

Cresco Labs to Acquire Tryke Including the Reef Dispensary Portfolio – Consistent With Stated Plan to Establish Market Leading Positions in Both Nevada and Arizona and Build Brand and Wholesale Capabilities

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- Tryke generated US\$70.4 million in Revenue and US\$24.6 million in EBITDA in fiscal 2018¹, making it one of the highest grossing and most profitable private cannabis companies in the U.S. market.
- Nevada is one of the largest and fastest growing cannabis markets in the U.S. with 2019 sales estimates of up to US\$940 million²; Arizona is one of the largest and fastest growing medical-only markets with estimated 2019 sales of up to US\$760 million².
- Tryke has established six of the best-positioned retail locations in Nevada and Arizona, including the iconic Reef Dispensary located adjacent to the Las Vegas Strip and five additional operating locations in North Las Vegas, Sparks and Phoenix, AZ. Tryke's North Las Vegas location boasts the highest known average daily customer count in the state of Nevada at over 2,300 customers per day and the Strip and North Las Vegas stores have produced more than \$100M in combined revenue since 2016³.
- Adds 17,000 lb. per year in strategically-located cultivation capacity along with 1,320 lb. per year of processing capacity.
- Includes one of eight cultivation licenses recently awarded in Utah.
- Total consideration of US\$282.5 million (subject to certain adjustments), which includes US\$30M in real estate assets⁴.

CHICAGO--(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 a significant expansion of its presence in Nevada and Arizona through the signing of a purchase agreement to acquire certain

assets (the “Transaction”) from Tryke Companies, LLC (“Tryke”), a vertically integrated seed-to-sale cannabis company, including six prime ReefDispensary locations in Nevada and Arizona, expanded licensed cultivation and process capacity in Las Vegas and Phoenix and entry into the Utah market.

The Company has prepared a summary presentation describing the Transaction, which can be found on their investor website at investors.crescolabs.com or at the following link: https://s22.q4cdn.com/545881950/files/doc_presentations/2019/09/cresco-labs-tryke-companies.pdf

Highlights

Fulfills Cresco Labs’ stated objective to rapidly solidify leadership positions in large, culturally-influential U.S. jurisdictions

- The Company is currently active in 11 states accounting for 70% of the addressable U.S. market. Its Phase II plan is to continue building meaningful leadership positions in each of these jurisdictions.
- The Transaction is expected to give Cresco approximately 8.11% market share in Nevada⁵, estimated to be top 3 among all operators, a more than 300% increase in the Company’s market share in Arizona, along with access to a 12th state – Utah – via Tryke’s recent receipt of one of eight cultivation licenses in the state.
- Las Vegas is one of the most influential consumer recreational markets in the U.S., hosting roughly 42 million tourists per year⁶ focused almost exclusively on the 4 miles of the Las Vegas Strip. As a result, Las Vegas has a proven national and international reach for companies seeking to build successful brands.
- Arizona is one of the largest medical-only markets in the U.S. with more than 210,000 registered patients⁷ and the majority of the state’s population is densely located in Phoenix, the 5th most populous city in the U.S. Arizona is expected to have an initiative on the 2020 ballot to legalize adult-use sales².

Adds a portfolio of some of the most visible and successful retail locations in the U.S. legal cannabis industry as well as the Tryke in-house brand portfolio

- The Transaction adds four (4) ReefDispensary locations in Nevada in the cities of Las Vegas (2), Sparks and Sun Valley.
- The Transaction adds two (2) ReefDispensaries in Arizona in Phoenix and Phoenix Southeast Valley.
- Tryke’s flagship ReefDispensary in Las Vegas is the closest dispensary to the heart of the Las Vegas Strip. To management’s knowledge, on its current 4,800 square foot footprint, it is already one of the highest-grossing dispensaries in the world, with the current highest known grossing dispensary in the world, right across the street. There is no intersection in the world generating more regulated cannabis revenue annually than the

intersection of Western Ave. and Desert Inn Rd. in Las Vegas.

