CRESCO LABS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(Expressed in United States Dollars)

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements. These unaudited condense interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Cresco Labs Inc.
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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

Cresco Labs Inc.
Condensed Interim Consolidated Statements of Financial Position
As of March 31, 2019 and 2018
(In thousands of United States Dollars)

		(Unaudited) March 31, 2019	(Audited) December 31, 2018
ASSETS			
Current Assets:			
Cash and Cash Equivalents		$ 106,090	$ 131,302
Restricted Cash		7,311	6,726
Accounts Receivable, Net	*Note 3*	5,334	3,658
Biological Assets	*Note 4*	15,229	17,673
Inventory, Net	*Note 5*	35,892	24,521
Loans Receivable, Short-Term	*Note 15*	12,413	7,726
Other Current Assets		1,098	1,098
Total Current Assets		183,367	192,704
Property and Equipment, Net	*Note 6*	50,823	39,721
Right-of-Use Asset	*Note 7*	43,866	-
Intangible Assets, Net	*Note 9*	24,958	25,464
Loans Receivable, Long-Term	*Note 15*	8,010	7,280
Investments	*Note 8*	440	433
Security Deposits		1,434	1,363
Goodwill	*Note 9*	51,146	51,146
TOTAL ASSETS		**$ 364,044**	**$ 318,111**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Other Accrued Expenses	*Note 10*	$ 13,941	$ 7,595
Income Tax Payable		3,447	2,584
Lease Liabilities	*Note 7*	5,846	-
Deferred Consideration and Other Payables	*Note 15*	13,617	14,873
Derivative Liabilities	*Note 15*	178	178
Total Current Liabilities		37,029	25,230
Long-Term Liabilities:			
Deferred Rent		76	2,199
Derivative Liabilities – Long-Term	*Note 15*	381	146
Lease Liabilities – Long-Term	*Note 7*	43,768	-
Deferred Tax Liability		2,325	4,459
Contingent Consideration	*Note 15*	3,138	3,096
Total Long-Term Liabilities		49,688	9,900
TOTAL LIABILITIES		**86,717**	**35,130**
SHAREHOLDERS' EQUITY:			
Share Capital	*Note 11*	142,681	142,118
Shares to be Issued		20,064	20,064
Contributed Surplus	*Note 12*	15,498	11,594
Accumulated Deficit		(59,959)	(52,745)
Equity of Cresco Labs, Inc.	*Note 11, 12*	118,284	121,031
Non-Controlling Interest (NCI)	*Note 11*	159,043	161,950
TOTAL SHAREHOLDERS' EQUITY		**277,327**	**282,981**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 364,044**	**$ 318,111**

See accompanying notes to unaudited condensed interim consolidated financial statements.

Nature of Operations *(Note 1)*
Subsequent Events *(Note 20)*

See accompanying notes to unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income/(Loss)
For the Three Months Ended March 31, 2019 and 2018
(Unaudited - In thousands of United States Dollars, except per share data)

		(Unaudited) Three Months Ended March 31, 2019	*(Unaudited)* Three Months Ended March 31, 2018
Revenue	*Note 2(e)*	$ 21,055	$ 5,093
Costs of Sales - Production Costs		(14,714)	(4,783)
Gross Profit before Fair Value Adjustments		6,341	310
Realized Changes in Fair Value of Inventory Sold		(15,895)	(3,689)
Unrealized Gain on Changes in Fair Value of Biological Assets	*Note 4*	20,206	10,161
Gross Profit		10,652	6,782
Expenses:			
Selling, General and Administration	*Note 13*	16,773	2,064
Depreciation and Amortization	*Note 6, 7, 9*	973	39
Total Expenses		17,746	2,103
Gain (Loss) before other (expenses) income and income taxes		(7,094)	4,679
Other (Expense) Income:			
Interest Expense, Net	*Note 18*	(419)	(9)
Other Expense, Net	*Note 14*	(134)	(13)
Income from Investment in Associate		36	-
Total Other Expense, Net		(517)	(22)
(Loss) Income Before Income Taxes		(7,611)	4,657
Income Tax Recovery		37	-
Net (Loss) Income and Comprehensive (Loss) Income		$ (7,574)	$ 4,657
Net (Loss) Income and Comprehensive (Loss) Income Attributable to Non-Controlling Interests, Net of Tax		(1,347)	985
Net (Loss) Income and Comprehensive (Loss) Income Attributable to Controlling Interest		**$ (6,227)**	**$ 3,672**
Net (Loss) Income Per Share - Attributable to Cresco Labs Inc. Shareholders			
Basic	*Note 16*	$ (0.05)	$ 0.10
Diluted	*Note 16*	$ (0.05)	$ 0.02

See accompanying notes to unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended March 31, 2019 and 2018

(Unaudited - In thousands of United States Dollars)

		$ Amount					
	Notes	**Share Capital**	**Shares to be Issued**	**Contributory Surplus**	**Accumulated Deficit**	**NCI**	**Total**
Balance as of December 31, 2018		142,118	20,064	11,594	(52,745)	161,950	282,981
Exercise of options and warrants	*Note 12*	563	-	(139)	-	-	424
Equity-based compensation expense, net of tax	*Note 12*	-	-	4,043	-	-	4,043
Change in ownership interest	*Note 11(d)*	-	-	-	(150)	(34)	(184)
IFRS 16 adjustments	*Note 2(f)*	-	-	-	(837)	(1,526)	(2,363)
Net income/(loss)		-	-	-	(6,227)	(1,347)	(7,574)
Ending balance, March 31, 2019		**142,681**	**20,064**	**15,498**	**(59,959)**	**159,043**	**277,327**
Balance as of December 31, 2017		36,959	-	655	(15,935)	14,258	35,937
Class F equity financing	*Note 11*	900	-	-	-	-	900
Other unit issuances	*Note 15(a)(i)*	-	568	-	-	-	568
Equity-based compensation expense	*Note 12*	-	-	64	-	-	64
Repayment of subscription receipt	*Note 11(e)(i)*	260	-	-	-	-	260
Non-controlling interest contribution	*Note 11(e)(ii)*	-	-	-	-	2,610	2,610
Non-controlling interest recognized in business combination	*Note 11(e)(iii)*	-	-	-	-	1,108	1,108
Net income/(loss)		-	-	-	3,672	985	4,657
Ending balance, March 31, 2018		**38,119**	**568**	**719**	**(12,263)**	**18,961**	**46,104**

See accompanying notes to unaudited condensed interim consolidated financial statements.

Cresco Labs Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2019 and 2018
(Unaudited - In thousands of United States Dollars)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss) Income	$ (7,574)	$ 4,657
Adjustments to Reconcile Net Income to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	2,919	367
Allowance for Doubtful Accounts	120	-
Share-based Compensation Expense	3,131	64
Income from Associate, Net of Distributions	(4)	-
Loss on Changes in Fair Value of Contingent Consideration	42	-
Unrealized Loss (Gain) on Investments at FVTPL	(3)	44
Loss (Gain) on Derivative Instruments	235	-
Realized Changes in Fair Value of Inventory Sold	15,895	3,689
Unrealized Gain on Changes in Fair Value of Biological Assets	(20,206)	(10,161)
Deferred Tax Expense (Recovery)	(900)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivables	(1,796)	(446)
Inventory	(27,266)	(6,222)
Biological assets	22,650	6,001
Other Current Assets	21	(154)
Security Deposits	(71)	(4)
Accounts Payable and Other Accrued Expenses	6,346	1,049
Other Current Liabilities	(1,156)	-
Deferred Rent	73	157
Income Tax Payable	863	-
NET CASH USED IN OPERATING ACTIVITIES	(6,681)	(959)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(11,959)	(4,173)
Loans Receivables for Entities to be Acquired	(5,417)	(5,500)
Cash Paid for Acquisitions, Net of Cash Acquired	-	(2,396)
Purchase of Intangibles	(107)	(225)
NET CASH USED IN INVESTING ACTIVITIES	(17,483)	(12,294)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Private Placement	-	900
NCI Contributions	-	2,609
Acquisition of NCI	(184)	-
Repayment of Related Party Payables and Notes	-	(241)
Proceeds from Exercise of Stock Options and Warrants	424	-
Principal Payments of Leases	(703)	-
Cash Received from Subscription Receivable	-	260
Subscription Deposits Refunded	-	(400)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(463)	3,128
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(24,627)	(10,125)
Cash and Cash Equivalents and Restricted Cash, Beginning of Period	138,028	27,043
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	**$ 113,401**	**$ 16,918**
CASH PAID DURING THE PERIOD FOR:		
Interest	$ 824	$ 9
NON-CASH TRANSACTIONS:		
Shares Issued for Acquisitions and Escrows	$ -	$ 568
NCI Recognized in Business Combinations	$ -	$ 1,109
Right-of-use Asset Obtained via Finance Lease	$ 47,398	$ -

See accompanying notes to unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Cresco Labs Inc. ("Cresco" or the "Company"), formerly known as Randsburg International Gold Corp. was incorporated in the Province of British Columbia under the Company Act (British Columbia) on July 6, 1990. On December 30, 1997, the Company changed its name from Randsburg Gold Corporation to Randsburg International Gold Corp. ("Randsburg") and consolidated its common shares on a five-old for one-new basis.

