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Zacks Small-Cap Research

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Vireo Growth Inc. (OTCQX: VREOF)

VREOF: Vireo announces strong 2nd quarter 2026 financial and operating results and updates investors on recent acquisition activity.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe VREOF could be worth **$45.00** per share.

Current Price (8/11/26)	$11.04
Valuation	**$45.00**

OUTLOOK

Vireo Growth (VREOF) is a vertically integrated cannabis Multiple State Operator (MSO) involved in the cultivation, production, and distribution of a diversified suite of medical and recreational products to proprietary retail outlets and third-party dispensaries in wholesale markets. Following the recently closed acquisitions, the company's operating footprint covers CA, CO, FL, MD, MN, MO, NM, NV, NY, and UT. The company appears to be positioned for strong growth going forward and we believe the stock to be significantly undervalued.

SUMMARY DATA

52-Week High	**$24.00**
52-Week Low	**$8.91**
One-Year Return (%)	**4.74**
Beta	**N/A**
Average Daily Volume (sh)	**215,359**
Shares Outstanding (mil)	**54.8**
Market Capitalization ($mil)	**$544**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**11**
Insider Ownership (%)	**27**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small Growth**
Industry	**Medical Products**

ZACKS ESTIMATES

Revenues
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	24.2 A	25.1 A	25.2 A	25.0 A	99.4 A
2025	24.5 A	48.1 A	91.7 A	104.5 A	268.8 A
2026	106.2 A	209.3 A	222.0 E	221.1 E	758.6 E
2027					1,105.5 E

Earnings/Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	*($0.05) A*	*($0.00) A*	*($0.02) A*	*($0.07) A*	*($0.16) A*
2025	*($0.02) A*	*($0.03) A*	*($0.04) A*	*($0.02) A*	*($0.09) A*
2026	($0.56) A	-$0.00 A	$0.10 E	$0.12 E	-$0.18 E
2027					$0.22 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to rounding.

WHAT'S NEW

2nd Quarter 2026 Financial Results

On August 11, 2026, Vireo released 2nd quarter 2026 financial results which showed strong revenue growth on a GAAP, Pro Forma, and organic basis.

Vireo reported Q2 GAAP revenue of $209.3 million, up 335% year-over-year, driven primarily by recently completed M&A transactions. Pro forma revenue was $254.9 million, reflecting the acquisitions of Hawthorne, Bridgewell, and PharmaCann as if they had been completed on April 1, 2026. During the quarter, Vireo closed its acquisitions of Hawthorne, Eaze, and Bridgewell, while announcing the acquisitions of FLUENT and C21, which will expand its retail footprint in Florida and strengthen its Nevada operations. Organic, or same-stores sales growth was approximately 7.0% in the quarter.

Vireo continued its aggressive acquisition strategy following quarter-end, closing the PharmaCann transaction to deepen its Colorado presence and entering Pennsylvania through the acquisition of PhytoNatural dispensary licenses. The company also announced an agreement to acquire select Cannabist assets, expanding its Colorado platform while entering Massachusetts, New Jersey, and Illinois. In addition, Vireo announced a merger with Planet 13 to further strengthen its positions in Nevada and Florida and expand its Illinois operations, as well as a four-deal transaction designed to establish a fully integrated vertical operation in Ohio, its 15th state.

Assuming completion of all announced transactions, Vireo expects to become the largest U.S. cannabis operator by dispensary count, with approximately **270 locations**, and one of the largest U.S. cannabis companies by revenue. To support its continued acquisition strategy, the company secured a new asset-based revolving credit facility with an initial $65 million commitment, expandable to $105 million, priced at Term SOFR plus 1.75%–2.00%. Vireo ended the quarter with $122.7 million in cash and expects to remain active in pursuing additional acquisitions.

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	$ Change	% Change
Retail:				
MN	$ 19.0	$ 10.9	$ 8.1	74 %
NY	0.8	1.1	(0.3)	(27)%
MD	6.7	6.7	—	— %
UT	13.1	6.1	7.0	115 %
NV	28.3	6.4	21.9	342 %
MO	20.9	5.6	15.3	273 %
CO	28.4	—	28.4	100 %
NM	9.4	—	9.4	100 %
CA	18.0	—	18.0	100 %
FL	9.5	—	9.5	100 %
Total Retail	**$ 154.1**	**$ 36.8**	**$ 117.3**	**319 %**
Wholesale:				
MN	$ 0.1	$ 0.2	$ (0.1)	(50)%
NY	8.9	4.1	4.8	117 %
MD	3.4	4.2	(0.8)	(19)%
UT	2.4	1.1	1.3	118 %
NV	0.1	—	0.1	100 %
MO	5.9	1.7	4.2	247 %
CO	0.9	—	0.9	100 %
Total Wholesale	**$ 21.7**	**$ 11.3**	**$ 10.4**	**92 %**
Total Cannabis Revenue	**$ 175.8**	**$ 48.1**	**$ 127.7**	**265 %**
Non-Cannabis Revenue	33.5	—	33.5	100 %
Total Revenue	**$ 209.3**	**$ 48.1**	**$ 161.2**	**335 %**

Source: vireogrowth.com

Vireo's management frames the current cannabis landscape as one where scale by itself is no longer sufficient to build lasting value. Instead, management points to disciplined capital allocation, operational execution, and effective integration as the traits that will separate durable winners from the competition.

