



NEWS RELEASE

Media Inquiries

Albe Zakes
Vice President, Corporate Communications
albezakes@vireohealth.com
(267) 221-4800

Investor Inquiries

Sam Gibbons
Vice President, Investor Relations
samgibbons@vireohealth.com
(612) 314-8995

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Vireo Health Raises \$10.5 Million to Increase Sales Volume and Margin

– CAD \$10.5 million financing to increase retail sell through in key medical only markets –

– Management provides update regarding recent strategic initiatives –

MINNEAPOLIS – March 10, 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 10 states and the commonwealth of Puerto Rico, today announced it has closed the first tranche of a non-brokered private placement offering (the "Offering") of 13,651,574 units of the Company (the "Units"). The Offering was authorized at a price per Unit of CAD \$0.77 for up to a total amount of U.S. \$10,000,000.

"This financing reflects the confidence of the capital markets in the potential growth of sales and margin for Vireo," said Executive Chairman, Bruce Linton. "There are significant opportunities across our existing footprint to leverage increasing scale to improve sales growth and operating performance, especially considering that we anticipate as many as seven of our medical-only state markets could enact recreational-use legislation over the near- to mid-term future."

"As a smaller, nimbler U.S. operator with a disciplined approach to capital allocation, we've sized this offering to balance our near-term objectives with the best long-term interests of shareholders and we believe we're in an excellent position to deliver stronger financial performance as a result of this transaction," said Founder & Chief Executive Officer, Kyle Kingsley, M.D. "Our recent focus on building production capacity to meet increasing demand positions us to drive stronger sell through of higher margin retail sales, which will remain a key area of focus for our team in 2020 in addition to advancing scientific innovation."

Each Unit is comprised of one subordinate voting share in the capital of Vireo (a "Share") and one subordinate voting share purchase warrant of Vireo (a "Warrant"). Each Warrant entitles the holder to

purchase one Share (a “Warrant Share”) for a period of three years from the date of issuance at an exercise price of CAD \$0.96 per Warrant Share, subject to adjustment in certain events. Vireo 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 CAD \$1.44, subject to adjustment in certain events.

The Company intends to use the proceeds from the Offering to fund various growth initiatives, as well as for working capital and general corporate purposes. Additional tranches of the Offering may be closed on or before April 17, 2020, subject to the satisfaction of customary closing conditions. All of the securities issuable in connection with the Offering will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation. The Company does not expect the Warrants to be listed on any securities exchange.

Corporate Update Regarding Recent Strategic Initiatives

The Company also disclosed that it has implemented several strategic initiatives over the course of the last 90 days in order to optimize its cost structure and operating model. The objectives of these initiatives are to build sustainable value with changing market conditions and to improve the Company’s operating performance. Since December 2, 2019, these actions have reduced corporate overhead and SG&A expenses by approximately 25 percent on an annualized basis.

Chief Financial Officer, Shaun Nugent, commented, “Our management team and Board of Directors is committed to significantly improving financial performance and generating positive free cash flow, and these actions were important steps we had to take in order to improve unit economics across our business so that we may achieve those goals. We expect to utilize a portion of the proceeds from the private placement transaction to expand our retail dispensary footprint in several key markets, which will be a critical component in driving stronger revenue growth, operating margins, and ultimately cash flow.”

The Company will provide additional updates regarding its strategic priorities and financial performance during its upcoming fourth-quarter and full-year 2019 earnings conference call, which is scheduled for April 30, 2020.

Additional Disclosures Surrounding Related Party Transaction

Bruce Linton, a director, officer and insider of Vireo indirectly subscribed for 1,736,715 Units in the Offering. Mr. Linton’s participation in the Offering and amendments to his employment agreement with the Company (the “Amended Employment Agreement”) constitute a “related party transaction” within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Company has relied on exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of the Mr. Linton’s participation in the Offering and the Amended Employment Agreement as neither transaction exceed 25% of the Company's market capitalization. Under the terms of the Amended Employment Agreement, the Company expects to advance Mr. Linton the aggregate exercise price of the first tranche of incentive warrants issued to Mr. Linton and disclosed by the Company on November 7, 2019, in accordance with the terms of such warrants. The warrants become effectively cashless if the market capitalization of the company reaches U.S. \$275 million. The terms of the Offering and the Amended Employment Agreement were reviewed and unanimously approved by the disinterested members of the Company's board of directors.

