



## Vireo Health Announces Third Quarter 2020 Financial Results

– Total revenue of \$13.4 million increased 68 percent year-over-year –

– Gross margin of 42.7% reflects improving manufacturing efficiencies in core markets –

– Christian Gonzalez promoted to role of COO; Patrick Peters promoted to EVP of Retail –

– Revenue growth catalysts and cost discipline position Company for future margin improvement –

MINNEAPOLIS – November 25, 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 six states and the Commonwealth of Puerto Rico, today reported financial results for its third quarter ended September 30, 2020. All currency figures referenced in this press release reflect U.S. dollar amounts.

“Our third-quarter results demonstrate the improving nature of our business and success of recent initiatives to improve operating and financial performance,” said Chairman and Chief Executive Officer, Kyle Kingsley, M.D. “For the past several quarters we’ve been focused on positioning our vertically-integrated portfolio of assets to produce sustained and profitable growth, and we believe today’s results are an encouraging indicator that we’re nearing a critical inflection point in cash flow generation from operations.”

Dr. Kingsley continued, “Thanks to the hard work of our teams improving costs and manufacturing efficiencies, Vireo is positioned to improve margins as we continue growing our Green Goods™ retail dispensary footprint and benefit from likely tailwinds of regulatory changes. Each of our current development projects remain on time and budget, and with seven new dispensaries expected to open before the end of Q1 2021 and the potential for a majority of our state-based markets to pass adult-use legislation within the next year, we believe Vireo is poised for strong improvements in revenue growth and profitability.”

### Summary of Key Financial Metrics

US \$ in millions	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Total Revenue, Including Disc. Ops	\$13.4	\$8.0	67.6%	\$36.8	\$21.0	75.6%
<b>Reported Results</b>						
Revenue <sup>1</sup>	\$11.9	\$7.1	67.4%	\$33.3	\$19.1	74.5%
Gross Profit (Before Fair Value Adjustments)	\$5.1	\$1.8	190.5%	\$11.9	\$7.5	57.8%
Gross Profit Margin (Before Fair Value Adjustments)	42.7%	24.6%	1,809 bps	35.7%	39.5%	-380 bps
Adjusted Operating Expenses <sup>2</sup> (non-IFRS)	\$6.1	\$7.5	-19.2%	\$18.2	\$15.4	17.9%
Adjusted Operating Expenses (% of Sales) (non-IFRS)	50.8%	105.1%	-5,436 bps	54.7%	81.0%	-2,627 bps
SG&A Expenses	\$2.2	\$4.1	-46.5%	\$6.8	\$7.8	-13.0%
SG&A (% of sales)	18.2%	56.9%	-3,869 bps	20.3%	40.8%	-2,044 bps
Adjusted EBITDA (non-IFRS)	(\$0.7)	(\$5.2)	-87.1%	(\$5.6)	(\$6.6)	-14.4%
Adjusted EBITDA Margin (non-IFRS)	-5.7%	-73.5%	6,788 bps	-16.9%	-34.4%	1,755 bps

<sup>1</sup> Reported revenue figures exclude contributions from Vireo's former Pennsylvania cultivation and processing operations

<sup>2</sup> Excludes depreciation and share-based compensation expenses

### **Third Quarter 2020 Financial Highlights**

The Company generated revenue in seven states during the third quarter: Arizona, Maryland, Minnesota, New Mexico, New York, Ohio, and Pennsylvania. Total revenue, including contributions from discontinued operations, increased 68 percent year-over-year to \$13.4 million. Reported revenue, excluding discontinued operations, was \$11.9 million or an increase of 67 percent as compared to Q3 2019.

Retail revenue was approximately \$9.9 million in Q3 2020, an increase of 61 percent compared to \$6.2 million in Q3 2019. The increase in retail revenue was principally due to greater patient enrollment and average revenue per patient in Minnesota and New Mexico, as well as contributions from retail dispensaries in Pennsylvania. Wholesale revenue of \$2.0 million increased by \$1.1 million as compared to \$980,921 in Q3 2019, with the increase primarily driven by the growth of wholesale operations in Maryland.

Gross profit before biological asset adjustments was \$5.1 million, or 43 percent of revenue, as compared to gross profit of \$1.8 million or 25 percent of revenue in the same period last year. The improvement in gross profit compared to the prior year was the result of operational efficiency gains in several markets, improved operating leverage through higher sales volumes and production facility upgrades completed last year.