That thinking underlies every acquisition completed during the quarter. Rather than chasing growth for its own sake, the company is assembling a diversified cannabis and agribusiness platform in which each new investment adds to the strength of the whole organization.

With its pending transactions, Vireo now has one of the largest operating footprints in the industry, and management remains focused on lifting profitability, growing free cash flow, and building individual businesses worth $100 million or more across its core markets over time. The Hawthorne and Bridgewell acquisitions mark a deliberate step toward diversification, laying the groundwork for a national agribusiness supply platform that extends the company's reach beyond cannabis and forms the basis of its new non-cannabis reporting segment. Management believes these investments position Vireo to show the full earnings power of its platform as integration work carries into 2027.

Balance Sheet

As of June 30, 2026, total current assets excluding income taxes receivable were $374.0 million, including cash on hand of $122.7 million and marketable securities of $1.0 million. Total current liabilities excluding uncertain tax liabilities and contingent consideration were $181.4 million. Total debt outstanding was $298.8 million. We estimate the leverage ratio to be approximately 1.20x based on 6/30/26 balance sheet numbers.

Subsequent Events

After June 30, 2026, Vireo significantly expanded its footprint through a series of acquisitions and financing moves. The company completed its purchase of PhytoNatural through the Vive Penn joint venture, gaining a non-operational medical cannabis retail permit that could support up to six dispensaries and marking its entry into Pennsylvania. It also signed a definitive agreement to acquire cultivation, manufacturing, and up to 20 retail assets from The Cannabist Company, strengthening its Colorado presence while entering Illinois, Massachusetts, and New Jersey. It also announced an all-stock merger with Planet 13 to add cultivation, processing, delivery, and retail operations in Nevada, Illinois, and Florida.

Separately, four acquisitions in Ohio brought the company into its 15th state with substantial scale, including eight dispensaries, a cultivation and processing facility, and related real estate. Vireo also completed its acquisition of certain PharmaCann assets in Colorado, converting a prior management agreement into outright ownership, and secured a new asset-based revolving credit facility starting at $65 million, and expandable to $105 million, priced at Term SOFR plus 1.75% to 2.00%.

Share Consolidation

On June 1, 2026, the company announced the consolidation of its subordinate voting shares, multiple voting shares, and super voting shares at a ratio of 30-for-1 which was effective as of June 5th. On the record date, the number of issued and outstanding Subordinate Voting Shares was reduced from 1,455,017,319 to approximately 48,500,577. Current shares outstanding as of 6/30/26 were approximately 54.4 million shares.

Business Updates & Subsequent Events

- On March 19, 2026, the company completed its previously announced acquisition of a controlling interest in Vireo Health of Rocky Mountain through the restructuring of Medicine Man Technologies (Schwazze). In this transaction, the company acquired 45 dispensaries and two manufacturing facilities located in Colorado and New Mexico.

- On March 22, 2026, the management services agreement previously entered into in connection with the pending acquisition of certain PharmaCann assets became effective in which the company began providing management services related to the dispensaries to be acquired.

- On April 1, 2026, the company completed its merger with Eaze. The company issued 90,379,591 subordinate voting shares as estimated closing consideration subject to customary post-closing adjustments. Former Eaze stockholders may also be eligible to receive additional shares based on the achievement of certain financial targets through calendar year 2026.

- On April 8, 2026, the company completed the acquisition of The Hawthorne Gardening Company from The Scotts Miracle-Gro Company. The company issued 213,000,000 subordinate voting shares subject to customary post-closing adjustments. The company also issued warrants to purchase 80,000,000 subordinate voting shares at an exercise price of $0.85 per share with a five-year term.

- On April 13, 2026, the company and Glass House Brands announced a definitive agreement to form a joint venture to combine each party's California dispensary operations. Upon closing, each party is expected to contribute its California retail operations to the joint venture in exchange for a 50% ownership interest. The JV agreement is expected to combine the company's 12 dispensaries and home delivery operations in California and those acquired from Eaze with Glass House's 11 California retail locations. The combined platform is expected to be supported by a preferential supply agreement with Glass House. Beginning five years after closing, the company will have an option to acquire Glass House's ownership interest in the JV, and Glass House will have a reciprocal put right.

