (loss) and comprehensive income (loss). For the years ended December 31, 2024 and 2023, \$40 and \$54, respectively, was included in gain (loss) on revaluation of financial instruments in the Company’s consolidated statement of net income (loss) and comprehensive income (loss), primarily related to the revaluation of DSUs.

(b) Stock options

On June 28, 2018, the shareholders of the Company approved the 2018 Stock Option Plan, which replaced the 2015 Stock Option Plan. The 2018 Stock Option Plan terminated the Company’s ability to grant equity under the 2015 Stock Option Plan. As of June 25, 2020, the date on which the 2020 Omnibus Plan was approved by the shareholders of the Company, no further awards will be granted under the 2018 Stock Option Plan; however, shares may be purchased via option exercise by the holders of any outstanding options previously issued under the 2018 Stock Option Plan.

On March 29, 2020, the Board of Directors of the Company (the “Board”) adopted the 2020 Omnibus Plan, which was approved by the shareholders of the Company at the annual and special meeting of shareholders held on June 25, 2020. The 2020 Omnibus Plan provides for grants of stock options, share appreciation rights, restricted shares, RSUs and other share-based or cash-based awards, which are subject to terms as determined by the Compensation Committee of the Board (the “Compensation Committee”), and awards may be granted to eligible employees, non-employee directors and consultants. The 2020 Omnibus Plan terminated the Company’s ability to grant equity awards under the 2018 Stock Option Plan and RSUs under the Employment Inducement Award Plan.

Options represent the right to purchase Company common shares on the date of exercise at a stated exercise price. The exercise price of an option generally must be at least equal to the fair market value of the Company common shares on the date of grant. Vesting conditions for grants of options are determined by the Compensation Committee. The typical vesting for stock option grants is quarterly vesting over three to five years. The maximum term of options granted under the 2020 Omnibus Plan is seven years. Participants under the 2020 Omnibus Plan are eligible to be granted options to purchase shares at an exercise price established upon approval of the grant by the Compensation Committee. When options are granted, the exercise price is, with respect to a particular date, the closing price as reported by the TSX or the Nasdaq and, if the shares are not traded on the TSX or the Nasdaq, any other stock exchange on which the Company’s common shares are traded (as selected by the Compensation Committee in good faith taking into account applicable legal and tax requirements) on the immediately preceding trading day (the “Fair Market Value”). The 2020 Omnibus Plan does not authorize grants of options with an exercise price below the Fair Market Value.

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The following is a summary of the changes in options:

	Weighted average exercise price (C\$) ⁽ⁱ⁾	Number of options	Weighted average remaining contractual term (years)
Balance as of December 31, 2024	\$ 5.63	717,264	3.65
Issuance of options	—	—	
Cancellation, forfeiture and expiry of options	5.42	(128,947)	
Balance as of December 31, 2025	\$ 5.68	588,317	2.48
Exercisable as of December 31, 2025	\$ 5.98	529,467	2.29

	Weighted average exercise price (C\$) ⁽ⁱ⁾	Number of options	Weighted average remaining contractual term (years)
Balance as of December 31, 2023	\$ 14.50	2,103,201	1.84
Issuance of options	—	—	
Cancellation, forfeiture and expiry of options	19.05	(1,385,937)	
Balance as of December 31, 2024	\$ 5.63	717,264	3.65
Exercisable as of December 31, 2024	\$ 6.29	554,361	3.23

⁽ⁱ⁾ The weighted average exercise price reflects the conversion of foreign currency-denominated stock options translated into C\$ using the average foreign exchange rate as of the date of issuance.

For the year ended December 31, 2023, the fair value per option at grant date was C\$2.07. There were no options granted in 2025 or 2024. The fair value of the options issued during 2023 was determined using the Black-Scholes option pricing model, using the following inputs:

	2023
Share price at grant date (per share)	C\$2.96
Exercise price (per option)	C\$2.96
Risk-free interest rate ⁽ⁱ⁾	3.22%
Expected life of options (in years) ⁽ⁱ⁾	7
Expected annualized volatility ⁽ⁱ⁾	73%
Expected dividend yield	—
Weighted average Black-Scholes value at grant date (per option)	C\$2.07
Forfeiture rate	—

⁽ⁱ⁾ The expected life of the awards represents the period of time options are expected to be outstanding and is estimated considering vesting terms and employees' and non-employees' historical exercise and, where relevant, post-vesting employment termination behavior. Volatility was estimated by using the historical volatility of the Company's share price, adjusted for the Company's expectation of volatility going forward. The risk-free interest rate was based on the Bank of Canada government bonds with a remaining term equal to the expected life of the options at the grant date.

The following table summarizes stock options outstanding:

	Options outstanding as of December 31,		
	2025	2024	2023
2020 Omnibus Plan	588,317	702,264	702,264
2018 Stock Option Plan	—	15,000	1,400,937
Total stock options outstanding	588,317	717,264	2,103,201

(c) Restricted share units

RSUs are granted under the 2020 Omnibus Plan. RSUs represent an equivalent amount of Company common shares on the date of issuance at fair value. Fair value is determined using the closing price of the trading day immediately preceding the date of grant. RSUs issued under the 2020 Omnibus Plan typically vest over a three-year period following the grant date and have no performance requirements.

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The following is a summary of the changes in RSUs:

	Weighted average grant date fair value (C\$) ⁽ⁱⁱ⁾	Number of RSUs
Balance as of December 31, 2024	\$ 3.50	8,382,213
Granted ⁽ⁱ⁾	2.89	3,039,665
Vested and issued	3.88	(5,360,354)
Cancellation and forfeitures	2.97	(676,418)
Balance as of December 31, 2025	\$ 2.85	5,385,106
	Weighted average grant date fair value (C\$) ⁽ⁱⁱ⁾	Number of RSUs
Balance as of December 31, 2023	\$ 3.77	7,381,541
Granted ⁽ⁱ⁾	2.92	2,987,147
Vested and issued	3.49	(1,726,230)
Cancellation and forfeitures	3.18	(260,245)
Balance as of December 31, 2024	\$ 3.50	8,382,213

⁽ⁱ⁾ RSUs granted in the period either vest annually in equal installments over a three-year period from the grant date or after a three or five year “cliff-period.” All RSUs are subject to such holder’s continued employment through each vesting date. The vesting of such RSUs is not subject to the achievement of any performance criteria.

⁽ⁱⁱ⁾ The weighted-average grant date fair value reflects the conversion of foreign currency-denominated RSUs translated into C\$ using the foreign exchange rate as of the date of issuance.

(d) Deferred share units

On August 10, 2019, the Company established the DSU Plan pursuant to which its non-executive directors receive DSUs for Board services. The DSU Plan is designed to promote a greater alignment of long-term interests between non-executive directors and shareholders. The number of DSUs granted under the DSU Plan (including fractional DSUs) is determined by dividing the amount of remuneration payable by the closing price as reported by the TSX for awards made prior to 2022 and as reported by Nasdaq for awards made in 2022 and subsequent years on the trading day immediately preceding the date of grant. DSUs are payable at the time a non-executive director ceases to hold the office of director for any reason and are settled by a lump-sum cash payment, in accordance with the terms of the DSU Plan, based on the fair value of the DSUs at such time. The fair value of the cash payout is determined by multiplying the number of DSUs vested at the payout date by the closing price as reported by the TSX for awards made prior to 2022 and as reported by Nasdaq for awards made in 2022 and subsequent years on the trading day immediately preceding the payout date. The fair value of the cash payout is determined at each reporting date based on the fair value of the Company’s common shares at the reporting date and is recorded within accrued liabilities.

The following is a summary of the changes in DSUs:

	Financial liability	Number of DSUs
Balance as of December 31, 2024	\$ 1,129	560,261
Granting and vesting of DSUs	450	198,238
Loss on revaluation	414	—
Balance as of December 31, 2025	\$ 1,993	758,499
	Financial liability	Number of DSUs
Balance as of December 31, 2023	\$ 1,092	521,679
Granting and vesting of DSUs	450	193,965
Liabilities settled	(359)	(155,383)
Gain on revaluation	(54)	—
Balance as of December 31, 2024	\$ 1,129	560,261

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11. Share Repurchase Program

On May 7, 2025, the Board authorized a share repurchase program of up to \$50,000. The repurchase program commenced on May 14, 2025 and is expected to terminate on May 13, 2026, unless earlier terminated. Repurchases under the program may be made from time to time, either through open market purchases at then-prevailing market prices through the facilities of the Nasdaq or other U.S. published markets, privately negotiated transactions or otherwise. Open market repurchases will not exceed 19,270,951 common shares, being 5% of the outstanding common shares as of May 7, 2025. The timing and amount of repurchases are subject to market conditions, compliance with applicable laws and regulations and any other factors management of the Company may deem relevant. The program does not obligate Cronos to acquire any specific dollar amount or number of common shares and may be modified, suspended, or discontinued at any time.