- The Reef Dispensary in North Las Vegas generated US\$14.5 million in revenue in the year-to-date period to August 31, 2019¹. This location also averaged over 2,300 tickets per day in August 2019, giving it the highest known monthly count in the state.
- Tryke's in-house suite of branded products is one of the most successful and recognizable lines of products in the Nevada market currently.

Expanded Cultivation and Processing Capacity in Nevada and Arizona – will support the introduction of Cresco Labs' full suite of branded products in each state and enable wholesale operations

- Cresco Labs currently sells the well-known and successful Mindy's Edibles line in Nevada. Mindy's has been one of the top 3 selling edibles in Nevada in 2019.⁸ The Transaction will enable the Company to accelerate its plans to introduce a full suite of Cresco Labs products into Nevada.
- The Tryke Las Vegas Strip location covers a total of 165,000 square feet, which includes the flagship 4,800 square foot Reef Dispensary as well as 160,200 square feet of cultivation, processing and ancillary space (~20,000 sf under canopy).
- Includes 27,000 square feet of cultivation and processing capacity in Phoenix, Arizona.
- Tryke also has a cultivation license attached to a 12 acre parcel in Spanish Springs, Nevada with a plan to open the 17,000 lb. per year Phase I build-out during 2020.

Management Commentary:

Cresco Labs CEO and Co-founder Charlie Bachtell commented, "We have been very clear with the market that we have entered the second chapter of the Cresco Labs story as we position the Company to lead in the middle two verticals of the value chain – brands and wholesale distribution. With significant in-state populations and tourist traffic, Nevada and Arizona were key near-term targets for expansion. Creating the most strategic geographic footprint in the U.S. cannabis industry is not just about the number of states you operate in. Rather, our thesis for success in establishing a normalized and professionalized cannabis industry as well as providing the greatest ROIC for our shareholders calls for us to leverage our existing operations in states of significance to rapidly attain material and meaningful market-leading positions. This Transaction meets every point in our ROIC framework. It accelerates top-line growth, enables efficiencies across our network through the addition of one of the most impressive operating teams in the country and brings a pipeline of high return projects that we expect to execute on at a measured pace over the next several years."

Mr. Bachtell continued, "This Transaction adds six strategically-placed retail locations serving both in-state and tourist traffic, as well as robust supporting cultivation and processing infrastructure and significant expansion opportunities. The Las Vegas Strip has immense value from a sales and brand development perspective. The Strip is home to some of the most iconic entertainment and recreational properties in the world – and is probably one of only two spots in the country where tens of millions of people per year congregate within a very concentrated footprint with recreation in mind. This inimitable exposure opens the opportunity to continue to generate above average revenue and sustainable margins for operators as well as brand visibility that resonates on a national level. We utilize a strategic retail presence to assist in the achievement of our corporate objective to win the middle two portions of the value chain – brands and distribution. At the industry's current state of development, retail is a vital link between customers and brands in this emerging legal industry. We expect that this Transaction will both accelerate our near-term growth trajectory and further advance Cresco Labs towards our goal of being the most important company in the cannabis industry."

"This Transaction is a perfect complement to our organic branded product portfolio and the distribution portfolio we are acquiring through Origin House, giving Cresco Labs positions in the key middle portion of the value chain in the most exciting consumer markets in the country. Tryke has proven itself to be one of the top operators in the U.S. and we look forward to welcoming Tryke's seasoned team to Cresco Labs to work on growth and optimization initiatives together," said Cresco Labs President and Co-founder Joe Caltabiano. "Tryke's team has deep experience in and connection to the highly regulated Nevada and Arizona markets and is in the midst of bringing that experience to the new Utah medical cannabis market. They have also done an outstanding job of developing relationships with key social influencers such as Wiz Khalifa, which has enabled the company to become the sole distributor of Khalifa Kush products in Nevada and Arizona, and they have also developed strong brand loyalty for the Tryke suite of products. It also adds two exceptional cultivation and processing facilities and runway for significant expansion, which will provide us with the capacity necessary to increase production and distribution of the entire suite of Cresco branded products both for our own retail shelves as well as to ramp-up our wholesale operations. Having already gained best-selling status in Nevada dispensaries with our line of Mindy's Edibles, we expect to further expand these relationships to include the full suite of Cresco branded products and steadily increase our wholesale revenue in this market, as well as in Arizona."

