VIREO GROWTH INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VIREO GROWTH INC.
CONSOLIDATED BALANCE SHEETS
(In U.S Dollars, unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash	$ 86,260,997	$ 91,604,970
Accounts receivable, net of credit losses of $84,990 and $244,264, respectively	3,983,466	4,590,351
Income tax receivable	11,367,067	12,027,472
Inventory	23,343,300	21,666,364
Prepayments and other current assets	1,785,664	1,650,977
Warrants held	1,751,906	2,270,964
Assets held for sale	99,941,960	96,560,052
Total current assets	228,434,360	230,371,150
Property and equipment, net	32,836,175	32,311,762
Operating lease, right-of-use asset	7,660,568	7,859,434
Intangible assets, net	7,694,517	7,899,328
Deposits	421,244	421,244
Total assets	$ 277,046,864	$ 278,862,918
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 12,197,467	$ 10,456,036
Long-term debt, current portion	—	900,000
Right of use liability	1,148,991	1,400,015
Uncertain tax liability	34,959,000	33,324,000
Liabilities held for sale	89,351,157	89,387,203
Total current liabilities	137,656,615	135,467,254
Right-of-use liability	16,437,288	16,494,439
Other long-term liabilities	37,278	37,278
Convertible debt, net	9,874,521	9,862,378
Long-term debt, net	62,603,583	61,438,046
Total liabilities	226,609,285	223,299,395
Commitments and contingencies (refer to Note 16)		
Stockholders' equity (deficiency)		
Subordinate Voting Shares ($- par value, unlimited shares authorized; 339,475,288 shares issued and outstanding at March 31, 2025 and 337,512,681 at December 31, 2024)	—	—
Multiple Voting Shares ($- par value, unlimited shares authorized; 278,170 shares issued and outstanding at March 31, 2025 and 285,371 at December 31, 2024)	—	—
Additional paid in capital	288,381,930	286,999,084
Accumulated deficit	(237,944,351)	(231,435,561)
Total stockholders' equity (deficiency)	$ 50,437,579	$ 55,563,523
Total liabilities and stockholders' equity (deficiency)	$ 277,046,864	$ 278,862,918

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

VIREO GROWTH INC.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS
(In U.S. Dollars, except share amounts, unaudited)

	Three Months Ended March 31,	
	2025	**2024**
Revenue	$ 24,540,641	$ 24,087,315
Cost of sales		
Product costs	11,695,329	12,146,888
Inventory valuation adjustments	433,000	(304,000)
Gross profit	12,412,312	12,244,427
Operating expenses:		
Selling, general and administrative expenses	7,473,943	7,051,613
Transaction related expenses	1,244,696	—
Stock-based compensation expenses	1,460,850	179,789
Depreciation	77,102	73,547
Amortization	180,032	180,034
Total operating expenses	10,436,623	7,484,983
Income from operations	1,975,689	4,759,444
Other income (expense):		
Interest expenses, net	(7,599,517)	(8,722,637)
Gain (loss) on disposal of assets	—	(120,856)
Other income (expenses)	790,038	1,317,589
Other income (expenses), net	(6,809,479)	(7,525,904)
Loss before income taxes	(4,833,790)	(2,766,460)
Current income tax expenses	(1,675,000)	(3,945,000)
Net loss and comprehensive loss	(6,508,790)	(6,711,460)
Net loss per share - basic and diluted	$ (0.02)	$ (0.05)
Weighted average shares used in computation of net loss per share - basic and diluted	366,800,177	143,126,330

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

VIREO GROWTH INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
(In U.S. Dollars, except share amounts, unaudited)

	Common Stock								
	SVS		MVS		Super Voting Shares				
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (deficiency)
Balance, January 1, 2024	110,007,030	—	331,193	—	—	—	187,384,403	(203,428,052)	(16,043,649)
Conversion of MVS shares	1,034,200	—	(10,342)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	179,789	—	179,789
Net Loss	—	—	—	—	—	—	—	(6,711,460)	(6,711,460)
Balance at March 31, 2024	111,041,230	$ —	320,851	$ —	—	$ —	$ 187,564,192	$ (210,139,512)	$ (22,575,320)
Balance, January 1, 2025	337,512,681	—	285,371	—	—	—	286,999,084	(231,435,561)	55,563,523
Conversion of MVS shares	720,100	—	(7,201)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	1,460,850	—	1,460,850
Stock issuance	1,077,859	—	—	—	—	—	—	—	—
Net settlement of stock-based compensation	(239,633)	—	—	—	—	—	(139,630)	—	(139,630)
Options exercised	138,655	—	—	—	—	—	23,110	—	23,110
Warrants exercised	265,626	—	—	—	—	—	38,516	—	38,516
Net Loss	—	—	—	—	—	—	—	(6,508,790)	(6,508,790)
Balance at March 31, 2025	339,475,288	$ —	278,170	$ —	—	$ —	$ 288,381,930	$ (237,944,351)	$ 50,437,579

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

VIREO GROWTH INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. Dollars, unaudited)

	Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (6,508,790)	$ (6,711,460)
Adjustments to reconcile net loss to net cash used in operating activities:		
Inventory valuation adjustments	433,000	(304,000)
Depreciation	77,102	73,547
Depreciation capitalized into inventory	545,262	560,180
Non-cash operating lease expense	121,038	103,564
Amortization of intangible assets	180,032	180,034
Amortization of intangible assets capitalized into inventory	24,778	24,778
Stock-based payments	1,321,220	179,789
Warrants held	519,058	(1,327,879)
Interest Expense	1,213,681	2,015,889
Accretion of interest on right-of-use finance lease liabilities	50,284	52,815
Loss (gain) on disposal of assets	—	120,856
Change in operating assets and liabilities:		
Accounts Receivable	606,886	348,817
Prepaid expenses	(134,688)	290,106
Inventory	(2,032,109)	299,252
Income taxes	660,406	175,203
Uncertain tax position liabilities	1,635,000	3,760,000
Accounts payable and accrued liabilities	1,818,743	174,340
Changes in operating lease liabilities	(358,459)	(168,746)
Change in assets and liabilities held for sale	(3,495,266)	(1,037,417)
Net cash used in operating activities	(3,322,822)	(1,190,332)
CASH FLOWS FROM INVESTING ACTIVITIES:		
PP&E Additions	(1,146,777)	(899,264)
Deposits	—	(150,100)
Net cash used in investing activities	(1,146,777)	(1,049,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from warrant exercises	38,516	—
Proceeds from option exercises	23,110	—
Debt principal payments	(936,000)	(1,050,000)
Lease principal payments	—	(71,066)
Net cash used in financing activities	(874,374)	(1,121,066)
Net change in cash	(5,343,973)	(3,360,762)
Cash, beginning of period	91,604,970	15,964,665
Cash, end of period	$ 86,260,997	$ 12,603,903

