



Vireo Growth Inc. Announces Third Quarter 2024 Results

– Q3 2024 revenue of \$22.4 million excluding discontinued operations and NY increased 6.2% year-over-year –

– Operating income of \$3.9 million driven by consistent execution in core markets –

– Recently-secured convertible loan supporting the continued execution of Vireo’s CREAM & Fire Strategy –

MINNEAPOLIS – November 13, 2024 – Vireo Growth Inc. (formerly Goodness Growth Holdings) ("Vireo" or the "Company") (CSE: VREO; OTCQX: VREOF), a cannabis company committed to providing safe access, quality products and great value to its customers, today reported financial results for its third quarter ended September 30, 2024. Key financial results are presented below in summary form with supporting commentary and discussion from management of certain key operating metrics which the Company uses to judge its performance. All currency figures referenced herein are denominated in U.S. dollars.

Summary of Key Financial Metrics

US \$ in millions	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2024	2023	Variance	2024	2023	Variance
GAAP Revenue	\$25.2	\$24.7	2.0%	\$74.4	\$64.0	16.3%
Revenue (excluding discontinued operations & NY)	\$22.4	\$21.1	6.2%	\$66.1	\$51.6	28.1%
GAAP Gross Profit	\$12.3	\$13.2	-6.6%	\$38.1	\$32.0	18.9%
Gross Profit Margin	49.0%	53.5%	-450 bps	51.3%	50.1%	120 bps
SG&A Expenses	\$6.9	\$6.7	2.4%	\$21.5	\$22.0	-2.0%
SG&A Expenses (% of Sales)	27.5%	27.4%	-10 bps	28.9%	34.3%	540 bps
Operating Income (Loss)	\$3.9	\$5.9	-34.4%	\$14.4	\$5.2	177.1%
Operating Income Margin	15.3%	23.8%	-850 bps	19.4%	8.1%	1,120 bps
EBITDA	\$5.7	\$7.0	-19.4%	\$20.6	\$11.3	82.0%
EBITDA Margin	22.5%	28.5%	-600 bps	27.7%	17.7%	1,000 bps

Management Commentary

Chief Executive Officer Amber Shimpa commented, “Our third quarter results reflect continued solid performance across our core markets, but as we discussed anticipating last quarter, year-over-year comparisons of financial performance are less significant now that we have passed the one-year anniversary of the launch of adult-use sales in Maryland. Our teams continue to focus on preparing for the launch of adult-use sales in Minnesota next year, and our recently announced \$10.0 million financing commitment gives us additional flexibility to support this launch and continue executing our CREAM & Fire strategy.”

Ms. Shimpa continued, “Despite the softer year-over-year comparisons of financial performance, our core market key performance indicators continue to demonstrate strong improvements in productivity yields and flower quality, and we are continuing to build inventory ahead of the Minnesota adult-use launch which may impact velocity of inventory turns near-term. We’re also continuing to support our recently-launched hemp-derived beverages which are helping seed our adult-use brands in the Minnesota market, and have expanded our distribution network with both local and national distributors of hemp and alcohol products.”

Core Market KPIs¹

US \$ in millions	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2024	2023	Variance	2024	2023	Variance
Total Flower Harvested (lbs)	4,626	3,485	32.7%	11,402	8,600	32.6%
% "A" Flower ²	47.0%	41.6%	540 bps	49.3%	49.3%	0 bps
Total Retail Revenue	\$18.3	\$18.0	2.0%	\$55.3	\$45.0	23.0%
Same Store Sales Growth	-	-	2.0%	-	-	23.0%
Minnesota	-	-	-3.4%	-	-	1.8%
Maryland	-	-	12.1%	-	-	88.5%
Total Wholesale Revenue	\$4.1	\$3.3	24.4%	\$10.7	\$6.6	64.0%

¹ Core Markets refer to the Company's operations in Maryland and Minnesota.

² "A Flower" refers to produced biomass that meet the Company's highest internal standards for flower quality, size, and appearance.

Other Events

On November 4, 2024, the Company announced that it secured a new convertible debt facility which provides a financing commitment of up to U.S. \$10.0 million in aggregate principal amount of convertible notes. This facility is being funded by the Company's senior secured lender and its affiliates. The convertible facility has a term of three years, with a cash interest rate of 12.0 percent, payable in cash monthly. These convertible notes shall be convertible at any time into Subordinate Voting Shares of the Company, at the option of lender, in whole but not in part, in a single transaction, at a conversion price equal to US \$0.625. The Company did not issue any warrants related to this convertible loan facility.