- On April 23, 2026, the U.S. DOJ announced an order reclassifying certain FDA-approved marijuana products and cannabis products subject to qualifying state medical marijuana licenses from Schedule I to Schedule III under the Controlled Substances Act. The Department of Justice also announced an administrative hearing process to consider broader rescheduling of marijuana.

- On April 30, 2026, Vireo entered into an agreement to acquire all outstanding shares of FLUENT Corp. in an all-stock transaction. FLUENT shareholders will receive 0.0705359 of a subordinate voting share of Vireo for each FLUENT share. The transaction has been unanimously approved by the boards of both companies following a review by an independent special committee of FLUENT and is subject to customary conditions, including shareholder approvals, regulatory approvals, as well as the completion of a debt equitization of approximately $30.0 million of FLUENT debt.

  FLUENT is a national cannabis consumer packaged goods company and retailer. FLUENT produces an assortment of cannabis products under a diverse portfolio of brands including MOODS, Knack, Wandr, Bag-O and Hyer Kind. FLUENT operates in Florida, New York, and Texas. Headquartered in Tampa, Florida, FLUENT has approximately 650 employees across 8 cultivation and manufacturing facilities, 35 active retail locations and a wholesale division which trades under ENTOURAGE servicing third party retailers in New York.

- The company does not provide formal revenue or EPS guidance, but management's forward-looking outlook focused on integration execution and disciplined M&A. CEO John Mazarakis stated, *"The strong financial position, along with rescheduling tailwinds and our disciplined approach to growth through accretive M&A and organic investment, positions us to deliver a strong 2026."*

- In addition, Florida was highlighted as the key near-term integration focus. CEO Mazarakis stated, *"Florida is like, almost like an orphan asset for us, and that's going to be our first meaningful integration. Florida is going to be the first test case for us as to how we're going to turn around an asset that we again bought very reasonably*."

FOOTPRINT EXPANSION

Source: vireogrowth.com

With recent acquisitions and previously announced deals, Vireo expects to expand its network to about 270 dispensaries across 15 states, including 17 in Nevada and 106 in Florida, making it the largest U.S. cannabis operator by store count.

Following the transformational acquisitions of Wholesome, Proper Brands, and Deep Roots Harvest in the first half of 2025, management has remained aggressive on the M&A front. Management remains focused on building a diversified network of local operators across financially attractive and complementary markets that offer a high ROI over time.

On a pro forma basis, Vireo Growth will operate 270 dispensaries across 15 states (CA, CO, FL, MD, MN, MO, NM, NV, NY, UT, IL, MA, NJ, PA and OH), with approximately 800,000 square feet of cultivation and production facilities, as market shares continue to roll up to scale-enabled Multi-State Operators (MSOs). While independent management teams retain control of day-to-day operations, affiliated companies can leverage shared corporate services to facilitate operating efficiencies and enhance growth. From a financing standpoint, Vireo's strong balance sheet remains a key competitive advantage relative to many other U.S.-based cannabis operators that typically struggle to source capital to fund growth. Vireo maintains strong liquidity to continue to capitalize on accelerating consolidation trends across the industry.

<u>Eaze Inc.</u>

In December 2025, Vireo announced the company entered into a merger agreement with Eaze Inc., an MSO with 65 retail dispensaries across California (12), Colorado (14), and Florida (39). The acquisition further diversifies the company's geographic footprint by adding scale-enabled operations in two of the largest markets in the U.S., California and Florida. Eaze manages California's largest legal cannabis marketplace providing access through on-demand delivery, with 12+ million cannabis deliveries since inception, while maintaining outsized cultivation capacity in Florida. Management seems open to further acquisitions in Florida, with Eaze acting as the company's initial foothold.

The base consideration is $47 million (adjusted for cash, indebtedness, transaction expenses, working capital, and tax items) and financed by the issuance of 83.9 million subordinate voting shares of VREOF (subject to staggered lock-up periods commencing in March 2027 through March 2028) at $0.56 per share. In addition, former Eaze stockholders may be entitled to earnout payments (in the form of incremental subordinate voting shares of VREOF priced at the higher of $1.05 or the 20-day Volume-Weighted Average Price as of 12/31/26) based on 3.84x Eaze's Adjusted EBITDA for 2026 less the base consideration. The transaction closed on April 1, 2026.

<u>PharmaCann</u>

In mid-December 2025, Vireo announced the company entered into an Asset Purchase agreement with PharmaCann involving the sale of 17 retail cannabis dispensaries in Colorado in exchange for a share consideration of $49 million (adjusted for changes in inventories/trade payables). This was financed by the issuance of ~116.7 million subordinate voting shares of VREOF (based on the stock's current price), as well as the assumption of certain liabilities. In addition, Vireo and PharmaCann entered into a Management Services Agreement in which the company will provide certain management services related to the dispensaries until the closing of the transaction (expected in the first half of 2026). This transaction further expands Vireo's retail presence in Colorado to 55 dispensaries on a pro forma basis.

