



Acreage Files Restated Interim Financial Statements

NEW YORK, Dec. 21, 2020 -- Acreage Holdings, Inc. (the “**Company**” or “**Acreage**”) (CSE: ACRG.A.U, ACRG.B.U) (OTCQX: ACRDF, ACRHF) today announced it filed restated unaudited interim financial statements for the three and nine month periods ended September 30, 2020 (the “**Restated Interim Financial Statements**”) and corresponding amended management’s discussion and analysis.

The Company filed interim financial statements for the three and nine month periods ended September 30, 2020 on Form 10-Q (the “**10-Q**”) with the Securities and Exchange Commission on December 18, 2020. Certain items were identified in the context of preparing the 10-Q that required a restatement of the Company’s previously-issued unaudited interim financial statements for the three and nine month periods ended September 30, 2020 (the “**Initial Interim Financial Statements**”). In the context of preparing the 10-Q, it was determined that a contingent liability that had not been resolved at the time of filing the Initial Interim Financial Statements was subsequently determined and therefore has now been recognized within the Company’s financial results as an increase to Losses from Legal Settlements within Operating Expenses. The recognition of this liability resulted in a US\$6.0 million increase to total net loss, consisting of a US\$1.2 million increase to net loss attributable to non-controlling interests and a US\$4.8 million increase to net loss attributable to the Company for both the three month and nine-month periods ended September 30, 2020, along with corresponding increases to accrued liabilities. It was also determined that additional losses from legal settlements totaling approximately \$8.2 million should be included within Operating Expenses as part of Losses from Legal Settlements, rather than as a component of Other Loss, Net. This change in financial presentation had no impact on the net loss of the Company that had been previously reported in the Initial Statements. Details of the foregoing transactions are further described in Note 13 to the Restated Interim Financial Statements.

The Restated Interim Financial Statements and corresponding amended management’s discussion and analysis are available on SEDAR at www.sedar.com. The Restated Interim Financial Statements and corresponding amended management’s discussion and analysis replace and supersede, in entirety, the respective previously-filed Initial Interim Financial Statements and accompanying management’s discussion and analysis for the three and nine month periods ended September 30, 2020 together with the Company’s press release dated November 11, 2020 reporting its financial results for quarter then ended (collectively, the “**Previous Documents**”). The Previous Documents should no longer be relied upon.

ABOUT ACREAGE

Headquartered in New York City, Acreage is a multi-state operator of cannabis cultivation and retailing facilities in the U.S., including the company’s national retail store brand, The Botanist. Acreage’s wide range of national and regionally available cannabis products include the award-winning Botanist brand, the highly recognizable Tweed brand, the Prime medical brand in Pennsylvania, the Innocent edibles brand in Illinois and others. Acreage also owns Universal Hemp, LLC, a hemp subsidiary dedicated to the distribution, marketing and sale of CBD products throughout the U.S. Since its founding in 2011, Acreage has focused on building and scaling operations to create a seamless, consumer-focused, branded experience. More information is available at www.acreageholdings.com.

On June 27, 2019, Acreage implemented an arrangement under section 288 of the Business Corporations Act (British Columbia) with Canopy Growth Corporation (“Canopy Growth”), which was subsequently amended on September 23, 2020 (the “Amended Arrangement”). Pursuant to the Amended Arrangement, upon the occurrence (or waiver by Canopy Growth) of changes in federal laws in the United States to permit the general cultivation, distribution and possession of marijuana (as defined in the relevant legislation) or to remove the regulation of such activities from the federal laws of the United States (the “Triggering Event”), Canopy Growth will, subject to the satisfaction or waiver of certain closing conditions, acquire all of the issued and outstanding Class E subordinate voting shares (the “Fixed Shares”) on the basis of 0.3048 of a Canopy Growth share per Fixed Share (following the automatic conversion of the Class F multiple voting shares and subject to adjustment in accordance with the terms of the arrangement agreement entered into between Acreage and Canopy Growth on April 18, 2019, as amended on May 15, 2019 and on September 23, 2020).

In addition, Canopy Growth holds an option, exercisable at the discretion of Canopy Growth, to acquire all of the issued and outstanding Class D subordinate voting shares (the “Floating Shares”) at the time that Canopy Growth acquires the Fixed Shares, for cash or Canopy Growth shares, as Canopy Growth may determine, at a price per Floating Share based upon the 30-day volume-weighted average trading price of the Floating Shares on the CSE relative to the trading price of the Canopy Growth shares at the time of the occurrence or waiver of the Triggering Event, subject to a minimum price of US\$6.41 per Floating Share.

For more information about the Amended Arrangement please see the Acreage proxy statement and management information circular dated August 17, 2020 (the “Circular”) and the respective information circulars of each of Acreage and Canopy Growth dated May 17, 2019, which are available on Acreage’s and Canopy Growth’s respective profiles on SEDAR at www.sedar.com and filed with the SEC on the EDGAR website at www.sec.gov. For additional information regarding Canopy Growth, please see Canopy Growth’s profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release and each of the documents referred to herein contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and United States securities legislation, respectively. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, the Amended Arrangement, including the likelihood of completion thereof, the occurrence or waiver of the Triggering Event, the satisfaction or waiver of the closing conditions set out in the Arrangement Agreement and other statements with respect to the proposed transactions with Canopy Growth. Often, but not always, forward-looking statements and information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Acreage or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this news release. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including, but not limited to financing and liquidity risks, and the risks disclosed in the Circular, Acreage’s management information circular dated May 17, 2019 filed on May 23, 2019, Acreage’s annual report on Form 10-K for the year ended December 31, 2019 dated May 29, 2020 and the amendment thereto on Form 10-K/A dated August 14, 2020, and Acreage’s other public filings, in each case filed with the SEC on the EDGAR website at www.sec.gov and with Canadian securities regulators and available on the issuer profile of Acreage on SEDAR at www.sedar.com. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Although Acreage believes that the assumptions and factors used in preparing the forward-looking information or forward looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release and Acreage does not undertake any obligation to publicly update such forward-looking information or forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

Neither the Canadian Securities Exchange nor its Regulation Service Provider has reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.

Media Contact:

Howard Schacter
Vice President of Communications
h.schacter@acreageholdings.com
917-893-5300

Investor Contact:

Steve West
Vice President, Investor Relations
investors@acreageholdings.com
917-893-5300