VIREO HEALTH INTERNATIONAL, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six-Months Ended
June 30, 2020 and 2019
(unaudited)

(Expressed in United States Dollars)

VIREO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
As at June 30, 2020 and December 31, 2019
(Unaudited - Expressed in United States Dollars)

	Note		**June 30, 2020**		**December 31, 2019**
ASSETS					
Current Assets					
Cash		$	5,726,699	$	7,641,673
Restricted Cash	*12*		1,592,500		1,592,500
Receivables			706,964		1,025,963
Inventories	*5*		38,884,568		32,437,308
Biological Assets	*6*		15,694,537		6,134,209
Prepaid Expenses			1,514,635		2,285,548
Deferred acquisition costs			28,136		28,136
Assets Held for Sale	*18*		16,854,142		-
			81,002,181		**51,145,337**
Long-Term Assets					
Right of Use Assets	*7*		21,299,482		25,921,603
Property and Equipment	*7*		13,447,308		13,326,337
Deposits			1,915,101		2,651,366
Deferred Loss on Sale Leaseback			-		30,481
Goodwill	*13*		3,132,491		3,132,491
Intangible Asset	*13*		8,692,856		9,001,237
			48,487,238		**54,063,515**
Total Assets		**$**	**129,489,419**	**$**	**105,208,852**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts Payable and Accrued Liabilities		$	4,747,430	$	3,140,086
Current portion of Right of Use Liability	*9*		432,616		619,827
Derivative Liability	*10*		4,521,230		-
Liabilities Held for Sale	*18*		13,506,842		-
			23,208,118		**3,759,913**
Long-Term Liabilities					
Deferred Income Taxes			9,090,000		4,528,000
Right of Use Liability	*9*		24,118,123		28,665,681
Long-Term Debt	*9*		1,110,000		1,110,000
Convertible debt	*9*		856,786		817,446
			58,383,027		**38,881,040**
Shareholders' Equity					
Share Capital	*8*		122,511,602		118,453,142
Reserves	*8*		19,683,869		7,962,509
Deficit			(71,089,079)		(60,087,839)
			71,106,392		**66,327,812**
Total Liabilities and Shareholders' Equity		**$**	**129,489,419**	**$**	**105,208,852**

Nature of operations *(Note 1)*
Subsequent events *(Note 20)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements

VIREO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Six Months Ended June 30, 2020 and 2019
(Unaudited - Expressed in United States Dollars)

	Note		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019
REVENUE		$	21,345,208	$	11,937,076
Production Costs			(14,542,277)		(6,148,977)
Gross Profit Before Fair Value Adjustments			**6,802,931**		**5,788,099**
Realized Fair Value Amounts Included in Inventory Sold	5		(12,962,945)		(10,589,640)
Unrealized Fair Value Gain on Growth of Biological Assets	6		32,113,318		19,834,013
Gross Profit			**25,953,304**		**15,032,472**
EXPENSES					
Depreciation	7		845,279		542,080
Professional fees			1,422,760		1,483,633
Salaries and wages			6,138,155		2,748,225
Selling, general and administrative expenses			4,592,473		3,714,869
Share-Based Compensation	8		11,721,360		456,952
			24,720,027		**8,945,759**
OTHER INCOME (EXPENSE)					
Loss on sale of property and equipment	7		(13,800)		(1,240)
Interest income (expense), net			(2,355,070)		(1,390,477)
Accretion expense	9		(39,340)		(50,262)
Listing expense	4		-		(3,464,613)
Gain (Loss) on derivative liability	10		(966,202)		-
Acquisition related costs			-		(772,110)
Inventory impairment	5		(165,290)		(752,696)
Other income (expense)			(226,942)		56,889
Total Other Expense			**(3,766,644)**		**(6,374,509)**
LOSS BEFORE INCOME TAXES			**(2,533,367)**		**(287,796)**
Current income taxes			(1,900,100)		(1,205,000)
Deferred income taxes			(4,562,000)		(1,652,000)
PROVISION FOR INCOME TAXES			**(6,462,100)**		**(2,857,000)**
LOSS FROM CONTINUING OPERATIONS			**(8,995,467)**		**(3,144,796)**
LOSS FROM DISCONTINUED OPERATIONS	18		**(2,005,773)**		**(2,174,418)**
LOSS AND COMPREHENSIVE LOSS		**$**	**(11,001,240)**	**$**	**(5,319,214)**
Weighted Average Shares Outstanding - basic and diluted			93,695,441		41,416,309
Net Loss Per Share - basic and diluted					
- Continuing Operations		$	(0.10)	$	(0.08)
- Discontinued Operations		$	(0.02)	$	(0.05)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

VIREO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the Three Months Ended June 30, 2020 and 2019
(Unaudited - Expressed in United States Dollars)

	Note	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
REVENUE		$ 10,763,125	$ 6,748,691
Production Costs		(7,283,163)	(3,723,355)
Gross Profit Before Fair Value Adjustments		**3,479,962**	**3,025,336**
Realized Fair Value Amounts Included in Inventory Sold	*5*	(5,279,567)	(7,627,275)
Unrealized Fair Value Gain on Growth of Biological Assets	*6*	16,661,446	11,900,180
Gross Profit		**14,861,841**	**7,298,241**
EXPENSES			
Depreciation	*7*	497,793	168,301
Professional fees		755,244	947,884
Salaries and wages		2,834,481	1,648,858
Selling, general and administrative expenses		2,362,763	2,407,698
Share-Based Compensation	*8*	8,985,422	255,765
		15,435,703	**5,428,506**
OTHER INCOME (EXPENSE)			
Loss on sale of property and equipment		-	(643)
Interest income (expense), net		(1,206,705)	(721,697)
Accretion expense	*9*	(20,142)	(40,591)
Gain (Loss) on derivative liability	*10*	(2,292,130)	-
Acquisition related costs		-	(772,110)
Inventory impairment	*5*	(89,154)	(479,803)
Other income (expense)		208,388	197,068
Total Other Expense		**(3,399,743)**	**(1,817,776)**
INCOME (LOSS) BEFORE INCOME TAXES		**(3,973,605)**	**51,959**
Current income taxes		(1,395,000)	(460,000)
Deferred income taxes		(2,323,000)	(185,000)
PROVISION FOR INCOME TAXES		**(3,718,000)**	**(645,000)**
LOSS FROM CONTINUING OPERATIONS		**(7,691,605)**	**(593,041)**
LOSS FROM DISCONTINUED OPERATIONS	18	**(1,285,856)**	**(1,279,416)**
LOSS AND COMPREHENSIVE LOSS		**$ (8,977,461)**	**$ (1,872,457)**
Weighted Average Shares Outstanding - basic and diluted		98,871,038	23,272,657
Net Loss Per Share - basic and diluted			
- Continuing Operations		$ (0.08)	$ (0.03)
- Discontinued Operations		$ (0.01)	$ (0.05)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

VIREO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2020 and 2019
(Unaudited - Expressed in United States Dollars)

