Cresco Labs, LLC

AMENDED AND RESTATED

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

DECEMBER 31, 2017 AND 2016

(Expressed in United States Dollars)

Cresco Labs, LLC
INDEX TO FINANCIAL STATEMENTS

To the Members of Cresco Labs, LLC:

The accompanying amended and restated consolidated financial statements in this annual report were prepared by management of Cresco Labs, LLC ("the Company"), and were reviewed and approved by the Board of Directors of Cresco Labs, LLC.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's consolidated financial condition and results of consolidated operations in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of consolidated financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These consolidated financial statements have been audited by the Company's auditor, FGMK LLC, and their report is represented herein.

/s/ Charles Bachtell	*/s/ Kenneth Amann*
Chief Executive Officer	**Chief Financial Officer**

May 5, 2019

Identifying opportunities.
Delivering solutions.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cresco Labs, LLC

We have audited the accompanying consolidated financial statements of Cresco Labs, LLC, which comprise the amended and restated consolidated statements of financial position as of December 31, 2017 and 2016, and the amended and restated consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and notes to the amended and restated consolidated financial statements, including a summary of significant accounting policies.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Cresco Labs, LLC, as of December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Amended and Restated Financial Statements

Without modifying our opinion, we draw your attention to Note 2 to the financial statements which explains that the financial statements for the years ended December 31, 2017 and 2016 have been restated from those on which we originally reported on November 9, 2018.

FGMK, LLC

May 5, 2019
Bannockburn, Illinois

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CRESCO LABS, LLC
Amended and Restated Consolidated Statements of Financial Position
As of December 31, 2017 and 2016
(Amounts Expressed in United States Dollars)

		December 31,	
		2017	**2016**
ASSETS			
Current Assets:			
Cash and Cash Equivalents	*Note 2(f)*	$ 27,043,219	$ 1,300,464
Accounts Receivable	*Note 2(g)*	1,010,620	442,649
Biological Assets	*Note 3*	2,636,654	1,147,480
Inventory, Net	*Note 4*	3,191,109	2,042,948
Due from Related Parties	*Note 15*	-	1,205,111
Other Current Assets		183,515	110,555
Total Current Assets		34,065,117	6,249,207
Property and Equipment, Net	*Note 6*	4,973,447	1,133,032
Intangible Assets	*Note 7*	247,083	102,083
Due from Related Party	*Note 15*	-	1,113,500
Investments	*Note 5*	989,611	1,594,000
Security Deposits - Related Parties	*Note 14 & 15*	1,342,049	1,324,585
TOTAL ASSETS		**$ 41,617,307**	**$ 11,516,407**
LIABILITIES AND MEMBERS' EQUITY			
Liabilities:			
Current Liabilities:			
Accounts Payable and Other Accrued Expenses	*Note 8*	$ 2,640,582	$ 940,826
Subscription Deposits Refundable	*Note 9*	399,800	-
Due to Related Party	*Note 9*	725,000	-
Notes Payable - Related Parties	*Note 10*	328,125	-
Total Current Liabilities		4,093,507	940,826
Long-Term Liabilities:			
Deferred Rent	*Note 14*	1,587,230	809,273
Notes Payable - Related Parties	*Note 10*	-	562,500
Total Long-Term Liabilities		1,587,230	1,371,773
TOTAL LIABILITIES		**5,680,737**	**2,312,599**
MEMBERS' EQUITY:			
Share Capital	*Note 11*	36,958,609	21,310,000
Reserves		654,794	653,715
Accumulated Deficit		(15,935,260)	(12,759,907)
Controlling Interest of Cresco Labs, LLC		21,678,143	9,203,808
Non-Controlling Interest		14,258,427	-
TOTAL MEMBERS' EQUITY		**35,936,570**	**9,203,808**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**$ 41,617,307**	**$ 11,516,407**

See accompanying notes to amended and restated consolidated financial statements.

Nature of Operations *(Note 1)*
Commitments and Contingencies *(Note 14)*
Subsequent Events *(Note 18)*

Approved and authorized for issue on behalf of the Members on May 5, 2019:

/s/ Charles Bachtell	*/s/ Kenneth Amann*
Chief Executive Officer	Chief Financial Officer

CRESCO LABS, LLC
Amended and Restated Consolidated Statements of Operations
For the Years Ended December 31, 2017 and 2016
(Amounts Expressed in United States Dollars)

		For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Revenue		$ 10,982,313	$ 3,390,437
Cost of Goods Sold of Inventories		(10,725,654)	(7,359,351)
Realized Changes in Fair Value of Inventory Sold		(594,579)	(552,901)
Unrealized Gain on Changes in Fair Value of Biological Assets	*Note 3*	1,489,174	594,579
Gross Profit (Loss) After Unrealized Gain on Changes in Fair Value of Biological Assets		1,151,254	(3,927,236)
Expenses:			
Selling, General and Administrative	*Note 13*	5,240,056	3,827,644
Depreciation		38,759	22,736
Total Expenses		5,278,815	3,850,380
Loss from Operations		(4,127,561)	(7,777,616)
Other Income:			
Interest Income, Net		46,110	53,213
Other Income, Net		93,928	-
Total Other Income, Net		140,038	53,213
Loss		**(3,987,523)**	**(7,724,403)**
Loss Attributable to Non-Controlling Interest		(812,170)	-
Net Loss Attributable to Controlling Interest		**$ (3,175,353)**	**$ (7,724,403)**

See accompanying notes to amended and restated consolidated financial statements.

CRESCO LABS, LLC
Amended and Restated Consolidated Statements of Changes in Members’ Equity
For the Years Ended December 31, 2017 and 2016
(Amounts Expressed in United States Dollars)

	Class A Units	Class B Units	Class C Units	Class D Units	Class E Units	Founders Units	Share Capital	Share Reserve	Warrant Reserve	Accumulated Deficit	Non-controlling interest	Total
BALANCE AS OF JANUARY 1, 2016	93,000,000	14,055,556	15,420,000	250,000	-	33,000,000	$ 19,985,000	$ 309,444	$ 100,000	$ (5,035,504)	$ -	$ 15,358,940
Issuance of Units for Cash	-	-	850,000	-	-	-	850,000	-	-	-	-	850,000
Reversal of Prior Year Accrued Distribution	-	-	-	-	-	-	350,000	-	-	-	-	350,000
Issuance of Class D Units	-	-	-	2,203,750	-	-	125,000	-	-	-	-	125,000
Share Compensation - Equity Allocation Plan	-	-	-	-	-	-	-	244,271	-	-	-	244,271
Net Loss	-	-	-	-	-	-	-	-	-	(7,724,403)	-	(7,724,403)
BALANCE AS OF DECEMBER 31, 2016	93,000,000	14,055,556	16,270,000	2,453,750	-	33,000,000	$ 21,310,000	$ 553,715	100,000	$ (12,759,907)	$ -	$ 9,203,808
Issuance of Units for Cash	-	-	-	-	14,006,523	-	15,648,609	-	-	-	15,070,597	30,719,206
Issuance of Class D Units	-	-	-	1,920,387	-	-	-	-	-	-	-	-
Exchange of Class D Units for Class C Units	-	-	375,000	(375,000)	-	-	-	-	-	-	-	-
Issuance of Class C Units	-	-	125,000	-	-	-	-	-	-	-	-	-
Share Compensation - Equity Allocation Plan	-	-	-	-	-	-	-	1,079	-	-	-	1,079
Net Loss	-	-	-	-	-	-	-	-	-	(3,175,353)	(812,170)	(3,987,523)
BALANCE AS OF DECEMBER 31, 2017	**93,000,000**	**14,055,556**	**16,770,000**	**3,999,137**	**14,006,523**	**33,000,000**	**$ 36,958,609**	**$ 554,794**	**$ 100,000**	**$ (15,935,260)**	**$ 14,258,427**	**$ 35,936,570**

See accompanying notes to amended and restated consolidated financial statements.