"The announcement today is the result of several months of deep interactions between our two groups and I know I speak on behalf of the entire team when I say we are very excited to be joining Cresco and to start realizing significant synergies for both of our organizations," said Adam Ryan, CEO of Tryke Companies. "We have been consistently impressed by Cresco's strategic approach to building long-term value in this growth market and its history of delivering what it promises – something that is often lacking in this industry. As the cannabis space has gained national and international attention over the past four years, we have been approached by several operators both private and public, regarding a transaction, but the vision and execution that Charlie, Joe and the

team have demonstrated made them the only choice for Tryke.”

Transaction Summary

The purchase consideration is approximately US\$252.5 million for Tryke operating assets plus US\$30 million for Tryke real estate assets. The consideration will be comprised of a mix of Cresco Labs shares (approximately US\$227.5 million), which will be subject to a 9- to 21-month lock-up agreement following closing, and cash (approximately US\$55 million). The Transaction is anticipated to close during the first half of 2020 and will be subject to customary closing conditions, including approval from the States of Nevada and Arizona and clearance under the Hart Scott Rodino Antitrust Improvements Act. Cormark Securities Inc. is acting as financial advisor and Bennett Jones is acting as legal advisor to Cresco Labs on this transaction. Canaccord Genuity Corp. is acting as financial advisor and Wilmer Cutler Pickering Hale and Dorr LLP is acting as legal advisor to Tryke Companies on this Transaction.

Cresco Labs Footprint:

Upon closing of the Transaction, as well as other pending transactions, Cresco Labs will have 25 production facilities and 29 retail dispensaries in operation with licenses to operate a total of 62 retail dispensaries across 12 states – Illinois, Pennsylvania, Ohio, Nevada, California, Arizona, Florida, New York, and Utah with Michigan, Maryland and Massachusetts pending approval. Upon closing of all pending transactions, the Company's products will be on the shelves of over 725 dispensaries with a geographic footprint providing access to more than 154 million potential consumers, which is 71% of the estimated total addressable US cannabis market.

About Cresco Labs:

Cresco Labs is one of the largest vertically-integrated multi-state cannabis operators in the United States. Cresco is built to become the most important company in the cannabis industry by combining the most strategic geographic footprint with one of the leading distribution platforms in North America. Employing a consumer-packaged goods (“CPG”) approach to cannabis, Cresco's house of brands is designed to meet the needs of all consumer segments and includes some of the most recognized and trusted national brands including Cresco, Remedi and Mindy's, a line of edibles created by James Beard Award-winning chef Mindy Segal. Sunnyside*, Cresco's national dispensary brand, is a wellness-focused retailer designed 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 has launched the industry's first national comprehensive Social Equity and Educational Development (SEED) initiative designed to ensure that all members of society have the skills, knowledge and opportunity to work in and own businesses in the cannabis industry. Learn more about Cresco Labs at

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 most recent Annual Information Form and other filings on 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. There are no assurances that either the Tryke Transaction or the Offering will be completed on the terms or within the timeframes contemplated herein, or at all. Similarly, 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.

¹ Based on unaudited financial information (U.S. GAAP) provided by Tryke Companies

² 2019 Marijuana Business Factbook

³ August 2019 – Tryke Companies

⁴ Tryke Companies estimates

⁵ Average market share for January – June 2019 as per
https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/

⁶ Las Vegas Convention and Visitors Authority

⁷ Arizona Department of Health Services

⁸ Headset and Cowen and Company

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