	Note	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash Flows from Operating Activities:			
Net income (loss)		$ **(11,001,240)**	$ **(5,319,214)**
Item not affecting cash:			
Depreciation and amortization	*7, 13*	1,153,659	1,021,416
Loss on sale of property and equipment		13,800	(1,013)
Share-based compensation	*8*	11,721,360	456,952
Loss on derivative liability		966,202	-
Fair value adjustment on sale of inventory	*5*	12,962,945	10,589,640
Fair value adjustment on growth of biological assets	*6*	(32,113,318)	(19,834,013)
Interest expense		2,355,070	1,448,205
Deferred income taxes		4,562,000	1,652,000
Deferred financing costs		-	448,480
Listing expense	*4*	-	2,999,986
Amortization of deferred tenant improvements		-	(652)
Deferred gain/loss on sale leaseback		30,481	(2,846)
Cash flows used in discontinued operations	*18*	2,959,190	276,722
Changes in non-cash working capital	*19*	2,137,538	(1,312,381)
Cash Flows Used in Operating Activities		**(4,252,313)**	**(7,576,718)**
Cash Flows from Investing Activities:			
Purchase of property and equipment	*7*	(1,249,717)	(3,680,949)
Proceeds on sale of property and equipment		-	974,162
Acquisition costs on business combinations and assets acquisitions, net of cash acquired		-	(16,073,617)
Deferred acquisition costs		-	1,816,863
Deposits		16,265	-
Cash flows used in discontinued operations		(152,368)	(247,610)
Cash Flows from Investing Activities		**(1,385,820)**	**(17,211,151)**
Cash Flows from Financing Activities:			
Proceeds from sale of stock, net of issuance costs	*8*	7,613,490	47,542,878
Lease payments	*9*	(351,010)	(126,251)
Interest paid	*9*	(2,122,422)	(1,356,273)
Cash flows used in discontinued operations		(1,047,414)	(556,139)
Cash Flows from Financing Activities		**4,092,644**	**45,504,215**
Net Change in Cash		$ **(1,545,489)**	$ **20,716,346**
Cash, Beginning of the Period		7,641,673	9,624,110
Cash, End of the Period		$ **6,096,184**	$ **30,340,456**

Supplemental cash flow information *(Note 19)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements

VIREO HEALTH INTERNATIONAL, INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in United States Dollars)

	Note	Share Capital: Number of Shares		Share Capital: Amount		Reserves		Retained Earnings (Deficit)		Total Shareholders' Equity
Balance as of December 31, 2018		**66,198,748**	**$**	**41,965,556**	**$**	**2,766,050**	**$**	**(3,077,353)**	**$**	**41,654,253**
Shares issued on RTO transaction	*4*	705,879		2,999,986		-		-		2,999,986
Shares issued in private placement		12,090,937		46,041,217		1,723,741		-		47,764,958
Acquisition of Mayflower Botanicals	*12(d)*	3,704,700		15,996,524		-		-		15,996,524
Acquisition of AZ entities	*12(b)*	1,680,600		7,594,463		-		-		7,594,463
Acquisition of Red Barn	*12(c)*	672,100		3,130,306		-		-		3,130,306
Equity portion of convertible debt	*8*	-		-		463,446		-		463,446
Shares issued on conversion of debt	*8*	166,500		725,090		(294,025)		-		431,065
Stock-based compensation		-		-		3,303,297		-		3,303,297
Net Loss		-		-		-		(57,010,486)		(57,010,486)
Balance as of December 31, 2019		**85,219,464**	**$**	**118,453,142**	**$**	**7,962,509**	**$**	**(60,087,839)**	**$**	**66,327,812**
Shares issued in private placement	*8*	13,651,574		4,058,460		-		-		4,058,460
Share-based compensation	*8*	-		-		11,721,360		-		11,721,360
Net Loss		-		-		-		(11,001,240)		(11,001,240)
Balance as of June 30, 2020		**98,871,038**	**$**	**122,511,602**	**$**	**19,683,869**	**$**	**(71,089,079)**	**$**	**71,106,392**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Vireo Health International Inc. ("Vireo International" or the "Company") was incorporated under the Alberta Business Corporations Act on November 23, 2004. On March 18, 2019, the Company completed a Reverse Takeover Transaction ("RTO") with Vireo Health Inc. ("Vireo U.S."), whereby the Company acquired Vireo U.S. and the shareholders of Vireo U.S. became the controlling shareholders of the Company (*Note 4*). Following the RTO, the Company is listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "VREO".

Vireo U.S. is a physician-led, science-focused organization that cultivates and manufactures pharmaceutical-grade cannabis extracts. Vireo U.S. operates medical cannabis cultivation, production, and dispensary facilities in Arizona, Maryland, Minnesota, New Mexico, New York, Ohio, Pennsylvania, and Rhode Island through its subsidiaries.

While marijuana and CBD-infused products are legal under the laws of several U.S. states (with vastly differing restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Recently some federal officials have attempted to distinguish between medical cannabis use as necessary, but recreational use as "still a violation of federal law." At the present time, the distinction between "medical marijuana" and "recreational marijuana" does not exist under U.S. federal law, if one is illegal, both are illegal.

The Company's business could be materially and adversely affected by the outbreak of a widespread epidemic or pandemic or other public health crisis, including arising from the novel strain of the coronavirus known as "COVID-19." This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2019. They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions deemed significant to provide an understanding of the changes in the Company's financial position and performance since its most recent annual financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on August 24, 2020.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared in U.S. dollars on a historical cost basis except for cash, biological assets and derivative liabilities, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. In addition, these interim financial statements have been prepared using the accrual basis of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented.

(a) Critical accounting estimates and judgements

The application of the Company's accounting policies requires management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The information about significant areas of estimation uncertainty and judgment considered by management in preparing these consolidated financial statements is as follows:

Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated useful lives, impairment considerations and amortization of intangible assets

Amortization of intangible assets is dependent upon estimates of useful lives based on management's judgement.

Goodwill and indefinite life intangible asset impairment testing requires management to make estimates in the impairment testing model. On an annual basis, the Company tests whether goodwill and indefinite life intangible assets are impaired.

Impairment of definite-lived assets is influenced by judgement in defining a CGU and determining the indicators of impairment, and estimates used to measure impairment losses.

The recoverable value of indefinite and definite long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis plant up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields of the cannabis plant. In calculating final inventory values, management is required to determine an estimated fail rate and compare the inventory cost to estimated net realizable value.

Expected credit loss

Management determines expected credit loss by evaluating individual receivable balances and considering customers' financial condition and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the year ended.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangible assets is recognized on a straight-line basis over their estimated useful lives.

Impairment of long-lived assets

Long-lived assets, including property and equipment and intangible assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Derivative Liabilities

The fair value of the derivative liability is subject to assumptions. The valuation of the derivative liability is valued using pricing models such as the Black-Scholes valuation model. The valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the derivative liability has characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in estimates in future periods could be significant.

Income taxes

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Business combinations

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37, as appropriate, with corresponding gain or loss being recognized in profit or loss.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquire over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

(b) Assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less cost to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

(Unaudited - Expressed in United States Dollars)

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell. A component of the Company comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

(c) New or amended standards adopted effective January 1, 2020

The Company has not adopted any new or amended IFRS standards during the period ended June 30, 2020.

4. REVERSE TAKE-OVER

On March 18, 2019, Vireo U.S. completed the reverse take-over transaction of Vireo Health International Inc. (formerly Darien Business Development Corp. or "Darien") (the "Transaction") whereby Vireo U.S. acquired all of the issued and outstanding shares of Darien. Following the completion of the Transaction, the former shareholders of Vireo U.S. acquired control of the Company, as they own a majority of the outstanding shares of the Company upon completion of the Transaction.

As the Transaction did not meet the definition of a business under IFRS, the Transaction was outside of the scope of IFRS 3, Business Combinations, and was accounted for as a share-based payment transaction in accordance with IFRS 2, Share-based Payments ("IFRS 2"). Under IFRS 2, the Transaction was measured at the fair value of the shares deemed to have been issued by Vireo U.S. in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of Vireo U.S. acquired 100% of Darien. Any difference between the fair value of the shares deemed to have been issued by Vireo U.S. and the fair value of Darien's' identifiable net assets acquired represents the value of the public listing received by Vireo U.S.