Total operating expenses in the third quarter were \$6.9 million, an improvement of \$1.3 million or 16 percent as compared to \$8.2 million in the third quarter of 2019. The reduction in operating expenses was attributable to lower professional fees and selling, general and administrative expenses including start-up expenses related to buildout and pre-revenue operations in some markets. Excluding depreciation and share-based compensation, operating expenses in the third quarter of 2020 were \$6.1 million, or 51 percent of sales, as compared to \$7.5 million or 105 percent of sales in the third quarter of 2019.

Total other income was \$10.5 million during Q3 2020, compared to an expense of \$825,868 in Q3 2019. The significant variance in other income as compared to the prior year quarter was primarily attributable to a one-time gain on the divestiture of the Company's former Pennsylvania manufacturing and processing operations ("PAMS") of \$16.4 million. This transaction closed on August 11, 2020.

EBITDA, as described in accompanying disclosures and footnotes, was \$8.1 million during Q3 2020, compared to a loss of \$15.9 million in Q3 2019. Adjusted EBITDA was a loss of \$675,808 in Q3 2020, as compared to a loss of \$5.2 million in Q3 2019. Please refer to the Supplemental Information and Reconciliation of Non-IFRS Financial Measures at the end of this press release for additional information.

Net income in Q3 2020 was \$122,252, as compared to a net loss of \$14.6 million in Q3 2019. The favorable improvement in net income was primarily driven by the one-time gain of \$16.4 million on the divestiture of the Company's former PAMS subsidiary.

### **Subsequent Events**

On October 1, 2020, Vireo announced that it reached a definitive agreement with Ayr Strategies Inc., to sell all the assets and liabilities of its affiliate, Ohio Medical Solutions, Inc. ("OMS"), for total consideration of \$4.85 million, including \$1.2 million in cash. This transaction is expected to close early next year.

On November 5, 2020, the Company announced that it entered into a non-binding term sheet with Green Ivy Capital and its affiliates for a proposed senior secured, delayed draw term loan with an aggregate principal amount of up to \$46,000,000. Vireo management expects definitive loan documents for the funding of the first tranche to be executed in December 2020.

On November 9, 2020, the Company announced that it secured a purchase option on an additional 96 acres of land adjacent to its existing facilities in Fulton County, NY for a total purchase price of approximately US \$1.3 million. This option could enable the Company to significantly expand its cultivation and processing capacity in the state in the event of favorable regulatory changes.

On November 13, 2020, a subsidiary of Jushi Holdings, Inc. notified Vireo of its intent to exercise its purchase option on Vireo's subsidiary, Pennsylvania Dispensary Solutions ("PDS") for \$5.0 million cash. Vireo believes the closing of this transaction will occur in December 2020.

On November 16, 2020, the Company announced that it had exercised its right to force the redemption of all subordinate voting share purchase warrants issued to participants in the Company's private placement offering which closed on March 10, 2020. This forced redemption is expected to result in the issuance of 13,651,574 additional subordinate voting shares and cash proceeds of approximately \$10.0 million.

On November 23, 2020, the Company filed a preliminary base shelf prospectus with the securities regulators in each province of Canada, except for the Province of Quebec. The preliminary base shelf prospectus has not yet become final for the purpose of the sale of securities. The intention of the base shelf prospectus is to allow the Company to more efficiently access capital when market opportunities permit. The Company wishes to correct that the base shelf prospectus is for an amount of up to C\$200 million not C\$260 million as disclosed in the Company's news release dated November 23, 2020.

This news release does not constitute an offer to sell or the solicitation of an offer to buy in the United States and the securities referred to in this news release may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933 or pursuant to an applicable exemption from the registration requirements under the U.S. Securities Act of 1933 and applicable state securities laws. A copy of the preliminary base shelf prospectus can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Leadership Update**

Today the Company also announced the promotions of Christian Gonzalez to the role of Chief Operating Officer and Patrick Peters to the role of Executive Vice President of Retail.

As Chief Operating Officer, Mr. Gonzalez will lead the Company's nationwide manufacturing, retail, and product development teams. Christian joined Vireo in 2018 as General Manager in Pennsylvania and since then has overseen major capacity expansion projects and helped optimized manufacturing efficiencies at Vireo's cultivation and processing facilities in Minnesota, New York, Maryland, Arizona, and New Mexico. He is an engineer and entrepreneur with over 15 years of manufacturing experience in the medical device, pharmaceutical and aerospace/defense industries.

As Executive Vice President of Retail, Mr. Peters' responsibilities include the complete oversight of Vireo's retail, ecommerce, and wholesale sales channels. Mr. Peters joined Vireo in 2019 to lead the Company's retail growth initiatives which focused on the expansion of Green Goods™ retail store openings and re-brandings nationwide. He has over 20 years of retail marketing experience as an executive leader at brands such as Calvin Klein, Kate Spade, and Juicy Couture.