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

VIREO GROWTH INC.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of Business and Summary

Vireo Growth Inc. ("**Vireo Growth**" or the "**Company**") (formerly, **Goodness Growth Holdings, Inc.**) was incorporated under the Alberta Business Corporations Act on November 23, 2004. The Company was previously listed on the Canadian Securities Exchange (the "**CSE**") under ticker symbol "GDNS". On July 8, 2024, the Company changed its name to Vireo Growth Inc., its ticker symbol on the CSE to "VREO" and its ticker symbol on the OTCQX to "VREOF."

Vireo Growth is a cannabis company whose mission is to provide safe access, quality products and value to its customers while supporting its local communities through active participation and restorative justice programs. Vireo Growth operates cannabis cultivation, production, and dispensary facilities in Maryland, Minnesota, and New York.

While marijuana and CBD-infused products are legal under the laws of several U.S. states (with vastly differing restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Recently some federal officials have attempted to distinguish between medical cannabis use as necessary, but adult-use as "still a violation of federal law." At the present time, the distinction between "medical marijuana" and "adult-use marijuana" does not exist under U.S. federal law.

Update on Verano Litigation (Note 16)

On October 21, 2022, Vireo Growth commenced an action in the Supreme Court of British Columbia against Verano Holdings Corp. ("**Verano**") after Verano repudiated the Arrangement Agreement with the Company dated January 31, 2022. The Company is seeking damages, costs and interest, based on Verano's breach of contract and of its duty of good faith and honest performance.

On May 2, 2024, the Company filed a Notice of Application (the "**Summary Trial Application**") with the Supreme Court of British Columbia seeking summary determination. The Company is seeking substantial damages, specifically $860.9 million, as well as other costs and legal fees, based on Verano's breach of contract and of its duty of good faith and honest performance.

On June 19, 2024, Verano filed a Notice of Application (the "**Preliminary Suitability Application**") seeking orders dismissing the Summary Trial Application on the basis that certain issues in the action are not suitable for summary determination. The Preliminary Suitability Application is currently set for hearing on June 15 and 16, 2025.

Due to uncertainties inherent in litigation, it is not possible for Vireo Growth to predict the timing or final outcome of the legal proceedings against Verano or to determine the amount of damages, if any, that may be awarded.

Merger Agreements with Deep Roots, Proper and Wholesome

On December 18, 2024, we entered into the Merger Agreements with respect the Mergers. Each Merger is an all-share transaction whereby, at the closing of each applicable transaction, (i) a new wholly-owned subsidiary of the Company would merge with and into Deep Roots, (ii) a new wholly-owned subsidiary of the Company would merge with and into Wholesome, and (ii) the Proper entities would each merge with and into new wholly-owned subsidiaries of the Company. None of the Deep Roots Merger, the Proper Mergers or the Wholesome Merger is contingent on the completion of any of the other Mergers (Note 3).

2. Summary of Significant Accounting Policies

Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the United States Securities and Exchange Commission ("**SEC**") on March 4, 2025, (the "**Annual Financial Statements**"). There have been no material changes to the Company's significant accounting policies.

Basis of presentation

The accompanying interim unaudited condensed consolidated financial statements reflect the accounts of the Company. The information included in these statements should be read in conjunction with the Annual Financial Statements. The unaudited condensed consolidated financial statements were prepared in accordance with generally accepted accounting principles in the United States of America ("**U.S. GAAP**") and pursuant to the rules and regulations of the SEC. In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Results of interim periods should not be considered indicative of the results for the full year. These unaudited interim condensed consolidated financial statements include estimates and assumptions of management that affect the amounts reported in the unaudited condensed consolidated financial statements. Actual results could differ from these estimates.

Basis of consolidation

These unaudited condensed consolidated financial statements include the accounts of the following entities wholly owned, or effectively controlled by the Company during the period ended March 31, 2025:

Name of entity	Place of incorporation
HiColor, LLC	Minnesota, USA
MaryMed, LLC	Maryland, USA
Mayflower Botanicals, Inc.	Massachusetts, USA
Vireo Health of Minnesota, LLC	Minnesota, USA
MJ Distributing C201, LLC	Nevada, USA
MJ Distributing P132, LLC	Nevada, USA
Resurgent Biosciences, Inc.	Delaware, USA
Verdant Grove, Inc.	Massachusetts, USA
Vireo Health de Puerto Rico, Inc.	Puerto Rico
Vireo Health of Nevada 1, LLC	Nevada, USA
Vireo Health of New York, LLC	New York, USA
Vireo Health of Puerto Rico, LLC	Delaware, USA
Vireo Health, Inc.	Delaware, USA
Vireo of Charm City, LLC	Maryland, USA
Vireo DR Merger Sub Inc.	Delaware, USA
Vireo WH Merger Sub Inc.	Delaware, USA
Vireo PR Merger Sub Inc.	Delaware, USA
Vireo PR Merger Sub II Inc.	Delaware, USA
2178 State Highway 29A LLC	New York, USA
XAAS Agro, Inc.	Puerto Rico

The entities listed are wholly owned or effectively controlled by the Company and have been formed or acquired to support the intended operations of the Company, and all intercompany transactions and balances have been eliminated in the Company's unaudited condensed consolidated financial statements.

Recently adopted accounting pronouncements

None.

Net loss per share

Basic net loss per share is computed by dividing reported net loss by the weighted average number of common shares outstanding for the reported period. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock of the Company during the reporting period. Diluted net loss per share is computed by dividing net loss by the sum of the weighted average number of common shares and the number of potential dilutive common share equivalents outstanding during the period. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of vested share options and the incremental shares issuable upon conversion of the convertible notes. Potential dilutive common share equivalents consist of stock options, warrants, and restricted stock units.