During the year ended December 31, 2025, the Company repurchased 4,419,481 common shares for \$9,741. All common shares repurchased under the program were retired and cancelled upon settlement. As a result, the repurchased common shares were removed from issued and outstanding share capital, reducing the number of common shares outstanding. The value of the retired common shares were charged against share capital and additional paid in capital. The Company funded the repurchases using available cash resources.

12. Commitments and Contingencies

(a) Commitments

CanAdelaar acquisition

On December 9, 2025, the Company announced a definitive share sale and purchase agreement (the “Purchase Agreement”) to acquire all of the outstanding shares of CanAdelaar B.V. (“CanAdelaar”), one of ten licensed cannabis producers in the Dutch Controlled Cannabis Supply Chain Experiment. Under the terms of the Purchase Agreement, all of the issued and outstanding share capital of CanAdelaar will be acquired for up-front consideration of €57.5 million, or approximately US\$67.5 million, subject to certain customary adjustments, with additional contingent consideration payable in cash based on 0.5x of CanAdelaar’s normalized EBITDA in 2026 and 2027. As of December 31, 2025, the transaction has not closed and is subject to certain closing conditions, including obtaining required regulatory clearances in the Netherlands, receipt of confirmations relating to CanAdelaar’s licenses and Bibob review (a background check conducted by Dutch authorities), the accuracy of representations and warranties, and the absence of certain regulatory orders. Upon consummation of the transaction, CanAdelaar will become a wholly owned subsidiary of the Company and will be included in the Company’s consolidated financial results.

R&D commitments

On September 4, 2018, the Company announced an R&D partnership with Ginkgo to develop scalable and consistent production of a variety of certain common and lesser-known cannabinoids. As part of this partnership, Cronos agreed to issue up to 14,674,903 common shares of the Company (aggregate value of approximately \$100,000 as of July 17, 2018 assuming all milestones are met, collectively the “Ginkgo Equity Milestones”) in tranches and \$22,000 in cash subject to Ginkgo’s achievement of certain milestones and to fund certain R&D expenses, including foundry access fees. During the years ended December 31, 2022 and December 31, 2021, 4,157,888 shares and 2,934,980 shares, respectively, of the Company’s common stock were issued in conjunction with this partnership. No shares were issued for the year ended December 31, 2025, December 31, 2024 or December 31, 2023. In 2025, the Company terminated its R&D partnership with Ginkgo.

Other commitments

On February 18, 2019, the Company entered into an agreement with a wholly owned subsidiary of Altria (which agreement was subsequently amended and restated to substitute Altria Pinnacle as a party thereto), to receive strategic advisory and project management services from Altria Pinnacle (the “Services Agreement”). Pursuant to the Services Agreement, the Company will pay Altria Pinnacle a monthly fee equal to the product of 105% and the sum of: (i) all costs directly associated with the services incurred during the monthly period, and (ii) a reasonable and appropriate allocation of indirect costs incurred during the monthly period. The Company will also pay all third-party direct charges incurred during the monthly period in connection with the services, including any reasonable and documented costs, fees and expenses associated with obtaining any consent, license or permit. The Services Agreement will remain in effect until terminated by either party. See Note 17 “*Related Party Transactions.*”

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(b) Contingencies

The Company is subject to various legal proceedings in the ordinary course of its business and in connection with its marketing, distribution and sale of its products. Many of these legal proceedings are in the early stages of litigation and seek damages that are unspecified or not quantified. Although the outcome of these matters cannot be predicted with certainty, the Company does not believe these legal proceedings, individually or in the aggregate, will have a material adverse effect on its consolidated financial condition but could be material to its results of operations for any particular reporting period depending, in part, on its results for that period.

(i) Class action complaints relating to restatement of 2019 interim financial statements

On March 11 and 12, 2020, two alleged shareholders of the Company separately filed two putative class action complaints in the U.S. District Court for the Eastern District of New York against the Company and its Chief Executive Officer and former Chief Financial Officer. The court consolidated the cases, and the consolidated amended complaint alleges violations of Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5, promulgated thereunder, against all defendants, and Section 20(a) of the Exchange Act against the individual defendants. The consolidated amended complaint generally alleges that certain of the Company’s prior public statements about revenue and internal controls were incorrect based on the Company’s disclosures relating to the Audit Committee of the Board of Directors’ review of the appropriateness of revenue recognized in connection with certain bulk resin purchases and sales of products through the wholesale channel. The consolidated amended complaint does not quantify a damage request. The defendants moved to dismiss on February 8, 2021. On November 17, 2023, the court entered an order granting the motion and dismissed the case with prejudice. On December 1, 2023, the shareholder plaintiffs sought reconsideration of the dismissal, requesting that the court instead dismiss the action without prejudice and permit the plaintiffs to seek leave to further amend the complaint. On December 3, 2024, the court issued an opinion and order granting the plaintiffs’ motion for reconsideration, and on January 10, 2025, the plaintiffs filed a second amended class action complaint, which the defendants moved to dismiss. On May 30, 2025, the parties jointly informed the court that they had reached an agreement-in-principle to settle the action and the court then stayed all deadlines in the action. On December 2, 2025, the plaintiffs moved for preliminary approval of the proposed settlement. The proposed settlement includes a payment of \$10 million to be distributed, after fees and expenses, to members of the settlement class and a release by class members of their claims, including in the New York and Ontario actions, based on shares acquired on the Nasdaq or any other public U.S. market for trading stocks during the class period. The release would apply to claims relating to shares acquired on the Nasdaq or any other public U.S. market during the class period but would not resolve claims of persons who acquired shares on the TSX. The proposed settlement remains subject to preliminary and final approval by the court and certain other conditions not within the Company’s control. One of the shareholder plaintiffs in the Ontario action has informed the court that he intends to oppose approval of the settlement.

On June 3, 2020, an alleged shareholder filed a Statement of Claim, as amended on August 12, 2020, in the Ontario Superior Court of Justice in Toronto, Ontario, Canada, seeking, among other things, an order certifying the action as a class action on behalf of a putative class of shareholders and damages of an unspecified amount. The Amended Statement of Claim named (i) the Company, (ii) its Chief Executive Officer, (iii) former Chief Financial Officer, (iv) former Chief Financial Officer and Chief Commercial Officer, and (v) current and former members of the Board as defendants and alleged breaches of the Ontario Securities Act, oppression under the Ontario Business Corporations Act and common law misrepresentation. The Amended Statement of Claim generally alleged that certain of the Company’s prior public statements about revenue and internal controls were misrepresentations based on the Company’s March 2, 2020 disclosure that the Audit Committee of the Board of Directors was conducting a review of the appropriateness of revenue recognized in connection with certain bulk resin purchases and sales of products through the wholesale channel, and the Company’s subsequent restatement. The Amended Statement of Claim did not quantify a damage request. On June 28, 2021, the Court dismissed motions brought by the plaintiff for leave to commence a claim for misrepresentation under the Ontario Securities Act and for certification of the action as a class action. The plaintiff appealed the Court’s dismissal of the motions only with respect to the Company, the Chief Executive Officer, and the now former Chief Financial Officer; the remaining defendants were dismissed from the matter with prejudice and the Company and all individual defendants agreed not to seek costs from the plaintiff in connection with the dismissal of the motions. On September 26, 2022, the Court of Appeal for Ontario reversed the Superior Court’s dismissal of the leave and certification motions, granted the plaintiff leave to proceed to bring a claim for misrepresentation under the Ontario Securities Act, and remitted the certification motion back to the Superior Court. On April 11, 2023, the plaintiff filed a Fresh as Amended Statement of Claim, which reflected the dismissal of the defendants for which an appeal was not sought, the removal of the claims for oppression under the Ontario Business Corporations Act and common law misrepresentation, as well as shortening the proposed class period. On October 10, 2023, the Superior Court certified the action on behalf of a class of persons or entities who acquired shares in the secondary market, including on the TSX and Nasdaq, during the period from May 9, 2019 to March 30, 2020, other than certain excluded persons.

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(ii) Regulatory Settlements

On October 24, 2022, the Company announced regulatory settlements as follows:

SEC Settlement

On October 24, 2022, the SEC issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8(a) of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21(c) of the Exchange Act, Making Findings, and Imposing a Cease-and-Desist Order (the “Settlement Order”) resolving the restatements of our 2019 and 2021 interim financial statements (the “Restatements”).

The Company agreed to settle with the SEC, without admitting or denying the allegations described in the Settlement Order. The Settlement Order fully and finally disposed of the investigation of the Company by the SEC into the Restatements without the payment of any civil penalty or other amount.

The Settlement Order required the Company to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Sections 10(b), 13(a), 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 13a-13, 13a-15(a), 13a-16 and 12b-20 thereunder.

As a result of the Settlement Order, the Company (i) lost its status as a well-known seasoned issuer for a period of three years, (ii) is unable to rely on the private offering exemptions provided by Regulations A and D under the Securities Act for a period of five years and (iii) was unable to rely on the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 for a period of three years.

OSC Settlement

On October 24, 2022, the Ontario Capital Markets Tribunal approved a settlement agreement (the “Settlement Agreement”) between the Company and the staff of the Ontario Securities Commission (the “OSC”), resolving the Restatements.