## **Planned Transition from IFRS to U.S. GAAP Reporting**

The Company is currently in the process of transitioning to becoming a U.S. domestic registrant, and plans to begin presenting its financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), rather than International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Beginning in 2021, the Company expects to file Annual

Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K with the U.S. Securities and Exchange Commission. The Company anticipates incurring one-time expenses and professional fees related to this transition of approximately \$0.5 million during the fourth quarter.

### **Balance Sheet and Liquidity**

As of September 30, 2020, the Company had 37,337,138 equity shares issued and outstanding, and 155,376,287 shares outstanding on an as-converted, fully-diluted basis.

As of September 30, 2020, total current assets were \$81.3 million, including cash on hand of \$16.3 million, which does not include approximately \$16.0 million in expected cash proceeds resulting from the redemption of warrants and divestitures of PDS and OMS. Total current liabilities were \$20.7 million, with zero debt currently due within 12 months.

### **Outlook Commentary**

Dr. Kingsley concluded, “As we exit fiscal year 2020, we’re focused on successfully completing our capacity expansion projects in Arizona, Maryland, and New Mexico, as well as our planned dispensary openings in Maryland, Minnesota and New Mexico. However, cash inflows from the forced redemption of warrants and exercise of the PDS purchase option materialized sooner than we anticipated, and our improving liquidity position has enabled us to begin evaluating additional investment opportunities. We expect to provide the investment community with an update on development initiatives and their potential impacts to our long-term operating and financial outlook in the spring of next year.”

### **Conference Call and Webcast Information**

Vireo Health management will host a conference call with research analysts on Wednesday, November 25, 2020 at 8:30 a.m. ET (7:30 a.m. CT) to discuss its financial results for its third quarter ended September 30, 2020. Interested parties may register to attend the conference call via the following link: <http://www.directeventreg.com/registration/event/8084816>. Upon registration, each participant will be provided with call details and a registrant ID for Vireo's conference ID number 8084816.

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.

### **About Vireo Health International, Inc.**

Vireo Health International, Inc. ("Vireo" or the "Company") is a physician-led cannabis company focused on bringing the best of technology, science, and engineering to the cannabis industry. Vireo manufactures proprietary, branded cannabis products in environmentally-friendly, state-of-the-art greenhouses and other facilities and distributes its products through its growing network of Green Goods™ retail dispensaries and through hundreds of third-party dispensaries in seven states. Vireo's team of more than 425 employees, led by scientists, engineers, and cultivation experts, is focused on efficiency and the creation of best-in-class products, while driving scientific innovation within the cannabis industry and developing meaningful intellectual property. Today, Vireo is licensed to grow and/or process cannabis in seven markets. The Company is operational in six of those markets – including the core markets of Arizona, Maryland, Minnesota, New Mexico, and New York. The Company holds 29 total retail dispensary licenses, of which 11 are currently open for business. For more information about Vireo, please visit [www.vireohealth.com](http://www.vireohealth.com).

## **Additional Information**

Additional information relating to the Company's third quarter 2020 results is available on SEDAR at [www.sedar.com](http://www.sedar.com). Vireo 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.

## **Contact Information**

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## **Forward-Looking Statement Disclosure**

This press 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 press 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," "should," 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; the expectation that such expansion will drive stronger revenue growth, operating margins and free cash flow; the anticipated closing of certain divestitures and the timing thereof; the anticipated benefits of the land purchase option acquired by the Company in New York; the Company's anticipation that it will enter into

definitive loan documents with Green Ivy Capital and receive proceeds from a resultant loan; the expectation that a preliminary base shelf prospectus will become final or that any securities will be sold under a base shelf prospectus; the anticipated share issuance and proceeds related to the Company's redemption of all subordinate voting share purchase warrants issued to participants in the March 10, 2020, private placement; the transition of the Company's financial reporting from IFRS to U.S. GAAP; and updates on actual and proposed development initiatives, including estimates of the timing of completion of such initiatives. 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 press release. 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 press 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; risks related to the COVID-19 pandemic; 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](http://www.sedar.com) and in the Company's registration statement on Form 10, filed November 5, 2020 on EDGAR with the U.S. Securities and Exchange Commission.