In computing diluted earnings per share, common share equivalents are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive. The Company recorded a net loss for the three month periods ended March 31, 2025 and 2024, presented in these financial statements, and as such there is no difference between the Company's basic and diluted net loss per share for these periods.

The anti-dilutive shares outstanding for the three month periods ended March 31, 2025 and 2024, were as follows:

	Three Months Ended March 31,	
	2025	2024
Stock options	30,731,300	29,945,511
Warrants	18,541,586	19,437,649
RSUs	71,156,247	2,543,011
Convertible debt	16,000,000	71,569,927
Total	136,429,133	123,496,098

Revenue Recognition

The Company's primary source of revenue is from wholesale of cannabis products to dispensary locations and direct retail sales to eligible customers at Company-owned dispensaries. Substantially all of the Company's retail revenue is from the direct sale of cannabis products to adult-use and medical customers.

The following table represents the Company's disaggregated revenue by source:

	Three Months Ended March 31,	
	2025	2024
Retail	$ 19,233,641	$ 19,599,440
Wholesale	5,307,000	4,487,875
Total	$ 24,540,641	$ 24,087,315

New accounting pronouncements not yet adopted

None.

3. Business Combinations and Dispositions

Acquisitions

On December 18, 2024, Vireo Growth Inc. (the "Company"), entered into Merger Agreements with respect to a business combination with each of (i) Deep Roots Holdings, Inc., a Nevada corporation ("Deep Roots") (the "Deep Roots Merger"); (ii) Proper Holdings Management, Inc. and NGH Investments, Inc., both Missouri corporations (together, "Proper") (the "Proper Mergers"); and (iii) WholesomeCo, Inc., a Delaware corporation ("Wholesome") (the "Wholesome Merger" and, collectively with the Deep Roots Merger and the Proper Mergers, the "Mergers"). Each Merger is an all-share transaction whereby, at the closing of each applicable transaction, (i) a new wholly-owned subsidiary of the Company would merge with and into Deep Roots, (ii) a new wholly-owned subsidiary of the Company would merge with and into Wholesome, and (ii) the Proper entities would each merge with and into new wholly-owned subsidiaries of the Company. None of the Deep Roots Merger, the Proper Mergers or the Wholesome Merger is contingent on the completion of any of the other Mergers. As of March 31, 2025, none of the Merger Transactions have closed, and as such, no financial results of the single-state operators have been presented or consolidated herein.

The consideration to be paid to acquire each of Deep Roots, Proper and Wholesome is based, in each case, in part on an estimated multiple of a 2024 "Reference EBITDA", which is pro-forma for pending acquisitions as well as planned new retail openings and expansion projects, and a US$0.52 share reference price for the Company's subordinate voting shares.

Pursuant to the Merger Agreements, former stockholders of each of Deep Roots, Proper and Wholesome may qualify for earnout payments made with the Company's subordinate voting shares following December 31, 2026, based on each target's Adjusted EBITDA (as defined in the applicable Merger Agreement) growth compared to such target's Reference EBITDA (at a 4x multiple), adjusted for incremental debt and certain other matters, respectively, and paid out using a share price for the Company's subordinate voting shares of the higher of US$1.05 or the 20-day volume weighted average price of the Company's subordinate voting shares on the Canadian Securities Exchange, converted to United States Dollars based on the average exchange rate posted by the Bank of Canada as of the end of each trading day during such 20-day period, as reported by Bloomberg Finance L.P. ("VWAP") as of December 31, 2026. Reference EBITDA for Deep Roots, Proper and Wholesome are US$31.0 million, US$31.0 million, and US$16.0 million, respectively. EBITDA growth is defined as the increase between Reference EBITDA and the higher of 2026 Adjusted EBITDA or trailing nine-month annualized Adjusted EBITDA as of December 31, 2026. In no event shall the number of earnout shares issued under each Merger Agreement exceed the number of shares issued as closing merger consideration in each Merger Agreement.

Each of the Merger Agreements provides for the clawback of up to 50% of the upfront merger consideration (excluding, in the case of Proper and Wholesome, the amounts attributable to Arches, as defined below) on December 31, 2026, if, in each case, (a) 2026 Adjusted EBITDA underperforms 96.5% of the Reference EBITDA, and (b) retail revenue market share or EBITDA margin for 2026 is less (or lower) than 2024 and (c) the 20-day VWAP as of December 31, 2026 is greater than US$1.05 per share. The amount of shares subject to a clawback would be equal to the Acquisition Multiple (as defined in each Merger Agreement) for each of Deep Roots, Proper and Wholesome, respectively, multiplied by the EBITDA shortfall, and subject to certain other adjustments set forth in the applicable Merger Agreement, divided by US$0.52 per share, not to exceed 50% of the upfront consideration.

In connection with the Wholesome Merger Agreement (as defined herein) and Proper Merger Agreement (as defined herein), the Company will include in the stock merger consideration calculation an amount equal to (i) US$11,860,800 for the stockholders of Wholesome and (ii) US$2,139,200 for the stockholders of Proper for all of the outstanding equity interests in Arches IP, Inc. ("Arches") owned by Wholesome and Proper, respectively. Subject to the terms and conditions of the Wholesome Merger Agreement and the Proper Merger Agreement, each of Wholesome, Proper and Arches option holders are collectively entitled to earnout payments based on performance of Arches, based on the greater of US$37.5 million or 5x certain revenue percentages of Arches, with such revenue percentage amounts measured at the higher of trailing-twelve-month or nine-month annualized amounts as of December 31, 2026, paid out using a share price for the Company's subordinate voting shares at the higher of US$1.05 or 20-day VWAP as of December 31, 2026.
In connection with each of the Merger Agreements, the Company will enter into an Investor Rights Agreement with the persons receiving the Company's subordinate voting shares in the Mergers. Each Investor Rights Agreement will require the Company in certain circumstances to prepare and file with the Securities and Exchange Commission (the "SEC") a

registration statement covering the resale of the Company's subordinate voting shares issued pursuant to the Merger Agreements, in each case following the expiration of the initial 12 month lock-up period following the closing of the transactions under each Merger Agreement. Each Investor Rights Agreement will also provide such persons with certain piggyback registration rights in certain circumstances.