On November 30, 2018, in connection with the Reverse Takeover, the Company (i) consolidated its outstanding Randsburg Common Shares on an 812.63 old for one (1) new basis, and (ii) filed an alteration to its Notice of Articles with the British Columbia Registrar of Companies to change its name from Randsburg to Cresco Labs Inc. and to amend the rights and restrictions of its existing classes of common shares, redesignate such classes as the class of Subordinate Voting Shares, and create the classes of Proportionate Voting Shares and the Super Voting Shares.

Pursuant to the Reverse Takeover, among the Company (then Randsburg) and Cresco Labs, LLC ("Cresco Labs"), a series of transactions was completed on November 30, 2018 resulting in a reorganization of Cresco Labs and Randsburg and pursuant to which Randsburg became the indirect parent and sole voting unitholder of Cresco. The transaction constituted a reverse takeover of Randsburg by Cresco Labs under applicable securities laws. Cresco Labs was formed as a limited liability company under the laws of the state of Illinois on October 8, 2013 and is governed by the Pre-Combination LLC Agreement. The Pre-Combination LLC Agreement was further amended and restated in connection with the completion of the Reverse Takeover.

The 2018 comparative amounts presented in these financial statements are those of Cresco Labs, LLC.

On December 3, 2018, the Company began trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "CL". On March 6, 2019, Cresco shares was approved to be quoted on the Over-the-Counter Market ("OTC") and will trade under the ticker symbol "CRLBF".

The Company is licensed to cultivate, manufacture and sell medical cannabis and medical cannabis products. The Company operates in and/or has ownership interests in Illinois, Pennsylvania, Ohio, California, Maryland, and Arizona pursuant to the Illinois Compassionate Use of Medical Cannabis Pilot Program Act, the Pennsylvania Compassionate Use of Medical Cannabis Act, the Ohio Medical Marijuana Control Program, the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, the Maryland Medical Marijuana Act, and the Arizona Medical Marijuana Act, respectively (collectively, the "Acts").

The Company's head office is located at Suite 110, 400 W Erie St, Chicago, IL 60654 and the registered office is located at Suite 2200, 1055 West Hastings Street, Vancouver, BC V6E 2E9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The unaudited condensed interim consolidated financial statements of the Company have been prepared under International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, which was adopted by the International Accounting Standards Board ("IASB"), and issued by the International Accounting Standards Committee.

The unaudited condensed interim consolidated financial statements are presented in United States dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the change in accounting policy as a result of adopting IFRS 16, *Leases*, identified in Note 2(f). The unaudited condensed interim consolidated financial statements do not include all information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2018.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 30, 2019.

(b) Basis of Measurement

The accompanying unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for biological assets which are measured at fair value less cost to sell; certain investments in associates, which are accounted for under the equity method; loans receivable measured at fair value through profit or loss ("FVTPL"); and certain investments and derivative instruments, which are recorded at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Basis of Consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries with intercompany balances and transactions eliminated on consolidation. Subsidiaries are those entities over which the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The following are Cresco's wholly owned subsidiaries and entities over which the Company has control as of March 31, 2019:

Entity	**Location**	**Purpose**	**Percentage Held**
Cresco Labs Inc.	British Columbia, Canada	Parent Company	
Cresco U.S. Corp.	Illinois	Manager of Cresco Labs, LLC	100%
Cresco Labs, LLC	Illinois	Operating Entity	43.1%

Entity	**Location**	**Purpose**	**Percentage Held**
Cresco Labs, LLC	Illinois	Operating Entity	
Cresco Labs Ohio, LLC	Ohio	Cultivation, Production, and Dispensary Facility	99%
Cresco Labs SLO, LLC	California	Holding Company	100%
SLO Cultivation Inc.	California	Cultivation and Production Facility	80%
Cresco Labs Joliet, LLC	Illinois	Cultivation and Production Facility	100%
Cresco Labs Kankakee, LLC	Illinois	Cultivation and Production Facility	100%
Cresco Labs Logan, LLC	Illinois	Cultivation and Production Facility	100%
Cresco Labs PA, LLC	Pennsylvania; Registered: Illinois	Holding Company	100%
Cresco Yeltrah, LLC	Pennsylvania	Cultivation, Production, and Dispensary Facility	100%
Cresco Labs Arizona, LLC	Arizona	Holding Company	100%
Encanto Green Cross Dispensary, LLC	Arizona	Dispensary	100%
Cresco Labs Tinad, LLC	Illinois	Holding Company	100%
PDI Medical III, LLC	Illinois	Dispensary	100%
MedMar Inc.	Illinois	Holding Company	100%
MedMar Lakeview, LLC	Illinois	Dispensary	75%
MedMar Rockford, LLC	Illinois	Dispensary	87.5%
Cresco Labs Phoenix Farms, LLC	Illinois	Holding Company	100%
Phoenix Farms of Illinois, LLC	Illinois	Dispensary	89.9%
JDC Elmwood, LLC	Illinois	Holding Company	100%
Flora Medex, LLC	Illinois	Dispensary	100%
Cresco Edibles, LLC	Illinois	Holding Company	100%
TSC Cresco, LLC	Illinois	Licensing	75%

As Cresco U.S. Corp., which is wholly owned by the Company, is the sole manager of Cresco Labs, LLC, the Company controls Cresco Labs, LLC and has consolidated its results in these unaudited condensed interim consolidated financial statements.

Non-controlling interests ("NCI") represent ownership interests in consolidated subsidiaries by parties that are not shareholders of the Company. They are shown as a component of total equity in the unaudited condensed interim consolidated statements of financial position, and the share of income (loss) attributable to NCI is shown as a component of net income (loss) in the unaudited condensed interim consolidated statements of operations and comprehensive income/(loss). Changes in the parent company's ownership that do not result in a loss of control are accounted for as equity transactions.

(d) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's unaudited condensed interim consolidated financial statements under IFRS requires management to make judgements, estimates, and assumptions about the carrying amounts of certain assets and liabilities. Estimates and related assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis for reasonableness and relevancy. Where revisions are required, they are recognized in the period in which the estimate is revised as well as future periods that are affected.

Significant judgements, estimates and assumptions within these unaudited condensed interim consolidated financial statements, unless stated herein, remain the same as those applied to the annual consolidated financial statements for the year ended December 31, 2018.

The adoption of IFRS 16, *Leases,* required the Company to assess its significant judgements and certain key estimates when applying the standard in Note 2(f) and Note 7.

Critical judgments required in the application of IFRS 16 include the following:

a. Identifying whether a contract or part of contract includes a lease;
b. Identifying lease components and allocating the consideration to each lease component on the basis of the relative stand-alone price of each lease component;
c. Determining whether it is reasonably certain that an extension or termination option will be exercised, on a lease by lease basis; and
d. Establishing whether there are multiple leases in an arrangement.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

a. Estimating the lease term;
b. Determine the appropriate incremental borrowing rate specific to each leased asset; and
c. Assessing whether a right-of-use ("ROU") asset is impaired.