Pursuant to the terms of the Settlement Agreement, which fully and finally disposed the investigation of the Company by the OSC, Cronos agreed to pay a total of C\$1.34 million to fully settle the matter, and acknowledged that it had failed to comply with the requirement under Section 77 of the Ontario Securities Act to file interim financial reports in the manner set out therein and had acted in a manner contrary to the public interest.

(iii) Litigation and regulatory inquiries relating to marketing, distribution, import and sale of products

On April 17, 2023, a group of plaintiffs led by the Green Leaf (Ale Yarok) political party filed a Statement of Claim and Request for Approval of a Class Action on behalf of a purported class of Israeli cannabis consumers in the District Court of Tel Aviv, Israel, against 26 cannabis-related parties, including three Cronos Israel entities. The Statement of Claim alleges that the defendants violated certain laws relating to the marketing of medical cannabis products, including marketing to unlicensed cannabis consumers. The lawsuit seeks a total of ILS 420 million. The Cronos Israel defendants moved to dismiss the action on August 13, 2023. The court granted the motion (and similar motions filed by other defendants) on May 16, 2024, dismissing the plaintiffs’ petition for class certification without prejudice and their individual claims with prejudice, and ordering the plaintiffs to pay ILS 10 thousand to each of the defendants for costs. On July 14, 2024, the plaintiffs appealed to the Supreme Court of Israel seeking to overturn both the dismissal of plaintiffs’ individual claims and the award of costs. The appeal is pending.

On January 18, 2024, the Company was notified that the Trade Levies Commissioner of the Israel Ministry of Economy and Industry initiated a public investigation of alleged dumping of medical cannabis imports from Canada into Israel. On July 9, 2024, the Commissioner announced a preliminary determination proposing to impose an anti-dumping duty on Canadian licensed producers. Under the proposal, the Company would have been subject to a proposed duty of 369%. The Commissioner determined not to impose a provisional duty at that time pending the conclusion of the Ministry’s investigation. The Company responded to requests for information from the Ministry. On November 10, 2024, the Trade Levies Commissioner published final findings under which the Company would be subject to a proposed duty of 175%. The Commissioner’s findings were then evaluated by an ad hoc advisory committee. On December 12, 2024, the Minister of Economy announced a conflict of interest and recused himself from the evaluation of whether to impose a duty. On April 10, 2025, notwithstanding the previous recusal, the Minister of Finance released a memorandum opposing the imposition of the duty, which acted as a veto of the Minister of Economy’s approval. On April 29, 2025, the Ministry of Justice issued a memorandum sustaining the Minister of Finance’s veto. A provisional duty is not being imposed at this time. The Company cannot predict further proceedings or determinations of the Ministers of Economy or Finance, or the Finance Committee or the Knesset and cannot predict whether a duty will ultimately be imposed on its products.

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On July 25, 2024, a group of cannabis cultivators filed an administrative petition in the District Court of Jerusalem, Israel, against the Trade Levies Commissioner and certain Israeli and Canadian businesses. The administrative petition sought a court order requiring the Trade Levies Commissioner to impose a temporary duty on cannabis imported from Canada during the pendency of the investigation until the date on which a final determination is made by the Ministry of Economy whether to impose a duty. On September 9, 2024, the Company filed a motion to join the litigation; the court granted the Company's motion on September 23, 2024. On February 6, 2025, the court dismissed the administrative petition. On June 12, 2025, a group of cannabis cultivators initiated a second administrative proceeding against the government and certain importers, including the Company's subsidiaries in Israel, asking the court to declare the Minister of Finance's veto void and order the Minister of Economy to impose an anti-dumping duty. On June 26, 2025, the cultivators moved the court for an interim injunction, which the court denied on July 13, 2025. On December 18, 2025, the court dismissed the administrative petition. The deadline for petitioners to appeal was February 16, 2026.

We expect litigation and regulatory proceedings relating to the marketing, distribution, import and sale of our products to increase.

13. Income Taxes

For financial reporting purposes, income (loss) from continuing operations before income taxes includes the following components:

	Year ended December 31,		
	2025	2024	2023
Domestic income (loss) before income taxes	\$ (28,585)	\$ 58,806	\$ (53,521)
Foreign income (loss) before income taxes	11,465	(22,220)	(20,148)
Total income (loss) before income taxes	<u>\$ (17,120)</u>	<u>\$ 36,586</u>	<u>\$ (73,669)</u>

The income (loss) before income taxes above excludes losses from discontinued operations of nil, nil and \$4,114 for the years ended December 31, 2025, 2024 and 2023, respectively.

Income tax expense (benefit) consists of the following components:

	Year Ended December 31,		
	2025	2024	2023
Current			
Federal	\$ (8,762)	\$ (1,849)	\$ (1,941)
Provincial	(6,606)	(1,352)	(1,489)
Foreign	51	31	55
Total current income tax (recovery) expense	<u>(15,317)</u>	<u>(3,170)</u>	<u>(3,375)</u>
Deferred			
Federal	1,617	(111)	42
Provincial	1,239	(72)	33
Foreign	(1,730)	(83)	70
Total deferred income tax (recovery) expense	<u>1,126</u>	<u>(266)</u>	<u>145</u>
Total income tax (recovery) expense	<u>\$ (14,191)</u>	<u>\$ (3,436)</u>	<u>\$ (3,230)</u>

As of December 31, 2025 and 2024, the Company's current income taxes payable were nil and \$9, respectively, related to current income tax expense. Included in other receivables as of December 31, 2025 and 2024 is \$12,431 and \$3,110, respectively, related to current income tax benefits.

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For the year ended December 31, 2025, income tax differs from that computed using the Canadian federal statutory income tax rate of 15.0%, which is the Company's jurisdiction of domicile. Reconciliation of the expected income tax to the effective tax rate in continuing operations is as follows:

	Year ended December 31, 2025	
	Amount	%
Canadian federal statutory rate	\$ (2,568)	15.0 %
Provincial tax, net of federal benefits ⁽ⁱ⁾	(5,486)	32.0 %
Foreign tax effects		
United States		
Changes in valuation allowance	(3,679)	21.5 %
Effect of change in tax laws or rates	(221)	1.3 %
Non-deductible share-based compensation	3,739	(21.8)%
Other	91	(0.5)%
Israel		
Statutory tax rate differences between Israel and Canada	860	(5.0)%
Changes in valuation allowance	(4,087)	23.9 %
Other	21	(0.1)%
Non-taxable or non-deductible items		
Non-taxable portion of capital gains	1,185	(6.9)%
Non-deductible transaction costs	127	(0.7)%
Other	65	(0.4)%
Changes in valuation allowances	(4,261)	24.7 %
Effect of cross-border tax laws	73	(0.4)%
Other	(50)	0.3 %
Income tax expense (benefit), net	<u>\$ (14,191)</u>	<u>82.9 %</u>

⁽ⁱ⁾ Ontario provincial taxes comprises the majority (greater than 50 percent) of the tax effect in this category.

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For the years ended December 31, 2024 and December 31, 2023, income tax differs from that computed using the combined Canadian federal and provincial statutory income tax rate of 26.5%. Reconciliation of the expected income tax to the effective tax rate in continuing operations is as follows:

	2024	2023
Net income (loss) before income taxes	\$ 36,586	\$ (73,669)
Effective income tax rate	26.5 %	26.5 %
Expected income tax expense (benefit)	9,695	(19,522)
Non-taxable income (loss)	(11,138)	1,077
Non-deductible share-based compensation	143	525
Non-deductible expenses	741	459
Non-deductible transaction costs	(14)	351
Effect of provincial tax rate difference	(66)	(9)
Effect of tax rates outside of Canada	755	816
Effect of change in tax rates	11,533	4,601
Fair value gain (loss) on financial liabilities	(15)	23
Changes in valuation allowance	(19,367)	7,930
Capital gain on financial liabilities	—	106
Additional taxable income	3,746	—
Other	551	413
Income tax expense (benefit), net	\$ (3,436)	\$ (3,230)

The valuation allowance recorded against the loss on discontinued operations is not reflected in the effective tax rate reconciliation presented above for continuing operations.

The following table summarizes the significant components of the Company's deferred tax assets and liabilities:

	As of December 31,	
	2025	2024
Deferred tax assets:		
Tax loss carryforwards	\$ 92,836	\$ 96,349
Interest expense carryforwards	3,477	2,814
Finance lease obligation	127	306
Plant and equipment	34,224	32,130
Investment	24,602	28,778
Intangible assets	25,708	36,428
Inventory	—	419
Reserve	348	1,282
R&D investment tax credits	1,156	1,104
Share-based compensation	2,686	—
Other	1,358	3,245
Total deferred tax assets	186,522	202,855
Less valuation allowance	(184,634)	(200,284)
Net deferred tax assets	\$ 1,888	\$ 2,571
Deferred tax liabilities:		
Plant and equipment	(2,280)	(1,635)
Intangible assets	(1,809)	(1,929)
Total deferred tax liabilities	\$ (4,089)	\$ (3,564)

The realization of deferred tax assets is dependent on the Company generating sufficient taxable income in the years that the temporary differences become deductible. A valuation allowance has been provided for the deferred tax assets that the Company determined did not meet the more-likely-than-not recognition threshold under U.S. GAAP.