The Company recorded a listing expense* of $3,562,883 in the consolidated statement of comprehensive loss, the details of which are as follows:

Consideration paid:		
705,879 subordinate voting shares	$	2,999,986
Transaction costs		568,277
Total Consideration	**$**	**3,568,263**
Fair value of net assets acquired:		
Cash	$	428
Receivables		7,012
Prepaid expenses		7,715
Accounts payable and accrued liabilities		(9,775)
Net assets assumed	**$**	**5,380**
Listing Expense*	**$**	**3,562,883**

* During the year ended December 31, 2019, $98,270 in transaction costs previously netted against the equity proceeds of the reverse take-over transaction were reclassified as a listing expense to flow through the statement of comprehensive loss.

(Unaudited - Expressed in United States Dollars)

5. INVENTORIES

Inventory is comprised of:

	June 30, 2020	December 31, 2019
Work in process - harvested cannabis bud and trim	$ 18,972,248	$ 10,765,599
Work in process - cannabis oil	9,921,995	13,534,434
Finished goods - cannabis	9,792,317	7,791,081
Accessories	87,732	323,880
Packaging Materials	110,276	22,314
	$ 38,884,568	**$ 32,437,308**

Cost of inventory is recognized as an expense when sold and included in cost of goods sold. Included in costs of goods sold for the three months ended June 30, 2020, is $5,279,567 (2019 - $7,593,886) and for the six months ended June 30, 2020, is $12,962,945 (2019 – 10,620,617) from changes in fair value of biological assets which was transferred to inventory upon harvest. The Company recorded an inventory impairment for the six months ended June 30, 2020 of $165,290 (2019 - $479,803). The Company recorded an inventory impairment for the three months ended June 30, 2020 of $89,154 (2019 - $752,696).

6. BIOLOGICAL ASSETS

Biological assets are comprised of:

	Capitalized Costs	Fair Value Adjustment	Balance
December 31, 2018	**$ 938,038**	**$ 5,029,112**	**$ 5,967,150**
Fair value adjustment on growth of biological assets	-	21,209,166	21,209,166
Purchased as part of acquisition (*Note 12*)	1,651,452	-	1,651,452
Production costs capitalized	10,446,443	-	10,446,443
Transferred to inventory upon harvest	(9,572,130)	(23,567,872)	(33,140,002)
December 31, 2019	**$ 3,463,803**	**$ 2,670,406**	**$ 6,134,209**
Fair value adjustment on growth of biological assets	-	32,020,745	32,020,745
Production costs capitalized	5,453,534	-	5,453,534
Transferred to inventory upon harvest	(5,285,325)	(22,032,158)	(27,317,483)
Transfer to Held for Sale (*Note 18*)	(672,327)	75,859	(596,468)
June 30, 2020	**$ 2,959,685**	**$ 12,734,852**	**$ 15,694,537**

As of June 30, 2020, and December 31, 2019, the carrying value of biological assets consisted entirely of live cannabis plants.

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram less any additional costs to be incurred to transform the yield into a sellable product. Percentage of cost completion is applied to biological assets growing as of the measurement date.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

i) Selling price – calculated as the annual historical selling price for flower yield in all finished goods sold by the Company, which is expected to approximate future selling prices

(Unaudited - Expressed in United States Dollars)

ii) Percentage of completion – represents the percentage of total expected costs incurred from growing biological assets as of the measurement date.
iii) Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant
iv) Wastage – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested
v) Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labor related to labelling and packaging

The following table quantifies each significant unobservable input, and also provides the impact of a 10% increase/decrease in each input would have on the fair value of biological assets.

	June 30, 2020	December 31, 2019	10% Change as of 6/30/2020	10% Change as of 12/31/2019
Selling price	$ 9.08	$ 11.11	$ 5,502,000	$ 4,224,000
% of Completion	63%	66%	$ 1,613,000	$ 613,000
Yield by plant (grams)	258	159	$ 1,632,000	$ 614,000
Wastage	13%	17%	$ (87,000)	$ (55,000)
Post-harvest costs	$ 2.62	$ 2.89	$ (2,147,000)	$ (1,699,000)

Biological assets were on average at a less advanced stage of growth at June 30, 2020 (63% complete) compared to December 31, 2019 (66% complete). The Company aggregates fair value on a percentage of completion. As a result, a cannabis plant that is 50% through its estimated total grow cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to wastage adjustments).

(Unaudited - Expressed in United States Dollars)

7. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSETS

	Land	Building & Improvements	Furniture & Equipment	Software	Vehicles	Construction in Progress	Assets under Capital Lease	Total
Cost	-							
Balance December 31, 2018	**$ -**	**$ 3,586,255**	**$ 2,508,454**	**$ 105,968**	**$ 171,517**	**$ 1,575,907**	**$ 17,083,758**	**$ 25,031,859**
Adoption of IFRS 16	-	-	-	-	-	-	(17,083,758)	(17,083,758)
Additions	1,309,949	1,141,470	2,344,506	-	227,785	2,667,043	-	7,690,753
Acquisitions	-	795,655	310,770	-	-	-	-	1,106,425
Disposals	-	-	(81,314)	-	-	(978,248)	-	(1,059,562)
Balance December 31, 2019	**$ 1,309,949**	**$ 5,523,380**	**$ 5,082,416**	**$ 105,968**	**$ 399,302**	**$ 3,264,702**	**$ -**	**$ 15,685,717**
Additions	-	48,403	428,654	50,837	24,215	849,976	-	1,402,085
Disposals	-	-	-	-	-	(22,596)	-	(22,596)
Transfer to Held for Sale (*Note 18*)	-	-	(508,559)	-	(46,900)	(212,569)	-	(768,028)
Balance June 30, 2020	**$ 1,309,949**	**$ 5,571,783**	**$ 5,002,511**	**$ 156,805**	**$ 376,617**	**$ 3,879,513**	**$ -**	**$ 16,297,178**
Depreciation								
Balance December 31, 2018	**$ -**	**$ 714,963**	**$ 556,704**	**$ 103,395**	**$ 38,006**	**$ -**	**$ 771,508**	**$ 2,184,576**
Adoption of IFRS 16	-	-	-	-	-	-	(771,508)	(771,508)
Additions	-	237,432	675,697	2,573	66,699	-	-	982,401
Disposals	-	-	(36,089)	-	-	-	-	(36,089)
Balance December 31, 2019	**$ -**	**$ 952,395**	**$ 1,196,312**	**$ 105,968**	**$ 104,705**	**$ -**	**$ -**	**$ 2,359,380**
Additions	-	302,749	213,870	8,473	41,141	-	-	566,233
Transfer to Held for Sale (*Note 18*)	-	-	(67,727)	-	(8,016)	-	-	(75,743)
Balance June 30, 2020	**$ -**	**$ 1,255,144**	**$ 1,342,455**	**$ 114,441**	**$ 137,830**	**$ -**	**$ -**	**$ 2,849,870**
Net book Value								
Carrying Amount December 31, 2019	**$ 1,309,949**	**$ 4,570,985**	**$ 3,886,104**	**$ -**	**$ 294,597**	**$ 3,264,702**	**$ -**	**$ 13,326,337**
Carrying Amount June 30, 2020	**$ 1,309,949**	**$ 4,316,639**	**$ 3,660,056**	**$ 42,364**	**$ 238,787**	**$ 3,879,513**	**$ -**	**$ 13,447,308**

(Unaudited - Expressed in United States Dollars)

The Company initially adopted IFRS 16 effective January 1, 2019, whereby the amount recognized as a right-of-use asset was equal to the present value of the future lease payments due under outstanding leases at January 1, 2019. The right-of-use assets are being depreciated on a straight-line basis over the remaining term of the underlying lease as there are no options to acquire or otherwise transfer ownership of the underlying asset to the Company at the end of the lease term. Right of use assets consist of the following:

		Right of Use
Balance, January 1, 2019	**$**	**21,727,835**
Acquisition		207,096
Additions		6,206,226
Depreciation		(2,219,554)
Balance, December 31, 2019	**$**	**25,921,603**
Additions		8,543,363
Depreciation		(1,338,869)
Transfer to Held for Sale (*Note 18*)		(11,826,615)
Balance, June 30, 2020		**21,299,482**

During the six-months ended June 30, 2020 $847,253 (2019 - $544,054) in depreciation was included in profit and loss, of which $1,974 relates to discontinued operations, and $1,057,849 (2019 - $799,719) was capitalized with respect to biological assets.