Schwazze

In October 2025, Vireo Growth announced the acquisition of ~$91 million of 13% senior secured convertible notes issued by Medicine Man Technologies / Schwazze (OTCPK: SHWZ) in exchange for 114.8 million subordinate voting shares of VREOF at $0.54 (~$62 million in aggregate). The two companies entered into a Restructuring Support Agreement that contemplates the sale of select Schwazze assets to a NewCo (majority-owned by Vireo), as well as the liquidation/wind down of Schwazze's remaining operations. Schwazze is currently in default on the company's payment obligations related to the convertible notes. Vireo has secured financing commitments for up to $62 million for refinancing and working capital needs. Subsequently, Vireo acquired an additional $2.6 million of the convertible notes in mid-December 2025 bringing the company's ownership stake to 89% of SHWZ's total outstanding senior secured convertible notes. In March 2026, the company announced it closed its acquisition of Schwazze assets.

Schwazze is a vertically integrated MSO based in Denver with 46 retail dispensaries and two manufacturing facilities across Colorado and New Mexico. Focusing on Colorado, Schwazze remains the largest cannabis operator in the state, though market shares remain fragmented. That said, the state seems primed for ongoing consolidation following a more challenging industry backdrop, with VREOF seemingly well positioned to continue to roll up market share, thereby further enhancing the company's scale and buying power in Colorado. This transaction closed on March 19, 2026.

Hawthorne

In January 2026, the company announced a nonbinding Memorandum of Understanding (MOU) with The Scotts Miracle-Gro Company (SMG) to acquire The Hawthorne Gardening Company LLC, a provider of indoor/hydroponic gardening products. The proposed acquisition involves equity participation in Vireo through the issuance of subordinate voting shares and closed in April 2026.

Company management commented that this transaction represents the first step in building a national procurement and supply chain platform with meaningful scale and recurring revenue. Vireo plans on using this platform to purchase ancillary products used across the overall business in a cost-effective manner. Hawthorne has moved past their capex inventory-focused sales model and into a more Opex-focused model of monthly recurring sales, which management believes is the first step to succeeding in this ancillary market.

The proposed terms as updated in March 2026 would be that Vireo would acquire Hawthorne with at least US$35 million of cash, approximately US$50 million of net working capital, and would be provided with approximately US$20 million of inventory comprised mostly of soil to be supplied to Vireo over two years. The consideration to Hawthorne would be the issuance of 206 million subordinate voting shares of Vireo and a warrant to purchase 80 million shares at an exercise price of US$0.85 per share. This transaction closed on April 8, 2026.

ACCRETION

During the 4th quarter of 2025, the company completed the key integration work related to the transactions that closed in 2025, including integrating HR, ERP platforms, rationalizing insurance providers and policies, and centralizing procurement across the entire enterprise. According to management, these actions have already generated meaningful corporate overhead and ongoing operating synergies, which are expected to become even more evident in full year 2026 results.

Based on those actions, there could be a major step up in earnings power following the closing of the Schwazze, PharmaCann, and Eaze transactions. Beyond the rise in revenue related to VREOF's most recent transactions (partially offset by incremental corporate overhead, interest, and minority interest expenses), key organic growth drivers include the launch of adult-use sales in Minnesota, and a step up in New York revenues reflecting the commencement of adult-use sales from the company's indoor facility.

From a margin perspective, the integrations of Proper, Deep Roots, and Wholesome have largely been completed which included consolidating accounting, finance, human resources, insurance, and procurement operations, with related synergies likely to be fully realized in 2026. Furthermore, a favorable sales mix shift in favor of higher-margin recreational-use products in the retail channel, as well as management's continued focus on driving operational efficiencies and economies of scale more broadly likely result in a step up in profitability.

We believe Adjusted EBITDA (excludes non-cash inventory adjustments and stock-based compensation expenses, as well as non-recurring items) points to additional accretion related to the pending Schwazze, PharmaCann, and Eaze acquisitions.

RESCHEDULING UPDATE

The Trump administration issued an executive order in December 2025 instructing the attorney general to expedite the process of rescheduling marijuana to Schedule III of the Controlled Substances Act. On April 23, 2026, the U.S. Department of Justice announced an order reclassifying certain FDA-approved marijuana products and cannabis products subject to qualifying state medical marijuana licenses from Schedule I to Schedule III under the Controlled Substances Act. The Department of Justice also announced an administrative hearing process to consider broader rescheduling of marijuana.

As a review, the rescheduling of marijuana from Schedule I to Schedule III potentially paves the way for several key benefits for cannabis-related businesses:

1) IRS Code Section 280E would no longer apply, thereby allowing for the deduction of business expenses on federal tax returns. Beyond immediate cash flow benefits on a go-forward basis, cannabis companies likely settle outstanding liabilities with the government (VREOF carried approximately $120 million of uncertain tax liabilities on the balance sheet as of 12/31/25).