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As of December 31, 2025 and 2024, the Company's valuation allowance was \$184,634 and \$200,284, respectively. The valuation allowance decreased by \$15,650 during the year ended December 31, 2025, and decreased by \$15,957 during the year ended December 31, 2024. The decrease in the valuation allowance during the year ended December 31, 2025 was primarily due to the recognition of a portion of deferred tax assets for which a valuation allowance was recorded in the prior year. The decrease in the valuation allowance during the year ended December 31, 2024, was primarily due to the recognition of a portion of deferred tax assets for which a valuation allowance was recorded in the prior year.

As of December 31, 2025, the Company had net operating losses in Canada, the U.S., and Israel available to offset future years' taxable income of approximately \$182,261, \$162,932, \$4,769, respectively. As of December 31, 2024, the Company had net operating losses in Canada, the U.S., and Israel available to offset future years' taxable income of approximately \$197,515, \$151,279, and \$17,049, respectively. The net operating losses in Canada will begin to expire, for purposes of carryforward, in fiscal year 2037. The net operating losses in the U.S. can be carried forward indefinitely for federal purposes. The net operating losses in Israel can be carried forward indefinitely.

Utilization of the net operating loss carryforwards may be subject to limitations under the tax laws applicable in each tax jurisdiction due to ownership changes that could occur in the future. These ownership changes could limit the amount of net operating loss carryforwards and other deferred tax assets that can be utilized to offset future taxable income and tax expense. Due to the existence of the valuation allowance, limitations created by ownership changes, if any, will not impact the Company's effective tax rate.

As of December 31, 2025, the Company has various scientific research and experimental development investment tax credit carryforwards of \$4,363 related to Canadian operations, which, if not utilized, will begin to expire in 2040. Investment tax credits are recognized when realization of the tax credits is more likely than not.

The Company files federal income tax returns in Canada, Israel and the U.S. The Company has open tax years with the taxation jurisdictions. These open years contain certain matters that could be subject to differing interpretations of applicable tax laws and regulations and tax treaties, as they relate to the amount, timing, or inclusion of revenue and expense. As of December 31, 2025, Cronos Group Inc., is under examination with the Canadian Revenue Agency for tax years 2022 and 2023.

Jurisdiction	Open Years
Canada	2021 - 2025
United States	2022 - 2025
Israel	2022 - 2025

Income taxes paid (net of refunds received) were as follows:

	Year ended December 31, 2025
Canada federal	\$ (3,604)
Canada provincial	(2,763)
Foreign	
United States	53
Israel	51
Total income taxes paid (received)	\$ (6,263)

Accounting guidance clarifies the accounting for uncertain tax positions and prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, the authoritative guidance addresses the derecognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. Only tax positions that meet the more-likely-than-not recognition threshold may be recognized. There were no identified unrecognized tax benefits as of December 31, 2025 or December 31, 2024.

As of December 31, 2025 and 2024, deferred income taxes have not been provided for any undistributed earnings from operations outside of Canada. The foreign subsidiaries have accumulated losses and as such the amount of undistributed earnings upon which income taxes have not been provided is immaterial to these consolidated financial statements.

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14. Segment Information

Segment reporting is prepared on the same basis that the CODM manages the business, makes operating decisions and assesses the Company's performance. The CODM is the Company's Chief Executive Officer. The Company operates as a single segment with the purpose of providing high-quality cannabis products to adult-use, wholesale, and medical market customers globally. The consolidated results are regularly reviewed by the CODM to assess the performance of the Company's single segment operations and make decisions regarding the allocation of resources. The CODM reviews adjusted earnings (loss) before interest, tax, depreciation and amortization ("Adjusted EBITDA") as the measure of segment profit or loss to evaluate performance of and allocate resources for its reportable segment. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, and non-cash items and items that do not reflect management's assessment of ongoing business performance. The CODM believes Adjusted EBITDA provides the most useful insight into underlying business trends and results and provides a more meaningful comparison of period-over-period results. In addition, certain significant expenses are regularly reviewed by the CODM and considered for business decisions and allocation of resources; these significant expenses include: sales and marketing, research and development, general and administrative, depreciation and amortization, and share-based compensation expense, which are presented within operating expenses on the Company's consolidated statements of net income (loss) and comprehensive income (loss). Furthermore, the CODM regularly reviews total cash and short-term investments to aid in capital allocation decisions.

The tables below set forth consolidated Adjusted EBITDA and significant expenses for our single segment (after adoption of ASU 2023-07):

	Year ended December 31,		
	2025	2024	2023
Adjusted EBITDA	\$ 10,110	\$ (34,942)	\$ (63,746)
Significant expenses:			
Sales and marketing	21,764	21,603	22,701
Research and development	4,449	4,229	5,843
General and administrative	41,999	46,514	49,475
Share-based compensation	7,050	8,700	8,756
Depreciation and amortization	2,119	3,701	5,044
Total significant expenses	<u>77,381</u>	<u>84,747</u>	<u>91,819</u>
Restructuring costs	2,037	630	1,524
Impairment loss on goodwill and indefinite-lived intangible assets	700	—	—
Impairment loss on long-lived assets	36	16,350	3,366
Total operating expense	<u>\$ 80,154</u>	<u>\$ 101,727</u>	<u>\$ 96,709</u>

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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 (after adoption of ASU 2023-07):

(in thousands of U.S. dollars)

	For the year ended December 31, 2025		
	Continuing Operations	Discontinued Operations	Total
Net loss	\$ (2,929)	\$ —	\$ (2,929)
Interest income, net	(39,963)	—	(39,963)
Income tax benefit	(14,191)	—	(14,191)
Depreciation and amortization	14,231	—	14,231
EBITDA	(42,852)	—	(42,852)
Impairment loss on goodwill and indefinite-lived intangible assets ⁽ⁱ⁾	700	—	700
Impairment loss on long-lived assets ⁽ⁱⁱ⁾	36	—	36
Loss on revaluation of financial instruments ^(v)	452	—	452
Foreign currency transaction loss	28,588	—	28,588
Transaction costs ^(vii)	1,965	—	1,965
Loss on held-for-sale assets ^(viii)	5,532	—	5,532
Other, net ^(ix)	241	—	241
Restructuring costs ^(x)	2,037	—	2,037
Share-based compensation ^(xi)	7,050	—	7,050
Restatement litigation costs ^(xii)	275	—	275
Inventory step-up recorded to cost of sales ^(xiii)	517	—	517
Israel Ministry of Economy and Industry dumping inquiry ^(xiv)	694	—	694
Change in allowance for credit loss on non-operating loan ^(xv)	4,875	—	4,875
Adjusted EBITDA	<u>\$ 10,110</u>	<u>\$ —</u>	<u>\$ 10,110</u>

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(in thousands of U.S. dollars)

	For the year ended December 31, 2024		
	Continuing Operations	Discontinued Operations	Total
Net income	\$ 40,022	\$ —	\$ 40,022
Interest income, net	(52,019)	—	(52,019)
Income tax 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 ⁽ⁱⁱ⁾	16,350	—	16,350
Revaluation gain on loan receivable ⁽ⁱⁱⁱ⁾	(11,804)	—	(11,804)
Gain on revaluation of equity method investment ^(iv)	(32,469)	—	(32,469)
Loss on revaluation of financial instruments ^(v)	6,248	—	6,248
Impairment loss on other investments ^(vi)	25,650	—	25,650
Foreign currency transaction gain	(57,859)	—	(57,859)
Transaction costs ^(vii)	701	—	701
Loss on held-for-sale assets ^(viii)	11,202	—	11,202
Other, net ^(ix)	301	—	301
Restructuring costs ^(x)	630	—	630
Share-based compensation ^(xi)	8,700	—	8,700
Restatement litigation costs ^(xii)	(1)	—	(1)
Inventory step-up recorded to cost of sales ^(xiii)	5,284	—	5,284
Israel Ministry of Economy and Industry dumping inquiry ^(xiv)	587	—	587
Adjusted EBITDA	<u>\$ (34,942)</u>	<u>\$ —</u>	<u>\$ (34,942)</u>

(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 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 ⁽ⁱⁱ⁾	3,366	205	3,571
Loss on revaluation of financial instruments ^(v)	12,042	—	12,042
Impairment loss on other investments ^(vi)	23,350	—	23,350
Foreign currency transaction loss	7,324	—	7,324
Other, net ^(ix)	(1,029)	118	(911)
Restructuring costs ^(x)	1,524	523	2,047
Share-based compensation ^(xi)	8,756	13	8,769
Restatement litigation costs ^(xii)	919	—	919
Inventory write-down ^(xvi)	805	839	1,644
Adjusted EBITDA	<u>\$ (61,564)</u>	<u>\$ (2,182)</u>	<u>\$ (63,746)</u>

⁽ⁱ⁾ For the year ended December 31, 2025, impairment loss on goodwill and indefinite-lived intangible assets related to our Lord Jones[®] brand intangible asset, which was assessed for impairment in the fourth quarter of 2025. There were no such impairment losses in the years ended December 31, 2024 and 2023. See Note 8 “Goodwill and Intangible Assets, net.”