The closing of each of the Mergers is subject to closing conditions and contained in the Merger Agreements. Pursuant to rules adopted by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), a Schedule 14C information statement dated March 21, 2025, was prepared by the Company and filed with the SEC and mailed to the stockholders of the Company relating to stockholder approval of the issuance of the Company's subordinate voting shares in the Mergers and approvals required under the rules of the Canadian Stock Exchange, which was obtained by written consent of the stockholders.

Assets Held for Sale

As of March 31, 2025, the Company identified property and equipment, deposits, and lease assets and liabilities associated with the businesses in New York, Nevada, and Massachusetts with carrying amounts that are expected to be recovered principally through sale or disposal rather than through continuing use. The sale of these assets and liabilities is highly probable, they can be sold in their immediate condition, and the sales are expected to occur within the next twelve months. As such, these assets and liabilities have been classified as "held for sale." Management does not believe these divestitures represent a strategic shift that has or will have a major effect on an entity's operations and financial results, and as such, none of these divestitures are considered a discontinued operation. The carrying value of these net assets did not exceed fair value less expected cost to sell, and as such, the Company recorded no impairment loss. Assets and liabilities held for sale are as follows:

Assets held for sale	**March 31, 2025**	**December 31, 2024**
Property and equipment	$ 93,399,797	$ 90,177,872
Intangible assets	972,000	972,000
Operating lease, right-of-use asset	3,381,613	3,381,613
Deposits	2,188,550	2,028,567
Total assets held for sale	$ 99,941,960	$ 96,560,052
Liabilities held for sale		
Right of Use Liability	$ 89,351,157	$ 89,387,203
Total liabilities held for sale	$ 89,351,157	$ 89,387,203

Current assets and liabilities held by our New York business have not been classified as held for sale. Pre-tax operating losses attributable to the New York business were $4,859,841 and $3,698,934 for the three months ended March 31, 2025 and 2024, respectively.

4. Fair Value Measurements

The Company complies with ASC 820, Fair Value Measurements, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability.

Items measured at fair value on a non-recurring basis

The Company's non-financial assets, such as prepayments and other current assets, long lived assets, including property and equipment and intangible assets, are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized. No indicators of impairment existed as of March 31, 2025, and therefore no impairment charges were recorded.

The carrying value of the Company's accounts receivable, accounts payable, and accrued liabilities approximate their fair value due to their short-term nature, and the carrying value of notes receivable, long-term debt, and convertible debt approximates fair value as they bear a market rate of interest.

The carrying value of the Company's warrants held utilize Level 3 inputs given there is no market activity for the asset. The inputs used are further described in Note 18.

5. Accounts Receivable

Trade receivables are comprised of the following items:

	March 31, 2025	December 31, 2024
Trade receivable, net	$ 2,424,504	$ 2,870,181
Tax withholding receivable	—	174,660
Other	1,558,962	1,545,510
Total	$ 3,983,466	$ 4,590,351

Included in the trade receivables, net balance at March 31, 2025, and December 31, 2024, is an allowance for doubtful accounts of $84,990 and $84,989, respectively. Included in the tax withholding receivable, net balance at December 31, 2024, is an allowance for doubtful accounts of $159,275.

6. Inventory

Inventory is comprised of the following items:

	March 31 2025	December 31, 2024
Work-in-progress	$ 14,182,173	$ 13,859,238
Finished goods	6,390,280	5,933,200
Other	2,770,847	1,873,926
Total	$ 23,343,300	$ 21,666,364

Inventory is written down for any obsolescence, spoilage and excess inventory or when the net realizable value of inventory is less than the carrying value. Inventory valuation adjustments included in cost of sales on the statements of net loss and comprehensive loss is comprised of the following:

	March 31,	
	2025	2024
Work-in-progress	$ 18,085	$ (188,200)
Finished goods	414,915	(115,800)
Total	$ 433,000	$ (304,000)

7. Prepayments and other current assets

Prepayments and other current assets are comprised of the following items:

	March 31, 2025	December 31, 2024
Prepaid Insurance	$ 530,912	$ 753,579
Other Prepaid Expenses	1,254,752	897,398
Total	$ 1,785,664	$ 1,650,977

8. Property and Equipment, Net

Property and equipment, net consisted of the following:

	March 31, 2025	December 31, 2024
Land	$ 863,105	$ 863,105
Buildings and leasehold improvements	16,355,616	16,355,616
Furniture and equipment	7,556,684	7,451,920
Software	39,388	39,388
Vehicles	506,022	491,022
Construction-in-progress	10,885,133	9,858,120
Right of use asset under finance lease	7,572,566	7,572,566
	43,778,514	42,631,737
Less: accumulated depreciation	(10,942,339)	(10,319,975)
Total	$ 32,836,175	$ 32,311,762

For the three months ended March 31, 2025, and 2024, total depreciation on property and equipment was $622,364 and $633,728, respectively. For the three months ended March 31, 2025, and 2024, accumulated amortization of the right of use asset under finance lease amounted to $2,594,332 and $2,507,998, respectively. The right of use asset under finance lease of $7,572,566 consists of leased processing and cultivation premises. The Company capitalized into inventory $545,262 and $560,180 relating to depreciation associated with manufacturing equipment and production facilities for the three months ended March 31, 2025, and 2024, respectively. The capitalized depreciation costs associated are added to inventory and expensed through cost of sales product cost on the unaudited condensed consolidated statements of net loss and comprehensive loss.

As of March 31, 2025 and 2024, in conjunction with the Company's held for sale assessment and disposal of certain long-lived assets, the Company evaluated whether property and equipment showed any indicators of impairment, and it was determined that the recoverable amount of certain net assets was above book value. As a result, the Company recorded no impairment charge on property and equipment, net.

