



NEWS RELEASE

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FOR IMMEDIATE RELEASE
TUESDAY, JUNE 16, 2020

Vireo Health Announces First Quarter 2020 Financial Results

- *First-quarter revenue of \$12.1 million increased 34% sequentially and 110% year-over-year* –
- *Minimal capex requirements position Company for stronger second half compared to 2019* –
- *Recent cost reduction initiatives to begin materializing in results during the second quarter* –

MINNEAPOLIS – June 16, 2020 – Vireo Health International, Inc. ("Vireo" or the "Company") (CNSX: VREO; OTCQX: VREOF), the science-focused, multi-state cannabis company with active operations in exclusively medical-only markets and licenses in nine states and the Commonwealth of Puerto Rico, today reported financial results for its first quarter ended March 31, 2020. All currency figures referenced in this release reflect U.S. dollar amounts.

“Our first-quarter results demonstrate the improving trajectory of our business, with sequential revenue growth of 34 percent representing the strongest quarter of growth in Vireo’s history,” said Founder & Chief Executive Officer, Kyle Kingsley, M.D. “As we continue to focus on optimizing our core medical markets, we believe there is significant untapped potential for Vireo to improve revenue growth and profitability as we increase scale in these attractive, limited-license jurisdictions.”

Dr. Kingsley continued, “We have many opportunities to continue growing our business organically through new product introductions, by expanding our footprint of operational dispensaries, and by continuing to improve our overall product and sales channel mix as compared to prior quarters. We’re also cautiously optimistic that recent enhancements to point-of-sale protocols in response to COVID-19 like telemedicine consultations and curbside pick-up may become permanent in several of our markets, and we continue to believe that each of our core medical markets has the potential to enact adult-use legislation over the near- to medium-term future.”

First Quarter 2020 Financial Summary

The Company generated operating revenue in seven states during the first quarter: Arizona, Maryland, Minnesota, New Mexico, New York, Ohio, and Pennsylvania. Total revenue increased 34 percent sequentially and 110 percent year-over-year to \$12.1 million versus \$5.8 million in the first quarter of 2019.

Retail revenue was approximately \$8.2 million in Q1 2020, an increase of 58 percent compared to \$5.2 million in Q1 2019. Wholesale revenue of \$3.9 million increased by \$3.3 million as compared to \$610,881 in Q1 2019, with the increase principally due to the acquisitions of wholesale businesses in Arizona in the prior-year quarter and the growth of wholesale operations in Pennsylvania and Maryland.

Gross profit before fair value adjustments was \$3.4 million, or 28 percent of revenue, as compared to gross profit of \$2.1 million or 37 percent, in the same period last year. The variance in gross profit as compared to the prior year was driven primarily by a temporary increase in the mix of sales in wholesale versus retail markets, a product sales mix shift to address demand for concentrated distillate products, and greater competition across several markets as they mature.

Total operating expenses in the first quarter were \$9.7 million, as compared to \$3.7 million in the first quarter of 2019, with the increase primarily attributable to increased salaries and wages, professional fees, and general and administrative expenses necessary to support the Company's growth.

Total other expense was \$995,008 during Q1 2020, compared to \$4.6 million in Q1 2019. The favorable reduction in other expense was primarily attributable to the non-recurrence of \$3.5 million in listing expenses related to the Company's go-public transaction in the prior-year quarter, and a gain on derivative liability of \$1.3 million.

Net loss in Q1 2020 was \$2.0 million, as compared to net loss of \$3.4 million in Q1 2019. Adjusted net loss for Q1 2020 was \$8.1 million, as compared to a loss of \$4.8 million in the prior year quarter. Adjusted EBITDA, as described in accompanying disclosures and footnotes, was a loss of \$3.3 million in Q1 2020, as compared to a loss of \$1.2 million in Q1 2019. Please refer to the Supplemental Information and Reconciliation of Non-IFRS Financial Measures at the end of this press release for additional information.

Other Developments

There was a global outbreak of a new strain of coronavirus, COVID-19, during the first quarter. Vireo's medical cannabis businesses were deemed "essential" in each of its operational markets, and to date there has been no material adverse impact on the Company's financial performance because of the virus.

During the first quarter, the Company implemented several strategic initiatives to optimize its cost structure and operating model. These initiatives included shuttering the Company's New York corporate office, the related termination of an office lease, the reduction of its workforce by approximately nine percent, and the elimination of certain other costs.