8. SHARE CAPITAL

(a) Authorized

The Company has authorized an unlimited number of Subordinate Voting Shares, Multiple Voting Shares, and Super Voting Shares, all with no par value. All share classes are included within share capital in the consolidated statements of shareholders' equity on an as converted basis. Each share class is entitled to notice of and to attend at any meeting of the shareholders, except a meeting of which only holders of another particular class of shares will have the right to vote. All share classes are entitled to receive dividends, as and when declared by the Company, on an as-converted basis, and no dividends will be declared by the Company on any individual class unless the Company simultaneously declares or pays dividends on all share classes. No subdivision or consolidation of any share class shall be made without simultaneously subdividing or consolidating all share classes in the same manner.

Subordinate Voting Shares
Holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held.

Multiple Voting Shares
Holders of Multiple Voting Shares will be entitled to one hundred votes for each Multiple Voting Share held. Multiple Voting Shares each have the restricted right to convert to one hundred Subordinate Voting Shares subject to adjustments for certain customary corporate changes.

Super Voting Shares
Holders of Super Voting Shares will be entitled to ten votes in respect of each Subordinate Voting Share into which such Super Voting share could ultimately then be converted, which for greater certainty, shall initially equal one thousand votes per Super Voting Share. Each super voting share shall be convertible into one Multiple Voting Share.

(Unaudited - Expressed in United States Dollars)

(b) Issued and outstanding

At June 30, 2020, the Company has 37,952,477 shares issued and outstanding, as follows:

Series	Shares Outstanding	As Converted to SVS Shares
Subordinate Voting Shares ("SVS")	37,337,138	37,337,138
Multiple Voting Shares ("MVS")	549,928	54,992,800
Super Voting Shares	65,411	6,541,100
Total	**37,952,477**	**98,871,038**

(c) Transactions during the six months ended June 30, 2020:

i) On March 9, 2020, the Company closed the first tranche of a non-brokered private placement and issued 13,651,574 Units at a price of C$ $0.77 per Unit. Each Unit is comprised of one subordinate voting share of the Company and one subordinate voting share purchase warrant. Each warrant entitles the holder to purchase one subordinate voting share for a period of three years from the date of issuance at an exercise price of C$ $0.96 per subordinate voting share. The Company has the right to force the holders of the Warrants to exercise the Warrants into Shares if, prior to the maturity date, the five-trading-day volume weighted-average price of the Shares equals or exceeds C$ 1.44. Proceeds from this transaction were $7,613,490 net of share issuance costs of $104,173.

Because of the Canadian dollar denominated exercise price, these warrants do not qualify to be classified within equity and are therefore classified as derivative liabilities at fair value through profit or loss "FVTPL". On March 9, 2020, the warrants were valued using the Black Scholes option pricing model at $3,555,030 using the following assumptions: Share Price: USD 0.52; Exercise Price: USD 0.70; Expected Life: 3 years; Annualized Volatility: 90%; Dividend yield: 0%; Discount Rate: 0.38%; C$ Exchange Rate: 1.37.

On June 30, 2020, the warrants were revalued using the Black Scholes option pricing model. The change in value is reflected in the statement of comprehensive loss. Refer to *Note 10* for additional detail.

(d) Transactions during the year ended December 31, 2019:

i) The Company issued 12,090,937 Subordinate Voting Shares of the Company at $4.25 per share for gross proceeds of $51,386,482. In connection with the financing, the Company paid a cash fee to the agents equal to $2,826,739 and the agents were granted a combined 763,111 in compensation warrants. The agent's compensation warrants will be exercisable at a price of $4.25 per share for a period of two years. In addition, the Company paid a financial advisory fee of $415,000 and had costs in the amount of $379,785. Of total costs, $448,840 was incurred during the year ended December 31, 2018. The compensation warrants have been valued at $1,723,741 using the Black-Scholes option pricing model applying the following assumptions: Risk Free Rate - 2.31%, Expected Life - 2 years, Expected Annualized Volatility – 100%, Expected Dividend Yield – 0%.

ii) The Company issued 705,879 Subordinate Voting Shares with a fair value of $2,999,986 as part of the RTO Transaction *(Note 4)* in exchange for all outstanding shares of Vireo U.S.

iii) The Company acquired all the equity of Elephant Head Farm, LLC and Retail Management Associates, LLC both Arizona limited liability companies. As consideration, the Company paid cash and issued 16,806 Multiple Voting Shares (equivalent of 1,680,600 SVS shares) of the Company with a fair value of $7,594,463 *(Note 12(b))*.

iv) The Company acquired all the assets of Silver Fox Management Services, LLC. As consideration, the Company paid cash, issued 6,721 Multiple Voting Shares (equivalent of 672,100 SVS shares) with a fair value of $3,130,306 *(Note 12(c))*.

v) The Company completed the 100% acquisition of Mayflower Botanicals, Inc., a Massachusetts corporation. As consideration, the Company paid cash and issued 30,325 Multiple Voting Shares (equivalent of 3,032,500 SVS shares) with a fair value of $13,094,032. The Company issued 6,722 Multiple Voting Shares (equivalent of 672,200 SVS shares) as a finder's fee on the acquisition. The shares issued had a fair value of $2,902,492 *(Note 12(d))*.

(Unaudited - Expressed in United States Dollars)

vi) The Company converted a convertible note to equity *(Note 9)*. The Company converted a note with a face value of $700,000 and a carrying value of $431,065 into 1,665 Multiple Voting Shares (equivalent of 166,500 SVS shares). On conversion, $294,025 was transferred from reserves to share capital.

vii) The Company redeemed 26,699 Multiple Voting Shares and converted them into 2,669,900 subordinate voting shares.

(e) Stock Options

The Company adopted an equity incentive plan where the Company may grant incentive stock options, restricted shares, restricted share units, or other awards. Under the terms of the plan the Company can issue employee stock options up to ten percent of the number of shares outstanding assuming conversion of all super voting and multiple voting shares to subordinate voting shares. The exercise price for incentive stock options issued under the plan will be set by the committee but will not be less 100% of the fair market value of the Company's shares on the date of grant. Incentive stock options have a maximum term of 10 years from the date of grant. The incentive stock options vest at the discretion of the Board.

