



NEWS RELEASE

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**FOR IMMEDIATE RELEASE
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Vireo Health Announces Full Year 2018 Revenues of \$18.5 Million with 70% Year-Over-Year Growth

- *Company raised \$51.4 million through reverse takeover transaction (RTO) in March –*
- *Successful closing of five acquisitions year-to-date establishes 10-state, nationwide footprint –*
- *Green Goods™ dispensary locations to begin opening during the second quarter –*

MINNEAPOLIS – April 30, 2019 – Vireo Health International, Inc. ("Vireo" or the "Company") (CSE: VREO), a leading science-focused, multi-state cannabis company, today reported financial results for its fourth quarter and full year ended December 31, 2018. All currency figures referenced in this release reflect U.S. dollar amounts.

“2018 was a momentous year for Vireo Health, with strong operating performance and substantial progress toward becoming a truly differentiated multi-state operator,” said Founder & CEO, Kyle Kingsley, M.D. “We achieved significant revenue growth in our existing markets and also laid the groundwork to double our footprint to ten or more states while simultaneously investing in industry-leading research and innovation. Overall, we believe that the Company is better positioned for future growth, profitability, and value creation for shareholders, and we’re looking forward to another successful year in fiscal 2019.”

Business Highlights

- Vireo generated revenue in three states in 2018: Minnesota, New York, and Pennsylvania. Total revenue for Q4 2018 increased 72 percent year-over-year to \$5.6 million versus Q4 2017. Total revenue for FY 2018 increased approximately 70 percent year-over-year to \$18.5 million versus FY 2017.
- During FY 2018, Company subsidiaries and affiliates were awarded a processing license in the state of Ohio, a grower and processor license in the state of Maryland, and a license in Pennsylvania to open three dispensaries. The Company also signed an agreement to acquire a Puerto Rico

company which has received pre-qualifications to obtain required licenses to operate a medical cannabis cultivation facility, a processing facility, and six dispensaries.

- During the first four months of 2019, the Company acquired various cannabis licenses and real estate in the states of Arizona, Massachusetts, Nevada, New Mexico, and Rhode Island. These acquisition activities expanded Vireo's licensed footprint to 10 states nationwide.
- Net loss for Q4 and FY 2018 were \$1.2 million and \$3.1 million, respectively. Adjusted net income for Q4 and FY 2018 were \$1.3 million and \$1.5 million, respectively.
- Q4 2018 EBITDA and Adjusted EBITDA, as described in accompanying disclosures and footnotes, were \$1.8 million and \$4.3 million, respectively. For FY 2018, EBITDA and Adjusted EBITDA were \$4.8 million and \$9.4 million, respectively.
- During the year, the Company onboarded 75 new team members, including several key executive hires, bringing total headcount to 224 nationwide as of December 31, 2018. As of the date of this news release, the Company has over 330 team members nationwide.

Fourth Quarter and Fiscal Year 2018 Financial Summary

Total revenue for Q4 2018 was \$5.6 million, up 72 percent from \$3.3 million in Q4 2017. For FY 2018, total revenue was \$18.5 million, up 70 percent from \$10.9 million in FY 2017. Fourth-quarter and full-year revenue growth were driven by increased patient counts and demand in the states of Minnesota and New York, as well as the beginning of revenue generation in the state of Pennsylvania.

Gross profit before fair value adjustments for Q4 and FY 2018 was \$1.8 million or 31.2 percent of revenue, and \$8.9 million or 48.4 percent, respectively, as compared to \$922,156 or 28.2 percent, and \$5.8 million or 53.0 percent for the same periods last year. Gross profit after fair value adjustments and net gains on growth of biological asset for Q4 and FY 2018 was \$5.4 million or 95 percent, and \$16.8 million or 90.9 percent, respectively, as compared to 36.1 percent and 58.6 percent for the same periods last year.

Total operating expenses for Q4 and FY 2018 were \$3.6 million and \$12.2 million, respectively, as compared to \$700,224 and \$6.4 million for the same periods last year. Total operating expenses include selling, general and administrative ("SG&A") expenses, which totaled \$1.6 million and \$3.8 million for Q4 2018 and FY 2018, respectively. The increase in SG&A expenses was primarily driven by investments in talent to support the Company's growing businesses.