2) Marijuana rescheduling likely improves access to banking/financial services for cannabis companies, thereby lowering costs of capital, all else equal.

3) Less onerous tax burdens potentially promote stepped-up spending on marketing and/or research and development, thus enhancing sustainable growth across cycles. More broadly, lower regulatory/financial barriers likely spur growth across the industry, with scale-enabled MSOs seemingly well positioned to gain market share, we believe.

As uncertainty around rescheduling probabilities, implications, and timelines fade, we look for cannabis stocks to benefit from meaningful upward revaluations. Further catalysts include potential uplistings to senior exchanges (NYSE, Nasdaq) here in the U.S., which could enhance liquidity and institutional shareholder ownership for publicly traded cannabis companies.

KEY INVESTMENT POINTS

Source: vireogrowth.com

Vireo Growth is a vertically integrated cannabis multi-state operator (MSO) involved in the cultivation, production, and distribution of a diversified suite of medical and recreational products across proprietary retail outlets and third-party dispensaries in wholesale markets.

Our investment thesis revolves around:

- Transformational Acquisitions: Management remains focused on building a diversified network of local operators across financially attractive and complementary markets. While independent management teams retain control of day-to-day operations, affiliated companies can leverage shared corporate services to facilitate operating efficiencies and enhance growth.

- Multi-Layered Growth Story: Despite ongoing regulatory uncertainty, we see a number of broader industry and company-specific catalysts that position VREOF for accelerating growth going forward. First, U.S. cannabis industry revenues reached ~$32 billion last year in 2024, with ongoing growth projected driven by further legalization at the state level, rising consumer demand, and a step up in the number of users reflecting growing adoption of cannabis to treat a wider array of medical conditions, as well as building acceptance/support for legalization efforts. For Vireo, we suspect much of the standalone business's growth will come from Minnesota and New York, where management remains focused on building out cultivation/production capacity to meet building adult-use demand. Furthermore, following the previously announced transformational acquisitions, we believe Vireo has reached critical mass, with market shares continuing to roll up to scale-enabled MSOs.

- Profitability Inflection: Our model calls for EPS to be positive for the 2027 reflecting full-year accretion from recent acquisitions, with further growth expected in 2028 and beyond as the business continues to scale. Focusing on the top line, we look for strong growth in 2026 and beyond following the closings of recent acquisitions, as well as the commencement of adult-use sales in Minnesota. Furthermore, we forecast a step up in New York revenue reflecting the recent initiation of adult-use sales from the company's indoor facility. Key expansion drivers likely include meaningful transaction-related accretion, as senior officials rationalize redundant corporate services across accounting/finance, legal, human resources, and other departments.

- Balance Sheet Strength: Vireo's strong balance sheet remains a key competitive advantage relative to most other U.S.-based cannabis operators that typically struggle to source capital to fund growth due to regulatory restrictions, with highly dilutive financings often the only course of action. Put another way, Vireo maintains ample liquidity to weather the storm and capitalize on accelerating consolidation trends across the industry should the regulatory backdrop remain challenging. Importantly, Vireo's debt profile remains generally favorable, with long-dated maturities (mostly 2028).

- Attractive Valuation: We believe VREOF stock trades at a significant discount from its peers and our DCF calculation. There appear to be multiple catalysts in 2026 & 2027 that may close the value gap.

