

Form 51-102F3
CONFIDENTIAL
MATERIAL CHANGE REPORT

Item 1. Name and Address of Reporting Issuer

Cresco Labs Inc. (the "**Company**")
Suite 2500 Park Place, 666 Burrard Street
Vancouver, British Columbia
V6C 2X8

Item 2. Date of Material Change

October 14, 2021

Item 3. News Release

A news release with respect to the material change was disseminated by the Company on October 14, 2021 through Business Wire and subsequently filed under the Company's profile on SEDAR at www.sedar.com.

Item 4. Summary of Material Changes

On October 14, 2021 the Company announced that it entered into a definitive agreement (the "**Definitive Agreement**") to acquire, subject to the satisfaction of certain closing conditions, all of the issued and outstanding equity interests in Laurel Harvest Labs, LLC ("**Laurel Harvest**"), a clinical registrant in the state of Pennsylvania, for upfront consideration equal to US\$80 million plus earnout amounts payable upon the achievement of certain post-closing milestones (the "**Transaction**"). If the closing conditions are satisfied, the Transaction is expected to close in the fourth quarter of 2021.

Item 5. Full Description of Material Change

On October 14, 2021 the Company announced that it entered into the Definitive Agreement, pursuant to which the Company agreed, subject to the satisfaction of certain closing conditions, to purchase all of the issued and outstanding equity interests in Laurel Harvest for consideration of US\$80 million, subject to certain adjustments (the "**Purchase Price**"). The Purchase Price will be payable on the closing of the Transaction and will be comprised of a cash payment and the issuance of shares in the capital of the Company.

The Transaction will be completed on a cash-free, debt-free basis with a mutually agreed upon normalized target level of working capital. In addition, certain earnout amounts will be payable by the Company upon the achievement of certain post-closing milestones.

The closing of the Transaction is subject to customary closing conditions including, among other things, the approval and receipt of all required stock exchange, regulatory and other approvals.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

For further information, please contact:
John Schetz, General Counsel
Telephone: (312) 929-0993
Email: john.schetz@crescolabs.com

Item 9. Date of Report

October 20, 2021