

**CRESCO LABS ANNOUNCES INCREASED PROFITABILITY IN SECOND QUARTER 2019
WITH REVENUE GROWTH OF 253% YEAR-OVER-YEAR AND 42% QUARTER-OVER-QUARTER**

Conference Call with Investors and Analysts to be Held at 5:00 p.m. Eastern Time Today

CHICAGO – August 21, 2019 – Cresco Labs Inc. (CSE: CL) (OTCQX: CRLBF) (“**Cresco**” or the “**Company**”) one of the largest vertically integrated multistate cannabis operators in the United States, today released its unaudited financial results for the second quarter ended June 30, 2019. All financial information presented in this release is in U.S. dollars, unless otherwise noted.

Second Quarter 2019 Highlights and Subsequent Events

Revenue

- Second quarter revenue of \$29.9 million, up 253% year-over-year and 42% quarter-over-quarter.
- Second quarter pro forma revenue¹ increased 55% quarter-over-quarter to \$52.7 million, which includes the impact of pending acquisitions and investments.

EBITDA

- Second quarter Adjusted EBITDA² of \$14.5 million, compared to \$4.8 million in the prior-year period. Excluding the impact of biological assets, adjusted EBITDA for the second quarter was \$2.3 million.
- Second quarter 2019 financial results included \$3.2 million related to share-based incentive compensation, acquisition and other non-recurring costs of \$3.2 million and \$0.7 million in one-time charges related to the Company’s expansion in California.

Net Income

- Second quarter net loss of \$3.9 million, compared to net income of \$1.6 million in the prior-year period.

Balance Sheet

- As of June 30, 2019, the Company had total assets of \$355.0 million, including cash and cash equivalents of \$61.1 million and a working capital position of \$128.7 million with zero debt on the balance sheet.

Operations

- The Company is operational in seven U.S. states, with binding transactions pending in New York, Massachusetts and Florida, as well as approved expansion into Michigan.

¹ Pro forma revenue reflects the results of acquisitions closed and with definitive agreements as of the beginning of the year in which the closing or definitive agreement occurred, as well as revenue from the Company’s pending minority investment in Lighthouse Strategies (Nevada).

² See "Non-IFRS Financial Measures" at the end of this press release for more information regarding Cresco Labs’ use of non-IFRS financial measures.

- The Company expects its acquisition of Origin House to close during the fourth quarter of 2019, which greatly expands its distribution network in California.
- Cresco received regulatory approval for its acquisition of Valley Agriceuticals, LLC., providing the Company with one of 10 vertically integrated licenses granted in the State of New York.

Talent

- Continued hiring top talent including a new Chief Information Officer and a new Chief People Officer, bringing total staff headcount to approximately 1,400 employees at the end of the second quarter of 2019, including pending acquisitions.

Management Commentary

“We delivered an outstanding quarter that reflects the leading positions we have established in some of the most attractive markets in the cannabis industry,” said Charles Bachtell, Co-founder and CEO of Cresco Labs. “We are seeing accelerating revenue growth driven primarily by market share gains and strong trends in registered patients in our established markets of Illinois and Pennsylvania, as well as our expanded presence and distribution in California. As we scale our operations in our established markets, we are seeing the positive impact on gross profit margin that we projected. The higher revenue and margins helped to drive a substantial increase in Adjusted EBITDA compared to the prior quarter.

“While our increasing profitability demonstrates our ability to effectively execute and leverage the attractive model we have developed, we continue to operate with a long-term perspective and make investments to position Cresco Labs to lead the cannabis industry in the years to come. We are transforming the retail cannabis experience with the national rollout of our Sunnyside* dispensaries, expanding into the CBD market with the launch of our WellBeings product line, and expanding our cultivation and retail operations in Illinois to capitalize on adult-use legalization beginning in 2020. As we continue to capitalize on the strong organic growth trends in our current markets and complete our pending acquisitions of Origin House and VidaCann, we expect to deliver continued improvement in revenue and profitability, resulting in further value being created for our shareholders,” said Mr. Bachtell.

Financial Results for the Second Quarter Ended June 30, 2019 (Unaudited)

Revenue for the second quarter of 2019 was \$29.9 million, an increase of 253% compared to revenue of \$8.5 million for the second quarter of 2018. The increase in revenue was driven by expansion into new markets and continued growth in the states where the Company operates. Second quarter 2019 revenue increased 42% compared to \$21.1 million for the first quarter of 2019, primarily driven by higher revenue generated in Pennsylvania, Illinois and California. On a pro forma basis, revenue for the second quarter of 2019 increased 55% from the first quarter of 2019 to \$52.7 million, which includes the impact of pending acquisitions and minority investments.

Second quarter 2019 operational gross profit³, before the impact of biological assets accounting, was \$14.4 million, or 48.1% of revenues, compared to \$9.4 million, or 44.6% of revenues, for the first quarter of 2019. The improvement in operational gross profit margin was driven by greater scale in the Company's established markets, increasing efficiencies in cultivation, processing and packaging, partially offset by the impact of initial costs associated with expansion into newer markets like California, Ohio and Arizona, where the Company expects to see higher margins as these operations continue to scale.