Other expense was \$1.2 million in Q4 2018 and \$2.5 million for FY 2018. These non-operating expenses primarily reflect interest expenses associated with recent sale-and-leaseback transactions of certain cultivation facilities.

Net loss attributable to Vireo in Q4 2018 was \$1.2 million, as compared to net income of approximately \$273,098 in Q4 2017. For the FY 2018, net loss was \$3.1 million, compared to a net loss of approximately \$430,689 in FY 2017.

EBITDA was \$1.8 million in Q4 2018, as compared to \$603,020 in Q4 2017. Excluding transaction costs, share-based compensation expenses, and new market start-up costs, Vireo generated Adjusted EBITDA of \$4.3 million in Q4 2018. For FY 2018, EBITDA was \$4.8 million, as compared to \$163,352 in 2017. Excluding transaction costs, share-based compensation expenses, and new market start-up costs, Adjusted EBITDA was \$9.4 million for the year, as compared to \$693,890 in 2017. Please refer to the Supplemental

Information and Reconciliation of Non-IFRS Financial Measures at the end of this press release for additional information.

Subsequent Events

On March 20, 2019, Vireo commenced trading on the Canadian Securities Exchange under ticker symbol “VREO” following the successful completion of the Company’s reverse takeover (“RTO”) of Darien Business Development Corp. In conjunction with the RTO, Vireo raised approximately \$51.4 million in proceeds through a brokered and non-brokered private placement. The Company intends to utilize the net proceeds from the transaction to help finance M&A activity, as well as for general corporate purposes including business development, capacity expansion projects, working capital requirements and other strategic initiatives.

Balance Sheet and Liquidity

As of December 31, 2018, total assets were \$69.3 million, including cash on hand of \$9.6 million. Total long-term liabilities were \$23.4 million as of December 31, 2018, with \$1.0 million of debt currently due within 12 months.

Total equity shares outstanding as of December 31, 2018, were 2,206,269. As of the date of this release, total fully-diluted equity shares outstanding, on an as converted basis, were 111,882,624. The increased share count as compared to December 31, 2018 is primarily attributable to share-split activity as well as the sale of subscription receipts in conjunction with the Company’s RTO during the first quarter of 2019.

2019 Outlook

During fiscal year 2019, Vireo expects to conduct the following development activities:

- Launch Green Goods™ dispensaries in Pennsylvania and expand existing retail footprint in New Mexico
- Increase cultivation and processing capacity in Arizona, Minnesota, New Mexico and New York
- Begin build-out of new facilities in Massachusetts, Nevada, Puerto Rico, and Rhode Island
- Roll out new cannabis brands and innovative products in multiple state-based markets
- Wholesale Vireo-branded products to third-party dispensaries in Ohio
- Plant industrial hemp crops for IP development in Minnesota and New York

Dr. Kingsley commented, “Our management team is focused on executing several key strategic initiatives in fiscal year 2019, including the rollout of new dispensary locations, the pursuit of additional organic and acquisitive growth opportunities, and the development of intellectual property that we can monetize for the long-term benefit of patients, consumers, and shareholders. In the coming months, our subsidiaries in Minnesota and New York will also begin planting hemp crops that will support our IP development initiatives. We’re looking forward to sharing updates on those projects, in addition to our ongoing scientific research studies and other growth initiatives, as material updates become available.”

Conference Call and Webcast Information

Vireo Health management will host a conference call with research analysts on Tuesday, April 30, 2019 at 8:30 a.m. ET to discuss its financial results for Q4 and FY ended December 31, 2018. The conference call may be accessed by dialing 866-211-3165 (Toll-Free) or 647-689-6580 (International) and entering conference ID 4176936. 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/> and will be archived for one year.

Additional Information

Additional information relating to the Company's fourth quarter and fiscal year 2018 results, including performance of Vireo's predecessor company, Darien Business Development Corp., is available on SEDAR at www.sedar.com.

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

About Vireo Health International, Inc.