	Options Outstanding		Weighted Avg. Exercise Price
Balance, December 31, 2018	22,215,547	$	0.29
Forfeitures	(225,040)		0.33
Granted	1,672,093		1.13
Balance, December 31, 2019	23,662,600		0.35
Forfeitures	(1,370,117)		0.42
Granted	175,949		1.50
Balance June 30, 2020	**22,468,432**	**$**	**0.35**

(Unaudited - Expressed in United States Dollars)

As at June 30, 2020 the Company has the following options outstanding and exercisable:

Grant Date		Exercise Price	Options Outstanding	Options Exercisable	Weighted Average Life Remaining (years)
January 1, 2018	$	0.19	6,645,307	6,152,228	7.51
May 1, 2018	$	0.33	775,193	775,193	2.84
May 1, 2018	$	0.33	3,725,532	3,725,532	2.84
May 1, 2018	$	0.33	5,108,879	2,906,152	7.84
October 1, 2018	$	0.33	853,261	590,720	8.26
December 20, 2018	$	0.33	3,657,771	1,576,189	8.44
December 2, 2019	$	1.13	1,526,540	19,305	9.40
January 1, 2020	$	1.13	60,949	5,237	9.28
January 31, 2020	$	1.70	115,000	115,000	8.90
Total			**22,468,432**	**15,865,556**	**6.97**

During the six months ended June 30, 2020, the Company recognized $649,785 in share-based compensation (2019 - $456,952) relating to stock options vesting. During the three months ended June 30, 2020, the Company recognized $277,661 in share-based compensation (2019 - $255,765) relating to stock options vesting. In determining the amount of share-based compensation related to options issued during the period, the Company used the Black-Scholes option pricing model to establish fair value of options granted:

		June 30, 2020	June 30, 2019
Risk-Free Interest Rate		1.37% - 1.48%	N/A
Expected Life of Options (years)		8.01 - 10.00	N/A
Expected Annualized Volatility		100.00%	N/A
Expected Forfeiture Rate		nil	N/A
Expected Dividend Yield		nil	N/A
Black-Scholes Value of Each Option	$	0.899 – 0.963	N/A

(f) Warrants

Subordinate Voting Share (SVS) warrants entitle the holder to purchase one subordinate voting share of the Company. Multiple Voting Share (MVS) warrants entitle the holder to purchase one multiple voting share of the Company. A summary of the status of the warrants outstanding is as follows:

SVS Warrants	Warrants Outstanding		Weighted Avg. Exercise Price
Balance, December 31, 2018	867,198	$	1.50
Issued	15,763,111		2.39
Balance December 31, 2019, and June 30, 2020	**16,630,309**	**$**	**2.34**

MVS Warrants	Warrants Outstanding		Weighted Avg. Exercise Price
Balance, December 31, 2018	-	$	-
Issued	13,583		194.66
Balance December 31, 2019, and June 30, 2020	**13,583**	**$**	**194.66**

SVS Warrants Denominated in C$	Warrants Outstanding		Weighted Avg. Exercise Price (C$)
Balance, December 31, 2019 and 2018	-		-
Issued	13,651,574		0.96
Balance June 30, 2020	**13,651,574**	**$**	**0.96**

These warrants have an exercise price denominated in Canadian dollars. Because of the Canadian denominated exercise price, these warrants do not qualify to be classified within equity and are therefore classified as derivative liabilities at fair value through profit or loss "FVTPL".

As of June 30, 2020, the Company has the following warrants outstanding and exercisable:

Grant Date		Exercise Price	Warrants Outstanding	Warrants Exercisable	Weighted Average Life Remaining (years)
July 20, 2018 (1)	$	1.50	509,241	509,241	0.05
July 20, 2018 (1)	$	1.50	294,047	294,047	0.05
July 20, 2018 (1)	$	1.50	18,903	18,903	0.05
October 24, 2018 (1)	$	1.50	45,007	45,007	0.32
March 18, 2019 (1)	$	4.25	763,111	763,111	0.71
March 29, 2019 (2)	$	297.50	1,695	1,130	0.74
September 11, 2019 (2)	$	180.00	11,888	11,888	2.20
November 7, 2019 (1)	$	1.02	10,000,000	10,000,000	4.35
November 7, 2019 (1)	$	3.81	2,500,000	2,500,000	4.35
November 7, 2019 (1)	$	5.86	2,500,000	2,500,000	4.35
March 9, 2020 (3)	C$	0.96	13,651,574	13,651,574	3.69
			30,295,466	**30,294,901**	**3.84**

(1) Consists of SVS warrants
(2) Consists of MVS warrants
(3) Consists of SVS warrants denominated in C$

During the year ended December 31, 2019, the Company issued 15,000,000 SVS compensation warrants. During the six months ended June 30, 2020, $10,981,157 (2019 - $nil) in share-based compensation expense was recorded in connection with the SVS compensation warrants vesting during the period. During the three months ended June 30, 2020, $8,671,561 (2019 - $nil) in share-based compensation expense was recorded in connection with the SVS compensation warrants vesting during the period.

During the year ended December 31, 2019, the Company issued 13,583 MVS warrants. During the six months ended June 30, 2020, $90,418 (2019 - $nil) in share-based compensation was recorded in connection with the MVS warrants vesting during the period. During the three months ended June 30, 2020, $36,200 (2019 - $nil) in share-based compensation was recorded in connection with the MVS warrants vesting during the period

In determining the amount of the warrant compensation expense related to SVS and MVS warrants issued during the six months ended June 30, 2020 and 2019, the Company used the Black-Scholes option pricing model to establish fair value of warrants issued on their measurement date by applying the following weighted average assumptions:

(Unaudited - Expressed in United States Dollars)

SVS Warrants	June 30, 2020		June 30, 2019
Risk-Free Interest Rate	N/A		2.31%
Expected Life of Options (years)	N/A		2.00
Expected Annualized Volatility	N/A		100%
Expected Forfeiture Rate	N/A		nil
Expected Dividend Yield	N/A		nil
Black-Scholes Value of Each Warrant	N/A	$	2.323

MVS Warrants	June 30, 2020	June 30, 2019
Risk-Free Interest Rate	N/A	2.31%
Expected Life of Options (years)	N/A	2.00
Expected Annualized Volatility	N/A	100%
Expected Forfeiture Rate	N/A	nil
Expected Dividend Yield	N/A	nil
Black-Scholes Value of Each Warrant	N/A	266.87

9. DEBT AND LEASE OBLIGATIONS

(a) Long-term debt

		June 30, 2020		**December 31, 2019**
Beginning of year	**$**	**1,110,000**	**$**	**1,010,000**
Proceeds		-		100,000
End of year	**$**	**1,110,000**	**$**	**1,110,000**
Less: Current portion		-		-
Long-term debt	**$**	**1,110,000**	**$**	**1,110,000**

During the year ended December 31, 2017, the Company signed a promissory note payable in the amount of $1,010,000. The note bears interest at a rate of 15% per annum with interest payments required on a monthly basis. Effective November 13, 2019, the Company's promissory note payable in the amount of $1,010,000 was modified to increase the amount payable to $1,110,000 and extended the maturity date to December 31, 2021.

(Unaudited - Expressed in United States Dollars)

(b) Convertible debt

		June 30, 2020		December 31, 2019
Opening balance	$	817,446	$	-
Additions		-		1,650,000
Equity component of convertible debt		-		(463,446)
Accretion of loan discount		39,340		52,096
Accrued interest		-		9,861
Conversion to MVS shares		-		(431,065)
Ending balance	**$**	**856,786**	**$**	**817,446**
Less: Current portion		-		-
Long-term debt	**$**	**856,786**	**$**	**817,446**

During the year ended December 31, 2019, the Company issued a convertible promissory note payable in the amount $700,000 in connection with the acquisition of High Gardens, Inc. *(Note 12(a))*. The note bears interest at 3% per annum with interest payments required on a monthly basis. All the unpaid principal balance of this note shall be converted to shares of the Company at the option of the holder of the note. The Company recognized $294,025 as the equity portion of the convertible debt. The loan was converted into 1,655 multiple voting shares during the year ended December 31, 2019 *(Note 8)*.

During the year ended December 31, 2019, the Company signed a convertible promissory note payable in the amount $900,000 in connection with the acquisition of XAAS Agro, Inc. *(Note 12(e))*. The note bears interest at 5% per annum with interest payments required on a monthly basis. All the unpaid principal balance of this note shall be converted to shares of the Company at the option of the holder or the Company. The Company recognized $154,697 as the equity portion of the convertible debt. The loan is repayable in full in June 2021.