Total expenses for the second quarter of 2019 were \$20.6 million, compared to \$3.2 million for the prior year period. Total expenses in the second quarter of 2019 included \$3.0 million in expenses related to share-based incentive compensation, \$3.2 million in acquisition and other non-recurring costs and \$0.9 million of depreciation and amortization. The balance of the increase represents investments made in talent and operational infrastructure to support the Company's continued revenue growth.

Net loss for the second quarter for 2019 was \$3.9 million, compared to net income of \$1.6 million for the prior-year period. Current period net income included income tax expense of \$5.6 million, primarily driven by discrete tax items related to the legal close of the acquisitions of MedMar Inc. and PDI Medical.

Adjusted EBITDA for the second quarter of 2019 was \$14.5 million, compared to \$4.8 million for the prior-year period. Excluding the net impact of the fair value of biological assets, Adjusted EBITDA for the second quarter of 2019 was \$2.3 million.

Balance Sheet and Liquidity

As of June 30, 2019, the Company had total assets of \$355.0 million, including cash and cash equivalents of \$61.1 million and a working capital position of \$128.7 million with zero debt on the balance sheet. Use of cash in the second quarter of 2019 included significant investments in the expansion of cultivation, processing and retail facilities in the Company's existing markets, payments for the legal close of the MedMar Inc. and PDI Medical acquisitions, and funding provided to pending acquisitions to drive the continued development of facilities.

Conference Call and Webcast

The Company will hold a conference call and webcast to discuss its business and financial results on Wednesday, August 21, 2019 at 5 p.m. Eastern Time. The conference call may be accessed via Cresco's investors website at investors.crescolabs.com or by dialing 866-688-4235 (409-216-0711 for international callers) and entering conference ID 3385937. Archived access to the webcast will be available for one year on Cresco's investors website.

³ See "Non-IFRS Financial Measures" at the end of this press release for more information regarding Cresco Labs' use of non-IFRS financial measures.

Consolidated Financial Statements

The financial information reported in this news release is based on unaudited management prepared financial statements for the three and six months ended June 30, 2019. The Company will file its condensed interim consolidated financial statements on SEDAR by August 29, 2019. Accordingly, such financial information may be subject to change. All financial information contained in this news release is qualified in its entirety with reference to such financial statements. While the Company does not expect there to be any material changes, to the extent that the financial information contained in this news release is inconsistent with the information contained in the Company's financial statements, the financial information contained in this news release shall be deemed to be modified or superseded by the Company's financial statements. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws. Further, the reader should refer to the additional disclosures in the Company's audited financial statements for the year ended December 31, 2018, previously filed on SEDAR.

Cresco references certain non-IFRS financial measures throughout this press release, which may not be comparable to similar measures presented by other issuers. Please see the "Non-IFRS Financial Measures" section at the end of this press release for more detailed information.

About Cresco Labs Inc.

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

Non-IFRS Financial Measures

Operational gross profit, EBITDA and Adjusted EBITDA are non-IFRS measures and do not have standardized definitions under IFRS. The following information provides reconciliations of the supplemental non-IFRS financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has also provided unaudited pro forma financial information, which assumes that closed and pending mergers and acquisitions in 2018 are included in the Company's financial results as of the beginning of the quarterly and annual periods in 2018 and that closed and pending mergers and acquisitions in 2019 are included in the Company's financial results as of the beginning of the quarterly and annual periods in 2019. This measure also includes revenue for certain pending or completed minority investments, for which revenue is not consolidated under IFRS rules. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the

financial measures that are calculated and presented in accordance with IFRS. These supplemental non-IFRS financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the IFRS financial measures presented herein.

Forward Looking Statements

This press release contains “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company’s control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as, ‘may,’ ‘will,’ ‘should,’ ‘could,’ ‘would,’ ‘expects,’ ‘plans,’ ‘anticipates,’ ‘believes,’ ‘estimates,’ ‘projects,’ ‘predicts,’ ‘potential’ or ‘continue’ or the negative of those forms or other comparable terms. The Company’s forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to those risks discussed under “Risk Factors” in the company’s CSE Listing Statement filed with SEDAR; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Because of these uncertainties, you should not place undue reliance on the Company’s forward-looking statements. No assurances are given as to the future trading price or trading volumes of Cresco’s shares, nor as to the Company’s financial performance in future financial periods. The Company does not intend to update any of these factors or to publicly announce the result of any revisions to any of the Company’s forward-looking statements contained herein, whether as a result of new information, any future event or otherwise. Except as otherwise indicated, this press release speaks as of the date hereof. The distribution of this press release does not imply that there has been no change in the affairs of the Company after the date hereof or create any duty or commitment to update or supplement any information provided in this press release or otherwise.

