

C R E S C O L A B S[®]

CRESO LABS TO EXPAND LEADERSHIP IN PENNSYLVANIA THROUGH ACQUISITION OF VERTICALLY INTEGRATED OPERATOR, LAUREL HARVEST

CHICAGO-October 14, 2021-(BUSINESS WIRE)--**Cresco Labs** (CSE:CL) (OTCQX:CRLBF) (“Cresco Labs” or “the Company”), a vertically integrated multistate operator and the number one U.S. wholesaler of branded cannabis products, announced today the execution of a definitive agreement to acquire 100% of the outstanding equity interests in Laurel Harvest Labs, LLC (“Laurel Harvest”), a Pennsylvania Clinical Registrant, for a closing consideration equal to US\$80 million (the “Transaction”). The Transaction is expected to close in Q4 of 2021.

“As the medical market continues to grow and as legislators develop plans for adult-use, we are increasing our depth in the key state of Pennsylvania to strengthen our wholesale leadership while growing profitability and scale through new retail. This acquisition will provide Cresco Labs with immediate incremental cultivation capacity, simplify our ability to expand production capacity further, and add six additional retail dispensary permits in the state,” said Charlie Bachtell, CEO of Cresco Labs. “Importantly, we are excited to further our commitment in research and development through one of the few Chapter 20 clinical registrant licenses in the state. Laurel Harvest and its academic clinical research partner, Temple University, have established one of the most sophisticated cannabis research programs in the country. As an organization focused on normalizing and professionalizing the cannabis industry, we sincerely look forward to supporting and expanding upon this research that will continue to help create safe, effective and accessible cannabis products.”

The Transaction will include a newly constructed indoor cultivation facility in Lancaster County allowing for new cultivation capacity, the foundation to expand the facility further, and another strategic point of distribution that is complementary to Cresco Labs’ cultivation facility in Brookville. As part of the acquisition, Cresco Labs will also acquire the real estate of Laurel Harvest’s cultivation facility and Scranton dispensary.

Laurel Harvest Operational Highlights

- Approximately 52,000 sq. ft. of indoor grow/processing space
- Foundation for an additional 52,000 sq. ft. of indoor cultivation space
- One operational dispensary in Montgomeryville
- A second dispensary in Scranton currently under construction
- Ability to open an additional four dispensaries throughout the state

Laurel Harvest Clinical Registrant Highlights

- One of eight original Chapter 20 licenses in Pennsylvania

- Academic clinical research partnership with Lewis Katz School of Medicine at Temple University
- Six current ongoing cannabis research studies

Pennsylvania Market Highlights

- 5th most populous state in the U.S. with approx. 13 million people
- A top medical cannabis market with over \$1bn in annualized retail sales
- According to data from Headset, Cresco was the #1 sold cannabis brand in the state in Q3 of 2021

Terms

The consideration amount for the Transaction is Eighty Million Dollars (US\$80,000,000) (the “Purchase Price”), plus earnout amounts payable upon achievement of certain post-closing milestones. The Transaction will be completed on a cash-free, debt-free basis with a mutually agreed upon normalized target level of working capital.

The Purchase Price would be payable upon closing of the Transaction, subject to the adjustments and lock-up agreements contained in the definitive agreements and will be comprised of a mix of cash and stock.

The Transaction is subject to, among other things, the approval and receipt of all required CSE, regulatory and court approvals.

About Cresco Labs Inc.

Cresco Labs is one of the largest vertically integrated multistate cannabis operators in the United States, with a mission to normalize and professionalize the cannabis industry. Employing a consumer-packaged goods (“CPG”) approach, Cresco Labs is the largest wholesaler of branded cannabis products in the U.S. Its brands are designed to meet the needs of all consumer segments and comprised of some of the most recognized and trusted national brands including Cresco, High Supply, Mindy's Edibles, Good News, Remedi, Wonder Wellness Co. and FloraCal Farms. Sunnyside, Cresco Labs’ national dispensary brand, is a wellness-focused retailer created to build trust, education and convenience for both existing and new cannabis consumers. Recognizing that the cannabis industry is poised to become one of the leading job creators in the country, Cresco Labs operates the industry’s largest Social Equity and Educational Development initiative, SEED, which was established to ensure that all members of society have the skills, knowledge and opportunity to work and own businesses in the cannabis industry. Learn more about Cresco Labs at www.crescolabs.com.

Forward Looking Statements

This press release contains “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and

outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as, 'may,' 'will,' 'should,' 'could,' 'would,' 'expects,' 'plans,' 'anticipates,' 'believes,' 'estimates,' 'projects,' 'predicts,' 'potential' or 'continue' or the negative of those forms or other comparable terms. The Company's forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to those risks discussed under "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2020 filed on March 26, 2021, and other documents filed by the Company with Canadian securities regulatory authorities; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Because of these uncertainties, you should not place undue reliance on the Company's forward-looking statements. No assurances are given as to the future trading price or trading volumes of Cresco Labs' shares, nor as to the Company's financial performance in future financial periods. The Company does not intend to update any of these factors or to publicly announce the result of any revisions to any of the Company's forward-looking statements contained herein, whether as a result of new information, any future event or otherwise. Except as otherwise indicated, this press release speaks as of the date hereof. The distribution of this press release does not imply that there has been no change in the affairs of the Company after the date hereof or create any duty or commitment to update or supplement any information provided in this press release or otherwise.

Contacts

Media:

Jason Erkes, Cresco Labs
Chief Communications Officer
press@crescolabs.com

Investors:

Jake Graves, Cresco Labs
Manager, Investor Relations
investors@crescolabs.com

For general Cresco Labs inquiries:

312-929-0993
info@crescolabs.com