On March 10, 2020, the Company announced that it had closed a non-brokered private placement of CAD \$10.0 million of 13,651,574 units of the Company. Each Unit is comprised of one subordinate voting share in the capital of Vireo (a "Share") and one subordinate voting share purchase warrant of Vireo (a "Warrant"). Each Warrant entitles the holder to purchase one Share (a "Warrant Share") for a period of three years from the date of issuance at an exercise price of CAD \$0.96 per Warrant Share, subject to adjustment in certain events. The Company intends to use the proceeds from the Offering to fund various growth initiatives and for working capital and general corporate purposes.

On April 30, 2020, the Company announced the formation of a wholly-owned subsidiary called Resurgent Biosciences, Inc. Resurgent Biosciences is a Delaware corporation which has been created with the intent to commercialize Vireo's portfolio of intellectual property and related initiatives in a non-plant-touching entity which may broaden potential partnership opportunities or other strategic outcomes as Vireo seeks to monetize scientific advancements within the cannabis industry and beyond. Vireo currently has several patent applications pending approval by the United States Patent and Trademark Office. Its patent for harm reduction in tobacco products was allowed earlier this year.

Balance Sheet and Liquidity

As of March 31, 2020, total current assets were \$62.2 million, including cash on hand of \$11.7 million. Total current liabilities were \$7.0 million, with zero debt currently due within 12 months.

As of March 31, 2020, the Company had 37,952,477 equity shares issued and outstanding, and 153,463,362 shares outstanding on an as-converted, fully-diluted basis.

Outlook Commentary

Dr. Kingsley concluded, “With most of the major development projects in our core markets effectively complete, we expect minimal capital expenditures during the remainder of fiscal year 2020, and we should also begin to see the benefits of recent cost reduction initiatives materialize more substantially in our second quarter results. The optionality of our valuable collection of state-based cannabis licenses and intellectual property continues to provide substantial opportunities to improve our cash position and future financial performance, and we believe our six core market strategy will enable us to begin generating positive cash flow in the first half of next year.”

Conference Call and Webcast Information

Vireo Health management will host a conference call with research analysts on Tuesday, June 16, 2020 at 8:00 a.m. ET to discuss its financial results for its first quarter ended March 31, 2020. The conference call may be accessed by dialing 833-714-0863 (Toll-Free) or 778-560-2618 (International) and entering conference ID 7783416.

A live audio webcast of this event will also be available in the Events & Presentations section of the Company's Investor Relations website at <https://investors.vireohealth.com/events-and-presentations/default.aspx> and will be archived for one year.

Additional Information

Additional information relating to the Company's first quarter 2020 results is available on SEDAR at www.sedar.com. Vireo Health refers to certain non-IFRS financial measures such as adjusted net income, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjusted EBITDA (defined as earnings before interest, taxes, depreciation, amortization, less certain non-cash equity compensation expense, one-time transaction fees, and other non-cash items). These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. Please see the Supplemental Information and Reconciliation of Non-IFRS Financial Measures at the end of this news release for more detailed information regarding non-IFRS financial measures.

About Vireo Health International, Inc.

Vireo Health International, Inc. is a physician-led cannabis company focused on building long-term, sustainable value by bringing the best of medicine, science, and engineering to the cannabis industry. With operations strategically located in early-stage, limited-license medical markets, Vireo manufactures pharmaceutical-grade cannabis products in environmentally-friendly greenhouses and distributes its products through its growing network of Green Goods™ retail dispensaries and hundreds of third-party locations. Its current core medical markets of New York, Minnesota, Pennsylvania, Arizona, New Mexico, and Maryland all have the potential to enact adult-use legalization in the next three to 24 months, and two additional markets in Puerto Rico and Massachusetts also have potential for commercialization. Combined with its teams' focus on driving scientific innovation within the industry and securing meaningful intellectual property, Vireo believes it is well positioned to become a global market leader in the cannabis industry. Today, eight of its 10 markets are operational with 13 of its 32 total retail dispensary licenses open for business. For more information about the company, please visit www.vireohealth.com.

Forward-Looking Statement Disclosure

This news release contains "forward-looking information" within the meaning of applicable United States and Canadian securities legislation. To the extent any forward-looking information in this news release constitutes "financial outlooks" within the meaning of applicable United States or Canadian securities laws, such information is being provided as preliminary financial results and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such financial outlooks. Forward-looking information contained in this press release may be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "look forward to," "budget" "scheduled," "estimates," "forecasts," "will continue," "intends," "anticipates," "does not anticipate," "believes," "should," "should not," or variations of such words and phrases or indicates that certain actions, events or results "may," "could," "would," "might," or "will" "be taken," "occur," or "be achieved." Forward-looking information may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of Vireo, and includes statements about, among other things, the value of assets, the amount of liabilities, the designation of certain businesses or assets as "core" or "non-core," decisions about allocation of capital and other resources, future developments, the future operations, potential market opportunities including the potential effects of the approval of adult-use cannabis in one or more markets, potential opportunities to monetize assets, strengths and strategy of the Company. Forward-looking information is provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements should not be read as guarantees of future performance or results. Forward-looking information includes statements with respect to the opportunities for the Company to leverage increasing scale to improve sales growth and operating performance; the anticipation that the medical-only state markets in which the Company's subsidiaries operate could enact recreational-use legislation over the near-to mid-term future; the anticipated benefits of strategic initiatives; the effects of reduction of corporate overhead and SG&A expenses; improvement to unit economics; expansion of retail dispensaries in key markets; and the expectation that such expansion will drive stronger revenue growth, operating margins and free cash flow. Forward-looking information includes both known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company 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 including, without limitation, the