9. Leases

Components of lease expenses are listed below:

	March 31, 2025	March 31, 2024
Finance lease cost		
Depreciation of ROU assets	$ 82,512	$ 143,441
Interest on lease liabilities	3,575,328	3,544,177
Operating lease costs	561,436	432,444
Total lease costs	$ 4,219,276	$ 4,120,062

Future minimum lease payments (principal and interest) on the leases are as follows:

	Operating Leases March 31, 2025	Finance Leases March 31, 2025	Total
2025	$ 2,242,480	$ 10,352,595	$ 12,595,075
2026	2,727,346	14,183,661	16,911,007
2027	2,474,144	14,606,527	17,080,671
2028	2,254,049	15,042,128	17,296,177
2029	1,300,615	15,490,852	16,791,467
Thereafter	6,523,900	203,082,066	209,605,966
Total minimum lease payments	$ 17,522,534	$ 272,757,829	$ 290,280,363
Less discount to net present value	(5,982,885)	(177,360,043)	(183,342,928)
Less liabilities held for sale	(2,558,483)	(86,792,673)	(89,351,156)
Present value of lease liability	$ 8,981,166	$ 8,605,113	$ 17,586,279

The Company has entered into various lease agreements for the use of buildings used in production and retail sales of cannabis products.

On February 22, 2024, the Company executed a lease for cannabis cultivation and manufacturing facilities. Rent commenced on January 1, 2025, at which time monthly base rent will be $82,500. Base rent escalates at a rate of 4% per annum. Per the terms of the lease the Company has the option to draw up to $2,000,000 of tenant improvement allowances. As of December 31, 2024, no draws have been taken. Starting January 1, 2025, the Company has the option to purchase the property. The initial purchase price is $13,000,000 increasing by 3% at the start of each calendar year until the option expires on December 31, 2028. The lease expires on December 31, 2034, with an option to renew for two additional five-year terms.

Supplemental cash flow information related to leases:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Lease principal payments - finance	$ —	$ 71,066
Lease principal payments - operating	442,553	168,554
Non-cash additions to ROU assets	—	9,270,915
Amortization of operating leases	198,866	170,196

Other information about lease amounts recognized in the financial statements:

	Three Months Ended March 31,	
	2025	2024
Weighted-average remaining lease term (years) – operating leases	7.19	8.08
Weighted-average remaining lease term (years) – finance leases	15.84	16.82
Weighted-average discount rate – operating leases	12.01 %	8.58 %
Weighted-average discount rate – finance leases	16.19 %	16.21 %

10. Intangibles

Intangible assets are comprised of the following items:

	Licenses & Trademarks
Balance, December 31, 2023	$ 8,718,577
Amortization	(819,250)
Balance, December 31, 2024	$ 7,899,327
Amortization	(204,810)
Balance, March 31, 2025	$ 7,694,517

Amortization expense for intangibles was $204,810 and $204,812 during the three months ended March 31, 2025 and 2024, respectively. The Company capitalized into inventory $24,778 (2024 - $24,778) of amortization for the three months ended March 31, 2024, respectively. Amortization expense is recorded in operating expenses on the unaudited condensed consolidated statements of net loss and comprehensive loss.

The Company estimates that amortization expense will be $819,655 per year for the next five fiscal years.

11. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

	March 31, 2025	December 31, 2024
Accounts payable – trade	$ 6,463,905	$ 2,298,060
Accrued Expenses	4,340,944	6,839,822
Taxes payable	199,088	264,518
Contract liability	1,193,530	1,053,636
Total accounts payable and accrued liabilities	$ 12,197,467	$ 10,456,036

12. Long-Term Debt

During 2017 the Company signed a promissory note payable in the amount of $1,010,000. The note bears interest at a rate of 15% per annum with interest payments required on a monthly basis. In 2019 the Company's promissory note payable in the amount of $1,010,000 was modified to increase the amount payable to $1,110,000. The Company paid the note off in full during the year ended December 31, 2024.

On November 19, 2021, the Company signed a promissory note payable in the amount of $2,000,000 in connection with the acquisition of Charm City Medicus, LLC. The note bears an interest rate of 8% per annum with interest payments due on the last day of each calendar quarter. On November 19, 2023, the Company and lender amended the note. Per the terms of the amendment, the interest rate was modified to 15%, and the Company paid off $1,000,000 of principal. On November 27, 2024, the Company and lender executed the second amendment to the note. Per the terms of the amendment, the maturity date was extended, the interest rate was increased to 18%, and the Company repaid $100,000 in principal. The remaining principal balance of $900,000 was repaid in full during the three months ended March 31, 2025.

On March 25, 2021, the Company entered into a credit agreement for a senior secured delayed draw term loan with an aggregate principal amount of up to $46,000,000 (the "**Credit Facility**"), and executed a draw of $26,000,000 in principal. The unpaid principal amounts outstanding under the Credit Facility bear interest at a rate of (a) the U.S. prime rate plus 10.375%, payable monthly in cash, and (b) 2.75% per annum paid in kind ("**PIK**") interest payable monthly. In connection with the Credit Facility, the Company also pays a monthly credit monitoring fee in the amount of $130,400 which is included in interest expense in the consolidated statements of loss and comprehensive loss for the three months ended March 31, 2025 and 2024.

On November 18, 2021, the Company and lenders amended the Credit Facility to provide for an additional loan of $4,200,000 with a cash interest rate of 15% per annum and PIK interest of 2% per annum and a maturity date of November 29, 2024. Obligations under the Credit Facility are secured by substantially all the assets of the Company.

On January 31, 2022, Vireo Growth and certain of its subsidiaries, as borrowers (collectively, "**Borrowers**"), entered into a Third Amendment to the Credit Facility (the "**Third Amendment**") providing for additional delayed draw term loans of up to $55 million (the "**Delayed Draw Loans**"). The cash interest rate on the Delayed Draw Loans under the Third Amendment is equal to the U.S. prime rate plus 10.375%, with a minimum required rate of 13.375% per annum, in addition to PIK interest of 2.75% per annum.

On March 31, 2023, the Company executed a fifth amendment to its Credit Facility with its senior secured lender, Chicago Atlantic Admin, LLC (the "**Agent**"), an affiliate of Green Ivy Capital, and a group of lenders. The amended credit facility extends the maturity date on its Delayed Draw Loans to April 30, 2024, through the issuance of 15,000,000 Subordinate Voting Shares in lieu of a cash extension fee. These 15,000,000 shares were valued at $1,407,903 using a fair value per share of $0.094 and considered a deferred financing cost. The fair value per share reflects a 22% discount to the market price at the time of issuance to account for the four-month trading lock-up imposed on the shares. The amendment also provides the Company with reduced cash outlays by eliminating required amortization of the loan, and requires the Company to divest certain assets to improve its liquidity position and financial performance. The Company has the potential to extend the maturity date on its Delayed Draw Loans up to January 31, 2026 with the satisfaction of certain financial performance-related conditions.