Unanticipated changes in these judgments or estimates could affect the identification and determination of the fair value of lease liabilities and ROU assets at initial recognition, as well as the subsequent measurement of lease liabilities and ROU assets. Changes in the economic environment or changes in the cannabis and retail industry may impact Management's assessment of lease term, and any changes in Management's estimate of lease terms may have a material impact on the Company's statement of financial position and statement of earnings. In addition, the Company's assessed incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment and cannabis industry and the Company's creditworthiness.

These items could potentially result in changes to amounts reported in the consolidated statements of operations and comprehensive income/(loss), cash flows and the financial position of the Company. Refer to Note 7 for additional information.

(e) Revenue Recognition

The Company's primary source of revenue is from the sale of cannabis products to wholesale (dispensary) and retail customers.

On January 1, 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers*. The standard includes a five-step model for contracts with customers as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price, which is the total consideration provided by the customer;
- Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- Recognize revenue when the relevant criteria are met for each unit (at a point in time or over time).

The Company adopted IFRS 15 using the cumulative effect method as of the date of initial application on January 1, 2018, with no restatement of comparative period amounts. As the effect of adopting IFRS 15 did not have a material impact on the financial statements, there was no adjustment made to the opening balance of equity at the date of initial application.

The Company recognizes revenues when control of the promised goods is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods, at a point in time for both wholesale and retail customers.

The following table represents the Company's disaggregated revenue by source, primarily due to the Company's contracts with its customers for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
($ in thousands)	**2019**	**2018**
Wholesale	$ 11,646	$ 4,409
Dispensary	9,409	684
Total Revenue	**$ 21,055**	**$ 5,093**

Contract Costs: Incremental costs to obtain a contract are capitalized and amortized over the contract term if the costs are expected to be recoverable for contracts greater than one year. The Company does not engage in contracts greater than one year, and therefore does not have any incremental costs capitalized as of March 31, 2019 and December 31, 2018.

(f) Change in Accounting Policy

In January 2016, the IASB replaced IAS 17, *Leases*, ("IAS 17") in its entirety with IFRS 16, *Leases* ("IFRS 16"). The Company adopted IFRS 16 on January 1, 2019, using a modified retrospective approach with the cumulative effect of initially applying the standard recognized at the date of initial application, without restating prior periods. Therefore, the comparative information continues to be reported under IAS 17 and related interpretations.

The new standard establishes principles for the recognition, measurement, presentation, and disclosure of leases. IFRS 16 requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases, including additional qualitative and quantitative disclosures. The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted using the interest rates implicit in the lease or if the rates are not readily determined, the Company's incremental borrowing rate. The ROU asset is initially measured at the amount of the lease liability, adjusted for lease prepayment, lease incentives received, and the lessee's initial direct costs. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments, or if the Company changes its assessment of whether it will exercise an extension or termination option. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined by the lease term. In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability. As a result, the Company has changed its accounting policy for lease contracts as detailed below and in Note 7.

All of the Company's leases are real estate leases for retail stores, cultivation facilities and corporate offices. The Company recognized ROU assets and lease liabilities for its operating leases except for certain leases in which the lease terms are 12 months or less. The depreciation expense on ROU assets and interest expense on lease liabilities replaced rent expense, which was previously recognized on a straight-line basis under IAS 17 over the term of a lease.

Upon transition, the Company recognized a lease liability for leases previously classified as an operating lease under IAS 17, and measured the liability at the present value of the remaining lease payments, discounted using an incremental borrowing rate. The Company selected on a lease-by-lease basis to measure the ROU asset as either (1) an amount equal to the lease liability adjusted for accrued lease payments or (2) its carrying amount as if IFRS 16 had been applied since the commencement date and discounted using the incremental borrowing rate at the initial application date of January 1, 2019. The Company did not identify initial direct costs to include in the ROU asset. In addition, the Company's lease payments are fixed and variable.

At transition, the Company elected to apply the practical expedient where the Company is not required to reassess whether a contract is, or contains, a lease at the date of initial application. As a result, the Company applied IFRS 16 to contracts that were previously identified as leases. The Company also used the portfolio approach when determining the incremental borrowing rate at transition and did not transition leases for which the lease term ends within twelve months of the date of initial application (January 1, 2019).

The following is a summary of the amounts recognized or adjusted due to the adoption of IFRS 16 increase (decrease):

($ in thousands)		**As of January 1, 2019**
ROU Asset	$	45,315
Lease Liabilities		50,196
Deferred Rent Liability		(2,196)
Deferred Tax Liability		(322)
Accumulated Deficit*		(837)
Non-Controlling Interest		(1,526)

* The cumulative effect adjustment to accumulated deficit was a result of measuring the ROU asset for certain leases as if IFRS 16 had been applied since their respective commencement dates.

Short term leases: For leases with commencement dates of January 1, 2019 or later, the Company applied the recognition exemptions permitted for short-term leases (leases with durations of twelve months or less). These lease payments are recognized on a straight-line basis over the lease term in selling, general and administrative expenses (“SG&A”).

Extension and termination options: Lease term determination includes the contractual non-cancellable periods of the lease plus periods covered by an option to renew the lease if the Company is reasonably certain to exercise the option, as well as an option to purchase the asset, if reasonably certain to exercise that option. In addition, the lease term includes an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company determines the probability of exercising a renewal, purchase or cancellation option at the commencement date, when determining the lease term, by considering whether there is an economic incentive to exercise the renewal or purchase option or to not exercise a termination option including, investments in leaseholds and operational performance.

Refer to Note 7 for additional information on the impact of the adoption of IFRS 16.

(g) Recently Issued Accounting Standards

The following IFRS standards have been recently issued by the IASB. The Standards that are not applicable to the Company have been excluded herein.

(i) In October 2018, the IASB issued amendments to IFRS 3 *Business Combinations, Definition of Business.* The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. It also narrowed the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs and removed the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments added an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed. The Company is currently evaluating the impact of this standard.

3. ACCOUNTS RECEIVABLE

As of March 31, 2019, and December 31, 2018, accounts receivable consisted of the following:

($ in thousands)		**March 31, 2019**		**December 31, 2018**
Accounts Receivable, Gross	$	5,474	$	3,678
Allowance for Doubtful Accounts		(140)		(20)
Total Accounts Receivable, Net	**$**	**5,334**	**$**	**3,658**

See analysis of accounts receivable aging in Note 15.

4. BIOLOGICAL ASSETS

The Company's biological assets consist of cannabis plants. The changes in the carrying value of biological assets as of March 31, 2019 and December 31, 2018, consisted of the following:

($ in thousands)		**March 31, 2019**		**December 31, 2018**
Balance at Beginning of Period	$	17,673	$	2,637
Biological Assets Acquired		-		4,154
Transferred to Inventory Upon Harvest		(22,650)		(41,681)
Changes in Fair Value of Biological Assets		20,206		52,563
Total Biological Assets	**$**	**15,229**	**$**	**17,673**

Biological assets are measured at fair value less costs to sell until harvest. All production costs related to biological assets are expensed as incurred. The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The fair value was determined using an expected cash flow model which assumes the biological assets at the balance sheet date will grow to maturity, be harvested and converted into finished goods inventory and sold in the retail and medical cannabis market. This model utilizes the following significant assumptions:

Inputs and assumptions	Calculation Method	Effect changes of unobservable inputs has on fair value:
Selling price per gram, less cost to sell	Based on observable market data or calculated wholesale prices with reasonable margins.	An increase in selling price per gram would increase the fair value of biological assets.
Attrition rate	Based on weighted average number of plants lost during each stage of production.	An increase in attrition rate would result in a decrease to the fair value of biological assets.
Average yield per plant	Based on the average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	An increase to the average yield per plant would result in an increase to the fair value of biological assets.
Cumulative stage of completion in the production process	Based on an average number of days in production over a total average grow cycle of approximately 17 weeks.	An increase to the average stage of completion of the plants would result in an increase to the fair value of biological assets.