Balance Sheet and Liquidity

As of September 30, 2024, total current assets were \$144.0 million, including cash on hand of \$7.3 million. Total current liabilities were \$128.7 million, including \$88.4 million in liabilities held for sale related to the Company's businesses in the State of New York. As of November 8, 2024, the Company had a total of 251,268,889 shares outstanding on the treasury method basis.

Conference Call and Webcast Information

Vireo management will host a conference call with research analysts today, November 13, 2024, at 4:30 p.m. ET (3:30 p.m. CT) to discuss its financial results for its third quarter ended September 30, 2024. Interested parties may attend the conference call by dialing 1-800-715-9871 (Toll-Free) (US and Canada) or 1-646-307-1963 (Toll) (International) and referencing conference ID number 3718174.

A live audio webcast of this event will also be available in the Events & Presentations section of the Company's Investor Relations website and via the following link:

<https://events.q4inc.com/attendee/277609132>.

About Vireo

Vireo was founded as a pioneer in medical cannabis in 2014 and sustained with an entrepreneurial drive that fuels our ongoing commitment to serve and delight our key stakeholders, most notably our customers, our employees, our shareholders, our industry collaborators, and the communities in which we live and operate. We work every day to get better and our team prioritizes 1) empowering and supporting strong local market leaders and 2) strategic, prudent capital and human resource allocation. For more information, please visit www.vireogrowth.com.

Additional Information

Additional information relating to the Company's third quarter 2024 results will be available on EDGAR and SEDAR later today. Vireo refers to certain non-GAAP financial measures such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in circumstances in which the Company believes that doing so provides additional perspective and insights when analyzing the core operating performance of the business. These measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. Please see the Supplemental Information and Reconciliation of Non-GAAP Financial Measures at the end of this news release for more detailed information regarding non-GAAP financial measures.

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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, this information is being provided as preliminary financial results; 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 "should," "believe," "estimate," "would," "looking forward," "may," "continue," "expect," "expected," "will," "likely," "subject to," "transformation," and "pending," variations of such words and phrases, or any statements or clauses containing verbs in any future tense. These statements should not be read as guarantees of future performance or results. 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 and in our Annual Report on Form 10-K filed with the Securities Exchange Commission. Our actual financial position and results of operations may differ materially from management's current expectations and, as a result, our revenue, EBITDA, and cash on hand may differ materially from the 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, the reader should not place undue reliance on the forward-looking information because the Company can give no assurance that they will prove to be correct. 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 the timing and content of adult-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 epidemics and pandemics; federal, state, local, and foreign government laws, rules, and regulations, including federal and state laws and regulations in the United States relating to cannabis operations in the United States and any changes to such laws or regulations; operational, regulatory and other risks; execution of business strategy; management of growth; difficulties inherent in forecasting future events; conflicts of interest; risks inherent in an agricultural business; risks inherent in a manufacturing business; liquidity and the ability of the Company to raise additional financing to continue as a going concern; the Company's ability to meet the demand for flower in Minnesota; risk of failure in the lawsuit with Verano and the cost of that litigation; our ability to dispose of our assets held for sale at an acceptable price or at all; and risk factors set out in the Company's Form 10-K for the year ended December 31, 2023, which is available on EDGAR with the U.S. Securities and Exchange Commission and filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. Except as required by law, we undertake no obligation to update any forward-looking statements or forward-looking information to reflect events or circumstances after the date of such statements.

Supplemental Information

The financial information reported in this news release is based on unaudited financial statements for the second fiscal quarter ended September 30, 2024, and September 30, 2023. All financial information contained in this news release is qualified in its entirety with reference to such financial statements. To the extent that the financial information contained in this news release is inconsistent with the information contained in the Company's audited financial statements, the financial information contained in this news release shall be deemed to be modified or superseded by the Company's audited financial statements. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws.