CRESCO LABS, LLC
Amended and Restated Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016
(Amounts Expressed in United States Dollars)

	For the Year Ended December 31,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	(3,987,523)	(7,724,403)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization	645,652	521,064
Allowance for Uncollectible Accounts	-	20,000
Compensation Expense Recognized Under Equity Allocation Plan	1,079	244,271
Compensation Expense Under Equity Grants	-	125,000
Loss from Sale of Property and Equipment	11,111	-
Unrealized Gain on Investment	(27,111)	-
Realized Changes in Fair Value of Inventory Sold	594,579	552,901
Unrealized Gain on Changes in Fair Value of Biological Assets	(1,489,174)	(594,579)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(567,971)	(462,649)
Inventory	(1,742,740)	(2,595,782)
Other Current Assets	(72,960)	29,242
Security Deposits	-	(1,324,585)
Accounts Payable and Accrued Expenses	957,292	304,418
Deferred Rent	777,957	738,441
NET CASH USED IN OPERATING ACTIVITIES	**(4,899,809)**	**(10,166,661)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(4,057,067)	(102,632)
Cash Received from Sale of Property and Equipment	4,889	-
Net Change in Due from Related Parties	2,318,611	816,576
Purchases of Investments	(67,500)	(94,000)
Proceeds from Sale of Investments	699,000	-
Purchases of Intangibles	(590,000)	(300,000)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	**(1,692,067)**	**319,944**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital Contributions from Members	30,719,206	850,000
Cash Received from Issuance of Notes Payable	-	562,500
Principal Repayments of Notes Payable	(234,375)	-
Net Change in Subscriptions Receivable	-	60,000
Investment Payable	1,124,800	-
Loan from Related Parties	725,000	
Redemption Payable	-	(100,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**32,334,631**	**1,372,500**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**25,742,755**	**(8,474,217)**
Cash and Cash Equivalents, Beginning of Year	1,300,464	9,774,681
CASH AND CASH EQUIVALENTS, END OF YEAR	**$27,043,219**	**$1,300,464**
CASH PAID DURING THE YEAR:		
Interest	**$ 60,484**	**$ 56**

See accompanying notes to amended and restated consolidated financial statements.

1. NATURE OF OPERATIONS

Cresco Labs, LLC, an Illinois limited liability company ("Cresco" or the "Company"), is licensed to cultivate manufacture and sell medical cannabis and medical cannabis products. The Company operates in Illinois, Pennsylvania, and Ohio, pursuant to the Illinois Compassionate Use of Medical Cannabis Pilot Program Act, the Pennsylvania Compassionate Use of Medical Cannabis Act, and the Ohio Medical Marijuana Control Program, respectively (collectively, the "Acts").

During 2016, the Company created two wholly-owned subsidiaries, JDRC Managed Services, LLC ("JDRC") and Cresco Edibles, LLC ("Cresco Edibles"). Cresco Edibles holds a 75% interest in an operating company, TSC Cresco, LLC ("TSC").

During 2017, the Company created a majority owned subsidiary, Cresco Labs PA, LLC ("Cresco PA"), which holds a 45% interest in Cresco Yeltrah ("Yeltrah") and JDRCB Ohio, LLC ("JDRCBO") which holds a 54% interest in Cresco Labs OH, LLC ("Cresco Ohio").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the years ended December 31, 2017 and 2016.

These amended and restated consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 5, 2019.

Certain reclassifications have been made to the previously issued financial statements to conform to 2018 presentation. In the Company's previously issued financial statements for the years ended December 31, 2017 and 2016, the Company reported certain excise taxes for which the Company is the principal in the arrangement as a reduction of Revenue and a caption of Net Revenue, to show Revenue net of these excise taxes. The Company now presents these amounts in Selling, General and Administrative expenses. For the years ended December 31, 2017 and 2016, $672,310 and $233,205, respectively, were reclassified out of Net Revenue and into Selling, General and Administrative. The Company accordingly no longer presents a Net Revenue caption in its Amended and Restated Consolidated Statements of Operations.

Additionally, in the Company's previously issued financial statements for the years ended December 31, 2017 and 2016, the Company reported a single line for Inventory Production Costs Expensed to Cost of Sales. During 2018, the Company amended its presentation to provide additional detail and accordingly presented the amounts previously disclosed in Inventory Production Costs Expensed to Cost of Sales into two financial statement line items: Cost of Goods Sold of Inventories and Realized Changes in Fair Value of Inventory Sold. The Company also updated its presentation in the Consolidated Statements of Cash Flows to show the Realized Changes in Fair Value of Inventory Sold as a reconciling item to net income (2017 - $594,579 and 2016 - $552,901), with a corresponding offset in the change in Inventories. There was no change to net operating cash flows as a result of this update.

(Amounts Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

For the years ended December 31, 2017 and 2016, this resulted in $11,320,233 and $7,912,252, respectively, previously recorded as Inventory Production Costs Expensed to Cost of Sales being presented as follows:

	For the Year Ended December 31,	
	2017	**2016**
Cost of Goods Sold of Inventories	$ (10,725,654)	$ (7,359,351)
Realized Changes in Fair Value of Inventory Sold	(594,579)	(552,901)
Total Costs of Inventories and Biological Assets in Gross Profit	$ (11,320,233)	$ (7,912,252)

Members' Equity Reclassifications and Restatements

The Company incorrectly classified certain amounts in its Statements of Members' Equity as of and related activity for the years ended December 31, 2017 and 2016, including Share Capital, Share Reserve, Contributory Surplus, Subscription Receivable, Warrant Reserve, and Accumulated Deficit. The Company also understated its Class D share count as of December 31, 2017 and 2016 in its Consolidated Statements of Members' Equity. The corrections are being applied retroactively with restatement as of January 1, 2016. Additionally, the Company updated the Consolidated Statements of Financial Position to disclose the following line items: Share Capital, Contributed Surplus and Reserves, Accumulated Deficit, Equity Attributable to Cresco Labs, LLC, and Non-controlling Interest. There was no impact on consolidated net loss, cash flows, assets, liabilities, or total members' equity as a result of the restatement of these items.