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the unrealized gain or loss on changes in fair value of biological assets in future periods.

The Company estimates the harvest yields for cannabis at various stages of growth. As of March 31, 2019 and 2018, it is expected that the Company's biological assets will yield approximately 6,767 thousand and 2,029 thousand grams, respectively.

			Effect on Fair Value *($ in thousands)* **Three months ended March 31,**	
Significant inputs & assumptions	Range of inputs	Sensitivity	**2019**	**2018**
Selling price per gram	$2.93 to $6.87	Increase 5%	$ 1,894	$ 209
		Decrease 5%	(1,894)	(209)
Average yield per plant	29 to 296 grams	Increase 5%	761	508
		Decrease 5%	(761)	(508)

5. INVENTORY

As of March 31, 2019, and December 31, 2018, inventory was comprised primarily of cannabis and cannabis-related products. The Company wrote off $2,263 thousand of inventory during the three months ended March 31, 2019 related to damaged work-in-process inventory in its Ohio operation. This write-off is included in the fair value of inventory sold presented on the condensed interim consolidated statement of operations and comprehensive income/(loss). There were no inventory write-offs for the year ended December 31, 2018. Inventory as of March 31, 2019 and December 31, 2018, consisted of the following:

($ in thousands)	March 31, 2019	December 31, 2018
Raw Materials	$ 8,334	$ 8,570
Raw Materials – Non-Cannabis	2,263	1,616
Work-in-process	16,394	10,801
Finished Goods	8,901	3,534
Total Inventory	**$ 35,892**	**$ 24,521**

During the three months ended March 31, 2019 and 2018, the Company recognized $30,609 thousand and $8,472 thousand, respectively, of inventory expensed to costs of sales, which includes $14,714 thousand and $4,783 thousand, respectively, of costs of sales – production costs and $15,895 thousand and $3,689 thousand, respectively, of non-cash expense relating to the changes in fair value of inventory sold.

6. PROPERTY AND EQUIPMENT

As of March 31, 2019, and December 31, 2018, property and equipment consisted of the following:

($ in thousands)	Land and Buildings	Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Computer Equipment	Website and Software	Vehicles	Construction In Progress	Total
Cost									
Balance at December 31, 2018	$ 11,125	$ 4,449	$ 2,088	$ 17,828	$ 834	$ 262	$ 386	$ 4,378	$ 41,350
Additions	43	2,296	265	5,819	171	21	47	3,297	11,959
Transfers	-	-	-	1,587	-	-	-	(1,587)	-
Balance at March 31, 2019	$ 11,168	$ 6,745	$ 2,353	$ 25,234	$ 1,005	$ 283	$ 433	$ 6,088	$ 53,309
Accumulated Depreciation									
Balance at December 31, 2018	$ (50)	$ (335)	$ (234)	$ (633)	$ (267)	$ (60)	$ (50)	$ -	$ (1,629)
Depreciation	(82)	(138)	(97)	(451)	(50)	(17)	(22)	-	(857)
Balance at March 31, 2019	$ (132)	$ (473)	$ (331)	$ (1,084)	$ (317)	$ (77)	$ (72)	$ -	$ (2,486)
Net Book Value									
Balance at March 31, 2019	**$ 11,036**	**$ 6,272**	**$ 2,022**	**$ 24,150**	**$ 688**	**$ 206**	**$ 361**	**$ 6,088**	**$ 50,823**
Balance at December 31, 2018	$ 11,075	$ 4,114	$ 1,854	$ 17,195	$ 567	$ 202	$ 336	$ 4,378	$ 39,721

As of March 31, 2019, costs related to construction at the Company's facilities were capitalized in construction in progress and not depreciated. Depreciation will commence when construction is completed, and the facility is available for its intended use.

Depreciation of $857 thousand and $219 thousand was recorded for the three months ended March 31, 2019 and 2018, respectively, of which $264 thousand and $72 thousand, respectively, is included in selling, general and administrative expenses, with the remainder in cost of sales – production costs and ending inventory. For the three months ended March 31, 2019 and 2018, depreciation expense included in cost of sales – production costs and ending inventory consisted of the following:

	Three Months Ended March 31,	
	2019	**2018**
($ in thousands)		
Costs of Sales – Production Costs	$ 528	$ 140
Capitalized Costs Remaining in Ending Inventory	65	7
Total	**$ 593**	**$ 147**

7. LEASES

Effective January 1, 2019, the Company adopted IFRS 16, *Leases,* as indicated in Note 2. The Company is the lessee in all leasing arrangements and has entered into leases primarily for its corporate office, cultivation and processing facilities, and dispensaries. Depending upon the type of lease, the original lease terms generally range from less than 12 months to 15 years. Certain leases permit renewal options, including multiple successive renewal options ranging from 0.5 to 35 years.

ROU Assets - As of March 31, 2019, the Company's single asset class of real estate leases consisted of the following:

($ in thousands)	
Cost	**Real Estate**
Balance at January 1, 2019	$ 30,363
Additions	14,952
Balance at March 31, 2019	**$ 45,315**
Accumulated Depreciation	
Balance at January 1, 2019	$ -
Depreciation	(1,449)
Balance at March 31, 2019	**$ (1,449)**
Net Book Value	
Balance at March 31, 2019	**$ 43,866**

Total interest expense of $855 thousand was recorded for the three months ended March 31, 2019. Total depreciation expense of $1,449 thousand for the three months ended March 31, 2019, of which $404 thousand was included in selling, general and administrative expenses, with the remainder in cost of sales – production costs and ending inventory. For the three months ended March 31, 2019, depreciation expense included in cost of sales – production costs and ending inventory consisted of the following:

($ in thousands)	**Three Months Ended March 31, 2019**	
Costs of Sales – Production Costs	$	914
Capitalized Costs Remaining in Inventory		131
Total	**$**	**1,045**

For the three months ended March 31, 2018, the Company recorded total lease expense of $1,161 thousand, of which $74 thousand was included in selling, general and administrative expenses, with the remainder in cost of sales – production costs and ending inventory - $1,036 thousand and $51 thousand, respectively.

In addition, the Company did not transition certain leases with durations of twelve months or less and recorded $139 thousand in rent expense within selling, general and administrative expenses for its short-term leases, in which the Company recognizes on a straight-line basis over the lease term.

Refer to the table below for the differences between the operating lease commitments as of December 31, 2018, as disclosed in the Company's annual consolidated financial statements, compared to the lease liability recognized on January 1, 2019:

($ in thousands)	**As of January 1, 2019**	
Operating lease liabilities as of December 31, 2018	$	60,451
Operating lease commitments discounted using the weighted-average incremental borrowing rate of 13% at January 1, 2019		37,768
Add: Recognition of lease extension options		12,605
Less: Recognition exemption for short-term leases		(177)
Lease liability recognized as of January 1, 2019	**$**	**50,196**

As of March 31, 2019, maturities of operating lease liabilities were as follows:

($ in thousands)		
2019	$	5,829
2020		7,452
2021		6,777
2022		6,921
2023		7,051
Thereafter		125,783
Total lease payments	**$**	**159,813**

8. INVESTMENTS

The following is a detailed discussion of the Company's types of investments held:

(a) Investments at Fair Value

The Company has investments in two entities: MassRoots, Inc. ("MassRoots"), a publicly traded cannabis company, and 420 Capital Management, LLC ("420 Capital"), a cannabis investment Company. MassRoots and 420 Capital investments are accounted for at fair market value. The following is a summary of the investments held as of March 31, 2019 and December 31, 2018:

($ in thousands)	March 31, 2019	December 31, 2018
MassRoots	$ 15	$ 12
420 Capital Management	68	68
Total Investments	**$ 83**	**$ 80**

The Company recorded a mark-to-market gain of $3 thousand and a mark-to-market loss of $44 thousand for the three months ended March 31, 2019 and 2018, respectively.