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- (ii) For the year ended December 31, 2025, impairment loss on long-lived assets related to equipment no longer in use. 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 winding down of operations at the Cronos Fermentation Facility. 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. See Note 7 “*Property, Plant and Equipment, net*” and Note 8 “*Goodwill and Intangible Assets, net*.”
- (iii) 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.
- (iv) 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.
- (v) For the year ended December 31, 2025, the loss on revaluation of financial instruments was driven by the Company’s equity securities in Vitura, partially offset by a gain related to the High Tide Warrant. For the years ended December 31, 2024 and 2023, loss on revaluation of financial instruments related primarily to the Company’s equity securities in Vitura. See Note 5 “*Investments*.”
- (vi) For the years ended December 31, 2024 and 2023, impairment loss on other investments represented the fair value change on the PharmaCann Option. See Note 5 “*Investments*.”
- (vii) For the years ended December 31, 2025 and 2024, transaction costs represented legal, financial and other advisory fees and expenses incurred in connection with the Cronos GrowCo Transaction and the pending acquisition of CanAdelaar. These costs are included in general and administrative expenses on the consolidated statements of net income (loss) and comprehensive income (loss).
- (viii) For the years ended December 31, 2025 and 2024, a loss on held-for-sale assets related to a revaluation of the Cronos Fermentation Facility held-for-sale asset group.
- (ix) For the year ended December 31, 2025, other, net related to (gain) loss on disposal of assets and dividend income. For the years ended 2024 and 2023, other, net primarily related to (gain) loss on disposal of assets and (gain) loss on revaluation of derivative liabilities.
- (x) For the year ended December 31, 2025, restructuring costs from continuing operations related to employee-related severance costs and IT infrastructure and finance transformation costs associated with the Realignment, as described in Note 18 “*Restructuring*.” 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*.” For the year ended December 31, 2023 restructuring costs related to the employee-related severance costs and other restructuring costs associated with the Realignment.
- (xi) For the year ended December 31, 2025, share-based compensation related to the expenses of share-based compensation awarded to employees and our DSUs issued to certain members of our Board of Directors, each under the Company’s share-based award plans, as described in Note 10 “*Share-based Compensation*.” For the years ended December 31, 2024 and 2023, 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 10 “*Share-based Compensation*.”
- (xii) For the years ended December 31, 2025, 2024 and 2023, restatement litigation costs included legal costs incurred defending shareholder class action complaints brought against the Company as a result of the 2019 restatement.
- (xiii) For the years ended December 31, 2025 and 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).
- (xiv) 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.
- (xv) For the year ended December 31, 2025, change in allowance for credit loss on non-operating loan represents the allowance recognized on the High Tide loan receivable and adjustments thereto, as described in Note 6, “*Loans Receivable, net*.”
- (xvi) 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*” and inventory write-downs from continuing operations related to product destruction and obsolescence associated with the winding down of operations at the Cronos Fermentation Facility, as described in Note 18 “*Restructuring*.”

The following table presents the Company’s revenue by major product category for our single segment (after adoption of ASU 2023-07):

	Year ended December 31,		
	2025	2024	2023
Cannabis flower	\$ 108,476	\$ 87,912	\$ 62,070
Cannabis extracts	37,700	29,168	24,569
Other	411	535	602
Net revenue	<u>\$ 146,587</u>	<u>\$ 117,615</u>	<u>\$ 87,241</u>

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Net revenue attributed to a geographic region based on the location of the customer was as follows (after adoption of ASU 2023-07):

	Year ended December 31,		
	2025	2024	2023
Canada	\$ 90,330	\$ 82,437	\$ 64,702
Israel	41,796	28,368	21,134
Other countries	14,461	6,810	1,405
Net revenue	<u>\$ 146,587</u>	<u>\$ 117,615</u>	<u>\$ 87,241</u>

The table below sets forth total cash and cash equivalents and short-term investments for our single segment:

	As of December 31,	
	2025	2024
Total cash and cash equivalents and short-term investments	<u>\$ 831,794</u>	<u>\$ 858,805</u>

Property, plant and equipment, net were physically located in the following geographic regions:

	As of December 31,	
	2025	2024
Canada	\$ 129,352	\$ 117,329
Israel	16,513	15,860
Total	<u>\$ 145,865</u>	<u>\$ 133,189</u>

Intangibles, net were physically located in the following geographic regions:

	As of December 31,	
	2025	2024
Canada	\$ 8,551	\$ 10,887
Israel	339	370
Total	<u>\$ 8,890</u>	<u>\$ 11,257</u>

For additions to our property, plant and equipment, net and intangibles, net in the years ended December 31, 2025, 2024 and 2023, please see the consolidated statements of cash flows.

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15. Income (Loss) per Share

Basic and diluted earnings (loss) per share from continued and discontinued operations are calculated as follows:

	Year ended December 31,		
	2025	2024	2023
Basic income (loss) per share computation			
Net income (loss) from continuing operations attributable to the shareholders of Cronos Group	\$ (9,447)	\$ 41,080	\$ (69,849)
Weighted-average number of common shares outstanding for computation for basic income (loss) per share	383,468,522	382,058,056	380,964,739
Basic income (loss) from continuing operations per share	<u>\$ (0.02)</u>	<u>\$ 0.11</u>	<u>\$ (0.18)</u>
Loss from discontinued operations attributable to the shareholders of Cronos Group	\$ —	\$ —	\$ (4,114)
Weighted-average number of common shares outstanding for computation of basic loss from discontinued operations per share	383,468,522	382,058,056	380,964,739
Basic loss from discontinued operations per share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (0.01)</u>
Diluted income (loss) per share computation			
Net income (loss) from continuing operations attributable to the shareholders of Cronos Group	\$ (9,447)	\$ 41,080	\$ (69,849)
Weighted-average number of common shares outstanding used in the computation of basic income (loss) per share	383,468,522	382,058,056	380,964,739
Dilutive effect of RSUs	—	3,243,564	—
Dilutive effect of Altria Warrant	—	255,382	—
Weighted-average number of common shares for computation of diluted income (loss) from continuing operations per share ⁽ⁱ⁾	383,468,522	385,557,002	380,964,739
Diluted income (loss) from continuing operations per share	<u>\$ (0.02)</u>	<u>\$ 0.11</u>	<u>\$ (0.18)</u>
Loss from discontinued operations attributable to the shareholders of Cronos Group	\$ —	\$ —	\$ (4,114)
Weighted-average number of common shares for computation of diluted loss from discontinued operations per share	383,468,522	382,058,056	380,964,739
Diluted loss from discontinued operations per share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (0.01)</u>

⁽ⁱ⁾ In computing diluted earnings per share, incremental common shares are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive.

Total securities of 18,980,970, 17,070,836 and 25,426,119 were not included in the computation of diluted shares outstanding for the years ended December 31, 2025, 2024 and 2023, respectively, because the effect would be anti-dilutive.

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16. Financial Instruments

(a) Fair value measurement

The Company complies with ASC 820 *Fair Value Measurements* for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. In general, fair values are determined by:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.
- Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 791,794	\$ —	\$ —	\$ 791,794
Other investments ⁽ⁱ⁾⁽ⁱⁱ⁾	2,253	5,411	—	7,664
Derivative liabilities	—	—	—	—

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 858,805	\$ —	\$ —	\$ 858,805
Other investments ⁽ⁱ⁾	2,813	—	—	2,813
Derivative liabilities	—	—	40	40

⁽ⁱ⁾ As of December 31, 2025 and December 31, 2024, the Company's influence on Vitura is deemed non-significant and the investment is considered an equity security with a readily determinable fair value. See Note 5 "Investments" for additional information.

⁽ⁱⁱ⁾ As of December 31, 2025, the fair value of the Company's warrants in High Tide is estimated using a Black-Scholes model with key inputs including share price and volatility of High Tide common shares, the risk-free rate and the remaining term of the High Tide Warrant. See Note 5 "Investments" for further information.

There were no transfers between fair value categories during the periods presented.

(b) Financial risks

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, market risk, interest rate risk, and foreign currency rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities, primarily accounts receivable and other receivables, and its investing activities, including cash held with banks and financial institutions, short-term investments, loans receivable, and advances to joint ventures. The Company's maximum exposure to this risk is equal to the carrying amount of these financial assets, which amounted to \$909,839 and \$904,101 as of December 31, 2025 and December 31, 2024, respectively.

(i) Accounts receivable

The Company had accounts receivable of \$34,099 and \$15,462 as of December 31, 2025 and December 31, 2024, respectively. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due. As of December 31, 2025 and 2024, the Company had \$9 and \$7, respectively, in expected credit losses on receivables from contracts with customers.