During the year ended December 31, 2019, the Company signed two convertible promissory notes payable in the amount $25,000 each in connection with the acquisition of Midwest Hemp Research, LLC *(Note 12(f))*. The notes bear interest at 2.76% per annum with interest payments required on a monthly basis. All of the unpaid principal balance of these notes shall be converted to shares of the Company at the option of the holder or the Company. The Company recognized $14,724 as the equity portion of the convertible debts. The loans are repayable in full in December 2021.

During the year ended December 31, 2019, the Company signed two separate convertible promissory notes payable in the amount $1,250,000 each in connection with the proposed acquisition of MJ Distributing P132 LLC and MJ Distributing C201 LLC. *(Note 12(g))*. The notes each bear interest at 4% per annum for the first six months and 8% per annum thereafter with interest payments required on a monthly basis. The notes are being held in escrow pending regulatory approval of the acquisitions. All the unpaid principal balances of these notes shall be converted to shares of the Company at the option of the holder or the Company. The notes are repayable in full in April 2021. Because the acquisitions of MJ Distributing P132 LLC and MJ Distributing C201 LLC have yet to close as at June 30, 2020, the convertible promissory notes have yet to be recorded as liabilities of the Company.

(Unaudited - Expressed in United States Dollars)

(c) Lease obligations

	June 30, 2020	December 31, 2019
Opening balance	**$ 29,285,508**	**$ 17,301,115**
Adoption of IFRS 16	-	5,686,676
Acquired through acquisitions *(Note 12(b) and (c))*	-	207,096
Additions	8,543,363	6,206,226
Interest	3,083,682	4,486,403
Interest Payments	(3,083,682)	(4,486,403)
Interest Accretion	348,382	501,540
Principal Payments	(351,010)	(617,145)
Transfer to Held for Sale	(13,275,504)	-
Ending balance	$ 24,550,739	$ 29,285,508
Less: Current portion	(432,616)	(619,827)
Long-term debt	$ 24,118,123	$ 28,665,681

Future minimum lease payments (principal and interest) on the leases is as follows:

	June 30, 2020
2020	$ 2,356,716
2021	4,891,993
2022	4,979,350
2023	5,039,462
2024	5,143,826
Thereafter	61,342,097
Total minimum lease payments	83,753,444
Effect of discounting	(59,202,705)
Present value of minimum lease payments	24,550,739
Current portion lease obligations	(432,616)
Long term lease obligations	$ 24,118,123

The Company has entered into various lease agreements for the use of buildings used in production and retail sales of cannabis products.

On April 10, 2020, the Company signed a fourth amendment to the existing lease agreements for the cultivation and manufacturing facilities in Minnesota. Under the terms of the amendment, the term of the lease was extended to April 9, 2040, and provides for additional tenant improvements up to $6,698,183. The amended agreement for the cultivation and manufacturing facility in Minnesota requires regular monthly payments of $129,350.

On April 10, 2020, the Company signed a second amendment to the existing lease agreements for the cultivation and manufacturing facilities in New York. Under the terms of the amendment, the term of the lease was extended to April 9, 2035, and provides for additional tenant improvements up to $3,360,000. The amended agreement for the cultivation and manufacturing facility in New York requires regular monthly payments of $90,519.

On April 10, 2020, the Company signed a third amendment to the existing lease agreements for the cultivation and manufacturing facilities in Pennsylvania. Under the terms of the amendment, tenant improvements were reduced to $8,036,670. The amended agreement for the cultivation and manufacturing facility in Pennsylvania requires regular monthly payments of $184,786.

On January 14, 2020 the Company signed a second amendment to the existing lease agreements for the cultivation and manufacturing facilities in Pennsylvania. Under the terms of the second amendment, the term of the lease was extended to December 7, 2038 and provides for additional tenant improvements of up to $8,336,670. The amended agreement for the cultivation and manufacturing facility in Minnesota requires regular monthly payments of $182,419.

During the year ended December 31, 2019, the Company entered into sale and leaseback transactions for cultivation facilities. As part of the transaction, the Company entered a lease agreement for the Cultivation Facilities as follows:

- The lease agreement for a processing and manufacturing facility in Ohio with a fair value of $1,018,123 is for 15 years with two consecutive options to extend for an additional 5 years each. The effective interest rate on the lease is 15% and requires regular monthly payments of $42,000, which increase by 3.5% each year. Principal repayments begin in 2028. The lease also provides for a Tenant Improvement ("TI") allowance up to $2,581,887.

- On September 25, 2019 the Company signed a second amendment to the existing lease agreements for the cultivation and manufacturing facilities in Minnesota. Under the terms of the second amendment, the term of the lease was extended to December 7, 2038 and provides for additional tenant improvements of up to $5,588,000. The amended agreement for the cultivation and manufacturing facility in Minnesota requires regular monthly payments of $111,263.

- The amended agreement for the cultivation and manufacturing facility in Minnesota requires regular monthly payments of $111,263 which increases by 3.5% each year beginning in October 2019 over the remaining term of the agreement. Principal repayments begin in 2024. The agreement has two optional consecutive options to extend for an additional 5 years. Also, the amendment provides for additional tenant improvement (TI) allowance up to $5,588,000.

10. DERIVATIVE LIABILITIES

On March 9, 2020, the Company closed the first tranche of a non-brokered private placement and issued 13,651,574 Units at a price of C$ 0.77 per Unit. Each Unit is comprised of one subordinate voting share of the Company and one subordinate voting share purchase warrant.

Because of the Canadian denominated exercise price, these warrants do not qualify to be classified within equity and are therefore classified as derivative liabilities at fair value through profit or loss "FVTPL". On March 9, 2020, the warrants were valued using the Black Scholes option pricing model at $3,555,030 using the following assumptions: Share Price: USD 0.52; Exercise Price: USD 0.70; Expected Life: 3 years; Annualized Volatility: 90%; Dividend yield: 0%; Discount Rate: 0.38%; C$ Exchange Rate: 1.37.

On June 30, 2020, the warrants were subsequently revalued using the Black Scholes option pricing model at $4,521,230 using the following assumptions: Share Price: USD 0.64; Exercise Price: USD 0.71; Expected Life: 2.69 years; Annualized Volatility: 90%; Dividend yield: 0%; Discount Rate: 0.16%; C$ Exchange Rate: 1.36. The resulting loss upon revaluation of $966,202 and $2,292,130 for the six, and three-month periods ended June 30, 2020, respectively, is reflected in the statement of loss and comprehensive loss.

(Unaudited - Expressed in United States Dollars)

11. ASSESSMENT OF CONTINGENT LIABILITIES

(a) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of June 30, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulation as of June 30, 2020, medical marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

12. BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

(a) High Gardens, Inc.

On January 4, 2019, the Company acquired all of the issued and outstanding shares of High Gardens, Inc. The purpose of this acquisition was to acquire a medical marijuana license in the State of Rhode Island. The acquisition was financed with cash on hand and borrowings. The acquisition was accounted for as an asset acquisition in accordance with IFRS 3, and related operating results are included in the accompanying consolidated statements of operations, changes in shareholders' equity, and statement of cash flows commencing from the date of acquisition.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration paid:		
Cash	$	300,000
Convertible Debt *(Note 9)*		700,000
Transaction costs		26,256
	$	1,026,256
Fair value of net assets acquired:		
Intangible asset	$	1,026,256

(Unaudited - Expressed in United States Dollars)

(b) Elephant Head Farm, LLC and Retail Management Associates, LLC

On March 22, 2019, the Company acquired all of the equity interests of Elephant Head Farm, LLC and Retail Management Associates, LLC (collectively, the "AZ entities"). The purpose of this acquisition was to acquire the exclusive right to manage and control Arizona Natural Remedies, an Arizona nonprofit corporation with licenses to cultivate and distribute medical cannabis in the state of Arizona. The acquisition was financed with cash on hand and equity. The acquisition was accounted for as a business combination in accordance with IFRS 3, and related operating results are included in the accompanying consolidated statements of operations, changes in shareholders' equity, and statement of cash flows for periods subsequent to the acquisition date. Revenue and net loss of the AZ entities included in the consolidated statements of operations from the acquisition date through December 31, 2019 was $4,631,052 and $5,415,373 respectively.