(b) Investment in Associates

The Company's ownership stake in CHP Fresco, a real estate holding entity that owns indirect investments in entities that own properties used in the Company's Illinois production facilities, is approximately 13%. However, based on various qualitative factors surrounding the investment, such as representation in management of the entity and its relationship as lessee with the investee entities, the Company has determined it confers significant influence. The following is a summary of the investment held as of March 31, 2019, and December 31, 2018:

($ in thousands)	March 31, 2019	December 31, 2018
CHP Fresco	$ 357	$ 353
Total Investment	**$ 357**	**$ 353**

The Company recorded investment income of $36 thousand, partially offset by distributions of $32 thousand, resulting in a net increase in investment value of $4 thousand for the three months ended March 31, 2019.

9. INTANGIBLE ASSETS AND GOODWILL

A reconciliation of the beginning and ending balances of intangible assets and goodwill as of March 31, 2019, and December 31, 2018, consisted of the following:

($ in thousands)	Customer Relationships	Permit Application Costs	Licenses (a)	Other Intangibles (b)	Goodwill	Total Intangible Assets and Goodwill
Cost						
Balance at December 31, 2018	$ 5,429	$ 2,389	$ 18,047	$ 1,833	$ 51,146	$ 78,844
Additions	-	107	-	-	-	107
Balance at March 31, 2019	**$ 5,429**	**$ 2,496**	**$ 18,047**	**$ 1,833**	**$ 51,146**	**$ 78,951**
Accumulated amortization						
Balance at December 31, 2018	$ (130)	$ (1,866)	$ -	$ (238)	$ -	$ (2,234)
Amortization	(170)	(208)	(37)	(198)	-	(613)
Balance at March 31, 2019	**$ (300)**	**$ (2,074)**	**$ (37)**	**$ (436)**	**$ -**	**$ (2,847)**
Net Book Value						
March 31, 2019	**$ 5,129**	**$ 422**	**$ 18,010**	**$ 1,397**	**$ 51,146**	**$ 76,104**
December 31, 2018	$ 5,299	$ 523	$ 18,047	$ 1,595	$ 51,146	$ 76,610

(a) Licenses include indefinite-lived and definite-lived intangibles.

(b) Other Intangibles includes market-related and non-compete agreements.

Amortization expense of $613 thousand and $148 thousand was recorded for the three months ended March 31, 2019 and 2018, respectively, of which $305 thousand and $23 thousand, respectively, is included in selling, general and administrative expenses, with the remainder in cost of sales – production costs and ending inventory. For the periods ended March 31, 2019 and 2018, amortization expense included in cost of sales – production costs and ending inventory consisted of the following:

($ in thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Costs of Sales – Production Costs	$ 209	$ 119
Capitalized Costs Remaining in Ending Inventory	99	6
Total	**$ 308**	**$ 125**

10. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

As of March 31, 2019 and December 31, 2018, accounts payable and other accrued expenses were comprised of the following:

($ in thousands)	March 31, 2019	December 31, 2018
Accounts Payable	$ 7,378	$ 4,430
Accrued Expenses	3,895	1,262
Payroll Liabilities	1,572	795
Property Taxes Payable	356	390
Excise Taxes Payable	342	338
Licensing Fee Payable	123	105
Tax Penalty	275	275
Total Accounts Payable and Other Accrued Expenses	**$ 13,941**	**$ 7,595**

11. SHARE CAPITAL

(a) Authorized

The authorized share capital of the Company is comprised of the following:

i. ***Unlimited Number of Subordinate Voting Shares ("SVS")***

Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held. As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company.

ii. ***Unlimited Number of Proportionate Voting Shares ("PVS")***

Holders of Proportionate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Proportionate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted, which for greater certainty, shall initially be equal to 200 votes per Proportionate Voting Share. As long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Proportionate Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. The holder of Proportionate Voting

Shares shall have the right to receive dividends, out of any cash or other assets legally available therefore, pari passu as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

During the period ended March 31, 2019, 34 thousand PVS were exchanged for 6,720 thousand SVS at a rate of 1 PVS for 200 SVS.

iii. ***500,000 Super Voting Shares ("MVS")***

Holders of Super Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of Super Voting Shares shall be entitled to 2,000 votes in respect of each Super Voting Share held. As long as any Super Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares.

iv. ***Pre-RTO Capital Structure***

Prior to the reverse takeover transaction, the Company was 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"), Class E Units ("E Units"), and Class F Units ("F Units"). Under the Company's Operating Agreement (the "Agreement"), the Founder's Units, A Units, B Units, C Units, and E Units were identical in all respects except that C Units are non-voting. To the extent the Founder's Units represented not less than fifteen percent of all outstanding Units, the Founder's Units, as a class, had 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 represented less than fifteen percent of the outstanding Units, the Founder's Units, A Units, B Units, and E Units would vote as a single class, with each Unit representing one vote.

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.

(b) Issued and Outstanding

A reconciliation of the beginning and ending balances of the issued and outstanding shares and units for the three months ended March 31, 2019 is as follows:

(In Thousands)		Redeemable Units	Subordinate Voting Shares (SVS)	Super Voting Shares (MVS)	Proportionate Voting Shares (PVS)*	Shares to be issued
Ending Balance, December 31, 2018		143,844	26,711	500	82,803	3,020
Option Exercise	Note 12	-	-	-	343	-
PVS Converted to SVS	Note 11(a)(ii)	-	6,720	-	(6,720)	-
Ending Balance, March 31, 2019		**143,844**	**33,431**	**500**	**76,426**	**3,020**

* PVS presented on an "as-converted" basis to SVS (1-to-200)

A reconciliation of the beginning and ending balances of the issued and outstanding shares and units for the three months ended March 31, 2018 is as follows:

(In Thousands)		Class A Units	Class B Units	Class C Units	Class D Units	Class E Units	Class F Units	Founders Units
Ending Balance, December 31, 2017		93,000	14,056	16,770	3,999	14,007	-	33,000
Investment in Lighthouse, Nevada	Note 15(a)(i)	-	-	-	-	500	-	-
Class F Equity Financing		-	-	-	-	-	457	-
Ending Balance, March 31, 2018		**93,000**	**14,056**	**16,770**	**3,999**	**14,507**	**457**	**33,000**

(c) Stock Purchase Warrants

Each whole warrant entitles the holder to purchase one Subordinate Voting Share of the Company. A summary of the status of the warrants outstanding is as follows:

	Number of Warrants	Weighted-Average Exercise Price
Balance as of December 31, 2018	397,079	$5.35
Issued	-	
Exercised	-	
Balance as of March 31, 2019	**397,079**	**$5.35**

During the three months ended March 31, 2019 and March 31, 2018, the Company did not record any warrant expense. Of the 397,079 warrants outstanding, 53,325 non-broker warrants were classified as a long-term derivative liability. See Note 15 for information about valuation of non-broker warrants.

The fair value of broker warrants issued was determined using the Black-Scholes option-pricing model with the following assumptions at the time of issuance:

Risk-free Annual Interest Rate	2.33%
Expected Annual Dividend Yield	0%
Expected Stock Price Volatility	90%
Expected Life of Stock Options	2 years
Forfeiture Rate	0%
Share Price on Grant Date	$6.54

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies.

(d) Changes in Ownership and Non-controlling Interests

During the period ended March 31, 2019, the Company acquired an additional 1% of Phoenix Farms of Illinois, LLC decreasing non-controlling interest from 11% to 10%. The consideration paid was $184 thousand. This resulted in a $150 thousand increase in accumulated deficit and a $34 thousand decrease in non-controlling interest.