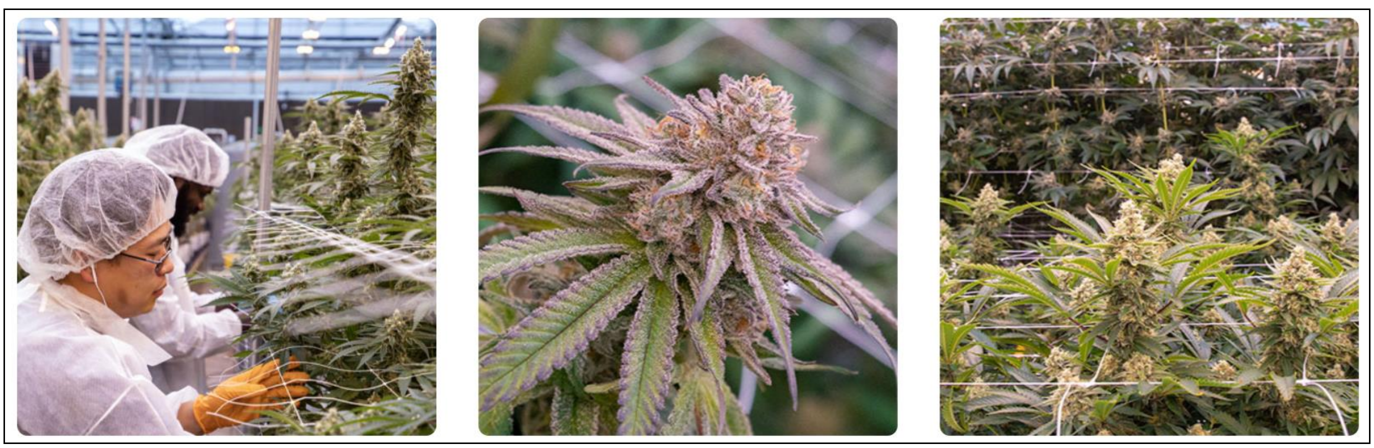
VALUATION & ESTIMATES

We are maintaining our price target of **$45.00** as we wait for further growth metrics and the closing of the most recent acquisitions. This valuation level represents meaningful upside potential from current levels. Our view is that once uncertainty related to the closing/integration of pending acquisitions fades (old and recent), VREOF's improving fundamental story will increasingly resonate with investors, thereby driving a material upward revaluation for the stock. Vireo remains uniquely positioned to continue to roll up accretive assets, with further acquisitions likely representing incremental catalysts for the stock

In addition, a more favorable regulatory backdrop (particularly as it relates to federal rescheduling or incremental state legalizations) and/or further acquisitions of strategically complementary assets at attractive valuations likely represent powerful catalysts for VREOF. Finally, insiders (including directors and executive officers along with investment vehicles managed by related party Chicago Atlantic) own approximately 40% of VREOF's total capital stock, reinforcing strong management alignment.

Our DCF model suggests a wide disconnect between VREOF's fundamentals and the stock's current price. Key inputs include: 1) EBIT margin forecasts through 2026; 2) slowing EBIT growth through the end of the forecast period; 3) a 12.5% discount rate; 4) a perpetual growth rate of 5% despite sustainably higher growth rates for the foreseeable future; and 5) an exit EV/EBITDA multiple of 6.0x.

Based on expected deal closings from recent acquisition announcements, we update our 2026 revenue estimates to $758.6 million and our 2026 EPS estimate is now ($0.18).



Source: vireogrowth.com

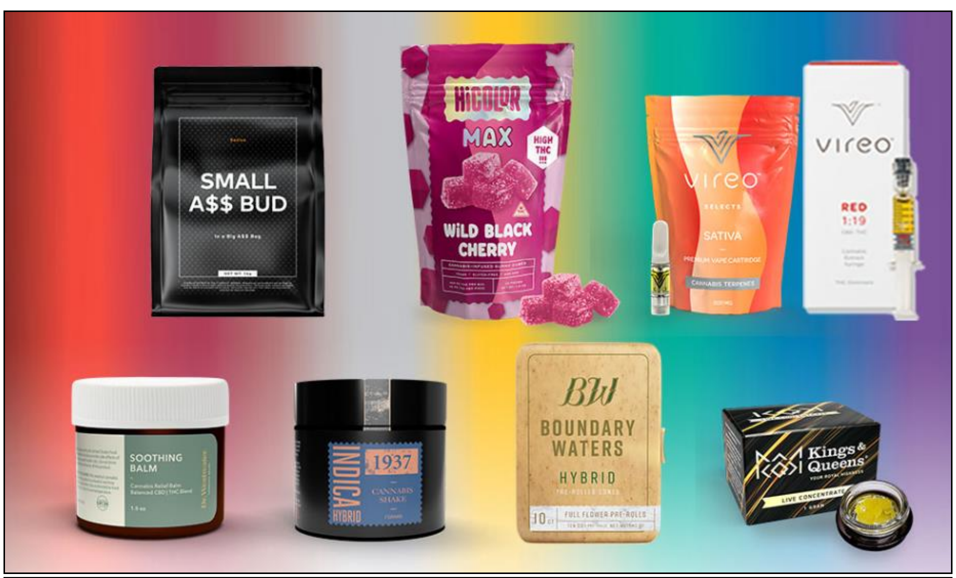
INVESTMENT RISKS

- Regulatory uncertainty: The cannabis regulatory landscape remains challenging characterized by ongoing bans at the federal level, a patchwork of differing rules and regulations across states, and continual competition from the black market. The federal Controlled Substances Act (CSA) criminalizes the manufacture, sale, and distribution of Schedule I drugs including marijuana, while the Bank Secrecy Act (BSA) requires depository and other financial institutions to ensure clients refrain from engaging in unlawful behavior, including the sales of marijuana, as well as maintain Anti-Money Laundering (AML) programs. Because of this, cannabis operators often struggle to access traditional financial services and funding from banking institutions, thereby driving elevated operating expenses and higher costs of capital, all else equal.

- M&A integration and financing: All M&A transactions carry meaningful execution and operational risks. And while VREOF manages a decentralized platform leveraging independent operators' local expertise, business dislocation risk rises as accounting/finance, human resources, legal, and other back-office functions are consolidated. Looking ahead, management remains patient, but aggressive as it relates to potentially capitalizing on incremental M&A opportunities. That said, shareholders likely risk dilution, assuming prospective deals are at least partially financed with equity.