Total transaction costs related to the acquisition were approximately $723,272, including a finders' fee of $620,000, and have been included in consolidated statement of operations for the year ended December 31, 2019. Goodwill arose because the consideration paid for the business acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of production.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration paid:		
Cash	$	10,500,000
Issuance of 16,806 multiple voting shares *(Note 8)*		7,594,463
	$	18,094,463
Fair value of net assets acquired:		
Cash	$	340,507
Inventory		557,017
Biological assets		1,470,983
Other current assets		277,340
Property and equipment		1,033,135
Right of Use Asset		81,603
Intangible asset license		6,800,000
Goodwill		7,792,605
Accounts payable and accrued liabilities		(177,124)
Right of Use Liability		(81,603)
	$	18,094,463

(Unaudited - Expressed in United States Dollars)

(c) Red Barn Growers

On March 25, 2019, the Company acquired substantially all of the assets of Silver Fox Management Services, LLC ("Silver Fox") including all intellectual property, contracts, leases, license rights and inventory. The purpose of this acquisition was to acquire the exclusive right to manage and control Red Barn Growers, Inc. ("Red Barn Growers"), a New Mexico nonprofit corporation with licenses to cultivate and distribute medical cannabis in the state of New Mexico. The acquisition was accounted for in accordance with IFRS 3, and related operating results are included in the accompanying consolidated statements of operations, changes in shareholders' equity, and statement of cash flows for periods subsequent to the acquisition date. Revenue and net loss of Red Barn Growers included in the consolidated statements of operations from the acquisition date through December 31, 2019 were approximately $1,085,332 and $4,022,077 respectively.

Total transaction costs related to the acquisition were approximately $16,608 and have been included in consolidated statement of operations for the year ended December 31, 2019. Goodwill arose because the consideration paid for the business acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of production.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration paid:		
Cash	$	2,000,000
Issuance of 6,721 multiple voting shares *(Note 8)*		3,130,306
	$	5,130,306
Fair value of net assets acquired:		
Cash	$	75,695
Inventory		369,107
Biological assets		180,469
Other current assets		497
Property and equipment		73,290
Right of Use Asset		125,493
Intangible asset license		569,400
Goodwill		3,878,300
Accounts payable and accrued liabilities		(16,452)
Right of Use Liability		(125,493)
	$	5,130,306

(Unaudited - Expressed in United States Dollars)

(d) Mayflower Botanicals, Inc.

On March 29, 2019, the Company completed the 100% acquisition of Mayflower Botanicals, Inc., a Massachusetts corporation which has licenses to cultivate and distribute medical and adult use cannabis in the state of Massachusetts. The purpose of this acquisition was to acquire a medical marijuana license in the State of Massachusetts. The acquisition was financed with cash on hand and equity. The acquisition was accounted for as an asset acquisition in accordance with IFRS 3, and related operating results are included in the accompanying consolidated statements of operations, changes in shareholders' equity, and statement of cash flows for periods subsequent to the acquisition date.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration paid:		
Cash	$	1,001,165
Issuance of 30,325 multiple voting shares *(Note 8)*		13,094,032
Issuance of 6,722 multiple voting shares as finder's fee *(Note 8)*		2,902,492
Transaction costs		59,900
	$	17,057,589
Fair value of net assets acquired:		
Intangible asset license	$	17,057,589

(e) XAAS Agro, Inc.

On June 19, 2019, the Company completed the 100% acquisition of XAAS Agro, Inc., a Puerto Rico corporation which has licenses to cultivate and distribute medical and adult use cannabis in Puerto Rico. The purpose of this acquisition was to acquire a medical marijuana license in the territory of Puerto Rico. The acquisition was financed with cash on hand and borrowings. The acquisition was accounted for as an asset acquisition in accordance with IFRS 3, and related operating results are included in the accompanying consolidated statements of operations, changes in shareholders' equity, and statement of cash flows for periods subsequent to the acquisition date.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration paid:		
Cash	$	900,000
Convertible debt *(Note 9)*		900,000
Transaction costs		91,863
	$	1,891,863
Fair value of net assets acquired:		
Intangible asset license	$	1,891,863

(Unaudited - Expressed in United States Dollars)

(f) Midwest Hemp Research, LLC

During the year ended December 31, 2019, the Company completed the 100% acquisition of Midwest Hemp Research, LLC., a Minnesota limited liability company which has licenses to cultivate and distribute industrial hemp. The purpose of this acquisition was to acquire an industrial hemp license in the State of Minnesota. The acquisition was financed with borrowings. The acquisition was accounted for as an asset acquisition in accordance with IFRS 3, and related operating results are included in the accompanying consolidated statements of operations, changes in shareholders' equity, and statement of cash flows for periods subsequent to the acquisition date.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration paid:		
Convertible debt *(Note 9)*	$	50,000
Transaction costs		12,229
	$	62,229
Fair value of net assets acquired:		
Intangible asset license	$	62,229

(g) Acquisition Pending Regulatory Approval

On April 10, 2019, the Company entered into a definitive agreement to acquire 100% of the membership interests in MJ Distributing C201, LLC and MJ Distributing P132, LLC (collectively, "MJ Distributing") which hold provisional licenses to cultivate and distribute, respectively, medical cannabis in the state of Nevada. The purpose of this acquisition was to acquire a medical marijuana license in the state of Nevada. The acquisition was financed with cash on hand and borrowings.

As of June 30, 2020, the Company had made cash deposits with the sellers and in escrow of $1,592,500 and placed convertible promissory notes in the aggregate amount of $2,500,000 in escrow, as consideration for the equity *(Note 9)*. Additionally, as of June 30, 2020, there were deferred acquisition costs of $28,136. The completion of the acquisition of MJ Distributing is conditional upon the Nevada Cannabis Compliance Board's approval of the change in ownership.

13. GOODWILL AND INTANGIBLE ASSETS

During the years ended December 31, 2019 and 2018 the Company acquired cannabis licenses in Arizona, Maryland, Massachusetts, New Mexico, Puerto Rico, and Rhode Island *(Note 12)*. During the year ended December 31, 2019 the license and goodwill were allocated a fair value of $39,078,242 (2018- $2,204,982) based on the purchase price allocation. The fair value allocated to the license is depreciated over its expected useful life, which is estimated between 4-20 years.

(a) Goodwill

A summary of goodwill is as follows:

Balance, December 31, 2018	$	-
Acquisition		11,670,905
Impairment		(8,538,414)
Balance December 31, 2019, and June 30, 2020	$	3,132,491

(Unaudited - Expressed in United States Dollars)

(b) Licenses

A summary of licenses is as follows:

Balance, December 31, 2018	**$**	**2,184,565**
Acquisition *(Note 12(a),(b),(c),(d),(e) and (f))*		27,407,337
Amortization		(864,229)
Impairment		(19,726,436)
Balance, December 31, 2019		**9,001,237**
Amortization		(308,381)
Balance, June 30, 2020	**$**	**8,692,856**

14. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

(a) Fair value of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

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 (i.e.: As prices) or indirectly (i.e.: derived from prices); and
Level 3: Inputs that are not based on observable market data.

The fair value of cash and restricted cash is measured using Level 1 inputs. The carrying values of receivables, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments, and the carrying value of long term loans and convertible debt approximates fair value as they bear a market rate of interest.

The fair value of the derivative liability is classified within level 3 of the fair value hierarchy *(Note 10)*.

