

Cresco Labs Enters Florida – Will Have Access to 65% of the Total Addressable U.S. Cannabis Market

3/18/2019

CHICAGO & JACKSONVILLE, Fla.--(BUSINESS WIRE)-- **Cresco Labs Inc.** ("Cresco Labs" or the "Company") (CSE: CL) (OTCQX: CRLBF), one of the largest vertically integrated multistate cannabis operators in the United States, today announced that it is entering the Florida market through the signing of a letter agreement to acquire the ownership interests or assets of VidaCann Ltd. and/or affiliated entities ("VidaCann"), one of the largest and most advanced providers of medical cannabis in Florida (the "Transaction").

Key Transaction Highlights and Benefits:

- Vertically Integrated Florida License – Provides Cresco Labs a Medical Marijuana Treatment Center license to grow, process, manufacture, distribute and dispense the Company's house of branded products in up to, currently, 30 retail medical dispensaries in the state of Florida.
- Retail Dispensary Footprint & Rollout – VidaCann currently operates seven (7) dispensaries in the cities of Bradenton, Deerfield Beach, Holly Hill, Orlando, Palm Bay, St. Petersburg, and Tampa and expects to have 14 dispensaries open by the end of June 2019.
 - Additional dispensary locations in Tallahassee, Bonita Springs and Port Charlotte are completed and pending operational approval, and locations in Jacksonville, West Palm Beach, Miami and Pensacola are currently under construction and scheduled to open by the end of June 2019.
 - VidaCann is projected to have up to 20 dispensaries by the end of 2019, while Cresco intends to further accelerate the VidaCann retail dispensary rollout. Dispensary locations are strategically located throughout the state to ensure 95% of the population of Florida is within 50 miles of a VidaCann dispensary. Delivery is available statewide to all licensed patients.

- Operational Cultivation and Processing – A fully-operational, greenhouse cultivation facility with a state-of-the-art cGMP-certified processing and analytical lab, meeting all FDA requirements.
 - Fully operational 70,000 ft² cultivation and processing facility is scheduled to double in size by the end of 2019 and will allow Cresco Labs to grow and manufacture its full suite of branded products for distribution across the state.
 - The greenhouse maintains more than 30 premium strains and VidaCann is the only Florida cannabis company using custom-made Italian extractors that can process over 400 pounds a day.

Management Commentary:

“Entering the Florida market is consistent with Cresco Labs strategy of entering markets with outsized demand with strong regulatory structures and is an important milestone for the Company that dramatically impacts our growth trajectory and will be accretive to our earnings in 2019,” said Cresco Labs CEO and Co-founder Charlie Bachtell. “Since relaunching its cannabis program in 2017, Florida has seen tremendous growth in patient registration and is one of the most important markets in the country. VidaCann is the perfect blend of an established operational footprint and infrastructure of professionals that will allow Cresco to execute its disciplined and strategic Florida plan expeditiously.” Bachtell added, “We look forward to welcoming all of the 100 VidaCann employees to the Cresco Labs family.”

“Matching our proven ability to execute operationally with unparalleled speed to the foundation already established by VidaCann, we expect to efficiently scale our Florida operations, immediately impact the market, and get the same high rate of market share that we have achieved in other states in which we operate. We are excited to bring the Cresco Labs’ brand of professional cannabis to the patients of Florida and to all stakeholders involved with this program,” said Cresco Labs President and Co-founder Joe Caltabiano.

Florida Market:

According to Arcview Market Research/BDS Analytics, the medical cannabis market in Florida is projected to increase to \$1.7 billion by 2022 primarily based on increasing patient count - there are now currently more than 2,000 qualified ordering physicians and nearly 200,000 registered patients (upon 200,000 patients, VidaCann will have the ability to increase its dispensaries to 35) with total medical patients estimated to reach 550,000 by 2022. With a population of approximately 21 million, the Florida market will increase Cresco Labs’ total addressable consumer base to more than 140 million people.

Cresco Labs Footprint:

Upon the closing of the Transaction, Cresco Labs will have 14 production facilities and 21 retail dispensaries operating with licenses to operate a total of 51 retail dispensaries across 10 states – Illinois, Pennsylvania, Ohio, Nevada, California, Arizona, Florida with New York, Maryland and Massachusetts pending approval. The Company's products are currently on the shelves of over 250 dispensaries. Cresco Labs is operational in six of the seven most populated states in the country and has more than 140 million potential consumers which is 65% of the estimated total addressable US cannabis market.

Transaction Details:

The purchase consideration is approximately \$120 million and will be comprised of a mix of Cresco Labs shares, which will be subject to a 6 to 12-month lock-up agreement following closing, and cash. The final purchase price and proportion of cash and stock to be determined and reflected in the definitive agreement.

Completion of due diligence and execution of a definitive transaction agreement is expected within two weeks. The Transaction is anticipated to close during the second quarter and will be subject to customary closing conditions, including approval from the CSE, the Florida Department of Health and all applicable U.S. regulatory agencies.

VidaCann has been operational since 2018 and their year-end financials have not yet been finalized.

Other:

Canaccord Genuity Corp. is acting as financial advisor to Cresco Labs and Bennett Jones is acting as Canadian legal advisor.

About Cresco Labs:

Cresco Labs, based in Chicago, is a leading U.S. cannabis company with experienced management, access to capital and a demonstrated growth strategy. As a differentiated grower, processor and retailer of premium cannabis operating in ten states, the company focuses on entering highly regulated markets with outsized demand potential and high barriers to entry. Its impressive speed-to-market gives Cresco a distinct competitive advantage as it replicates its model to expand its national footprint. Cresco's proven ability to execute is complemented by a cutting-edge brand strategy spearheaded by several of the brightest minds in consumer marketing in the nation. Cresco's products are tailored to all major consumer segments: everyday cannabis, medicinally focused, connoisseur grade, and chef inspired edibles by James Beard Award-winning pastry chef Mindy Segal. Learn more about Cresco Labs at 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 CSE Listing Statement filed with SEDAR; 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's 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.

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Source: Cresco Labs Inc.