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The Company considers a major customer to be one with an accounts receivable balance of at least 10% of the consolidated total. As of December 31, 2025, the Company has assessed that there is a concentration risk of customers because 16% of accounts receivable was due from one customer. As of December 31, 2024, the Company has assessed that there is a concentration risk of customers because 27% of accounts receivable was due from one customer.

The Company sells products through a limited number of major customers. Major customers are defined as customers that each individually accounted for greater than 10% of the Company's revenues. During the year ended December 31, 2025, the Company earned a total net revenue before excise taxes of \$82,581 from two major customers, together accounting for 43% of the Company's total net revenue before excise taxes. During the year ended December 31, 2024, the Company earned a total net revenue before excise taxes of \$78,627 from two major customers, together accounting for 49% of the Company's total net revenue before excise taxes. During the year ended December 31, 2023, the Company earned a total net revenue before excise taxes of \$79,503 from three major customers, accounting for 66% of the Company's total net revenues before excise taxes.

(ii) Cash and cash equivalents, short-term investments, and other receivables

The Company held cash and cash equivalents of \$791,794 and \$858,805 as of December 31, 2025 and December 31, 2024, respectively. The short-term investments and related interest receivable of \$41,785 and nil as of December 31, 2025 and December 31, 2024, respectively, represent short-term investments with a maturity of less than a year and accrued interest. The cash and cash equivalents and short-term investments, including guaranteed investment certificates and bankers' acceptances, are held with central banks and financial institutions that are highly rated. In addition to interest receivable, other receivables include sales taxes receivable from the government. As such, the Company has assessed an insignificant loss allowance on these financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and arises principally from the Company's accounts payable. The Company had trade accounts payable of \$7,642 and \$4,563 as of December 31, 2025 and December 31, 2024, respectively, included in accounts payable on the consolidated balance sheet. The Company's policy is to review liquidity resources and ensure that sufficient funds are available to meet financial obligations as they become due. Further, the Company's management is responsible for ensuring funds exist and are readily accessible to support business opportunities as they arise.

The Company considers a major vendor to be one with a trade accounts payable balance of at least 10% of the consolidated total. As of December 31, 2025, the Company has assessed that there is not a concentration risk of vendors because no vendor accounted for 10% or more of the Company's trade accounts payable balance. As of December 31, 2024, the Company has assessed that there is a concentration risk of vendors because 10% of accounts payable was due to one vendor.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, market and economic conditions, and equity and commodity prices. The Company is exposed to market risk in divesting its investments, such that unfavorable market conditions could result in dispositions of investments at less than their carrying amounts. Further, the revaluation of securities classified as fair value through net income could result in significant write-downs of the Company's investments, which would have an adverse impact on the Company's results of operations, unless these would flow through other comprehensive income.

The Company manages risk by having a portfolio of securities from multiple issuers, such that the Company was not materially exposed to any one issuer.

Interest rate risk

Interest rate risk is the risk that the value or yield of fixed-income investments may decline if interest rates change. Fluctuations in interest rates may impact the level of income and expense recorded on the cash equivalents and short-term investments, and the market value of all interest-earning assets, other than those that possess a short term to maturity. A 10% change in the interest rate in effect on December 31, 2025 would not have a material effect on the fair value of our cash equivalents and short-term investments as the majority of the portfolio had a maturity date of three months or less. A 10% change in the interest rate in effect for 2025 would have an effect of \$3,800 on interest income, net earned on our cash equivalents and short-term investments. A 10% change in the interest rate in effect on December 31, 2024, would have an effect of \$5,200 on interest income, net earned on our cash and cash equivalents and short-term investments. During the years ended December 31, 2025, December 31, 2024 and December 31, 2023, the Company had net interest income of \$39,963, \$52,019 and \$51,235, respectively.

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Foreign currency risk

Currency rate risk is the risk that the fair value of, or future cash flows from, the Company’s financial instruments will significantly fluctuate due to changes in foreign exchange rates. The Company is exposed to this risk on investments in equity investments denominated in A\$ and C\$, and other assets and liabilities denominated in A\$ and C\$. The Company is further exposed to this risk through subsidiaries operating in Israel and the U.S. as the Company’s functional currency is in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure to currency rate risk. As such, the Company’s financial position and financial results may be adversely affected by the unfavorable fluctuations in currency exchange rates.

As of December 31, 2025 and December 31, 2024, the Company had foreign currency gain (loss) on translation of \$48,721 and \$(86,321), respectively. A 10% change in the exchange rates for the foreign currencies would affect the carrying amounts of net assets by approximately \$40,524 and \$40,125 as of December 31, 2025 and December 31, 2024, respectively.

17. Related Party Transactions

(a) Altria

On March 8, 2019, in connection with the Altria Investment, Altria, through certain of its wholly owned subsidiaries, purchased a 45% equity interest in the Company. As of December 31, 2025, Altria beneficially held an approximately 41.0% ownership interest in the Company (calculated on a non-diluted basis).

There were no amounts payable related to the consulting services with Altria Pinnacle as of December 31, 2025 and 2024.

(b) Cronos GrowCo

The Company holds both ownership of 50% of Cronos GrowCo’s common shares and senior secured debt in Cronos GrowCo and these were historically accounted for as related party transactions. Effective July 1, 2024, the Company obtained majority control of the board of directors of Cronos GrowCo, which is now accounted for as an intercompany relationship and all intercompany activity is eliminated upon consolidation. For more information on the Cronos GrowCo Transaction, see Note 2 “*Business Combination.*”

The Company made the following purchases of cannabis products from Cronos GrowCo:

	Year ended December 31,	
	2024 ⁽ⁱ⁾	2023
Cronos GrowCo – purchases	\$ 16,952	\$ 21,335

⁽ⁱ⁾ 2024 activity presented above represents purchases from Cronos GrowCo for the first six months of the year.

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During the third quarter of 2023, the Company, as supplier, entered into a cannabis germplasm supply agreement with Cronos GrowCo as buyer. During 2023, the Company received proceeds of \$1,114 in relation to this agreement.

Also, during 2023, the Company sold certain held for sale assets with carrying value of \$332 and certain other previously expensed assets with a zero net book value to Cronos GrowCo for total proceeds of \$761 and recognized a \$436 gain in other, net in the consolidated statements of net income (loss) and comprehensive income (loss).

Additionally, on August 23, 2019, the Company, as lender, and Cronos GrowCo, as borrower, entered into the Cronos GrowCo Credit Facility. See Note 6 “*Loans Receivable, net*” for further information regarding the Cronos GrowCo Credit Facility.

(c) Vendor Agreement

In November 2022, the Company entered into an agreement with an external vendor whereby the vendor would provide certain manufacturing services to the Company. The vendor then subcontracted out a portion of those services to another vendor whose chief executive officer is an immediate family member of an executive of the Company. The Company purchased \$0, \$0 and \$2,310 of products and services under this subcontracted agreement for the years ended December 31, 2025, December 31, 2024 and December 31, 2023, respectively. The Company had no outstanding accounts payable related to the subcontracted agreement as of December 31, 2025 and December 31, 2024.

In November 2023, the Company negotiated a direct contract with the related-party vendor. During the years ended 2025, 2024 and 2023, the Company purchased \$1,462, \$1,746 and \$42, respectively, of products and services directly from the related-party vendor and had \$208 and \$149 in outstanding accounts payable to the vendor as of December 31, 2025 and 2024, respectively.

(d) Consulting Agreement

In connection with the Cronos GrowCo Transaction, Cronos GrowCo entered into a consulting services agreement with a consulting firm managed by a member of the group of investors holding the remaining 50% ownership of Cronos GrowCo, pursuant to which the consulting firm provides management services to Cronos GrowCo. During the years ended 2025 and 2024, the Company incurred \$1,437 and \$434, respectively, of expense under this agreement and had no outstanding accounts payables to the vendor as of either December 31, 2025 or 2024.

(e) Dividend to Non-controlling Interest

On June 30, 2025, Cronos GrowCo made a dividend payment, of which \$3,858 was paid to its non-controlling shareholder. The dividend distribution was funded from excess operating cash flows and is presented in the financing section of the statement of cash flows. On December 31, 2025, Cronos GrowCo made a dividend payment, of which \$2,555 was paid to its non-controlling shareholder. The dividend distributions were funded from excess operating cash flows and are presented in the financing section of the consolidated statement of cash flows.

18. Restructuring

In the first quarter of 2022, the Company initiated a strategic plan to realign the business around its brands, centralize functions and evaluate the Company’s supply chain (the “Realignment”). As part of the Realignment, on February 28, 2022, the Board approved plans to leverage the Company’s strategic partnerships to improve supply chain efficiencies and reduce manufacturing overhead by exiting its production facility in Stayner, Ontario, Canada (the “Peace Naturals Campus”). On February 27, 2023, the Board approved revisions to the Realignment, under which the Company was maintaining select components of its operations at the Peace Naturals Campus, namely distribution warehousing, certain research and development activities and manufacturing of certain of the Company’s products. In the third quarter of 2023, the Board approved revisions to the Realignment to wind-down operations at the Cronos Fermentation Facility, list the Cronos Fermentation Facility for sale, and implement additional organization-wide cost reductions as the Company continues its Realignment initiatives. On November 26, 2023, the Company entered into an agreement for the sale and leaseback of the Peace Naturals Campus, which was subsequently terminated pursuant to its terms during the second quarter of 2024. The Company plans to continue and expand operations at the Peace Naturals Campus. In the first quarter of 2025, the Company continued its Realignment initiatives to transform its IT infrastructure and finance departments to drive long-term cost efficiencies, improve cross-functional collaboration, and support global scalability. These actions included leadership transitions, consolidation of certain roles, and assessment of, and investment in, critical IT infrastructure. The Realignment initiatives are intended to position the Company to drive profitable and sustainable growth over time.