- Rising competition: The cannabis industry remains highly fragmented, with ~15,000 dispensaries across the U.S. managed by scale-enabled MSOs and smaller local operators (not to mention the unregulated black market). As such, competition remains fierce, with market shares rolling up to companies that can increasingly leverage superior cultivation and manufacturing capabilities, diversified/innovative product sets, broader retail distribution, more cost-effective marketing initiatives, wider access to financing, and improving operational efficiencies. One of the byproducts of rising competition has been ongoing pricing pressure. Lower prices combined with rising labor/materials costs linked to inflation continues to pressure industry margins, all else equal, with mounting cannabis exports and new market entrants potentially exacerbating the softening pricing trend.

- Uncertain tax liabilities: Section 280E of the Internal Revenue Code prohibits companies that traffic in Schedule I or Schedule II controlled substances from deducting ordinary business expenses (with the exception of certain cultivation and manufacturing costs) resulting in outsized tax burdens and less capital to fund growth. Vireo filed amended tax returns for 2020, 2021, and 2022 that allow for standard business expense deductions. While it remains to be seen if the IRS challenges the deductions, one potential outcome is the company is forced to pay back taxes (plus interest).



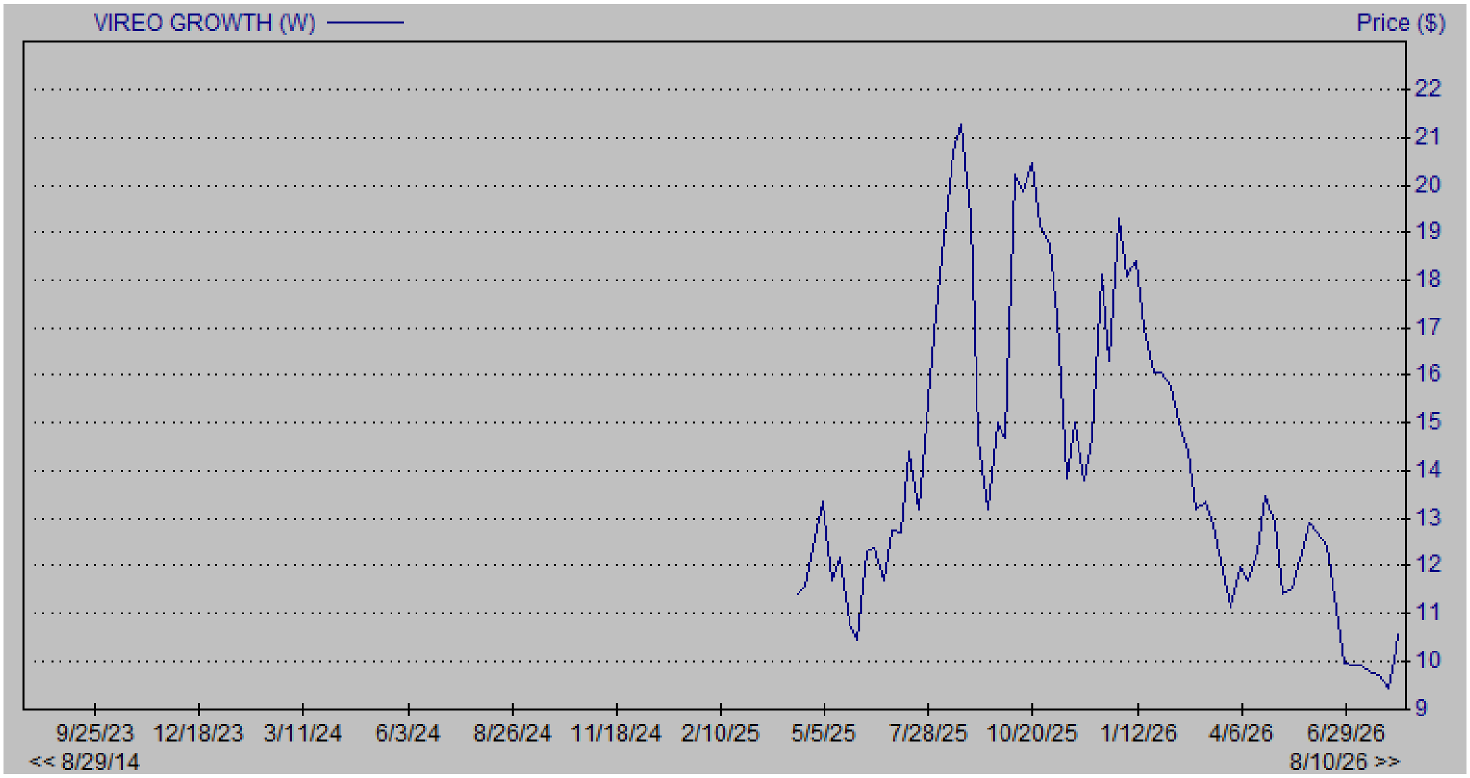
Source: vireogrowth.com

PROJECTED INCOME STATEMENT

	1Q25 Mar-25	2Q25 Jun-25	3Q25 Sep-25	4Q25 Dec-25	1Q26 Mar-26	2Q26A Jun-26	3Q26E Sep-26	4Q26E Dec-26	2023 Dec-23	2024 Dec-24	2025 Dec-25	2026E Dec-26	2027E Dec-26
Revenue	**24,541**	**48,063**	**91,655**	**104,510**	**106,200**	**209,300**	**222,035**	**221,097**	**88,133**	**99,384**	**268,769**	**758,632**	**1,105,486**
Cost of Sales:													
Product costs	11,695	23,719	40,878	45,717	46,900	110,900	117,679	117,182	42,740	48,319	122,009	392,660	345,760
Non-cash product costs		4,152	12,398	1,256		2,700					17,805	2,700	0
Inventory valuation adjustments	433	(226)	996	656		400			1,289	294	1,859	400	0
Gross profit	12,412	20,418	37,383	56,882	59,300	95,300	104,356	103,916	44,104	50,771	127,095	362,872	303,572
	50.6%	**42.5%**	**40.8%**	**54.4%**	**55.8%**	**45.5%**	**47.0%**	**47.0%**					
Operating Expenses:													