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Cresco Labs Inc.
Unaudited Financial Information and Non-IFRS Reconciliations
(All amounts expressed in thousands of U.S. Dollars)

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Income
For the Three and Six Months Ended June 30, 2019 and 2018

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	\$ 29,890	\$ 8,473	\$ 50,945	\$ 13,566
Cost of Sales – Production Costs	(17,145)	(5,963)	(31,859)	(10,746)
Gross Profit Before Fair Value Adjustments	12,745	2,510	19,086	2,820
Realized Changes in Fair Value of Inventory Sold	(17,620)	(5,166)	(33,515)	(8,855)
Unrealized Gain on Changes in Fair Value of Biological Assets	29,814	7,454	50,020	17,615
Gross Profit	24,939	4,798	35,591	11,580
GP%	83.4%	56.6%	69.9%	85.4%
Expenses:				
Selling, General and Administrative	19,705	3,096	36,478	5,160
Depreciation and Amortization	894	93	1,867	132
Total Expenses	20,599	3,189	38,345	5,292
Gain (Loss) from Operations	4,340	1,609	(2,754)	6,288
Other (Expense) Income:				
Interest Expense, Net	(2,087)	(8)	(2,506)	(17)
Other (Expense) Income, Net	(621)	405	(755)	392
Income (Loss) from Investment in Associate	36	(394)	72	(394)
Total Other (Expense) Income, Net	(2,672)	3	(3,189)	(19)
Income (Loss) Before Income Taxes	1,668	1,612	(5,943)	6,269
Income Tax Expense	(5,586)	-	(5,549)	-
Net (Loss) Income ¹	\$ (3,918)	\$ 1,612	\$ (11,492)	\$ 6,269

¹ Net (loss) income includes amounts attributable to non-controlling interest.

Cresco Labs Inc.
Unaudited Summarized Consolidated Statements of Financial Position
As of June 30, 2019 and December 31, 2018

	6/30/2019	12/31/2018
	(Unaudited)	(Audited)
Cash and Cash Equivalents	\$ 61,125	\$ 131,302
Other Current Assets	99,059	61,402
Property and Equipment, Net	66,029	39,721
Intangible Assets, Net	25,448	25,464
Goodwill	51,159	51,146
Other Long-Term Assets	52,212	9,076
Total Assets	\$ 355,032	\$ 318,111
Total Current Liabilities	\$ 31,500	\$ 25,230
Total Long-Term Liabilities	51,155	9,900
Total Shareholders' Equity	272,377	282,981
Total Liabilities and Shareholders' Equity	\$ 355,032	\$ 318,111

Cresco Labs Inc.
Unaudited Revenue and Gross Profit Metrics
For the Three and Six Months Ended June 30, 2019 and 2018

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Revenue	\$ 29,890	\$ 8,473	\$ 50,945	\$ 13,566
Cost of Sales – Production Costs	(17,145)	(5,963)	(31,859)	(10,746)
Realized Changes in Fair Value of Inventory Sold	(17,620)	(5,166)	(33,515)	(8,855)
Unrealized Gain on Changes in Fair Value of Biological Assets	29,814	7,454	50,020	17,615
Gross Profit	\$ 24,939	\$ 4,798	\$ 35,591	\$ 11,580
Cultivation Costs Expensed Under IAS 41 ¹	912	2,526	3,955	1,545
Net Impact of Fair Value of Biological Assets	(12,194)	(2,288)	(16,505)	(8,760)
California Expansion Costs ²	722	-	722	-
Operational Gross Profit (Non-IFRS)	\$ 14,379	\$ 5,036	\$ 23,763	\$ 4,365
Operational GP%	48.1%	59.4%	46.6%	32.2%

¹ Costs would be capitalized under IAS 2 and do not relate to costs of inventory sold in the period.

² Represents the impact of discounts and short-term use of higher-cost materials to accelerate California market penetration.

Cresco Labs Inc.
Unaudited Reconciliation of Net Income to Adjusted EBITDA
For the Three and Six Months Ended June 30, 2019 and 2018

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Net (Loss) Income¹	\$ (3,918)	\$ 1,612	\$ (11,492)	\$ 6,269
Depreciation and Amortization	2,075	395	4,699	693
Other (Income) Expense, Net	621	(405)	755	(392)
Interest Expense, Net	2,087	8	2,506	17
Loss (Income) from Investment in Associate	(36)	394	(72)	394
Income Tax Expense	5,586	-	5,549	-
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) (Non-IFRS)	\$ 6,415	\$ 2,004	\$ 1,945	\$ 6,981
California Expansion Costs ²	722	-	722	-
Cultivation Costs Expensed Under IAS 41 ³	912	2,526	3,955	1,545
Acquisition and Other Non-Recurring Costs	3,203	194	5,661	194
Share-Based Compensation	3,210	122	6,258	184
Adjusted EBITDA (Non-IFRS)	\$ 14,462	\$ 4,846	\$ 18,541	\$ 8,904
Net Impact of Fair Value of Biological Assets	(12,194)	(2,288)	(16,505)	(8,760)
Adjusted EBITDA (Non-IFRS), Net of Impact of Biological Assets	\$ 2,268	\$ 2,558	\$ 2,036	\$ 144

¹ Net (loss) income includes amounts attributable to non-controlling interest.

² Represents the impact of discounts and short-term use of higher-cost materials to accelerate California market penetration.

³ Costs would be capitalized under IAS 2 and do not relate to costs of inventory sold in the period.