The following tables summarize the effects of the adjustments described above:

Impact on the Consolidated Statements of Financial Position as of December 31, 2017

U.S. dollars, except for share amounts	As Previously Reported	Effect of Correction	As Restated
Members' equity			
Share Capital	$ -	$ 36,958,609	$ 36,958,609
Reserves	-	654,794	654,794
Accumulated Deficit	-	(15,935,260)	(15,935,260)
Controlling Interest of Cresco Labs, LLC	-	21,678,143	21,678,143
Non-Controlling Interest	-	14,258,427	14,258,427
TOTAL MEMBERS' EQUITY	$ 35,936,570	-	$ 35,936,570

Impact on the Consolidated Statements of Financial Position as of December 31, 2016

U.S. dollars, except for share amounts	As Previously Reported	Effect of Correction	As Restated
Members' equity			
Share Capital	$ -	$ 21,310,000	$ 21,310,000
Reserves	-	653,715	653,715
Accumulated Deficit	-	(12,759,907)	(12,759,907)
Controlling Interest of Cresco Labs, LLC	-	9,203,808	9,203,808
Non-Controlling Interest	-	-	-
TOTAL MEMBERS' EQUITY	$ 9,203,808	$ -	$ 9,203,808

(Amounts Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impact on the Consolidated Statements of Members' Equity for the Year Ended December 31, 2016

U.S. dollars, except for share amounts	As Previously Reported	Effect of Correction	As Restated
Members' equity			
Share Capital, as of January 1, 2016	$ 20,294,444	$ (309,444)	$ 19,985,000
Issuance of Units for Cash	1,200,000	(350,000)	850,000
Reversal of Prior Year Accrued Distribution	-	350,000	350,000
Issuance of Class D Units	125,000	-	125,000
Share Compensation - Equity Allocation Plan	244,271	(244,271)	-
Share Capital, as of December 31, 2016	$ 21,863,715	$ (553,715)	$ 21,310,000
Share Reserve, as of January 1, 2016	$ -	$ 309,444	$ 309,444
Share Compensation - Equity Allocation Plan	-	244,271	244,271
Share Reserve, as of December 31, 2016	$ -	$ 553,715	$ 553,715
Warrant Reserve as of January 1, 2016	$ -	$ 100,000	$ 100,000
Warrant Reserve as of December 31, 2016	-	100,000	100,000
Accumulated Deficit as of January 1, 2016	$ (4,935,504)	$ (100,000)	$ (5,035,504)
Accumulated Deficit as of December 31, 2016	(12,659,907)	(100,000)	(12,759,907)
Class D Units, as of January 1, 2016	250,000	-	250,000
Issuance of Class D Units	1,853,750	350,000	2,203,750
Class D Units, as of December 31, 2016	2,103,750	350,000	2,453,750

(Amounts Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impact on the Consolidated Statements of Members' Equity for the Year Ended December 31, 2017

U.S. dollars, except for share amounts	As Previously Reported	Effect of Correction	As Restated
Members' equity			
Share Capital, as of January 1, 2017	$ 21,863,715	$ (553,715)	$ 21,310,000
Issuance of Units for Cash	15,908,609	(260,000)	15,648,609
Share Compensation - Equity Allocation Plan	1,079	(1,079)	-
Share Capital, as of December 31, 2017	$ 37,773,403	$ (814,794)	$ 36,958,609
Share Reserve, as of January 1, 2017	$ -	$ 553,715	$ 553,715
Share Compensation - Equity Allocation Plan	-	1,079	1,079
Share Reserve, as of December 31, 2017	$ -	$ 554,794	$ 554,794
Subscription Receivable, as of January 1, 2017	$ -	$ -	$ -
Issuance of Units Cash	(260,000)	260,000	-
Subscription Receivable, as of December 31, 2017	$ (260,000)	$ 260,000	$ -
Warrant Reserve as of January 1, 2017	$ -	$ 100,000	$ 100,000
Warrant Reserve as of December 31, 2017	-	100,000	100,000
Accumulated Deficit as of January 1, 2017	$ (12,659,907)	$ (100,000)	$ (12,759,907)
Accumulated Deficit as of December 31, 2017	(15,835,260)	(100,000)	(15,935,260)
Class C Units, as of January 1, 2017	16,270,000	-	16,270,000
Issuance of Units for Cash	500,000	(500,000)	-
Exchange of Class D Units for Class C Units	-	375,000	375,000
Issuance of Class C Units	-	125,000	125,000
Class C Units, as of December 31, 2017	16,770,000	-	16,770,000
Class D Units, as of January 1, 2017	2,103,750	350,000	2,453,750
Issuance of Units for Cash	-	-	-
Issuance of Class D Units	-	1,920,387	1,920,387
Exchange of Class D Units for Class C Units	-	(375,000)	(375,000)
Class D Units, as of December 31, 2017	2,103,750	1,895,387	3,999,137

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(Amounts Expressed in United States Dollars)

Statement of Cash Flows Misstatements

The Company incorrectly classified certain amounts in its Consolidated Statements of Cash Flows for the years ended December 31, 2017 and 2016, including Intangible Assets (reclassified from operating to investing activities), Redemption Payable (reclassified from operating activities to financing activities), and Investment Payable (reclassified from operating activities to financing activities).

The following tables summarize the effects of the adjustments described above, as well as the presentation changes discussed above for biological assets:

Impact on the Consolidated Statements of Cash flows	**For the Year Ended December 31, 2017**		
	As Previously Reported	**Effect of Correction**	**As Restated**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Realized Changes in Fair Value of Inventory Sold	$ -	$ 594,579	$ 594,579
Inventory	(1,148,161)	(594,579)	(1,742,740)
Security Deposits	(17,464)	17,464	-
Intangible Assets	(590,000)	590,000	-
Accounts Payable	1,379,196	(1,379,196)	-
Accrued Expenses	320,560	(320,560)	-
Accounts Payable and Accrued Expenses		957,292	957,292
Redemption Payable	-	-	-
Investment payable	1,124,800	(1,124,800)	-
NET CASH USED IN OPERATING ACTIVITIES	**(3,640,009)**	**(1,259,800)**	**(4,899,809)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Intangibles	-	(590,000)	(590,000)
	(1,102,067)	**(590,000)**	**(1,692,067)**
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Investment Payable	-	1,124,800	1,124,800
Loan from Related Parties	-	725,000	725,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	**$ 30,484,831**	**$ 1,849,800**	**$ 32,334,631**

(Amounts Expressed in United States Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impact on the Consolidated Statements of Cash flows	For the Year Ended December 31, 2016		
	As Previously Reported	Effect of Correction	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Realized Changes in Fair Value of Inventory Sold	$ -	$ 552,901	$ 552,901
Inventory	(2,042,881)	(552,901)	(2,595,782)
Security Deposits	(1,324,585)	-	(1,324,585)
Intangible Assets	(300,000)	300,000	-
Accounts Payable	(199,762)	199,762	-
Accrued Expenses	504,180	(504,180)	-
Accounts Payable and Accrued Expenses	-	304,418	304,418
Redemption Payable	(100,000)	100,000	-
NET CASH USED IN OPERATING ACTIVITIES	**(10,566,661)**	**400,000**	**(10,166,661)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Intangibles	-	(300,000)	(300,000)
	619,944	**(300,000)**	**319,944**
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption Payable	-	(100,000)	(100,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**$ 1,472,500**	**$ (100,000)**	**$ 1,372,500**

(b) Basis of Measurement

These accompanying consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for biological assets, which are measured at fair value; inventory, which is recorded at the lower of cost or net realizable value; and certain investments, which are recorded at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Classification of Expenses

The expenses within the accompanying statements of operations are presented by function. See Note 13 for details of expenses by nature.