On April 30, 2024, the Company executed a short-term extension of the maturity date on the Credit Facility with the Agent. The Credit Facility was extended until June 14, 2024, matching all other terms of the existing agreement. On June 14, 2024, another short-term extension was executed which extended the maturity date on the Credit Facility to July 31, 2024, matching all other terms of the existing agreement.

On May 21, 2024 the Company executed a $1,200,000 term loan with the Agent to assist with the purchase of a site for a new dispensary location. The loan bears an interest rate of 12.0% and is due on May 28, 2027. Financing costs of $68,600 were incurred in connection with the closing of the loan.

On July 31, 2024, the Company executed a ninth amendment to the Company's Credit Facility. The ninth amendment to the Company's Credit Facility extends the maturity date on the Credit Facility loans to January 29, 2027, adjusts and extends the deadline with respect to the Company's ongoing disposition of its New York operations through July 31, 2025, and amends certain financial measure definitions and covenants within the agreement. The Company issued 12,500,000 Subordinate Voting Shares to the lenders in consideration for the credit facility amendment. These 12,500,000 shares were valued at $5,387,500 using a fair value per share of $0.431 and considered a deferred financing cost.

Unless otherwise specified, all deferred financing costs are treated as a contra-liability, to be netted against the outstanding loan balance and amortized over the remaining life of the loan. As of March 31, 2025, $5,704,752 (December 31, 2024 - $6,576,985) of deferred financing costs remain unamortized.

The following table shows a summary of the Company's long-term debt:

	March 31, 2025	December 31, 2024
Beginning of year	$ 62,338,046	$ 60,220,535
Proceeds	—	6,700,000
Principal repayments	(936,000)	(1,234,000)
Deferred financing costs	(10,000)	(7,418,770)
PIK interest	408,774	1,634,494
Amortization of deferred financing costs	802,763	2,435,787
End of year	62,603,583	62,338,046
Less: current portion	—	900,000
Total long-term debt	$ 62,603,583	$ 61,438,046

As of March 31, 2025, stated maturities of long-term debt were as follows:

2025	$ —
2026	3,537,300
2027	59,066,283
Total	$ 62,603,583

13. Convertible Notes

On July 31, 2024, holders voluntarily converted convertible notes issued in 2023 into 73,016,061 Subordinate Voting Shares of the Company.

On November 1, 2024, the Company entered into a Joinder and Tenth Amendment to Credit Agreement. The Tenth Amendment provides a convertible note facility (the "New Convertible Notes") with a maximum principal amount of $10,000,000. The New Convertible Notes mature November 1, 2027, have a cash interest rate of 12.0 percent per year, are convertible into that number of the Company's subordinate voting shares determined by dividing the outstanding principal amount plus all accrued but unpaid interest on the Convertible Notes on the date of such conversion by a conversion price of $0.625. The Company incurred $145,717 in financing costs in connection with the signing of the Tenth Amendment.

All deferred financing costs are treated as a contra-liability, to be netted against the outstanding loan balance and amortized over the remaining life of the loan. As of March 31, 2025, $125,472 (December 31, 2024 - $137,622) of deferred financing costs remain unamortized.

The following table shows a summary of the Company's convertible debt:

	March 31, 2025	December 31, 2024
Beginning of period	$ 9,862,378	$ 9,140,257
Proceeds	—	10,000,000
Deferred financing costs	—	(145,717)
PIK interest	—	363,376
Amortization of deferred financing costs	12,143	279,019
Conversion		(9,774,557)
End of period	$ 9,874,521	$ 9,862,378
Less: current portion	—	—
Total convertible debt	$ 9,874,521	$ 9,862,378

14. Stockholders' Equity

Shares

The Company's certificate of incorporation authorized the Company to issue the following classes of shares with the following par value and voting rights as of March 31, 2025. The liquidation and dividend rights are identical among shares equally in the Company's earnings and losses on an as converted basis.

	Par Value	Authorized	Voting Rights
Subordinate Voting Share ("SVS")	—	Unlimited	1 vote for each share
Multiple Voting Share ("MVS")	—	Unlimited	100 votes for each share

Subordinate Voting Shares

Holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to one hundred votes for each Multiple Voting Share held.

Multiple Voting Shares each have the restricted right to convert to one hundred Subordinate Voting Shares subject to adjustments for certain customary corporate changes.

Shares Issued

During the three months ended March 31, 2025, 7,201 Multiple Voting Shares were converted into 720,100 Subordinate Voting Shares for no additional consideration.

During the three months ended March 31, 2025, employee stock options were exercised for 138,655 Subordinate Voting Shares. Proceeds from this transaction were $23,110.

During the three months ended March 31, 2025, stock warrants were exercised for 265,626 Subordinate Voting Shares. Proceeds from these transactions were $38,516.

During the three months ended March 31, 2025, 1,077,859 shares were issued in connection with the settlement of restricted stock units. 239,633 shares were net settled to pay payroll taxes associated with the issuance, resulting in the final issuance of 838,226 shares.

During the three months ended March 31, 2024, 10,342 Multiple Voting Shares were redeemed for 1,034,200 Subordinate Voting Shares.

15. Stock-Based Compensation

Stock Options

In January 2019, the Company adopted the 2019 Equity Incentive Plan under which the Company may grant incentive stock options, restricted shares, restricted share units, or other awards. Under the terms of the plan, a total of ten percent of the number of shares outstanding assuming conversion of all super voting shares and Multiple Voting Shares to Subordinate Voting Shares are permitted to be issued. The exercise price for incentive stock options issued under the plan will be set by the Compensation Committee but will not be less 100% of the fair market value of the Company's shares on the date of grant. Incentive stock options have a maximum term of 10 years from the date of grant. The incentive stock options vest at the discretion of the Board of Directors.