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During the first quarter of 2024, the Company ceased operations at the Cronos Fermentation Facility, performed an assessment under ASC 360 *Property, Plant and Equipment* of the recoverability of the carrying value of the Cronos Fermentation Facility assets, and determined the carrying value of the assets was not fully recoverable. The fair value was estimated using a combination of the market and income approaches. As a result of this analysis, an impairment loss on long-lived assets of \$1,631 was recorded to the consolidated statements of net income (loss) and comprehensive income (loss) in the year ended December 31, 2024. In addition, the Cronos Fermentation assets were classified as held-for-sale in the first quarter of 2024 at a fair value less costs to sell of \$19,398. During the third quarter of 2024, the Company adjusted its sales strategy for the Cronos Fermentation assets to market the assets to a broader buyer pool, which resulted in the recognition of a loss on held-for-sale assets of \$10,422 on the consolidated statements of net income (loss) and comprehensive income (loss) in year ended December 31, 2024. During the fourth quarter of 2024, the Company recorded an additional loss on these held-for-sale assets of \$345. During the second quarter of 2025, the Company revised its listing price and reassessed the fair value of the Cronos Fermentation Facility assets, which resulted in the recognition of a loss on held-for-sale assets of \$2,501 on the consolidated statements of net income (loss) and comprehensive income (loss) in the second quarter of 2025. The fair value was estimated using a combination of the market and income approaches. Under the market approach, the key assumptions are the selected comparable transactions and adjustments made based on age, condition and type of sale. Under the income approach, the key assumptions are the market rent and capitalization rate. During the third quarter of 2025, the Company entered into an agreement to sell the Cronos Fermentation Facility assets for C\$4,000 (\$2,873), which resulted in the recognition of a loss on held-for-sale assets of \$3,031 on the consolidated statements of net income (loss) and comprehensive income (loss) in the third quarter of 2025. The agreement to sell the Cronos Fermentation Facility assets was consummated during the fourth quarter of 2025. The Company had no held-for-sale assets as of December 31, 2025.

During the years ended December 31, 2025, December 31, 2024 and December 31, 2023, the Company incurred \$2,037, \$630, and \$1,524, respectively, of restructuring costs in its continuing operations in connection with the Realignment. Charges related thereto include employee-related costs such as severance and other termination benefits, as well as IT infrastructure and finance transformation costs associated with the Realignment. During the year ended December 31, 2023, as a result of the decision to wind down operations at Cronos Fermentation, the Company recognized an inventory write-down of \$805 related to certain obsolete raw materials. Restructuring costs and inventory write-downs incurred in the Company's discontinued operations during the year ended December 31, 2023 is presented in Note 3 "*Discontinued Operations*."

The following table summarizes the Company's restructuring activity for the years ended December 31, 2025, 2024 and 2023:

	As of December 31, 2024	Expenses	Payments/Write-offs	As of December 31, 2025
Employee Termination Benefits	\$ —	\$ 637	\$ (533)	\$ 104
Other Restructuring Costs	—	1,400	(1,189)	211
Total	\$ —	\$ 2,037	\$ (1,722)	\$ 315

	As of December 31, 2023	Expenses	Payments/Write-offs	As of December 31, 2024
Employee Termination Benefits	\$ 150	\$ 62	\$ (212)	\$ —
Other Restructuring Costs	—	568	(568)	—
Total	\$ 150	\$ 630	\$ (780)	\$ —

	As of December 31, 2022	Expenses	Payments/Write-offs	As of December 31, 2023
Employee Termination Benefits	\$ 403	\$ 1,371	\$ (1,624)	\$ 150
Other Restructuring Costs	21	153	(174)	—
Total	\$ 424	\$ 1,524	\$ (1,798)	\$ 150

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, performed an evaluation of the disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), as of December 31, 2025. Based on that evaluation, management has concluded that, as of December 31, 2025, the disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in reports we file or submit under the Exchange Act were recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act, is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based upon criteria established in *Internal Control – Integrated Framework* (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Our independent registered public accounting firm, Davidson & Company LLP, who audited the consolidated financial statements for our fiscal year ended December 31, 2025 included in this Annual Report, issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2025.

(c) Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), that occurred during the fourth quarter of the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Rule 10b5-1 Trading Plans

Securities Trading Plans of Directors and Executive Officers

During the year ended December 31, 2025, no directors or executive officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Certain of our officers or directors have made, and may from time to time make, elections to have shares withheld to cover withholding taxes or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408 of Regulation S-K).

Amendment to Executive Employment Agreement

On February 25, 2026, Cronos USA Client Services LLC entered into a First Amendment (the "Gorenstein Amendment") to the Amended and Restated Executive Employment Agreement (the "Gorenstein Agreement") with Michael Gorenstein, the Company's President and Chief Executive Officer.

Pursuant to the Gorenstein Amendment, Mr. Gorenstein's annual long-term incentive target opportunity was increased to not less than \$2,325,000 (based on the grant date fair value of such awards) beginning in the 2026 fiscal year grant cycle (the "Annual LTI Opportunity").

The Gorenstein Amendment also provides that if, within one year following a Change of Control (as defined in the 2020 Omnibus Plan), Mr. Gorenstein's employment is terminated by the Company without Just Cause (as defined in the Gorenstein Agreement) or he resigns for Good Reason (as defined in the Gorenstein Agreement), in each case subject to his execution and non-revocation of a release of claims, he will be entitled to receive a lump sum payment equal to the sum of (i) two times the sum of his base salary and target bonus and (ii) his Annual LTI Opportunity, payable within 60 days following termination.

Except as amended, the Gorenstein Agreement remains in full force and effect.

A copy of the Gorenstein Amendment is filed as an exhibit to this Annual Report.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Other than as noted below, the information required under this Item is incorporated herein by reference to our definitive proxy statement or to an amendment to this Annual Report on Form 10-K to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

Insider Trading Arrangements and Policies

The Company is committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, the Company has adopted its Insider Trading Policy governing the purchase, sale, and/or other dispositions of its securities by the Company, its directors, officers, employees and consultants, secondees, interns and third-party service providers who are in a position to potentially be in possession of material undisclosed information in the course of services provided to the Company. The Company believes the Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to the Company. A copy of the Insider Trading Policy was filed as Exhibit 19.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2024, and is incorporated herein by reference.

Principal Accounting Officer Appointment

On February 24, 2026, Jared Matthew Kenost, age 44, was appointed as Principal Accounting Officer of the Company. In connection with this appointment, Mr. Kenost was promoted to serve as Vice President, Controller of the Company.

Mr. Kenost has served as Vice President, Interim Controller since August 2025. From March 2021 to August 2025, Mr. Kenost served as Senior Director, Technical Accounting & Financial Reporting of the Company. Prior to joining the Company, he served as Director of SEC Reporting at Methode Electronics, Inc. from October 2018 to March 2021.

There are no arrangements or understandings between Mr. Kenost and any other person pursuant to which he was selected as an officer. Mr. Kenost has no family relationships with any director or executive officer of the Company. Mr. Kenost has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION.

The information required under this Item is incorporated herein by reference to our definitive proxy statement or to an amendment to this Annual Report on Form 10-K to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required under this Item is incorporated herein by reference to our definitive proxy statement or to an amendment to this Annual Report on Form 10-K to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required under this Item is incorporated herein by reference to our definitive proxy statement or to an amendment to this Annual Report on Form 10-K to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required under this Item is incorporated herein by reference to our definitive proxy statement or to an amendment to this Annual Report on Form 10-K to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as part of this Annual Report on Form 10-K, or incorporated herein by reference:

(a)(1) *Financial Statements*. The following financial statements of Cronos Group Inc. are filed as part of this Annual Report on Form 10-K on the pages indicated.

CRONOS GROUP INC. AND SUBSIDIARIES	Page No.
Reports of Independent Registered Public Accounting Firms	68
Consolidated Balance Sheets as of December 31, 2025 and 2024	71
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss) for the years ended December 31, 2025, 2024, and 2023	72
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2025, 2024, and 2023	74
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024, and 2023	75
Notes to Consolidated Financial Statements	77

(a)(2) *Financial Statement Schedules*. Schedules are omitted because the required information is inapplicable, not material, or the information is presented in the consolidated financial statements or related notes.

(a)(3) *Exhibits*. The exhibits listed in the Exhibit Index immediately below are filed as part of this Annual Report on Form 10-K or are incorporated by reference herein.