(d) Functional Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These accompanying consolidated financial statements are presented in U.S. dollars.

(e) Basis of Consolidation

These accompanying consolidated financial statements include the accounts of the Company and subsidiaries, over which the Company has control, which are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. Non-controlling interest in the equity of consolidated subsidiaries are shown separately in the statement of operations and in the accompanying statements of changes in members equity. All intercompany balances and transactions are eliminated on consolidation. The information below list of the Company's subsidiaries that are consolidated in these accompanying financial statements and the ownership interest held.

- Cresco Labs PA, LLC ("Cresco PA"), majority owned, which holds a 45% interest in an operating company, Cresco Yeltrah, LLC ("Yeltrah"), nets total Yeltrah ownership of 31%. Yeltrah is determined to be controlled by the Company as the Company has management and board control, the power to affect the relevant activities of Yeltrah, and the power to affect its exposure to its variable returns in Yeltrah. Accordingly, Yeltrah and the results of its operations are included in the accompanying consolidated financial statements.
- JDRCB Ohio, LLC ("JDRCBO"), wholly-owned, which holds a 32% interest in an operating company, Cresco Labs, OH, LLC ("Cresco Ohio"). Cresco Ohio is determined to be controlled by the Company as the Company has management and board control, the power to affect the relevant activities of Cresco Ohio, and the power to affect its exposure to its variable returns in Cresco Ohio. Accordingly, Cresco Ohio and the results of its operations are included in the accompanying consolidated financial statements.
- JDRC Managed Services, LLC ("JDRC"), wholly-owned.
- Cresco Edibles, wholly-owned, which holds a 75% interest in TSC Cresco, LLC ("TSC"). TSC, is determined to be controlled by the Company as the Company has management and board control, the power to affect the relevant activities of TSC, and the power to affect its exposure to its variable returns in TSC. Accordingly, TSC and the results of its operations are included in the accompanying consolidated financial statements.
- Cresco Joliet, LLC ("Cresco Joliet"), of which the Company owns 94%.

- Cresco Kankakee, LLC ("Cresco Kankakee"), of which the Company owns 94%.
- Cresco Lincoln, LLC ("Cresco Lincoln"), of which the Company owns 94%.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash.

(g) Accounts Receivable

Accounts receivables are classified as loans and receivable financial assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. When an accounts receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statements of operations.

(h) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost.

- *Seed and Genomics*: Actual cost is used to value raw materials such as treatment chemicals and packaging as well as goods in process. Costs for substantially all finished goods are valued at weighted-average actual cost. Weighted average actual costs includes growing and harvesting costs, plant conditioning and packaging costs, and overhead costs.

- *Agricultural Productivity*: Actual costs is used to value raw materials and supplies. Standard cost, which approximates the actual cost, is used to value finished goods and goods in process. Standard cost includes direct labor and raw materials and manufacturing overhead based on normal capacity.

As of December 31, 2017 and 2016, the Company did not have material goods in process.

The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written-down to net realizable value. As of December 31, 2017, the Company recorded an inventory reserve of $123,390. As of December 31, 2016, the Company determined that no reserve was necessary.

(i) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the useful life of the asset. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the accompanying consolidated statements of operations in the year the asset is derecognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Category	Depreciation Method	Estimated Useful Life
Leasehold Improvements	Amortized Over the Lesser of the Life of the Lease or Estimated Useful Life of the Improvement	8 - 15 Years
Machinery and Equipment	Over the Estimated Useful Life ofthe Asset	5 - 20Years
Furniture and Fixtures	Over the Estimated Useful Life ofthe Asset	7 Years
Vehicles	Over the Estimated Useful Life ofthe Asset	5 Years
Website and Software	ver the Estimated Useful Life ofthe Asset	3 Years
Computer Equipment	Over the Estimated Useful Life ofthe Asset	3 - 5Years

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Intangible Assets

Intangible assets, separately acquired, are initially recorded at cost. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets that have definite lives are amortized and the amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. For the years ended December 31, 2017 and 2016, the Company did not recognize any impairment losses.

(k) Income Taxes

The Company is a limited liability company that has elected to be treated as a partnership for U.S. federal income tax purposes. Under federal law, the taxable income or loss of a limited liability company is allocated to its members. Accordingly, no provision has been made for federal income taxes. The Company is responsible for certain other state taxes.

(l) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the following criteria are met:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(m) Unit-Based Compensation

The Company measures equity settled unit-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For unit-based payments granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of unit-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized in the accompanying consolidated statement of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

(i) Initial Measurement of Financial Assets and Financial Liabilities

Financial assets and liabilities are recognized at fair value upon initial recognition plus any directly attributable transaction costs when not subsequently measured at fair value through profit or loss.

(ii) Subsequent Measurement

Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held to maturity, available for sale, and other financial liabilities.

(iii) Impairment of Financial Assets

A financial asset not carried at Fair Value Through Profit or Loss is reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset isimpaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. As of December 31, 2017 and 2016, the Company did not recognize any impairment losses.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statements of operations.

Financial Assets

(i) Cash is comprised of deposits held in financial institutions.

(ii) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets include the Company's accounts receivable and due from related parties, which are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Liabilities

Other financial liabilities include the Company's accounts payable and accrued liabilities and due from related parties. The effective interest method is used to calculate the amortized cost of a financial liability and allocates interest income over the corresponding period. The effective interest rate is the rate that is used to discount estimated future cash receipts or payments over the expected life of the financial asset or liability.

(o) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's accompanying consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the accompanying consolidated financial statements are described below.

(i) Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. In calculating final inventory values, management compares the inventory cost to estimated net realizable value. Further information on estimates used in determining the fair value of biological assets is contained in Note 3.

(ii) Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(iii) Unit-Based Compensation

In calculating the unit-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. To calculate the unit-based compensation expense related to key employee performance milestones associated with the terms of an acquisition, the Company must estimate the number of units that will be earned and when they will be issued based on estimated discounted probabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 7, Financial Instruments: Disclosure ("IFRS 7")

IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

(ii) IFRS 9, Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect significant impact on its consolidated financial statements from the adoption of this new standard.

(iii) IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not expect significant impact on its consolidated financial statements from the adoption of this new standard.

(iv) IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. The Company expects significant impacts on its consolidated financial statements from the adoption of this new standard. The Company leases the majority of its cultivation facilities and dispensaries and anticipates the consolidated statement of financial position to increase by the amount determined in *Note 14.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) IFRS 2, Share-based Payment ("IFRS 2")

In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payment* in relation to the classification and measurement of share-based payment transactions. The amendment provided guidance introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments. On such modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date. Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application is allowed if this is possible without the use of hindsight. The Company does not expect significant impact on its consolidated financial statements from the adoption of this new standard.

(vi) IAS 28, Long-term Interests ("IAS 28")

In October 2017, the IASB amended IAS 28, *Long-term Interests in Associates and Joint Ventures*. The amendments were added to clarify that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The standard which will be effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The extent of the impact of adoption of the standard has not yet been determined.

3. BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants. The Company expenses all direct and indirect costs in the period they are incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The expense policy provides better visibility to revenues and cost of goods sold and the results of the biological transformation. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

(Amounts Expressed in United States Dollars)

3. BIOLOGICAL ASSETS *(Continued)*

The Company's biological assets consists of seeds and cannabis plants. A reconciliation of the beginning and ending balances of biological assets for the year ended December 31, 2017 and 2016 are as follows:

	December 31,	
	2017	**2016**
Balance at Beginning of Year	$ 1,147,480	$ 552,901
Changes in Fair Value of Biological Assets	1,489,174	594,579
Balance at End of Year	**$ 2,636,654**	**$ 1,147,480**

On average the growing time for a full harvest approximates 17 weeks. As listed below, key estimates are involved in the valuation process of the cannabis plants. The Company's estimates are subject to changes that could result in future gains or losses of biological assets. Changes in estimates could result from volatility of sales prices, changes in yields, and variability of the costs necessary to complete the harvest. Prior to harvest, all production costs are expensed.

The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

(a) The selling prices, which are based on average market prices in the locations the Company operates in during the year ended December 31, 2017 and 2016;
(b) the cost to complete the cannabis production process post-harvest, and the cost to sell;
(c) the stage of plant growth; and
(d) expected yields from each cannabis plant.

A plant typically produces approximately 230 grams. The Company has quantified the sensitivity of the inputs in relation to the biological assets for the year ended December 31, 2017 and 2016 and expects that a 5% increase or decrease in the selling price per gram would increase or decrease the fair value of biological assets by approximately $188,000. A 5% increase or decrease in the estimated yield per cannabis plant would result in an increase or decrease in the fair value of biological assets of approximately $132,000. Additionally, an increase or decrease of 5% in the costs of production would increase or decrease the fair value of biological assets by approximately $56,000.

4. INVENTORY

At December 31, 2017 and 2016, inventory totaled $3,191,109 and $2,042,948, respectively, and are comprised primarily of finished goods cannabis and cannabis-related products. During the years ended December 31, 2017 and 2016, the Company recognized $11,320,233 and $7,912,252, respectively, of inventory expensed to cost of goods sold, which includes $10,344,750 and $4,201,312 thousand, respectively, of cost of goods sold of inventories; $380,904 and $3,158,039, respectively, of cultivation costs of biological assets; and $594,579 thousand and $552,901, respectively, of non-cash expense relating to the changes in fair value of inventory sold.

(Amounts Expressed in United States Dollars)

5. INVESTMENTS

The Company determines how to account for investments based on the level of control it has over the investment. If control is determined, then the investment should be consolidated. The Company's investments that have been controlled and consolidated are further described in *Note 2(e)*. Investments in which the Company has significant influence, but no control, are considered investments in associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. The carrying value is then adjusted for the Company's share of comprehensive income (loss) and distributions from the investee. The carrying value of associates is assessed for impairment at each balance sheet date. As of the year ended December 31, 2017 and 2016, the Company had no investments in associates. Investments that are not controlled or the Company does not have significant influence are first recognized at cost. At each reporting period, changes from the initial cost and fair value are recognized through profit and loss. As of December 31, 2017 and 2016, the Company's investments are investments at fair value.

The Company has investments in the following entities: CHP Fresco, LLC ("CHP Fresco"), a real estate holding entity, DDD Digital, LLC ("DDD"), an entity offering a technology platform for the cannabis industry, MassRoots, Inc. ("MassRoots"), a technology company for the cannabis industry, and 420 Capital Management, LLC ("420 Capital"), a cannabis investment company. With the exception of CHP Fresco, these investments are accounted for at fair market value as the Company has determined that they do not have significant influence over the investee. The following is a description of the investments held at December 31, 2017 and 2016:

	December 31,	
	2017	**2016**
CHP Fresco	$ 801,000	$ 1,500,000
DDD	-	94,000
MassRoots	121,111	-
420 Capital	67,500	-
Total Investments	**$ 989,611**	**$ 1,594,000**

During the year ended December 31, 2017, the Company invested $67,500 in 420 Capital and sold a portion of its investment in CHP Fresco at cost for $699,000. During the year ended December 31, 2016, the Company purchased interest in DDD for $94,000. In 2017, DDD was acquired by MassRoots, an outside third party, which is publicly traded. The Company received their investment's worth of Mass Roots shares during the acquisition.

(Amounts Expressed in United States Dollars)

6. PROPERTY AND EQUIPMENT

As of December 31, 2017 and 2016, property and equipment consist of:

	December 31, 2017	December 31, 2016
Leasehold improvements	$ 206,019	$ 156,381
Machinery and equipment	1,047,251	699,676
Furniture and fixtures	290,528	165,966
Vehicles	81,717	58,311
Website and software	63,660	72,469
Computer equipment	576,070	148,848
Construction in progress	3,081,143	3,670
Total Property and Equipment, Gross	5,346,388	1,305,321
Less: Accumulated Depreciation	(372,941)	(172,289)
Property and Equipment, Net	**$ 4,973,447**	**$ 1,133,032**

A reconciliation of the beginning and ending balances of property and equipment for the year ended December 31, 2017 is as follows:

	Property and Equipment, Gross	Accumulated Depreciation	Property and Equipment, Net
Balance as of January 1, 2017	$ 1,305,321	$ (172,289)	$ 1,133,032
Additions	$ 4,061,955	$ -	$ 4,061,955
Dispositions	$ (20,888)	$ 4,888	$ (16,000)
Depreciation	$ -	$ (205,540)	$ (205,540)
Balance as of December 31, 2017	**$ 5,346,388**	**$ (372,941)**	**$ 4,973,447**

A reconciliation of the beginning and ending balances of property and equipment for the year ended December 31, 2016 is as follows:

	Property and Equipment, Gross	Accumulated Depreciation	Property and Equipment, Net
Balance as of January 1, 2016	$ 1,204,563	$ (19,766)	$ 1,184,797
Additions	102,632	-	102,632
Dispositions	(1,874)	1,874	-
Depreciation	-	(154,397)	(154,397)
Balance as of December 31, 2016	**$ 1,305,321**	**$ (172,289)**	**$ 1,133,032**

Depreciation expense of $200,652 and $154,397 was recorded for the years ended December 31, 2017 and 2016, respectively, of which $166,783 and $131,661, respectively, are included in cost of sales.

(Amounts Expressed in United States Dollars)

7. INTANGIBLE ASSETS

Permits are issued by various state governments within the U.S. and grant the Company the right to construct and operate medical cannabis cultivation centers and dispensaries within each respective state. Permits are capitalized and amortized on a straight line-basis over the term of the permit. The term of the permits is one year from the date of issuance and requires yearly renewal.