Other Information

All currency figures referenced in this release reflect Canadian dollar amounts, unless otherwise noted. The securities to be issued pursuant to the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “1933 Act”), or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States absent registration or an applicable exemption from the registration requirements. This news release does not constitute an offer to sell or a solicitation to buy such securities in the United States. The Canadian Securities Exchange (“CSE”) has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

About Vireo Health International, Inc.

Vireo Health International, Inc. is a physician-led cannabis company focused on building long-term, sustainable value by bringing the best of medicine, science, and engineering to the cannabis industry. With operations strategically located in early-stage, limited-license medical markets, Vireo manufactures pharmaceutical-grade cannabis products in environmentally-friendly greenhouses and distributes its products through its growing network of Green Goods™ retail dispensaries and hundreds of third-party locations. Its current core medical markets of New York, Minnesota, Pennsylvania, Arizona, New Mexico, Maryland, Ohio and Rhode Island all have the potential to enact adult-use legalization in the next three to 24 months, and three additional markets in Puerto Rico, Massachusetts and Nevada also have potential for commercialization. Combined with its teams’ focus on driving scientific innovation within the industry and securing meaningful intellectual property, Vireo believes it is well positioned to become a global market leader in the cannabis industry. In aggregate, Vireo’s total license portfolio spans 11 state markets with a total addressable population of over 80 million patients. Today, eight of its 11 state markets are operational with 13 of its 32 total retail dispensary licenses open for business. For more information about the company, please visit www.vireohealth.com.

Caution Regarding Cannabis Operations in the United States

Investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable US federal money laundering legislation.

While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with medical or adult-use cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve Vireo of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against Vireo. The enforcement of federal laws in the United States is a significant risk to the business of Vireo and any proceedings brought against Vireo thereunder may adversely affect Vireo’s operations and financial performance.

Forward-Looking Statement Disclosure

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. To the extent any forward-looking information in this news release constitutes “financial outlooks” within the meaning of applicable 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, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions, and include statements with respect to the opportunities for the Company to leverage increasing scale to improve sales growth and operating performance; the anticipation that seven medical-only state markets could enact recreational-use legislation over the near-to mid-term future; future tranches of the Offerings, including the expected timing for closing subsequent tranches of the Offering; the use of proceeds from the Offering; the anticipated benefits of the strategic initiatives implemented over the last 90 days; the annualized reduction of corporate overhead and SG&A expenses; the improvement to unit economics; expansion of retail dispensaries in key markets; and the expectation that such expansion will drive stronger revenue growth, operating margins and free cash flow. Forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this news release. Financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to various risks as set out herein. Our actual financial position and results of operations may differ materially from management's current expectations and, as a result, our revenue and cash on hand may differ materially from the revenue and cash values provided in this news release. Forward-looking information is based upon a number of estimates and assumptions of management 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; closing subsequent tranches of the Offerings; the expected timing for completion of subsequent tranches of the Offerings, including the satisfaction of customary closing conditions; current and future market conditions, including the market price of the subordinate voting shares of the Company; federal, state, local and foreign government laws, rules and regulations, including federal and state laws in the United States relating to cannabis operations in the United States; limited operating history; changes in laws, regulations and guidelines; operational, regulatory and other risks; execution of business strategy; management of growth; difficulty to forecast; conflicts of interest; risks inherent in an agricultural business; liquidity and additional financing; foreign private issuer status and the risk factors set out in the Company's listing statement dated March 19, 2019, filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this 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.