Options granted under the equity incentive plan were valued using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Risk-Free Interest Rate	4.53 %	N/A
Weighted Average Exercise Price	$ 0.49	$ N/A
Weighted Average Stock Price	$ 0.49	$ N/A
Expected Life of Options (years)	7.00	N/A
Expected Annualized Volatility	100.00 %	N/A
Grant Fair Value	$ 0.41	$ N/A
Expected Forfeiture Rate	N/A	N/A
Expected Dividend Yield	N/A	N/A

Stock option activity for the three months ended March 31, 2025, and for the year ended December 31, 2024, is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Avg. Remaining Life
Balance, December 31, 2023	29,969,324	$ 0.50	6.18
Forfeitures	(2,760,530)	1.29	—
Exercised	(50,000)	0.33	—
Granted	4,073,839	0.48	—
Options Outstanding at December 31, 2024	31,232,633	$ 0.43	5.45
Forfeitures	(521,835)	0.27	—
Exercised	(138,654)	0.17	—
Granted	159,156	0.49	—
Options Outstanding at March 31, 2025	30,731,300	$ 0.43	5.26
Options Exercisable at March 31, 2025	27,323,396	$ 0.42	4.82

During the three month periods ended March 31, 2025 and 2024, the Company recognized $172,721 and $86,732 in stock-based compensation relating to stock options, respectively. As of March 31, 2025, the total unrecognized compensation costs related to unvested stock options awards granted was $617,196. In addition, the weighted average period over which the unrecognized compensation expense is expected to be recognized is approximately 1.8 years. The total intrinsic value of stock options outstanding and exercisable as of March 31, 2025, was $4,382,709 and $4,183,499, respectively.

The Company does not estimate forfeiture rates when calculating compensation expense. The Company records forfeitures as they occur.

Warrants

Subordinate Voting Share (SVS) warrants entitle the holder to purchase one Subordinate Voting Share of the Company.

A summary of the warrants outstanding is as follows:

SVS Warrants	**Number of Warrants**	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**
Warrants outstanding at December 31, 2023	16,400,000	$ 0.21	4.57
Exercised	(480,437)	0.15	—
Warrants outstanding at December 31, 2024	15,919,563	$ 0.22	3.56
Forfeited	(150,000)	1.49	—
Exercised	(265,626)	0.145	—
Warrants outstanding at March 31, 2025	15,503,937	$ 0.22	3.32
Warrants exercisable at December 31, 2024	15,503,937	$ 0.22	3.32

SVS Warrants Denominated in C$	**Number of Warrants**	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**
Warrants outstanding at December 31, 2023 and 2024	3,037,649	$ 3.50	1.23
Warrants outstanding at March 31, 2025	3,037,649	$ 3.50	0.98
Warrants exercisable at March 31, 2025	3,037,649	$ 3.50	0.98

Restricted Stock Units ("RSUs")

The expense associated with RSUs is based on the closing share price of the Company's subordinate voting shares on the business day immediately preceding the grant date, adjusted for the absence of future dividends and is amortized on a straight-line basis over the periods during which the restrictions lapse. The Company currently has RSUs that vest over a three year period. The awards are generally subject to forfeiture in the event of termination of employment. During the three months ended March 31, 2025 and 2024, the Company recognized $1,288,129 and $93,057, respectively, in stock-based compensation expense related to RSUs.

A summary of RSUs is as follows:

	Number of Shares	**Weighted Avg. Fair Value**
Balance, December 31, 2023	2,543,011	$ 0.88
Granted	9,228,462	0.31
Forfeitures	(443,943)	0.54
Balance, December 31, 2024	11,327,530	0.40
Granted	60,989,414	0.42
Settled	(1,160,697)	0.49
Balance, March 31, 2025	71,156,247	0.41
Vested at March 31, 2025	2,708,712	$ 0.75

16. Commitments and Contingencies

Legal proceedings

Verano

On January 31, 2022, the Company entered into the Arrangement Agreement with Verano, pursuant to which Verano was to acquire all of the issued and outstanding shares of Vireo Growth pursuant to a Plan of Arrangement. Subject to the terms and conditions set forth in the Arrangement Agreement and the Plan of Arrangement, holders of Vireo Growth Shares would receive 0.22652 of a Verano Subordinate Voting Share, subject to adjustment as described below, for each Subordinate Voting Share held, and 22.652 Verano Subordinate Voting Shares for each Multiple Voting Share and Super Voting Share held, immediately prior to the effective time of the Arrangement.

On October 13, 2022, Vireo Growth received a notice of purported termination of the Arrangement Agreement (the "**Notice**") from Verano. The Notice asserted certain breaches of the Arrangement Agreement, including claims the Company's public filings and communications with respect to its business and ongoing operations were misleading and that the Company breached its representations to Verano under the Arrangement Agreement. Verano also claimed, as a result of such breaches, it is entitled to payment of a $14,875,000 termination fee and its transaction expenses. Vireo Growth denies all of Verano's allegations and affirmatively asserts that it has complied with its obligations under the Arrangement Agreement, and with its disclosure obligations under US and Canadian law, in all material respects at all times. The Company believes that Verano has no factual or legal basis to justify or support its purported termination of the Arrangement Agreement, which the Company determined to treat as a repudiation of the Arrangement Agreement.

On October 21, 2022, Vireo Growth commenced an action in the Supreme Court of British Columbia against Verano after Verano wrongfully repudiated the Arrangement Agreement. The Company is seeking damages, costs and interest, based on Verano's breach of contract and of its duty of good faith and honest performance.

On November 14, 2022, Verano filed counterclaims against the Company for the termination fee and transaction expenses described above.

On July 31, 2023, the Company filed a requisition for adjournment of its application filed July 14, 2023, and set for hearing on July 31, 2023 to compel Verano's compliance with document production based upon the Company's belief that Verano was engaging in tactics to delay the litigation.

Throughout 2023, the Company served 4 lists of documents, reviewed document production from Verano, and prepared for examinations for discovery.

On May 2, 2024, the Company filed the Summary Trial Application the Supreme Court of British Columbia for summary determination. The Company is seeking substantial damages, specifically US $860.9 million, as well as other costs and legal fees, based on Verano's breach of contract and of its duty of good faith and honest performance.