As of December 31, 2017 and 2016, intangible assets consist of:

	December 31, 2017	December 31, 2016
Permit Application Costs	$ 1,565,000	$ 975,000
Less: Accumulated Amortization	(1,317,917)	(872,917)
Intangible Assets, Net	**$ 247,083**	**$ 102,083**

A reconciliation of the beginning and ending balances of intangible assets for the year ended December 31, 2017 is as follows:

	Intangible Assets, Gross	Accumulated Amortization	Intangible Assets, Net
Balance as of January 1, 2017	$ 975,000	$ (872,917)	$ 102,083
Additions	590,000	-	590,000
Amortization	-	(445,000)	(445,000)
Balance as of December 31, 2017	**$ 1,565,000**	**$ (1,317,917)**	**$ 247,083**

A reconciliation of the beginning and ending balances of intangible assets for the year ended December 31, 2016 is as follows:

	Intangible Assets, Gross	Accumulated Amortization	Intangible Assets, Net
Balance as of January 1, 2016	$ 675,000	$ (506,250)	$ 168,750
Additions	300,000	-	300,000
Amortization	-	(366,667)	(366,667)
Balance as of December 31, 2016	**$ 975,000**	**$ (872,917)**	**$ 102,083**

Amortization expense of $445,000 and $366,667 was recorded for the years ended December 31, 2017 and 2016, respectively, of which $400,000 and $366,667, respectively, are included in cost of sales. For the year ended December 31, 2017, an additional $45,000 of amortization is included in selling, general and administrative.

(Amounts Expressed in United States Dollars)

8. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

As of December 31, 2017 and 2016, accounts payable and other accrued expenses were comprised of the following:

	December 31,	
	2017	2016
Accounts payable	$ 1,715,577	$ 336,381
Accrued expenses	444,061	189,526
Property taxes payable	361,952	339,225
Payroll liabilities	79,307	66,817
Licensing fee payable	36,903	-
Other	2,782	8,877
Total Accrued Liabilities	**$ 2,640,582**	**$ 940,826**

9. SUBSCRIPTION DEPOSITS REFUNDABLE AND DUE TO RELATED PARTY

Subscription deposits refundable represents capital contributions received by the Company prior to successfully obtaining a license to produce and/or sell cannabis in a new state market. The Company received $399,800 in subscription deposits refundable as of December 31, 2017. The Company was unsuccessful in securing a license for this opportunity and refunded the subscriptions in 2018. There were no refundable subscriptions for the year ended December 31, 2016.

During 2017, the Company received subscriptions for expansion in to the Pennsylvania medical cannabis market. Upon successful awarding of licenses, the Company was responsible for funding these subscriptions to Yeltrah. The Company held $725,000 in contributions as of December 31, 2017, which were remitted in 2018.

10. NOTES PAYABLE - RELATED PARTIES

On December 30, 2016, the Company entered into Promissory Note Agreements (“Promissory Notes”) with its founders in the aggregate amount of $562,500. The terms of the Promissory Notes include maturity on the first anniversary of issuance with the Company having an election to extend the maturity date for up to two successive 12-month periods, but in no event beyond the third anniversary date of the Promissory Note Agreement. Additionally, the Promissory Notes accrue interest at an annual rate of 10%. The Company elected to extend the maturity date for one 12-month period. As of December 31, 2017 and 2016, the amount outstanding under these agreements was $328,125 and $562,500, respectively.

11. MEMBERS' EQUITY

The Company is authorized to have six classes of units (the "Units"), designated as Founder's Units ("Founder's Units"), Class A Units ("A Units"), Class B Units ("B Units"), Class C Units ("C Units"), Class D Units ("D Units"), and Class E Units ("E Units"). Under the Company's Operating Agreement (the "Agreement"), the Founder's Units, A Units, B Units, C Units, and E Units shall be identical in all respects except that C Units are non-voting except that to the extent the Founder's Units represent not less than fifteen percent of all outstanding Units, the Founder's Units shall, as a class, have voting rights equal to the greater of the actual voting rights of the Founder's Units and fifty percent plus one vote of the aggregate voting rights of the Company's outstanding units. If the Founder's Units represent less than fifteen percent of the outstanding Units, the Founder's Units, A Units, B Units, and E Units will vote as a single class, with each Unit representing one vote.

The Company issued 125,000 and 850,000 C Units during the year ended December 31, 2017 and 2016, respectively. Additionally, during the year ended December 31, 2017, 375,000 D Units were exchanged for C Units. The C Units in 2016 were issued for $850,000 in cash. The C Units issued in 2017 and the C Units exchanged for D Units in 2017 were pursuant to an equity allocation agreement for C Units. Due to a clerical error in 2015 and 2016, 375,000 of these Units were issued as D Units. They were accordingly exchanged for C Units during 2017.

D Units are issued pursuant to a Profits Interest Plan, which is defined as any profits interest award plan of the Company, as amended, modified, supplemented, or replaced from time to time. D Units are awarded to individuals at the current fair value of Company and have no voting rights. During the years ended December 31, 2017 and 2016, the Company issued D Units totaling 1,920,387 and 2,203,750, respectively. During the year ended December 31, 2016, certain D Units were issued for $125,000 for services provided.

During the year ended December 31, 2017, the Company raised equity under Series E. A total of 14,006,523 E units were issued for capital contributions totaling $15,648,609. All amounts which are determined by the Board to be available for distribution shall be distributed as follows:

- First, distributions will be made 87.5% to the A Unit holders in proportion to their respective number of A Units and 12.5% to the B Unit holders in proportion to their respective number of B Units until the Capital Contributions of the A Units have been returned to the Members holding A Units.
- Thereafter, to all Members in proportion to their respective number of Units, provided, however, that no distributions with respect to D Units will be made if such distribution causes an Adjusted Capital Account Deficit to any Class D Member.

12. EQUITY ALLOCATION PLAN

The Company has an Equity Allocation Plan (the "Plan") for key employees and service providers. Under the Plan, units issued have no voting rights and vest proportionately over periods ranging from six months to four years from the issuance date.

(Amounts Expressed in United States Dollars)

12. EQUITY ALLOCATION PLAN *(Continued)*

The calculated value of each unit award granted is estimated on the date of grant using a valuation method. The expected term of the common units is derived from the output of the potential payout model and represent the period that units are expected to vest and begin participating in net income and distributions. A summary of the non-vested activity under the Plan as of December 31, 2017 and 2016, and the changes during the years then ended is as follows:

	Non-Vested Units	Weighted-Average Exercise Price
Outstanding - January 1, 2016	1,835,000	$ 0.84
Granted	720,000	$ 1.00
Forfeited	(450,000)	$ 0.70
Outstanding - December 31, 2016	2,105,000	$ 0.90
Granted	1,395,000	$ 1.03
Forfeited	(50,000)	$ 1.00
Outstanding - December 31, 2017	3,450,000	$ 0.98

The Company's units had a fair value of $0.12 at the time of the grants during the years ended December 31, 2017 and 2016 based on Level 3 inputs including, the volatility of the unit price, the expected life of the unit, dividend yield, and interest rates. During the years ended December 31, 2017 and 2016, 515,833 and 565,417 options vested, respectively. Company recorded compensation expense in the amount of $1,079 and $244,271 for the years ended December 31, 2017 and 2016, respectively.

13. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 2017 and 2016, selling, general and administrative expenses were comprised of the following:

		December 31, 2017	December 31, 2016
Salaries and Related	*Note 15*	$ 1,464,954	$ 1,105,224
Consulting and Professional Fee		1,048,829	1,114,679
Travel and Entertainment		255,606	216,281
Rent		159,708	84,123
Office		147,167	135,666
Selling and Marketing		454,817	463,913
Excise Taxes		672,310	233,205
Other		1,036,665	474,553
		$ 5,240,056	$ 3,827,644

14. COMMITMENTS AND CONTINGENCIES

(a) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(b) Office and Operating Leases

The Company leases its Chicago, Illinois headquarters under a non-cancelable sublease agreement with an affiliated entity, which expires in July 2019 (this sublease agreement is pursuant to a master lease agreement). Rent expense was approximately $160,000 and $84,000 for the years ended December 31, 2017 and 2016, respectively, which is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

The Company leases its cultivation facilities in Joliet, Lincoln, and Kankakee, Illinois from an affiliated entity. The commencement dates of the non-cancelable leases are determined based upon a Substantial Completion Date, as defined in the lease agreements, or six months after the Illinois Department of Agriculture awards the license. The Joliet lease commenced in December 2015, the Lincoln lease commenced in February 2016, and the Kankakee lease commenced in April 2016. The terms of these lease agreements are fifteen years from the commencement date. Rent expense for these facilities was approximately $4,317,000 and $3,849,000 for the years ended December 31, 2017 and 2016, respectively, which is included in cost of goods sold in the accompanying consolidated statements of operations. For financial reporting purposes, rent expense has been recorded on a straight-line basis over the terms of the leases resulting in deferred rent liability of approximately $1,587,000 and $809,000 as of December 31, 2017 and 2016, respectively.

The Company leases its cultivation facility in Brookville, Pennsylvania. The non-cancelable lease commenced on June 30,2017, upon the announcement of a successful license application, and terms after 60 months. Rent expense was approximately $138,000 for the year ended December 31, 2017 with approximately $60,000 attributed to deferred rent liability. The Company leases dispensary locations in Butler, Pennsylvania and Pittsburgh, Pennsylvania with 60-month terms and the option to extend. Rent expense was approximately $72,000 for the year ended December 31, 2017 with approximately $14,000 in deferred rent liability.

(Amounts Expressed in United States Dollars)

14. COMMITMENTS AND CONTINGENCIES *(Continued)*

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31	Scheduled Payments
2018	$ 3,942,436
2019	3,740,618
2020	3,805,790
2021	3,918,776
2022	4,035,151
2023 - 2031	36,811,610
Total Future Minimum Lease Payments	**$ 56,254,381**

In addition to the future minimum rentals disclosed above, the Company is responsible for real estate taxes and comment operating expenses incurred by the building or facility in which it leases space. The Company was also required to pay to the affiliate a security deposit. The balance of the security deposit paid to the affiliate was approximately $1,325,000 as of both December 31, 2017 and 2016.

(c) Contingencies

The Company's operations are subject to a variety of local, state, and federal regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local, state, and federal regulation as of December 31, 2017, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(d) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2017, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

15. RELATED PARTY TRANSACTIONS

The Company has a note payable due to its founders, see Note 10. Additionally, the Company leases its offices and cultivation facilities from affiliated entities, see Note 14.

As of December 31, 2016, the Company has amounts due from certain related parties for advances the Company provided for the development and cultivation of facilities. The balance due to the Company at December 31, 2016 was $2,318,611. These amounts were paid in full during the year ended December 31, 2017. As of December 31, 2017, no further amounts were due from these related parties.

Included in salaries expenses for the years ended December 31, 2017 and 2016 is approximately $622,000 and $350,000, respectively, related to the compensation of key management personnel; $172,000 of this balance was included as a liability as of December 31, 2017. Related parties also received sponsor fees for capital raises of approximately $1,835,000. There was no liability as of December 31, 2016.

(Amounts Expressed in United States Dollars)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, due from related parties, accounts payables and other accrued expenses, subscription deposits refundable, due to related party, and notes payable – related parties. The carrying values of these financial instruments approximate their fair values as of December 31, 2017 and 2016 due to their nature and relatively short maturity date.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels valuing these assets during the year.

The following table summarizes the Company's financial instruments as of December 31, 2017:

	Loans and Receivables	Other Financial Liabilities	Total
Financial Assets:			
Cash and Cash Equivalents	$ 27,043,219	$ -	$ 27,043,219
Accounts Receivable	$ 1,010,620	$ -	$ 1,010,620
Security Deposits - Related Parties	$ 1,342,049	$ -	$ 1,342,049
Financial Liabilities:			
Accounts Payable and Other Accrued Expenses	$ -	$ 2,640,582	$ 2,640,582
Subscription Deposits Refundable	$ -	$ 399,800	$ 399,800
Due to Related Party	$ -	$ 725,000	$ 725,000
Notes Payable - Related Parties	$ -	$ 328,125	$ 328,125

The following table summarizes the Company's financial instruments as of December 31, 2016:

	Loans and Receivables	Other Financial Liabilities	Total
Financial Assets:			
Cash and Cash Equivalents	$ 1,300,464	$ -	$ 1,300,464
Accounts Receivable	$ 442,649	$ -	$ 442,649
Due From Related Parties	$ 1,205,111	$ -	$ 1,205,111
Security Deposits – Related Parties	$ 1,324,585	$ -	$ 1,324,585
Financial Liabilities:			
Accounts Payable and Other Accrued Expenses	$ -	$ 940,826	$ 940,826
Subscription Deposits Refundable	$ -	$ -	$ -
Due to Related Party	$ -	$ -	$ -
Notes Payable - Related Parties	$ -	$ 562,500	$ 562,500

(Amounts Expressed in United States Dollars)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit and Banking Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2017 and 2016 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers. Although all cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the cannabis industry.

(b) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 10 and Note 14, the Company has the following contractual obligations as of December 31, 2017:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Other Accrued Expenses	$2,640,582	$ -	$ -	$2,640,582
Subscription Deposits Refundable	$ 399,800	$ -	$ -	$ 399,800
Due to Related Party	$ 725,000	$ -	$ -	$ 725,000
Notes Payable - Related Parties	$ 328,125	$ -	$ -	$ 328,125

(Amounts Expressed in United States Dollars)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

In addition to the commitments outlined in Note 10 and Note 14, the Company has the following contractual obligations as of December 31, 2016:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Other Accrued Expenses	$ 940,826	$ -	$ -	$ 940,826
Subscription Deposits Refundable	$ -	$ -	$ -	$ -
Due to Related Party	$ -	$ -	$ -	$ -
Notes Payable - Related Parties	$ -	$ 562,500	$ -	$ 562,500

(d) Market Risk

(i) Currency Risk

The Company had no exposure to foreign currency transaction or translation risk for the periods presented in these consolidated financial statements.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) Tax Risk

Tax risk is the risk of changes in the tax environment that would have a material adverse effect on the Company's business, results of operations, and financial condition. Currently, state licensed marijuana businesses are assessed a comparatively high effective federal tax rate due to section 280E which bars businesses from deducting all expenses except their cost of goods sold (COGS) when calculating federal tax liability. Any negative increase in additional tax measures may have a further adverse effect on the operations of the Company, while any decrease in tax pressures will be beneficial to future operations.

(v) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

17. CAPITAL MANAGEMENT

The Company's objective is to maximize sufficient capital base so as to maintain investor, creditor and customer confidence, future development of its business strategy and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year growth. The Company currently has not paid any dividends to its shareholders.