VIRO GROWTH INC.
CONSOLIDATED BALANCE SHEETS AS OF 9/30/2024 AND 12/31/2023
(Amounts Expressed in United States Dollars, Unaudited and Condensed)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash	\$ 7,279,864	\$ 15,964,665
Accounts receivable, net of credit losses of \$259,011 and \$254,961, respectively	2,848,625	3,086,640
Income tax receivable	11,916,964	12,278,119
Inventory	19,845,927	19,285,870
Prepayments and other current assets	1,832,991	1,336,234
Notes receivable, current	—	3,750,000
Warrants held	5,221,971	1,937,352
Assets Held for Sale	95,017,740	91,213,271
Total current assets	143,964,082	148,852,151
Property and equipment, net	30,509,180	23,291,183
Operating lease, right-of-use asset	10,757,904	2,018,163
Intangible assets, net	8,104,140	8,718,577
Deposits	533,745	383,645
Deferred tax assets	—	—
Total assets	\$ 193,869,051	\$ 183,263,719
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,168,748	\$ 7,674,389
Long-Term debt, current portion	1,144,000	60,220,535
Right of use liability	1,254,672	890,013
Uncertain tax liability	28,766,000	22,356,000
Liabilities held for sale	88,437,021	88,326,323
Total current liabilities	128,770,441	179,467,260
Right-of-use liability	19,051,693	10,543,934
Other long-term liabilities	216,938	155,917
Convertible debt, net	—	9,140,257
Long-Term debt, net	56,833,206	—
Total liabilities	204,872,278	199,307,368
Stockholders' deficiency		
Subordinate Voting Shares (\$- par value, unlimited shares authorized; 200,464,196 shares issued and outstanding at September 30, 2024 and 110,007,030 at December 31, 2023)	—	—
Multiple Voting Shares (\$- par value, unlimited shares authorized; 298,314 shares issued and outstanding at September 30, 2024 and 331,193 at December 31, 2023)	—	—
Super Voting Shares (\$- par value; unlimited shares authorized; 0 shares issued and outstanding at September 30, 2024 and December 31, 2023)	—	—
Additional Paid in Capital	204,731,053	187,384,403
Accumulated deficit	(215,734,280)	(203,428,052)
Total stockholders' deficiency	\$ (11,003,227)	\$ (16,043,649)
Total liabilities and stockholders' deficiency	\$ 193,869,051	\$ 183,263,719

VIRO GROWTH INC.**CONSOLIDATED STATEMENTS OF OPERATIONS****THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023***(Amounts Expressed in United States Dollars, Unaudited and Condensed)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 25,165,343	\$ 24,675,145	\$ 74,360,905	\$ 63,960,125
Cost of sales				
Product costs	12,448,373	10,493,561	36,111,865	30,347,357
Inventory valuation adjustments	393,000	984,196	130,000	1,563,872
Gross profit	12,323,970	13,197,388	38,119,040	32,048,896
Operating expenses:				
Selling, general and administrative	6,911,278	6,749,314	21,527,122	21,965,576
Stock-based compensation expenses	1,304,919	296,617	1,424,140	4,009,415
Depreciation	76,292	99,929	222,763	377,121
Amortization	180,034	180,034	540,101	498,828
Total operating expenses	8,472,523	7,325,894	23,714,126	26,850,940
Gain (loss) from operations	3,851,447	5,871,494	14,404,914	5,197,956
Other income (expense):				
Gain (loss) on disposal of assets	—	(50,686)	(218,327)	(2,798,567)
Interest expenses, net	(7,363,655)	(7,915,658)	(23,604,746)	(22,795,242)
Other income (expenses)	970,850	345,824	3,881,931	6,166,472
Other income (expenses), net	(6,392,805)	(7,620,520)	(19,941,142)	(19,427,337)
Loss before income taxes	(2,541,358)	(1,749,026)	(5,536,228)	(14,229,381)
Current income tax expenses	(2,385,000)	(3,980,000)	(6,770,000)	(7,357,871)
Deferred income tax recoveries	—	500,000	—	623,000
Net loss and comprehensive loss	(4,926,358)	(5,229,026)	(12,306,228)	(20,964,252)
Net loss per share - basic and diluted	\$ (0.02)	\$ (0.04)	\$ (0.08)	\$ (0.16)
Weighted average shares used in computation of net loss per share - basic & diluted	201,377,275	141,332,852	162,836,874	132,576,879

VIREO GROWTH INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts Expressed in United States Dollars, Unaudited and Condensed)