Selling, general and administrative	7,474	12,455	29,681	31,577	30,800	75,800	79,933	77,384	28,218	28,063	81,187	263,917	233,117
Transaction related	1,245	4,729	804	4,430	8,700	19,700	3,000	3,000	0	4,504	11,208	34,400	25,700
Stock-based compensation	1,461	4,151	4,007	9,046	7,000	0	0	0	4,158	3,628	18,664	7,000	0
Depreciation	77	388	553	10,320	1,100	1,700	1,700	1,700	470	293	11,338	6,200	5,100
Amortization	180	714	1,530	3,323	2,700	4,400	4,400	4,400	679	720	5,748	15,900	13,200
Total Operating Expenses	**10,437**	**22,437**	**36,574**	**58,697**	**50,300**	**101,600**	**89,033**	**86,484**	**33,524**	**37,208**	**128,144**	**327,417**	**277,117**
Operating Income/(Loss)	**1,976**	**(2,019)**	**809**	**(1,814)**	**9,000**	**(6,300)**	**15,324**	**17,432**	**10,580**	**13,563**	**(1,049)**	**35,456**	**26,456**
Other Income/(Expense):													
Interest expenses, net	(7,600)	(7,648)	(6,906)	(8,101)	(7,800)	(7,600)	(7,600)	(7,600)	(31,261)	(31,189)	(30,254)	(30,600)	(22,800)
Impairment of long-lived assets	0	0	0	(2,600)					(412)	0	(2,600)	0	0
Gain/(loss) on disposal of assets	0	(6)	(7,838)	(24)	(5,400)	24,000			(4,478)	(218)	(7,867)	18,600	24,000
Other income/(expenses)	790	(408)	983	494		4,100			7,746	949	1,859	4,100	4,100
Other income/(expenses), net	(6,809)	(8,061)	(13,761)	(10,231)	(13,200)	20,500	(7,600)	(7,600)	(28,404)	(30,458)	(38,863)	(7,900)	5,300
Pre-Tax Income/(Loss)	**(4,834)**	**(10,080)**	**(12,952)**	**(12,046)**	**(4,200)**	**14,200**	**7,724**	**9,832**	**(17,824)**	**(16,895)**	**(39,911)**	**27,556**	**31,756**
Current income tax expenses	(1,675)	(4,854)	(13,347)	(21,733)	(18,300)	(20,000)	(2,317)	(3,441)	(6,036)	(11,113)	(41,609)	(44,058)	(25,758)
Deferred income tax recoveries	0	0	0	13,406	2,200	5,700			(1,687)	0	13,406	7,900	5,700
Net Income/(Loss)	**(6,509)**	**(14,934)**	**(26,299)**	**(20,373)**	**(20,300)**	**(100)**	**5,407**	**6,391**	**(25,547)**	**(28,008)**	**(68,114)**	**(8,603)**	**11,697**
Earnings/(loss) per share	**($0.02)**	**($0.03)**	**($0.04)**	**($0.02)**	**($0.56)**	**($0.00)**	**$0.10**	**$0.12**	**($0.19)**	**($0.16)**	**($0.09)**	**($0.18)**	**$0.22**
Weighted avg shares out (basic & diluted)	366,800	559,097	627,654	1,052,500	36,015	45,087	54,400	54,400	135,236	180,392	734,739	47,475	54,400

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE



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