The Company's exposures and the impact on its financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. A small portion of cash is held on hand, from which management believes the risk of loss is remote. Receivables relate primarily to wholesale sales. The Company does not have significant credit risk with respect to customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. The Company has been granted licenses pursuant to the laws of the states of Arizona, Massachusetts, Maryland, Minnesota, New Mexico, New York, Ohio, Pennsylvania, Puerto Rico and Rhode Island with respect to cultivating, processing, and/or distributing marijuana. Presently, this industry is illegal under United States federal law. The Company has, and intends, to adhere strictly to the state statutes in its operations.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2020, the Company's financial liabilities consist of accounts payable and accrued liabilities, debt, and lease liabilities. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Historically, the Company's main source of funding has been additional funding from shareholders. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

Legal Risk

Vireo U.S. operates in the United States. The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication. In the United States marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently does not carry variable interest-bearing debt. It is management's opinion that the Company is not exposed to significant interest rate risk.

Price risk

Price risk is the risk of variability in fair value due to movements in shareholders' equity or market prices.

15. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity. The Company manages its capital structure and adjusts in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business. The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. The Company's ability to continue as a going concern is dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the period ended June 30, 2020. The Company is not subject to externally imposed capital requirement.

16. SEGMENTED INFORMATION

The Company operates in one reportable segment being the cultivation, production, and sale of medical cannabis.

The cannabis cultivation and production segment are the manufacturing and sales of refined cannabis products, which has operations in Arizona, Maryland, Massachusetts, Minnesota, New Mexico, New York, Ohio, Pennsylvania, and Rhode Island.

(Unaudited - Expressed in United States Dollars)

The Company's chief operating decision makers are the CEO and CFO. They review the operations and performance of the Company.

All of the Company's non-current assets are located in the United States and all revenue was earned in the United States.

17. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consists of all six directors, the Company's Chief Executive Officer, and the Company's Chief Financial Officer.

Key management personnel compensation during the year ended June 30, 2020 and 2019 were as follows:

		June 30, 2020		**June 30, 2019**
Salaries and Wages	$	499,755	$	494,528
Directors fees		87,500		-
Share Based Compensation		11,242,168		174,218
Total	$	11,829,423	$	668,746

As at June 30, 2020, $nil (December 31, 2019 - $106,113) owing to related parties was included in accounts payable and accrued liabilities.

During the six months ended June 30, 2020, vesting of SVS compensation warrants held by the former executive chairman was accelerated in connection with his termination. $10,981,157 in share-based compensation expense affiliated with the vesting of these SVS compensation warrants was recognized in the statement of loss and comprehensive loss for the six-month period ended June 30, 2020.

During the year ended December 31, 2019, the Company acquired Midwest Hemp Research, LLC which was 50% owned by the CEO of the Company *(Note 12(f))*. As consideration for the acquisition, the Company issued a $25,000 convertible note to the CEO.

For the six months ended June 30, 2020, the Company paid a related party for contract staffing expenses in the amount of $126,896 (2019 - $86,994).

18. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On June 22, 2020, the Company reached a definitive agreement with Jushi Inc, a subsidiary of Jushi Holdings, Inc. ("Jushi"), to divest all the equity in its subsidiary company, Pennsylvania Medical Solutions, LLC ("PAMS"). Subsequent to June 30, 2020, the Company closed the sale of PAMS *(Note 20)*.

The results of PAMS have been presented as net loss and cash flows from discontinued operations for the three, and six-month periods ended June 30, 2020 and 2019. Additionally, assets and liabilities relating to PAMS have been classified as "held for sale." Assets held for sale relating to PAMS are as follows:

		June 30, 2020
Cash	$	369,485
Receivables		190,893
Inventories		2,212,509
Biological Assets		596,468
Prepaid Expenses		245,887
Right of Use Asset		11,826,615
Property and Equipment		692,285
Deposits		720,000
Total Assets Held for Sale	$	16,854,142

(Unaudited - Expressed in United States Dollars)

Liabilities held for sale relating to PAMS are as follows:

		June 30, 2020
Accounts Payable and Accrued Liabilities	$	231,338
Right of Use Liability		13,275,504
Total Liabilities Held for Sale	$	13,506,842

The components of net loss from discontinued operations relating to PAMS for the six months ended June 30, 2020 and 2019 are as follows:

		June 30, 2020		June 30, 2019
Revenue	$	2,988,725	$	1,035,028
Production Costs		(2,589,883)		(1,577,523)
Realized Fair Value Amounts Included in Inventory Sold		(424,780)		(30,977)
Unrealized Fair Value Loss on the Growth of Biological Assets		(92,573)		(252,253)
Depreciation		(1,974)		(1,974)
Professional Fees		(61,605)		(84,704)
Salaries and Wages		(294,931)		(133,232)
Selling general and administrative expenses		(110,980)		(220,156)
Interest Expense		(1,202,488)		(710,439)
Inventory adjustment		(167,952)		-
Other income (expense)		(47,332)		(198,188)
Net loss from discontinued operations	$	(2,005,773)	$	(2,174,418)

The components of net loss from discontinued operations relating to PAMS for the three months ended June 30, 2020 and 2019 are as follows:

		June 30, 2020		June 30, 2019
Revenue	$	1,452,240	$	445,621
Production Costs		(1,147,344)		(933,171)
Realized Fair Value Amounts Included in Inventory Sold		(339,377)		33,389
Unrealized Fair Value Loss on the Growth of Biological Assets		(366,455)		(61,144)
Depreciation		(34,182)		(1,974)
Professional Fees		-		(46,193)
Salaries and Wages		(33,890)		(76,659)
Selling general and administrative expenses		(27,183)		(82,580)
Interest Expense		(638,197)		(355,404)
Inventory adjustment		(105,080)		-
Other income (expense)		(46,388)		(198,301)
Net loss from discontinued operations	$	(1,285,856)	$	(1,279,416)

(Unaudited - Expressed in United States Dollars)

19. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital:

	June 30, 2020	June 30, 2019
Receivables	$ (158,975)	$ 807,755
Due from related party	-	(67,413)
Inventory and biological assets	(343,425)	(3,884,799)
Prepaid expenses and Deposits	494,414	(970,300)
Deposits	-	(477,866)
Income Taxes Payable	-	-
Deferred rent	-	-
Accounts payable and accrued liabilities	2,145,524	3,280,242
Total	$ 2,137,538	$ (1,312,381)

Non-cash investing and financing activities during the six months ended June 30, 2020 and 2019 were as follows:

	June 30, 2020	June 30, 2019
Biological assets transferred to inventory	$ 26,057,903	$ 6,068,996
Derivative Liability	3,555,030	-
Equipment acquired through finance lease	-	1,715,796
Right of use assets on adoption of IFRS 16	-	3,459,762
Lease obligation on adoption of IFRS 16	-	3,730,853
Multiple voting shares issued in acquisitions	-	23,175,675
Subordinate voting shares issued in RTO Transaction	-	2,999,986
Deferred acquisition costs	-	1,885,653
Fair value of brokers warrants	-	2,166,637

Cash paid for interest and income taxes:

	June 30, 2020	June 30, 2019
Interest	$ 2,119,518	$ 742,017
Income taxes	$ -	$ 485,000

20. SUBSEQUENT EVENTS

On August 11, 2020, the Company completed the sale of its equity in Pennsylvania Medical Solutions, LLC ("PAMS") to Jushi Inc, a subsidiary of Jushi Holdings, Inc. ("Jushi"), for a total consideration of $37 million. The transaction's total consideration of $37 million includes $16.3 million in cash, $3.8 million in the form of a four-year note with an 8 percent coupon rate payable quarterly. The transaction also includes an 18-month option for Jushi to purchase all the equity in another Vireo Health subsidiary, Pennsylvania Dispensary Solutions, LLC, for an additional $5 million in cash.