	September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (12,306,228)	\$ (20,964,252)
Adjustments to reconcile net loss to net cash used in operating activities:		
Inventory valuation adjustments	130,000	1,563,872
Depreciation	222,763	377,121
Depreciation capitalized into inventory	1,678,434	1,846,418
Non-cash operating lease expense	323,309	423,821
Amortization of intangible assets	540,101	498,828
Amortization of intangible assets capitalized into inventory	74,336	24,779
Stock-based payments	1,424,140	4,009,415
Warrants receivable	—	(1,566,445)
Warrants held	(3,284,619)	—
Interest Expense	3,806,093	5,111,930
Bad debt expense	230,818	—
Deferred income tax	—	(623,000)
Accretion	168,464	800,392
Loss on disposal of Red Barn Growers	—	2,909,757
Loss (gain) on disposal of assets	120,856	(111,190)
Change in operating assets and liabilities:		
Accounts Receivable	173,047	(902,709)
Prepaid expenses	(496,757)	684,987
Inventory	(482,192)	(1,932,554)
Income taxes	361,154	6,379,831
Uncertain tax position liabilities	6,410,000	—
Accounts payable and accrued liabilities	1,213,360	1,079,519
Changes in operating lease liabilities	(404,556)	—
Change in assets and liabilities held for sale	(3,693,771)	(116,882)
Net cash provided by (used in) operating activities	(3,791,248)	(506,362)
CASH FLOWS FROM INVESTING ACTIVITIES:		
PP&E Additions	(8,974,901)	(2,630,724)
Proceeds from note receivable	3,600,000	—
Intangible license additions	—	(1,090,919)
Proceeds from sale of Red Barn Growers net of cash	—	439,186
Proceeds from sale of property, plant, and equipment	—	242,088
Deposits	(150,100)	(263,545)
Net cash provided by (used in) investing activities	(5,525,001)	(3,303,914)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of issuance costs	1,131,400	—
Proceeds from convertible debt, net of issuance costs	—	5,348,140
Proceeds from issuance of shares	700,000	—
Proceeds from warrant exercises	43,953	—
Proceeds from option exercises	16,500	—
Debt principal payments	(1,098,000)	(1,976,362)
Lease principal payments	(162,405)	(1,414,698)
Net cash provided by (used in) financing activities	631,448	1,957,080
Net change in cash	(8,684,801)	(1,853,196)
Cash, beginning of period	15,964,665	15,149,333
Cash, end of period	\$ 7,279,864	\$ 13,296,137

VIRO GROWTH INC.
STATE-BY-STATE REVENUE PERFORMANCE
THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Retail:				
MN	\$ 11,391,969	\$ 11,791,001	\$ (399,032)	(3) %
NY	1,428,827	2,185,701	(756,874)	(35) %
MD	6,919,991	6,170,372	749,619	12 %
Total Retail	\$ 19,740,787	\$ 20,147,074	\$ (406,287)	(2) %
Wholesale:				
MD	3,956,871	3,152,341	804,530	26 %
NY	1,321,224	1,375,730	(54,506)	(4) %
MN	146,461	—	146,461	100 %
Total Wholesale	\$ 5,424,556	\$ 4,528,071	\$ 896,485	20 %
Total Revenue	\$ 25,165,343	\$ 24,675,145	\$ 490,198	2 %
NY Revenue	\$ (2,750,051)	\$ (3,561,431)	\$ 811,380	(23) %
Total Revenue excluding NY	\$ 22,415,292	\$ 21,113,714	\$ 1,301,578	6 %

NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
Retail:				
MN	\$ 34,608,015	\$ 33,989,289	\$ 618,726	2 %
NY	4,854,423	6,827,278	(1,972,855)	(29) %
NM	—	1,964,285	(1,964,285)	(100) %
MD	20,696,808	10,981,121	9,715,687	88 %
Total Retail	\$ 60,159,246	\$ 53,761,973	\$ 6,397,273	12 %
Wholesale:				
MD	10,594,167	6,553,361	4,040,806	62 %
NY	3,454,162	3,605,064	(150,902)	(4) %
NM	—	39,727	(39,727)	(100) %
MN	153,330	—	153,330	100 %
Total Wholesale	\$ 14,201,659	\$ 10,198,152	\$ 4,003,507	39 %
Total Revenue	\$ 74,360,905	\$ 63,960,125	\$ 10,400,780	16 %
NY and NM Revenue	\$ (8,308,585)	\$ (12,396,627)	\$ 4,088,042	(33) %
Total Revenue excluding NY and NM	\$ 66,052,320	\$ 51,563,498	\$ 14,488,822	28 %

Reconciliation of Non-GAAP Financial Measures

Vireo management occasionally elects to provide certain non-GAAP financial measures such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). EBITDA is a non-GAAP measure and does not have a standardized definition under GAAP. The following information provides reconciliations of the supplemental non-GAAP financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP 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 GAAP financial measures presented.

Reconciliation of Net Loss to EBITDA

(Amounts Expressed in United States Dollars, Unaudited and Condensed)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ (4,926,358)	\$ (5,229,026)	\$ (12,306,228)	\$ (20,964,252)
Interest expense, net	7,363,655	7,915,658	23,604,746	22,795,242
Income taxes	2,385,000	3,480,000	6,770,000	6,734,871
Depreciation & Amortization	256,326	279,963	762,864	875,949
Depreciation included in cost of goods sold	582,072	577,132	1,752,770	1,871,197
EBITDA (non-GAAP)	\$ 5,660,695	\$ 7,023,727	\$ 20,584,152	\$ 11,313,007