The statements in this press 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 press release is based on audited financial statements for the fiscal year ended December 31, 2019 and unaudited condensed interim consolidated financial statements for the third quarter ended September 30, 2020. All financial information contained in this press release is qualified in its entirety with reference to such financial statements. To the extent that the financial information

contained in this press release is inconsistent with the information contained in the Company's audited financial statements, the financial information contained in this press 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.

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

As at September 30, 2020 and December 31, 2019  
(Unaudited - Expressed in United States Dollars)

	<b>September 30,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 16,281,768	\$ 7,641,673
Restricted Cash	1,592,500	1,592,500
Note Receivable	3,750,000	-
Receivables	619,491	1,025,963
Inventories	38,343,055	32,437,308
Biological Assets	13,513,582	6,134,209
Prepaid Expenses	2,365,580	2,285,548
Deferred acquisition costs	28,136	28,136
Assets Held for Sale	4,787,026	-
	<b>81,281,138</b>	<b>51,145,337</b>
<b>Non-Current Assets</b>		
Right of Use Asset	19,369,077	25,921,603
Property and Equipment	15,155,239	13,326,337
Deposits	1,648,423	2,651,366
Deferred Loss on Sale Leaseback	-	30,481
Goodwill	3,132,491	3,132,491
Intangible Asset	8,562,776	9,001,237
	<b>47,868,006</b>	<b>54,063,515</b>
<b>Total Assets</b>	<b>\$ 129,149,144</b>	<b>\$ 105,208,852</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 7,725,246	\$ 3,140,086
Current portion of Right of Use Liability	776,541	619,827
Warrant Liability	8,587,565	-
Liabilities Held for Sale	3,637,026	-
	<b>20,726,378</b>	<b>3,759,913</b>
<b>Long-Term Liabilities</b>		
Deferred Income Taxes	12,715,000	4,528,000
Right of Use Liability	22,011,662	28,665,681
Long-Term Debt	1,110,000	1,110,000
Convertible debt	833,408	817,446
	<b>57,396,448</b>	<b>38,881,040</b>
<b>Shareholders' Equity</b>		
Share Capital	122,511,602	118,453,142
Reserves	20,207,921	7,962,509
Retained Earnings	(70,966,827)	(60,087,839)
	<b>71,752,696</b>	<b>66,327,812</b>
<b>Total Liabilities and Equity</b>	<b>\$ 129,149,144</b>	<b>\$ 105,208,852</b>



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

	<b>Three Month Period Ended September 30, 2020</b>	<b>Three Month Period Ended September 30, 2019</b>
For the Three Months Ended September 30, 2020 and 2019 (Unaudited - Expressed in United States Dollars)		
<b>REVENUE</b>	\$ 11,942,640	\$ 7,136,222
Production Costs	(6,846,390)	(5,381,906)
<b>Gross Profit Before Fair Value Adjustments</b>	<b>5,096,250</b>	<b>1,754,316</b>
Realized Fair Value Amounts Included in Inventory Sold	(5,879,438)	(844,142)
Unrealized Fair Value Gain on Growth of Biological Assets	2,908,834	(7,839,571)
<b>Gross Profit</b>	<b>2,125,646</b>	<b>(6,929,397)</b>
<b>EXPENSES</b>		
Depreciation	355,450	515,486
Professional fees	546,128	1,421,033
Salaries and wages	3,347,061	2,023,027
Selling, general and administrative expenses	2,170,871	4,058,524
Share Based Compensation	524,052	229,916
	<b>6,943,562</b>	<b>8,247,986</b>
<b>OTHER INCOME (EXPENSE)</b>		
Loss on sale of property and equipment	-	(4,752)
Gain on disposal of assets	16,437,897	-
Loss on assets held for sale	(446,544)	-
Interest expense, net	(1,356,834)	(871,781)
Accretion expense	(19,669)	(72,976)
Gain (Loss) on Derivative Liability	(4,066,335)	-
Inventory adjustment	(151,328)	346,493
Other income (expense)	138,645	(222,852)
<b>Total Other Income (Expense)</b>	<b>10,535,832</b>	<b>(825,868)</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>5,717,916</b>	<b>(16,003,251)</b>
Current income taxes	(2,674,900)	346,000
Deferred income taxes	(3,390,000)	3,160,000
<b>PROVISION FOR INCOME TAXES</b>	<b>(6,064,900)</b>	<b>3,506,000</b>
<b>LOSS AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS</b>	<b>(346,984)</b>	<b>(12,497,251)</b>
<b>LOSS AND COMPREHENSIVE LOSS FROM DISCONTINUED OPERATIONS</b>	<b>469,236</b>	<b>(2,068,255)</b>
<b>TOTAL LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 122,252</b>	<b>\$ (14,565,506)</b>
Weighted Average Shares Outstanding - basic and diluted	98,871,038	24,299,953
Net Loss Per Share - basic and diluted		
- Continuing Operations	(0.00)	(0.51)
- Discontinued Operations	0.00	(0.09)