As of March 31, 2019, non-controlling interest included the following amounts after intercompany eliminations:

March 31, 2019 *(in thousands)*	TSC Cresco, LLC	Cresco Labs Phoenix Farms, LLC	MedMar Inc. (Lakeview)	MedMar Inc. (Rockford)	Cresco Labs Ohio, LLC	SLO Cultivation Inc.	Other Entities including Cresco Labs, LLC*	Total
Non-Current Assets	172	3,521	36,171	1,368	11,792	11,142	116,511	180,677
Current Assets	2,568	974	336	508	4,183	10,223	164,575	183,367
Non-Current Liabilities	-	(21)	(351)	(30)	(130)	(6,505)	(42,651)	(49,688)
Current Liabilities	(1,144)	(247)	(1,368)	(1,672)	(4,524)	(13,903)	(14,171)	(37,029)
Net Assets	1,596	4,227	34,788	174	11,321	957	224,264	277,327
Net Assets Attributable to NCI	167	1,109	5,128	111	212	119	152,197	159,043
Revenue	923	736	829	1,178	431	263	16,695	21,055
Profit	862	280	361	430	1,871	(116)	6,964	10,652
Total Comprehensive Income	852	170	(106)	92	1,136	(446)	(9,272)	(7,574)
Comprehensive Income/(Loss) Allocated to NCI	213	17	(27)	12	11	(89)	(1,484)	(1,347)
NCI Percentage at March 31, 2019	25%*	10.12%*	25%*	12.5%*	1.0%*	20.0%*	56.9%	

* The NCI percentage reflects the NCI that exists at Cresco Labs, LLC. There is a further 56.9% NCI related to NCI for Cresco Labs, Inc.

As of December 31, 2018, non-controlling interest included the following amounts after intercompany eliminations:

December 31, 2018 *(in thousands)*	TSC Cresco, LLC	Cresco Labs Phoenix Farms, LLC	MedMar Inc. (Lakeview)	MedMar Inc. (Rockford)	Cresco Labs Ohio, LLC	SLO Cultivation Inc.	Other Entities including Cresco Labs, LLC*	Total
Non-Current Assets	39	3,468	19,405	16,922	10,493	2,036	73,044	125,407
Current Assets	599	631	280	358	2,728	5,355	182,753	192,704
Non-Current Liabilities	(11)	-	(143)	(202)	(10)	(653)	(8,881)	(9,900)
Current Liabilities	(105)	-	(420)	(525)	(108)	(977)	(23,095)	(25,230)
Net Assets	522	4,099	19,122	16,553	13,103	5,761	223,821	282,981
Net Assets Attributable to NCI	5	1,025	2,390	4,138	2,359	1,152	127,354	161,950
Revenue	2,439	1,733	273	397	-	690	37,720	43,252
Profit	669	307	(45)	(74)	278	444	38,838	40,417
Total Comprehensive Income	669	307	(45)	(74)	278	444	1,514	3,093
Comprehensive Income/(Loss) Allocated to NCI	167	307	(7)	(14)	(206)	225	4,536	5,008
NCI Percentage at December 31, 2018	25.0%**	10.5%**	25.0%**	12.5%**	1.0%**	20.0%**	56.9%	

** The NCI percentage reflects the NCI that exists at Cresco Labs, LLC. There is a further 56.9% NCI related to NCI for Cresco Labs, Inc.

(e) First Quarter 2018 Equity Activity

During the period ended March 31, 2018, the Company experienced the following equity movements:

i. ***Repayment of subscription receipt***

During the period ended March 31, 2018, the Company received $260 thousand in subscription receipt repayments.

ii. ***Non-controlling interest contribution***

During the period ended March 31 2018, the Company received capital contributions of $2,610 thousand from Yeltrah members.

iii. ***Non-controlling interest recognized in business combination***

On January 19, 2018, Cresco Labs, LLC acquired 65.2% of the issued and outstanding units of Phoenix Farms Illinois, LLC ("Phoenix") for $2,641 thousand of cash consideration of which $1,936 thousand, $1,813 thousand, and ($1,108) thousand were allocated to net identifiable assets acquired, goodwill, and non-controlling interest, respectively.

12. SHARE-BASED COMPENSATION

The Company has a share-based compensation plan (the "Plan") for key employees and service providers. Under the Plan, shares issued have no voting rights and vest proportionately over periods ranging from six months to four years from the issuance date.

A summary of the status of the options outstanding consisted of the following:

	Number of Stock Options outstanding	Weighted-Average Exercise Price
Outstanding - December 31, 2017	3,450,000	$ 0.98
Granted	490,000	1.14
Forfeited	(300,753)	0.94
Outstanding - March 31, 2018	**3,639,247**	**$** 0.99
Exercisable - March 31, 2018	**724,583**	**$ 0.91**
Outstanding - December 31, 2018	19,500,000	$ 2.11
Granted	872,000	8.70
Exercised	(342,500)	1.24
Outstanding - March 31, 2019	**20,029,500**	**$ 2.39**
Exercisable - March 31, 2019	**4,423,767**	**$ 1.53**

Weighted average stock price on date of exercise was $7.31. The Company recorded compensation expense in the amount of $3,131 thousand and $64 thousand for the three months ended March 31, 2019 and 2018, respectively, of which $2,877 thousand and $20 thousand, respectively, is included in selling, general and administrative expenses, with the remainder in cost of sales – production costs and ending inventory. The Company also recorded provision for income tax related to share-based compensation of $912 thousand for the three months ended March 31, 2019. Unrecognized compensation expense as of March 31, 2019 is $30,697 thousand. For the three months ended March 31, 2019 and 2018, compensation expense included in cost of sales – production costs and ending inventory consisted of the following:

	Three Months Ended March 31,	
($ in thousands)	**2019**	**2018**
Costs of Sales – Production Costs	$ 171	$ 42
Capitalized Costs Remaining in Ending Inventory	83	2
Total	**$ 254**	**$ 44**

The fair value of stock options granted was determined using the Black-Scholes option-pricing model with the following range of assumptions at the time of the grant:

	Three Months Ended March 31	
	2019	**2018**
Risk-free Annual Interest Rate	2.49%	2.58% to 2.69%
Expected Annual Dividend Yield	0%	0%
Expected Stock Price Volatility	79%	84% to 95%
Expected Life of Stock Options	5.5 to 7 years	2.5 to 4.5 years
Forfeiture Rate	0%	0%
Fair Value at Grant Date	$4.44 to $8.26	$0.69
Stock Price at Grant Date	$7.40 to $11.25	$1.14
Exercise Price Range	$6.50 to $11.25	$1.14

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded companies. An increase in volatility would result in an increase in fair value at grant date. The expected life in years represents the period of time that options issued are expected to be outstanding. The risk-free rate is based on U.S. treasury bills with a remaining term equal to the expected life of the options.

During the three months ended March 31, 2019 and 2018, the weighted-average fair value of stock options granted was $4.86 and $0.69 per option, respectively. As of March 31, 2019, stock options outstanding have a weighted-average remaining contractual life of 8.7 years.

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31, 2019 and 2018, selling, general and administrative expenses consisted of the following:

	Three Months Ended March 31,	
($ in thousands)	**2019**	**2018**
Salaries and Related	$ 4,251	$ 757
Consulting and Professional Fees	3,368	278
Share Based Compensation	2,877	20
Advertising and Marketing	2,290	303
Excise Taxes	729	290
Office	597	114
Travel and Entertainment	520	114
Rent	139	88
Listing Expense	32	-
Other	1,970	100
Total Selling, General and Administrative Expenses	**$ 16,773**	**$ 2,064**

14. OTHER INCOME (EXPENSE), NET

For the three months ended March 31, 2019 and 2018, other income (expense), net consisted of the following:

	Three Months Ended March 31,	
($ in thousands)	**2019**	**2018**
Loss on Derivative Instruments (Note 15)	$ (235)	$ -
Loss on Changes in Fair Value of Contingent Consideration	(42)	-
Dividends Received	34	-
Unrealized Gain/(Loss) on Investments Held at Fair Value	3	(44)
Other	106	31
Other Income (Expense), Net	**$ (134)**	**$ (13)**

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments are held at amortized cost (adjusted for impairments or expected credit losses, as applicable) or FVTPL. The carrying values of financial instruments held at amortized cost approximate their fair values as of March 31, 2019 and December 31, 2018 due to their nature and relatively short maturity date. Financial assets and liabilities with embedded derivative features are carried at FVTPL.