impact on the Company's businesses and financial results of epidemics and pandemics, including the COVID-19 pandemic. Financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to various risks as set out herein. Our actual financial position and results of operations may differ materially from management's current expectations and, as a result, our revenue and cash on hand may differ materially from the revenue and cash values provided in this news release. Forward-looking information is based upon a number of estimates and assumptions of management, believed but not certain to be reasonable, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct, including preliminary financial expectations regarding the annualized reduction of corporate overhead and SG&A expenses. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking information is subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking information. Such risks and uncertainties include, but are not limited to, risks related to preliminary financial results being subject to the completion of the Company's financial closing procedures and not being audited or reviewed by the Company's independent registered public accounting firm; the timing of recreational-use legislation in markets where the Company currently operates; current and future market conditions, including the market price of the subordinate voting shares of the Company; federal, state, local and foreign government laws, rules and regulations, including federal and state laws in the United States relating to cannabis operations in the United States; limited operating history; changes in laws, regulations and guidelines; operational, regulatory and other risks; execution of business strategy; management of growth; difficulty to forecast; conflicts of interest; risks inherent in an agricultural business; liquidity and additional financing; foreign private issuer status and the risk factors set out in the Company's listing statement dated March 19, 2019, filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this news release are made as of the date of this release. The Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Supplemental Information

The financial information reported in this news release is based on audited financial statements for the fiscal year ended December 31, 2019 and unaudited condensed interim consolidated financial statements for the fiscal quarter ended March 31, 2020. All financial information contained in this news release is qualified in its entirety with reference to such financial statements. To the extent that the financial information contained in this news release is inconsistent with the information contained in the Company's audited financial statements, the financial information contained in this news release shall be deemed to be modified or superseded by the Company's audited 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.

VIRO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at March 31, 2020 and December 31, 2019

(Unaudited - Expressed in United States Dollars)

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash	\$ 11,729,866	\$ 7,641,673
Restricted Cash	1,592,500	1,592,500
Receivables	859,212	1,025,963
Inventories	30,460,205	32,437,308
Biological Assets	16,334,123	6,134,209
Prepaid Expenses	1,151,981	2,285,548
Deferred acquisition costs	28,136	28,136
	62,156,023	51,145,337
Non-Current Assets		
Right of Use Assets	32,019,710	25,921,603
Property and Equipment	13,533,060	13,326,337
Deposits	2,626,366	2,651,366
Deferred Loss on Sale Leaseback	-	30,481
Goodwill	3,132,491	3,132,491
Intangible Asset	8,847,047	9,001,237
	60,158,674	54,063,515
Total Assets	\$ 122,314,697	\$ 105,208,852
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 4,285,630	\$ 3,140,086
Current portion of Right of Use Liability	480,610	619,827
Derivative Liability	2,229,101	-
	6,995,341	3,759,913
Long-Term Liabilities		
Deferred Income Taxes	6,767,000	4,528,000
Right of Use Liability	35,507,281	28,665,681
Long-Term Debt	1,110,000	1,110,000
Convertible debt	836,644	817,446
	51,216,266	38,881,040
Shareholders' Equity		
Share Capital	122,511,602	118,453,142
Reserves	10,698,447	7,962,509
Deficit	(62,111,618)	(60,087,839)
	71,098,431	66,327,812
Total Liabilities and Equity	\$ 122,314,697	\$ 105,208,852

VIRO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Three Months Ended March 31, 2020 and 2019