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

For the Nine Months Ended September 30, 2020 and 2019 (Unaudited - Expressed in United States Dollars)	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$ (10,878,988)	\$ (19,884,720)
Items Not Affecting Cash:		
Depreciation and Amortization	1,607,649	2,101,142
Loss on Sale of Property and Equipment	35,449	(5,652)
Share Based Compensation	12,245,412	686,868
Gain on disposal of business	(16,437,897)	-
Loss on assets held for sale	446,544	-
Loss on derivative liability	5,032,537	-
Fair Value Adjustment on Sale of Inventory	18,842,382	11,433,782
Fair Value Adjustment on Growth of Biological Assets	(35,022,153)	(11,994,442)
Interest Expense	3,805,740	1,694,898
Deferred Income Taxes	7,952,000	(1,508,000)
Deferred financing and acquisition costs	-	1,836,750
Listing expense	-	2,994,606
Amortization of deferred tenant improvements	-	(175,341)
Deferred gain/loss on sale leaseback	30,481	1,906
Cash flows used in discontinued Operations	2,363,077	1,624,119
Changes in non-cash working capital	3,889,776	(5,174,015)
<b>Cash Flows Used in Operating Activities</b>	<b>(6,087,991)</b>	<b>(16,368,099)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	(4,017,205)	(6,188,681)
Proceeds on sale of Property and Equipment	-	982,391
Acquisition Costs	-	(15,937,223)
Divestitures	16,637,489	-
Deposits	30,943	(15,222)
Cash flows used in discontinued Operations	(188,718)	(240,910)
<b>Cash Flows from ( Used in) Investing Activities</b>	<b>12,462,509</b>	<b>(21,399,645)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from private placement, net of issuance costs	7,613,490	47,542,878
Lease payments	(479,504)	(73,972)
Interest Paid	(3,423,454)	(1,398,298)
Cash flows used in discontinued Operations	(1,291,809)	(1,564,266)
<b>Cash Flows from Financing Activities</b>	<b>2,418,723</b>	<b>44,506,342</b>
<b>Net Change in Cash</b>	<b>\$ 8,793,241</b>	<b>\$ 6,738,598</b>
Cash, Beginning of the Period	7,641,673	9,624,110
<b>Cash, End of the Period</b>	<b>\$ 16,434,914</b>	<b>\$ 16,362,708</b>

## Reconciliation of Non-IFRS Financial Measures

EBITDA, Adjusted EBITDA, and Adjusted Operating Expenses 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 EBITDA

	Three Months Ended	
	September 30,	
	2020	2019
<b>Net income (loss)</b>	\$ 122,252	\$ (14,565,506)
Interest expense, net	1,356,834	871,781
Accretion expense	19,669	72,976
Income taxes	6,064,900	(3,506,000)
Depreciation	355,450	515,486
Amortization	153,357	727,731
<b>EBITDA (non-IFRS)</b>	<b>\$ 8,072,462</b>	<b>\$ (15,883,532)</b>
Net fair value adjustments	2,970,604	8,683,713
Gain (Loss) on Derivative Liability	4,066,335	-
Inventory adjustment	151,328	(346,493)
Share-based compensation	524,052	229,916
(Gain)/Loss from discontinued operations	(469,236)	2,068,255
Loss on assets held for sale	446,544	-
Gain on sale of discontinued operations	(16,437,897)	-
<b>Adjusted EBITDA (non-IFRS)</b>	<b>\$ (675,808)</b>	<b>\$ (5,248,141)</b>

Net Loss Per Share - basic and diluted for the nine months ended September 30, 2020 and 2019 was \$ (0.12) and \$ (0.00), respectively.

## Reconciliation of Total Operating Expenses to Adjusted Operating Expenses

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
<b>Total Operating Expenses</b>	\$ 6,943,562	8,247,986	\$ 31,663,589	17,193,745
Depreciation	(355,450)	(515,486)	(1,200,729)	(1,057,566)
Share-based compensation	(524,052)	(229,916)	(12,245,412)	(686,868)
<b>Adjusted Operating Expenses</b>	<b>6,064,060</b>	<b>7,502,584</b>	<b>18,217,448</b>	<b>15,449,311</b>
% of Revenue	50.8%	105.1%	54.7%	90.1%