Exhibit Number	Exhibit Description
2.1	Options Purchase Agreement, dated June 14, 2021, by and between Cronos USA Holdings Inc. and PharmaCann Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Cronos Group Inc. filed June 15, 2021).
2.2	Option, dated June 14, 2021, issued by PharmaCann Inc. to Cronos USA Holdings Inc. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K of Cronos Group Inc. filed June 15, 2021).
2.3***	Share Sale and Purchase Agreement, dated as of December 9, 2025, by and among Cronos Group Inc., CGM B.V., "Ring" International Holding AG and Landewyck Tobacco S.A. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Cronos Group Inc., filed on December 9, 2025).
3.1	Certificate of Continuance and Articles of Cronos Group Inc. (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed August 8, 2024).
4.1	Form of Cronos Group Inc. Common Share certificate (incorporated by reference to the corresponding exhibit to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 2, 2020).
4.2	Description of Capital Stock of Cronos Group Inc. (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K of Cronos Group Inc., filed March 1, 2022).
10.1	Subscription Agreement, dated as of December 7, 2018, by and among Cronos Group Inc., Altria Summit LLC, and, solely for the purposes specified therein, Altria Group, Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report of Foreign Private Issuer, filed December 10, 2018).
10.2	Investor Rights Agreement, dated as of March 8, 2019, by and between Cronos Group Inc. and Altria Group, Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report of Foreign Private Issuer, filed March 15, 2019).
10.3*	Termination Agreement, dated as of December 15, 2025, by and between Ginkgo Bioworks, Inc. and Cronos Group Inc.
10.4†	Cronos Group Inc. 2015 Amended and Restated Stock Option Plan, dated as of May 26, 2015 (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-8 of Cronos Group Inc., filed July 11, 2018).
10.5†	Form of Option Certificate to 2015 Amended and Restated Stock Option Plan (incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 2, 2020).
10.6†	First Amendment to the Cronos Group Inc. 2015 Amended and Restated Stock Option Plan, dated as of August 7, 2019 (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 2, 2020).
10.7†	Cronos Group Inc. Amended and Restated 2018 Stock Option Plan, dated as of November 11, 2019 (incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 2, 2020).

- 10.8† [Cronos Group Inc. Deferred Shared Unit Plan for Non-Executive Directors, dated as of August 7, 2019 \(incorporated by reference to the Exhibit 10.9 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 2, 2020\).](#)
- 10.9† [Form of Director and Officer Indemnity Agreement \(incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 2, 2020\).](#)
- 10.10† [Cronos Group Inc. 2020 Omnibus Equity Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed August 6, 2020\).](#)
- 10.11† [Form of Restricted Share Unit Award Agreement to Cronos Group Inc. 2020 Omnibus Equity Incentive Plan \(incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed August 6, 2020\).](#)
- 10.12† [Form of Restricted Share Unit Award Agreement \(Israel\) to Cronos Group Inc. 2020 Omnibus Equity Incentive Plan \(incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed August 6, 2020\).](#)
- 10.13† [Letter Agreement, dated as of February 17, 2022, by and among Cronos USA Client Services LLC, Cronos Group Inc., and Anna Shlimak \(incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 1, 2022\).](#)
- 10.14† [Letter Agreement, dated as of August 23, 2024, by and among Cronos USA Client Services LLC, Cronos Group Inc., and Anna Shlimak \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed on November 12, 2024\).](#)
- 10.15† [Amended and Restated Employment Agreement, dated as of March 21, 2022, between Cronos USA Client Services LLC, Cronos Group Inc. and Michael Gorenstein \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Cronos Group Inc., filed on March 21, 2022\).](#)
- 10.16†* [First Amended and Restated Executive Employment Agreement, dated as of February 25, 2026, between Cronos USA Client Services LLC, Cronos Group Inc. and Michael Gorenstein.](#)
- 10.17† [Executive Employment Agreement, dated as of August 16, 2020, among Cronos Israel G.S. Cultivation Ltd., Cronos Group Inc. and Ran Gorelik \(incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed on May 10, 2022\).](#)
- 10.18† [Executive Employment Agreement, dated as of June 21, 2019, by and among Cronos Group Inc., Hortican Inc. and Jeffrey Jacobson \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed on May 9, 2023\).](#)
- 10.19† [Letter Agreement by and among Jeffrey Jacobson and Hortican Inc., dated November 7, 2022 \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed on November 7, 2022\).](#)
- 10.20† [Amended and Restated Executive Employment Agreement, dated as of February 28, 2024, by and among Cronos USA Client Services LLC, Jeffrey Jacobson, Hortican Inc. and Cronos Group Inc. \(incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K of Cronos Group Inc., filed on February 29, 2024\).](#)
- 10.21†* [Letter Agreement by and among Cronos USA Client Services LLC, Jeffrey Jacobson, Hortican Inc. and Cronos Group Inc., dated November 8, 2024.](#)
- 10.22† [Separation Agreement, dated March 19, 2025, by and among Cronos USA, the Company and James Holm \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Cronos Group Inc., filed on March 19, 2025\).](#)
- 10.23 [Altria's notice of abandonment, dated December 16, 2022 \(incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Cronos Group Inc., filed on December 19, 2022\).](#)
- 10.24† [Letter Agreement by and between Anna Shlimak and Cronos USA Client Services LLC, dated February 21, 2023 \(incorporate by reference to Exhibit 10.32 to the Annual Report on Form 10-K of Cronos Group Inc., filed on February 28, 2023\).](#)
- 10.25† [Amended and Restated Executive Employment Agreement, dated March 19, 2025, by and among Cronos USA Client Services LLC \("Cronos USA"\), the Company and Anna Shlimak \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Cronos Group Inc., filed on March 19, 2025\).](#)
- 10.26†* [Letter Agreement, by and between Anna Shlimak, Cronos Group Inc., and Cronos USA Client Services LLC, dated February 24, 2026.](#)
- 10.27*** [Voting Agreement, dated as of April 25, 2024, by and between Cronos Group Inc. and Altria Group, Inc. \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Cronos Group Inc., filed April 25, 2024\).](#)
- 10.28*** [Amended and Restated Credit Agreement, dated as of June 20, 2024, by and among Cronos Growing Company Inc., as Borrower, the Lenders from time to time parties thereto and Peace Naturals Project Inc., as Administrative Agent \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Cronos Group Inc., filed on June 25, 2024\).](#)
- 10.29*** [Amended and Restated Supply Agreement, dated as of June 20, 2024, by and between Cronos Growing Company Inc. and Peace Naturals Project Inc. \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Cronos Group Inc., filed on June 25, 2024\).](#)

10.30†	Letter Agreement by and among Shannon Buggy, Cronos USA and the Company, dated May 6, 2025 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Cronos Group Inc., filed on May 8, 2025).
10.31†*	Letter Agreement by and among Shannon Buggy, Cronos USA and Cronos Group Inc., dated February 24, 2026.
14.1	Cronos Group Inc. Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.1 to the Annual Report on Form 10-K of Cronos Group Inc., filed on March 1, 2022).
16.1	Letter from KPMG LLP to the Securities and Exchange Commission dated April 16, 2024 (incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K of Cronos Group Inc., filed April 16, 2024).
19.1*	Cronos Group Insider Trading Policy (incorporated by reference to Exhibit 19.1 to the Annual Report on Form 10-K of Cronos Group Inc., filed February 27, 2025).
21.1*	List of Subsidiaries of Cronos Group Inc.
23.1*	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Davidson & Company LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (included on signature page hereto).
31.1*	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Cronos Group Restatement Compensation Recovery Policy (incorporated by reference to Exhibit 97.1 to the Annual Report on Form 10-K of Cronos Group Inc., filed on February 29, 2024).
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

† Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

*** Schedules and certain portions of this exhibit have been omitted pursuant to Item 601(a)(5) and Item 601(b)(10)(iv) of Regulation S-K. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission upon its request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRONOS GROUP INC.

By: /s/ Michael Gorenstein

Michael Gorenstein
Chairman, President and Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Michael Gorenstein and Anna Shlimak, severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael Gorenstein</u> Michael Gorenstein	Chairman, President and Chief Executive Officer (Principal Executive Officer)	February 26, 2026
<u>/s/ Anna Shlimak</u> Anna Shlimak	Chief Financial Officer (Principal Financial Officer)	February 26, 2026
<u>/s/ Jared Kenost</u> Jared Kenost	Vice President, Controller (Principal Accounting Officer)	February 26, 2026
<u>/s/ Murray Garnick</u> Murray Garnick	Director	February 26, 2026
<u>/s/ Kamran Khan</u> Kamran Khan	Director	February 26, 2026
<u>/s/ James Rudyk</u> James Rudyk	Director	February 26, 2026
<u>/s/ Dominik Meier</u> Dominik Meier	Director	February 26, 2026
<u>/s/ Jason Adler</u> Jason Adler	Director	February 26, 2026
<u>/s/ Elizabeth Seegar</u> Elizabeth Seegar	Director	February 26, 2026