As of December 31, 2017, and 2016 total managed capital was comprised of members' equity of approximately $35,936,570 and $9,203,808, respectively.

There were no changes in the Company's approach to capital management during the year.

18. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 3, 2019, which is the date on which these financial statements were available to be issued.

On January 19, 2018, the Company, through its newly created subsidiary, Cresco Labs Phoenix, LLC, entered into the Unit Purchase and Sale Agreement to invest approximately $2,640,000 in exchange for approximately 66% interest in Phoenix Farms Partners, LLC.

On January 26, 2018, the Company, through its newly created subsidiary, Cresco Labs Nevada, LLC, entered into a Unit Purchase and Sale Agreement with Lighthouse Strategies, LLC, to acquire 25% of the issued and outstanding units for $5,500,000 in cash consideration and 500,000 common membership units in Cresco Labs, LLC.

On April 24, 2018, the Company, through its newly created subsidiary, Cresco Labs TINAD,LLC, entered into a Unit Purchase and Sale Agreement with TINAD, LLC, to acquire 35.46% of the issued and outstanding units for $801,000.

On May 31, 2018, the Company executed an office lease agreement effective for 5,747 sq.ft. commercial premises in the building located at 520 West Erie Street, Chicago, Illinois, 60654. The monthly base rent is $11,494 and the term expires on July 31, 2019.

On June 1, 2018, the Company executed a commercial lease agreement for 4,615 sq.ft. located at 180 Main Street, Wintersville, OH, 43953. The monthly base rent is $3,999.37 and the term expires on May 31, 2023 with three consecutive five year extension options.

On June 7, 2018, the Company, through its newly created subsidiary, Cresco Labs San Luis Obispo, LLC, entered into a Purchase and Sale Agreement with SLO Cultivation, Inc. ("SLO"). Under the terms of the agreement, the Company with acquire a sixty percent interest in SLO for $1,500,000 in consideration to pursue certain cannabis-related licenses in the state of California.

18. SUBSEQUENT EVENTS *(Continued)*

On June 25, 2018, the Company entered into a Transaction Agreement pursuant to which Cresco agreed to loan SPAZ REI $1,200,000 under the terms and conditions of the Loan Document which provides the Company the ability to convert the note into a twenty percent equity position.

During the fourth quarter of 2018, the Company entered into a Loan Agreement with a borrower for up to $10,875,000 for a draw period ending on the last day of the thirteenth month following commencement of operations.

Subsequent to the period ended September 30, 2018, the Company entered into a definitive agreement to merge a subsidiary with and into Gloucester Street Capital, LLC ("GSC"), a New York limited liability company, the parent entity of Valley Agriceuticals, LLC to acquire 100% of the issued and outstanding units of GSC in exchange for $32,500,000 cash consideration and a maximum of an additional $10,000,000 in cash consideration over a five-year period, contingent upon performance; 13.5 million ($50,500,000) Class F units in the Company, of which 5.3 million are contingent upon future events (approximately $20,000,000); and 4,000,000 warrants to purchase shares in the Company, of which 2,000,000 are contingent upon future events.

In the fourth quarter of 2018, the Company completed its acquisition of 100% of the membership interests of FloraMedex, LLC, an Illinois limited liability company and an affiliated real estate entity in exchange for $10,000,000 cash consideration.

In the fourth quarter of 2018, the Company entered a binding Memorandum of Understanding with Hope Heal Health, Inc., a Massachusetts corporation, and an affiliated real estate entity, for consideration consisting of $27,500,000 in cash and the assumption of an outstanding mortgage loan on the affiliated real estate entity of approximately $850,000.

In the fourth quarter of 2018, the Company acquired 100% of the membership interests of Arizona Facilities Supply, LLC ("AFS"), an Arizona limited liability company, and its subsidiaries. Total consideration for the purchase was $25,300,000. $22,300,000 of the total consideration was in exchange for acquisition of AFS.

In the fourth quarter of 2018, the Company entered into a definitive agreement with MedMar, Inc. ("MedMar"), an Illinois corporation and the undersigned members of MedMar's subsidiaries, MedMar Lakeview, LLC, an Illinois limited liability company and MedMar Rockford, LLC, an Illinois limited liability company, to acquire 100% of the shares of MedMar, MedMar Lakeview, LLC and MedMar Rockford, LLC. Total consideration for purchase is $27,500,000, comprised of $10,000,000 in cash and $17,500,000 in equity units. Closing is subject to receipt of applicable regulatory approvals.

In the fourth quarter of 2018, the Company entered into a Unit Exchange Agreement with TINAD, LLC, an Illinois limited liability company to exchange a certain number of Class B membership units for the corresponding number of Class F membership units of the Company. Effective as of the Closing Date, the Company assumes operational control of TINAD, LLC and its wholly-owned subsidiary, PDI Medical III, LLC, an Illinois limited liability company.

In the fourth quarter of 2018, the Company completed a brokered private placement of 26,666,667 of new Class F units and closed its capital raise with $100,000,000 in new investment.

In November, in connection with its business combination with Randsburg, discussed in further detail below, Cresco Labs raised gross proceeds of $85 million comprised of funds from institutional investors.

18. SUBSEQUENT EVENTS *(Continued)*

In the fourth quarter of 2018, the Company completed a reverse takeover transaction of Randsburg, a Canadian publicly listed company. Pursuant to the Business Combination, a series of transactions were completed resulting in a reorganization of Cresco and Randsburg. As a result, Randsburg changed its name to Cresco Labs, Inc., consolidated its outstanding common shares, such that the shareholders of Randsburg retained an aggregate of C$2.2 million (Canadian dollar) in resulting issuer shares, replaced all directors and officers of Randsburg, and created a new class of non-participating super voting shares issued to certain principals of Cresco. On December 3, 2018, the Company began trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "CL."

On March 18, 2019, the Company announced that it was 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 purchase consideration is approximately $120,000 thousand 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 Transaction is anticipated to close during the second quarter and will be subject to customary closing conditions.

On April 1, 2019, the Company entered into a definitive agreement (the "Agreement") with CannaRoyalty Corp. d/b/a Origin House, pursuant to which Cresco Labs, Inc. will acquire all of the issued and outstanding shares of Origin House (the "Transaction"). Under the terms of the Agreement, holders of common shares of Origin House will receive 0.8428 subordinate voting shares of Cresco Labs, Inc. for each Origin House Share (the "Exchange Ratio"). The Transaction represents a total consideration of approximately C$1,000,000 thousand on a fully-diluted basis, or C$12.68 per Origin House Share (based on the Exchange Ratio and the closing price of Cresco Labs Shares on March 29, 2019, the last trading day prior to the announcement of the Transaction). The Transaction represents the largest public company acquisition in the history of the U.S. cannabis industry. The Transaction is expected to close by the end of June 2019 and is subject to the conditions set out in the Agreement including customary representations, warranties and covenants for transactions of this type, including a termination fee in the amount of C$45,000 thousand payable by Origin House in the event that the Transaction is terminated in certain circumstances.

On April 11, 2019, the Company announced that it received approval from the Illinois Department of Financial and Professional Regulation (IDFPR) for Cresco's previously announced acquisitions of licensed medical cannabis dispensaries MedMar Rockford, MedMar Lakeview and PDI Medical.