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 March 31, 2019 and December 31, 2018:

($ in thousands)	**March 31, 2019**	**December 31, 2018**
Financial Assets:		
Cash and Cash Equivalents	$ 106,090	$ 131,302
Restricted Cash	7,311	6,726
Accounts Receivable	5,334	3,658
Loans Receivable, Short-Term	12,413	7,726
Loans Receivable, Long-Term	8,010	7,280
Security Deposits	1,434	1,363
Financial Liabilities:		
Accounts Payable and Other Accrued Expenses	$ 13,941	$ 7,595
Income Taxes Payable	3,447	2,584
Lease Liabilities	5,846	-
Deferred Consideration and Other Payables	13,617	14,873
Derivative Liability	178	178
Derivative Liabilities - Long-Term	381	146
Lease Liabilities - Long-Term	43,768	-
Contingent Consideration	3,138	3,096

(a) Short-Term Loans Receivable

The following is a summary of short-term loans receivable balances and IFRS 9 classifications (discussed further below) as of March 31, 2019 and December 31, 2018:

($ in thousands)	**IFRS 9 Classification**	**March 31, 2019**	**December 31, 2018**
Short-Term Loans Receivable – Lighthouse (i)	FVTPL	$ 6,648	$ 6,648
Short-Term Loans Receivable – HHH (ii)	Amortized Cost	1,459	314
Short-Term Loans Receivable – Valley Agriceuticals (ii)	Amortized Cost	3,916	678
Interest Receivable	Amortized Cost	390	86
Total Short-Term Loans Receivable		**$ 12,413**	**$ 7,726**

(i) Short-Term Loans Receivable with Derivative Features

In conjunction with its agreement to purchase Lighthouse Strategies, LLC ("Lighthouse"), the Company entered into an escrow and loan arrangement, with certain embedded derivative. In the first quarter of 2018, the Company paid approximately $5,500 thousand. The Company also transferred 500,000 Class E Units to be issued upon closing, valued at approximately $568 thousand, which are held in escrow until certain contingent events occur and recorded as shares to be issued. Portions of the Company's escrow payments are drawn as a loan, with a stated interest rate of 6%. Settlement of these instruments varies based on contingent events and returns are not fixed, with amounts indexed to expected cash flows of the borrowing entity. As such, the Company records this loan receivable at FVTPL. Each period, the loan is measured using a probability-weighting analysis of expected outcomes, which utilize Level 3 inputs. The inputs include discount rate (19.5%) and expected settlement timing (2 to 6 months). There has been no change in the fair value as of March 31, 2019. This instrument is expected to be settled during the second quarter of 2019.

(ii) Other Short-Term Loans Receivable

In conjunction with its agreements to acquire Hope Heal Health, Inc. ("HHH") and Valley Agriceuticals, LLC ("Valley Agriceuticals"), the Company entered into certain non-derivative loan arrangements, which are measured at amortized cost. The loan arrangement with HHH allows for a maximum draw of $2,618 thousand. The loan arrangement with Valley Agriceuticals allowed a maximum draw of $3,000 thousand through December 31, 2018 and increased to $5,000 thousand subsequent to December 31, 2018. The following is a summary of the balances as of March 31, 2019 and December 31, 2018:

($ in thousands)	**March 31, 2019**	**December 31, 2018**
Short-Term Notes Receivable – HHH	$ 1,459	$ 314
Short Term Notes Receivable – Valley Agriceuticals	3,916	678
Total Other Short-Term Loans Receivable	**$ 5,375**	**$ 992**

Expected Credit Loss (ECL)

The Company calculates ECLs for loan receivables and restricted cash by considering cash shortfalls on a discounted basis it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring, which is determined through the exercise of judgment. The Company has assessed the impairment of loan receivables and restricted cash using the ECL model and concluded no impairment loss has occurred as of March 31, 2019 and December 31, 2018.

(b) Loans Receivable, Long-Term

The Company entered into certain loan arrangements that contained embedded derivatives comprising of a call and put option and a stated interest rate of 5.25%. Settlement of the instruments varies based on contingent events and returns are not fixed. As such, the Company records this loan receivable at FVTPL. Each period, the loan is measured using a probability-weighting analysis of expected outcomes, which utilize Level 3 inputs. The inputs include market rates ranging from 6.2% to 20.0%, a risk-free rate of 2.5% and expected settlement timing of two years. As the fair value was based on Level 3 inputs and resulted in a day one gain that did not arise from a change in factor that market participants would take into account when pricing the instruments, the difference between the fair value and the transaction price was deferred. At March 31, 2019, of the $14,500 thousand maximum loan commitment, $8,010 thousand had been drawn on these loans. No change to assumptions or fair value have occurred during the three months ended March 31, 2019.

(c) Derivative Liability

In conjunction with its acquisition of PDI, the Company recorded a derivative liability of $178 thousand at the acquisition date for a non-controlling interest ("NCI") put option, by which the remaining NCI could put their shares for a fixed amount of cash within one year of the acquisition legal close/funding date (April 2020). The derivative was valued using a discount rate of 9%. There was no change in fair value of this investment in the three months ended March 31, 2019.

(d) Stock Purchase Warrants

At March 31, 2019, of the 397,079 warrants outstanding, 53,325 non-brokered warrants (measured at FVTPL) were classified as a long-term derivative liability with a fair value of $381 thousand, resulting in an unrealized loss of $235 thousand for the three months ended March 31, 2019. No warrants were exercised during the three months ended March 31, 2019. The fair value of non-brokered warrants issued was determined using the Black-Scholes option-pricing model utilizing the following assumptions:

	March 31, 2019	**December 31, 2018**
Risk-free Annual Interest Rate	1.25%	1.25%
Expected Annual Dividend Yield	0%	0%
Expected Stock Price Volatility	90%	90%
Expected Life of Stock Options	1 year	1 year
Forfeiture Rate	0%	0%
Share Price	$11.25	$6.75

The following is a summary of the long-term derivative liability as of March 31, 2019 and December 31, 2018:

($ in thousands)	**March 31, 2019**	**December 31, 2018**
Derivative liabilities – long-term, beginning of period	$ 146	$ -
Additions	-	146
Unrealized loss on changes in fair value	235	-
Derivative liabilities – long-term, end of period	**$ 381**	**$ 146**

(e) Contingent Consideration

In conjunction with its acquisition of MedMar, the Company recorded a non-current liability for contingent consideration with a fair value of $3,096 thousand as of December 31, 2018. Fair value was determined utilizing a discount rate of 10.8% over a period of 2.5 years. The following is a summary of the non-current contingent consideration liability as of March 31, 2019 and December 31, 2018:

($ in thousands)	**IFRS 9 Classification**	**March 31, 2019**	**December 31, 2018**
MedMar Contingent Consideration Liability for Tax Payments - Non-Current	FVTPL	$ 2,000	$ 2,000
MedMar Contingent Consideration Liability	FVTPL	1,138	1,096
Total Contingent Consideration		$ **3,138**	**$ 3,096**

The Company recorded a loss on changes in fair value of contingent consideration of $42 thousand for the three months ended March 31, 2019. A summary of the MedMar contingent consideration liability is as follows:

($ in thousands)	**March 31, 2019**	**December 31, 2018**
MedMar contingent consideration liability, beginning of period	$ 1,096	$ -
Additions from acquisition	-	1,096
Unrealized loss on changes in fair value	42	-
MedMar Contingent Consideration Liability, end of period	**$ 1,138**	**$ 1,096**

(f) Deferred Consideration and Other Payables

The following is a summary of deferred consideration and other payables balances as of March 31, 2019 and December 31, 2018:

($ in thousands)	**IFRS 9 Classification**	**March 31, 2019**	**December 31, 2018**
MedMar Deferred Consideration	Amortized Cost	$ 7,231	$ 7,231
PDI Deferred Consideration	Amortized Cost	4,803	4,803
SLO Deferred Consideration	Amortized Cost	625	1,500
MedMar Contingent Tax Consideration Liability - Current	FVTPL	343	700
MedMar Notes Payable	Amortized Cost	339	345
PDI Contingent Tax Consideration Liability - Current	FVTPL	276	294
Total Deferred Considerations and Other Payables		**$ 13,617**	**$ 14,873**

In conjunction with the acquisitions of MedMar and PDI, the Company recorded a current liability of $994 thousand for contingent tax considerations, subsequently measured at FVTPL, within deferred consideration and other payables as of December 31, 2018. During the three months ended March 31, 2019, the Company made $375 thousand in payments. No other changes in assumptions or rates have occurred. The following is a summary of current contingent tax consideration liability as of March 31, 2019 and December 31, 2019:

($ in thousands)	**March 31, 2019**	**December 31, 2018**
Contingent tax consideration liability - current, beginning of period	$ 994	$ -
Additions from acquisition	-	994
Payments	(375)	-
Contingent tax consideration liability - current, end of period	**$ 619**	**$ 994**

(g) 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:

i. 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 March 31, 2019 and December 31, 2018 is the carrying amount of cash, accounts receivable and loans receivable. The Company does not have significant credit risk with respect to its customers or loan counterparties, based on the continued economic strength of the U.S., including steady GDP growth, low unemployment, strength in the U.S. capital markets, and the low interest rate environment. Although all deposited cash is placed with U.S. financial institutions in good standing with regulatory authorities, 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.