On June 19, 2024, Verano filed the Preliminary Suitability Application seeking orders dismissing the Summary Trial Application on the basis that certain issues in the action are not suitable for summary determination. The Preliminary Suitability Application is currently set for hearing on June 15 and 16, 2025.

Due to uncertainties inherent in litigation, it is not possible for Vireo Growth to predict the timing or final outcome of the legal proceedings against Verano or to determine the amount of damages, if any, that may be awarded. The damages sought will be significant and material given that Verano's breach left the Company in a vulnerable position resulting in the Company being constrained in its ability to fund growth initiatives that were desirable and that its competitors were able to undertake, most notably in Minnesota and New York markets.

Lease commitments

The Company leases various facilities, under non-cancelable finance and operating leases, which expire at various dates through September 2041.

17. Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of the following items:

	Three Months Ended March 31,	
	2025	2024
Salaries and benefits	$ 3,942,098	$ 3,512,736
Professional fees	1,398,775	1,427,096
Insurance expenses	420,323	569,185
Advertising	166,542	222,014
Other expenses	1,546,205	1,320,582
Total	$ 7,473,943	$ 7,051,613

18. Other Income (Expense)

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extended and slightly expanded the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Company applied for and received the tax credit under the CARES Act. During the three months ended March 31, 2025, the Company recorded and received $972,888 (2024 - $0) related to the CARES Employee Retention credit in other income on the unaudited condensed consolidated statement of loss and comprehensive loss for the three months ended March 31, 2025.

On May 25, 2023, the Company and Grown Rogue International, Inc. (“Grown Rogue”) entered into a strategic agreement whereby Grown Rogue will support the Company in the optimization of its cannabis flower products. As part of this strategic agreement Grown Rogue granted the Company 8,500,000 warrants to purchase subordinate voting shares of Grown Rogue on October 5, 2023. Subsequently, on October 9, 2024, the Company and Grown Rogue mutually agreed to terminate the advisory agreement. As part of the termination agreement, the Company forfeited 4,500,000 of the previously granted 8,500,000 warrants. On March 31, 2025, these 4,000,000 warrants were revalued at a fair value of $1,751,906 (December 31, 2024 - $2,270,964). The fair value was derived from a black-scholes valuation using a stock price of $0.52, an exercise price of $0.158, an expected life of 3.52 years, an annual risk free rate of 3.96%, and volatility of 100%. The change in valuation from December 31, 2024, to March 31, 2025, of $519,058 (March 31, 2024 - $1,327,879 of other income) was recorded as other expense in the statement of net loss and comprehensive loss for the three month period ended March 31, 2025.

19. Segment Reporting

The Company utilized the guidance in ASC 280 to determine how many reportable segments the Company has. We considered various attributes of the overall Company including but not limited to the nature of products and services, the nature of production processes, the types of customers, the regulatory environment, business geography, and the level at which the Chief Operating Decision Maker evaluates the performance and allocates resources. Given the similarities in the types of products, cannabis products in various form factors, the types of customers, retail and wholesale customers, the geography and regulatory environment in which sales are made, the United States, and the Chief Operating Decision Maker, the Chief Executive Officer, assesses performance and allocates resources at the consolidated level, the Company has determined that it only has one reportable segment, cannabis.

The Company's Chief Executive Officer is the Company's chief operating decision maker. The chief operating decision maker assesses performance for the cannabis segment and decides how to allocate resources based on operating profit and net income that also is reported on the income statement as consolidated net income. The measure of segment assets is reported on the balance sheet total as consolidated assets. The chief operating decision maker uses net income to evaluate income generated from segment assets in deciding the appropriate capital allocation strategy. A comparison of budgeted results to actual results is also used by the chief operating decision maker to assess business performance.

The Company's cannabis segment cultivates, processes and distributes medical and adult-use cannabis products in a variety of formats, as well as related accessories in the United States. Revenue is derived from the sale of these products in the United States, and the assets used to produce these products are also held in the United States. The accounting policy for recording revenue, and all other accounting policies, are the same as those described in the summary of significant accounting policies footnote (Note 2).

20. Supplemental Cash Flow Information(1)

	March 31, 2025	March 31, 2024
Cash paid for interest	$ 7,087,258	$ 6,799,193
Cash paid for income taxes	—	—
Change in construction accrued expenses	(77,312)	(121,433)

(1) For supplemental cash flow information related to leases, refer to Note 9.

21. Financial Instruments

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and accounts receivable. A small portion of cash is held on hand, from which management believes the risk of loss is remote. Receivables relate primarily to wholesale sales. The Company does not have significant credit risk with respect to customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. The Company has been granted licenses pursuant to the laws of the states of Maryland, Minnesota, and New York with respect to cultivating, processing, and/or distributing marijuana. Presently, this industry is illegal under United States federal law. The Company has adhered, and intends to continue to adhere, strictly to the applicable state statutes in its operations.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of March 31, 2025, the Company's financial liabilities consist of accounts payable, accrued liabilities, debt, convertible debt, liabilities held for sale, and uncertain tax liabilities. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. Historically, the Company's main source of funding has been additional funding from investors and debt issuances. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or debt financing.

Legal Risk

Vireo Growth operates in the United States. The U.S. federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of accepted safety for the use of the drug under medical supervision. The U.S. Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication. In the U.S. marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal Controlled Substances Act, which makes cannabis use and possession federally illegal.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Given the Company's financial transactions are rarely denominated in a foreign currency, there is minimal foreign currency risk exposure.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently carries variable interest-bearing debt subject to fluctuations in the United States Prime rate. A change of 100 basis points in interest rates during the three months ended March 31, 2025, would have resulted in a corresponding change in the statement of loss and comprehensive loss of $140,878.

22. Related Party Transactions

As of March 31, 2025, and December 31, 2024, there were $0 due to related parties.

Details surrounding the lending relationships between the Company and Chicago Atlantic, are described in Notes 12 and 13.

Our Chief Executive Officer, John Mazarakis, serves as a partner of Chicago Atlantic Group, LP, which is an affiliate of the Agent, our senior secured lender under the Credit Facility. Given his ownership interest in the Agent and its affiliates, Mr. Mazarakis has an approximate 29% interest in the Company's transactions with the Agent. See "Item 13. Certain Relationships and Related Transactions and Director Independence" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

23. Subsequent Events

None.