Vireo's mission is to build the cannabis company of the future by bringing the best of medicine, engineering and science to the cannabis industry. The Company's physician-led team of more than 300 employees provides best-in-class cannabis products and customer experience. Vireo cultivates cannabis in environmentally-friendly greenhouses, manufactures pharmaceutical-grade cannabis extracts, and sells its products at both company-owned and third-party dispensaries. The Company is currently licensed in ten states including Arizona, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, Ohio, Pennsylvania, and Rhode Island. For more information about the company, please visit www.vireohealth.com.

Forward-Looking Statement Disclosure

This news release contains forward-looking information within the meaning of applicable securities laws, based on current expectations. Generally, any statements that are not historical facts may contain forward-looking information, and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "look forward to", "budget" "scheduled", "estimates", "forecasts", "will continue", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or indicates that certain actions, events or results "may", "could", "would", "might" or "will be" taken, "occur" or "be achieved." Forward looking information may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of Vireo, and includes statements about, among other things, future developments, the future operations, potential market opportunities, 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. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including Vireo's experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Examples of the assumptions underlying the forward-looking statements contained herein include, but are not limited to those related to: the achievement of goals, the closing of acquisitions, obtaining of necessary permits and governmental approvals, future market positioning, as well as expectations regarding availability of equipment, skilled labor and services needed for cannabis operations, intellectual property rights, development, operating or regulatory risks, trends and developments in the cannabis industry, business strategy and outlook, expansion and growth of business and operations, the timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; access to capital; future operating costs; government regulations, including future legislative and regulatory developments involving medical and recreational marijuana and the timing thereto; receipt of appropriate and necessary licenses in a timely manner; the effects of regulation by governmental agencies; the anticipated changes to laws regarding the recreational use of cannabis; the demand for cannabis products and corresponding forecasted increase in revenues; and the size of the medical marijuana market and the recreational marijuana market.

Although such statements are based on management's reasonable assumptions at the date such statements are made, there can be no assurance that it will be completed on the terms described above and that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on the forward-looking information. Vireo assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

By its nature, forward-looking information is subject to risks and uncertainties, and there are a variety of material factors, many of which are beyond the control of the Company and that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. These factors include, but are not limited to: denial or delayed receipt of all necessary consents and approvals; need for additional capital expenditures; increased costs and timing of operations; unexpected costs associated with environmental liabilities; requirements for additional capital; reduced future prices of cannabis; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the cannabis industry; delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities; title disputes; claims limitations on insurance coverage; risks related to the integration of acquisitions; fluctuations in the spot and forward price of certain commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in the countries where the Company may carry on business in the future; liabilities inherent in cannabis operations; risks relating to medical and recreational cannabis; cultivation, extraction and distribution problems; competition for, among other things, capital, licences and skilled personnel; risks relating to the timing of legalization of recreational cannabis; changes in laws relating to the cannabis industry; and management's success in anticipating and managing the foregoing factors.

Supplemental Information

The financial information reported in this news release is based on management prepared financial statements for the fiscal year ended December 31, 2018. Accordingly, such financial information may be subject to change. Fully-audited financial statements for the period will be released and filed under the Company's profile on SEDAR by April 30, 2019. All financial information contained in this news release is qualified in its entirety with reference to such audited financial statements. While the Company does not expect there to be any material changes, 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.

Vireo Health, Inc.
Consolidated Statements of Financial Position

December 31, 2018 and 2017

(Expressed in United States Dollars)

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	\$ 9,624,110	\$ 2,595,965
Receivables	1,671,257	-
Inventories	21,379,722	14,575,040
Biological Assets	5,967,150	2,815,030
Prepaid Expenses	962,297	624,010
Deferred acquisition costs	1,885,653	-
Deferred financing costs	448,480	-
	41,938,669	20,610,045
Non-Current Assets		
Property and equipment	22,847,283	14,805,788
Deposits	2,259,735	966,012
Deferred Loss on Sale Leaseback Transaction	26,596	35,441
Intangible Asset	2,184,565	-
Due from Related Party	-	146,893
	27,318,179	15,954,134
Total Assets	\$ 69,256,848	\$ 36,564,179
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 2,512,389	\$ 1,516,300
Deferred lease inducements	341,555	-
Current portion of lease obligations	338,638	-
Current Portion of Long-Term Debt	1,010,000	-
	4,202,582	1,516,300
Long-Term Liabilities		
Deferred Rent	271,091	113,242
Deferred income taxes	6,508,000	-
Deferred lease inducements	4,781,770	-
Lease Obligations	11,839,152	6,431,129
Long-Term Debt	-	1,010,000
	27,602,595	9,070,671
Shareholders' Equity		
Share Capital	41,965,556	-
Members' Capital	-	22,910,942
Members' Units Receivable	-	(1,780)
Reserves	2,766,050	-
Retained earnings (deficit)	(3,077,353)	4,584,346
	41,654,253	27,493,508
Total Liabilities and Shareholders' Equity	\$ 69,256,848	\$ 36,564,179