The Company's aging of accounts receivables as of March 31, 2019 and December 31, 2018 was approximately as follows:

($ in thousands)	**March 31, 2019**	**December 31, 2018**
0 to 60 days	$ 5,031	$ 3,469
61 to 120 days	320	181
120 days +	123	28
Total Accounts Receivable	**$ 5,474**	**$ 3,678**

The Company recorded bad debt expense of $120 thousand and $0 thousand for the three months ended March 31, 2019 and 2018, respectively, to account for expected credit loss.

ii. 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.

iii. 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. The maturity analysis for lease obligations is located at Note 7.

In addition to the commitments outlined in Note 7, the Company has the following contractual obligations as of March 31, 2019:

($ in thousands)	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable & Other Accrued Expenses	$ 13,941	$ -	$ -	$ 13,941
Deferred Consideration and Other Payables	13,617	-	-	13,617
Contingent Consideration	-	3,138	-	3,138
Total Obligation as of March 31, 2019	$ 27,558	$ 3,138	$ -	$ 30,696

The Company had the following contractual obligations as of December 31, 2018:

($ in thousands)	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable & Other Accrued Expenses	$ 7,595	$ -	$ -	$ 7,595
Deferred Consideration and Other Payables	14,873	-	-	14,873
Contingent Consideration	-	3,096	-	3,096
Total Obligation as of December 31, 2018	$ 22,468	$ 3,096	$ -	$ 25,564

iv. Market Risk

a. Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. As of March 31, 2019 and December 31, 2018, the Company's financial assets and liabilities are denominated solely in U.S. dollars. However, from time to time some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Company's operations are subject to currency transaction and translation risks. The Company did not record any foreign exchange gain or loss in the three months ended March 31, 2019 or March 31, 2018.

As of March 31, 2019 and 2018, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

b. 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 does not have interest-bearing debt on its balance sheet as of March 31, 2019 or December 31, 2018.

c. Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company maintains an immaterial amount of investments subject to price risk.

d. 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 sales when calculating federal tax liability. Any increase in tax levies resulting from additional tax measures may have a further adverse effect on the operations of the Company, while any decrease in such tax levies will be beneficial to future operations.

e. 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.

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.

16. EARNINGS (LOSS) PER SHARE

Earnings (Loss) per Share ("EPS") is calculated by dividing the net earnings or loss attributable to shareholders by the weighted average shares outstanding.

No potentially dilutive securities were included in the calculation of EPS for the period ended March 31, 2019 as their impact would have been anti-dilutive due to net losses in these periods. Potentially dilutive securities of approximately 143.8 million for the period ended March 31, 2018 were included in the calculation of diluted EPS.

The following is a reconciliation for the calculation of basic and diluted earnings (loss) per share (in thousands, except per share amounts) for the periods ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
Basic Earnings (Loss) Per Share *($ in thousands, except per share data)*	**2019**	**2018**
Net Gain (Loss) Attributable to Cresco Labs, Inc. Shareholders	$ (6,227)	$ 3,672
Weighted-Average Number of Shares Outstanding	113,259	35,665
Earnings (Loss) Per Share – Basic	**$ (0.05)**	**$ 0.10**
Diluted Earnings (Loss) Per Share		
Net Gain (Loss) Attributable to Cresco Labs, Inc. Shareholders	$ (6,227)	$ 3,672
Weighted-Average Number of Shares Outstanding	113,259	35,665
Dilutive effect of Redeemable Shares	-	143,844
Weighted Average Number of Common Shares Outstanding - Diluted	113,259	179,509
Earnings (Loss) Per Share – Diluted	**$ (0.05)**	**$ 0.02**

17. RELATED PARTY TRANSACTIONS

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Aside from management personnel compensation for the three months ended March 31, 2019, there were no material transactions with or changes to other related party balances relative to the period ended December 31, 2018. Key management personnel compensation for the three months ended March 31, 2019 and March 31, 2018 are as follows:

	Three Months Ended March 31,	
($ in thousands)	**2019**	**2018**
Management Compensation	$ 460	$ 495
Stock Compensation Expense	983	5
Total	**$ 1,443**	**$ 500**

18. INTEREST EXPENSE, NET

For the three months ended March 31, 2019, and March 31, 2018 interest expense consisted of the following:

($ in thousands)	**March 31, 2019**	**March 31, 2018**
Interest Expense - Leases	$ (855)	$ -
Interest Expense	(7)	(9)
Interest Income	443	-
Interest Expense, Net	**$ (419)**	**$ (9)**

See Note 7 for additional information regarding interest expense – leases related to the Company's adoption of IFRS 16, *Leases*.

19. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES

The Company's effective tax rate and tax benefit for the three months ended March 31, 2019 were 0.5% and $37 thousand, respectively. Income tax expense is recognized based on management's estimate of the effective annual income tax rate expected for the full financial year.

The Company recognized total net expense related to discrete tax items of $0 for the three months ended March 31, 2019. Discrete tax items include financial losses of $4,494 thousand for which there is no income tax benefit.

The Company determined that the tax impact of certain arrangements between its management companies and operating companies are not probable that they would be sustained under IFRIC 23 due to the evolving interpretations of Section 280E. As a result, the Company recorded a reserve for an uncertain tax position of $2,619 thousand as of March 31, 2019 and December 31, 2018, of which $275 thousand of estimated penalties is recorded in Accounts Payable and Accrued Expenses. Included in the estimated average annual tax rate is an increase to the reserve for these arrangements.

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 30, 2019, which is the date on which these financial statements were issued.

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. Accordingly, deferred cash consideration of $7,231 thousand and share consideration of $19,498 thousand were settled for MedMar. For PDI, $4,803 thousand in cash consideration and $294 thousand of contingent consideration relating to tax payments were settled.

On April 26, 2019, the Company announced that it filed and received a receipt for a preliminary short form base shelf prospectus (the "Shelf Prospectus") with the securities commissions in each of the provinces of Canada, except Québec. The Shelf Prospectus, when made final, will allow the Company to offer up to C$500,000,000 of subordinate voting shares, debt securities, subscription receipts, warrants, and units, or any combination thereof, from time to time during the 25-month period that the (final) Shelf Prospectus is effective. The Company filed this Shelf Prospectus in order to maintain financial strength and flexibility going forward but has not entered into any agreements or arrangements to authorize or offer any securities at this time. The specific terms of any future offering of securities, including the use of proceeds from any offering, will be established in a prospectus supplement to the Shelf Prospectus, which supplement will be filed with the applicable Canadian securities regulatory authorities.

On May 28, 2019, the Company announced that shareholders representing 205,172,192 common shares (the Shareholders") have entered into voluntary lock-up agreements with the Company (the "Agreements"), representing 97% of the shares subject to an initial lock-up and 80% of total issued subordinate voting shares (on an as-if converted basis). Included among the Shareholders are all of the Company's founders, its entire executive management team and board of directors, as well as several of the largest outside investors in Cresco. The voluntary lock-up Agreements stipulate that these shareholders will not, subject to limited exception, offer to sell, contract to sell, lend, pledge or otherwise dispose of any Cresco securities, or enter into any transaction to such effect, directly or indirectly, in addition to other restrictions until December 3rd, 2019 when a portion of the shares will be released followed by the remainder of the shares being released by June 3, 2020.