(Unaudited - Expressed in United States Dollars)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
REVENUE	\$ 12,118,567	\$ 5,777,792
Production Costs	(8,701,653)	(3,665,869)
Gross Profit Before Fair Value Adjustments	3,416,914	2,111,923
Realized Fair Value Amounts Included in Inventory Sold	(7,768,781)	(3,026,731)
Unrealized Fair Value Gain on Growth of Biological Assets	15,725,754	8,065,726
Gross Profit	11,373,887	7,150,918
EXPENSES		
Depreciation	315,278	373,779
Professional fees	729,121	574,260
Salaries and wages	3,564,715	1,152,940
Selling, general and administrative expenses	2,313,506	1,444,749
Share Based Compensation	2,735,938	201,187
	9,658,558	3,746,915
OTHER INCOME (EXPENSE)		
Loss on sale of property and equipment	(13,800)	(484)
Interest expense	(1,712,656)	(1,023,815)
Accretion expense	(19,198)	(9,671)
Listing expense	-	(3,464,613)
Gain (Loss) on derivative liability	1,325,928	-
Inventory impairment	(139,008)	-
Other expense	(436,274)	(140,179)
Total Other Income (Expense)	(995,008)	(4,638,762)
INCOME (LOSS) BEFORE INCOME TAXES	720,321	(1,234,759)
Current income taxes	(505,100)	(745,000)
Deferred income taxes	(2,239,000)	(1,467,000)
PROVISION (RECOVERY) FOR INCOME TAXES	(2,744,100)	(2,212,000)
LOSS AND COMPREHENSIVE LOSS	\$ (2,023,779)	\$ (3,446,759)
Weighted Average Shares Outstanding - basic and diluted	88,519,845	59,757,979
Net Loss Per Share - basic and diluted	\$ (0.02)	\$ (0.06)

VIRO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2020 and 2019

(Unaudited - Expressed in United States Dollars)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash Flows from Operating Activities:		
Net income (loss)	\$ (2,023,779)	\$ (3,446,759)
Item not affecting cash:		
Depreciation and amortization	469,467	373,779
Loss on sale of property and equipment	13,800	484
Share-based compensation	2,735,938	201,187
Gain on derivative liability	(1,325,928)	-
Fair value adjustment on sale of inventory	7,768,781	3,026,731
Fair value adjustment on growth of biological assets	(15,725,754)	(8,065,726)
Interest expense	1,723,368	1,033,562
Deferred income taxes	2,239,000	1,467,000
Deferred financing costs	-	448,480
Listing expense	-	2,999,986
Amortization of deferred tenant improvements	-	(87,143)
Deferred gain/loss on sale leaseback	30,481	-
Changes in non-cash working capital	2,768,567	87,710
Cash Flows Used in Operating Activities	(1,326,059)	(1,960,709)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(506,336)	(984,732)
Acquisition costs on business combinations and assets	-	(12,715,901)
Deferred acquisition costs	-	(48,162)
Deposits	25,000	-
Cash Flows from Investing Activities	(481,336)	(13,748,795)
Cash Flows from Financing Activities:		
Proceeds from sale of stock, net of issuance costs	7,613,490	47,542,878
Lease payments	(183,876)	(126,251)
Interest paid	(1,534,026)	(930,325)
Cash Flows from Financing Activities	5,895,588	46,486,302
Net Change in Cash	\$ 4,088,193	\$ 30,776,798
Cash, Beginning of the Year	7,641,673	9,264,110
Cash, End of the Year	\$ 11,729,866	\$ 40,040,908

Reconciliation of Non-IFRS Financial Measures

EBITDA, Adjusted Net loss 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 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 be considered in conjunction with, the IFRS financial measures presented.

Reconciliation of Net Loss to Adjusted Net Loss and Adjusted EBITDA

	Three Months Ended	
	March 31,	
	2020	2019
Net loss	\$ (2,023,779)	\$ (3,446,759)
Net fair value adjustments	(7,956,973)	(5,038,995)
Listing expense	-	3,464,613
Gain (Loss) on Derivative Liability	(1,325,928)	-
Inventory adjustment	139,008	-
Share-based compensation	2,735,938	201,187
Severance Expense	339,997	-
Adjusted net loss (non-IFRS)	\$ (8,091,737)	\$ (4,819,954)
Net loss	\$ (2,023,779)	\$ (3,446,759)
Interest income	(124)	(76)
Interest expense	1,712,780	1,023,891
Accretion expense	19,198	9,671
Income taxes	2,744,100	2,212,000
Depreciation	315,278	373,779
EBITDA (non-IFRS)	\$ 2,767,453	\$ 172,506
Net fair value adjustments	(7,956,973)	(5,038,995)
Listing expense	-	3,464,613
Gain (Loss) on Derivative Liability	(1,325,928)	-
Inventory adjustment	139,008	-
Share-based compensation	2,735,938	201,187
Severance Expense	339,997	-
Adjusted EBITDA (non-IFRS)	\$ (3,300,505)	\$ (1,200,689)

Net Loss Per Share - basic and diluted for the three months ended March 31, 2020 and 2019 was \$(0.02) and \$(0.06), respectively.