Vireo Health, Inc.**Consolidated Statements of Loss and Comprehensive Loss**

For the Years Ended December 31, 2018 and 2017

(Expressed in United States Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
REVENUE	\$ 18,459,069	\$ 10,867,064
Production Costs	(9,519,433)	(5,104,379)
Gross Profit Before Fair Value Adjustments	8,939,636	5,762,685
Realized Fair Value Amounts Included in Inventory Sold	(16,457,419)	(5,840,818)
Unrealized Fair Value Gain on Growth of Biological Assets	24,302,031	6,443,637
Gross Profit	16,784,248	6,365,504
EXPENSES		
Depreciation	274,319	213,356
Professional fees	1,862,317	1,013,006
Salaries and wages	4,144,540	3,019,105
Selling, general and administrative expenses	3,831,634	2,159,192
Share-based compensation	2,072,706	-
	(12,185,516)	(6,404,659)
OTHER INCOME (EXPENSE)		
Loss on Sale of Property and Equipment	(25,065)	(398)
Interest Expense – Debt	(2,390,422)	(381,960)
Interest Income	-	1,275
Other Expense	(59,598)	(10,451)
Total Other Income (Expense)	(2,475,085)	(391,534)
INCOME (LOSS) BEFORE TAXES	2,123,647	(430,689)
Current income tax	(2,918,000)	-
Deferred income tax	(2,283,000)	-
Total income taxes	(5,201,000)	-
NET LOSS AND COMPREHENSIVE LOSS	\$ (3,077,353)	\$ (430,689)
Weighted average shares outstanding – Basic and diluted	2,206,269	N/A
Net loss per share	\$ (1.39)	N/A

Reconciliation of Non-IFRS Financial Measures

This news release contains references to financial metrics such as EBITDA, Adjusted EBITDA, and Adjusted Net Income, which are non-IFRS measures and do not have standardized definitions under IFRS. The Company has provided these non-IFRS financial measures in this news release 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 Company's 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 Company's business. The Company has provided reconciliations of these supplemental non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with International Financial Reporting Standards. 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 in this news release.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Net income (loss) (IFRS)	\$ (1,182,621)	\$ 273,098	\$ (3,077,353)	\$ (430,689)
Transaction costs	386,882	-	448,480	-
Share-based compensation	572,869	-	2,072,706	-
New market startup costs ⁽¹⁾	1,561,645	35,010	2,051,350	530,538
Adjusted net income (loss) (non-IFRS)	\$ 1,338,775	\$ 308,108	\$ 1,495,182	\$ 99,849
Net income (loss) (IFRS)	\$ (1,182,621)	\$ 273,098	\$ (3,077,353)	\$ (430,689)
Interest income	319	(8)	-	(1,275)
Interest expense	1,122,673	267,383	2,390,422	381,960
Income taxes	1,731,000	-	5,201,000	-
Depreciation	105,757	62,547	274,319	213,356
EBITDA (non-IFRS)	\$ 1,777,128	\$ 603,020	\$ 4,788,388	\$ 163,352
Transaction costs	386,882	-	448,480	-
Share-based compensation	572,869	-	2,072,706	-
New market startup costs ⁽¹⁾	1,561,645	35,010	2,051,350	530,538
Adjusted EBITDA (non-IFRS)	\$ 4,298,524	\$ 638,030	\$ 9,360,923	\$ 693,890

(1) New market startup costs include expenses such license application fees, legal and other professional fees, and other administrative start-up expenses