

# Vireo Acquires Deep Roots Harvest for \$133M in Nevada

## Vireo Growth Closes \$133 Million Acquisition of Deep Roots Harvest, Expanding National Cannabis Footprint

*Strategic Deal Includes 10 Retail Dispensaries and Large Cultivation Hub in Nevada's Mature Cannabis Market*

**MINNEAPOLIS** – Vireo Growth Inc., a multistate cannabis operator, has officially closed its acquisition of Deep Roots Holdings Inc., a vertically integrated cannabis company based in Nevada. The deal, valued at \$132.7 million, includes 10 operational retail dispensaries and a 54,000-square-foot cultivation and manufacturing facility — significantly expanding Vireo's footprint in one of the most competitive cannabis markets in the United States.

The acquisition positions Vireo as a more formidable player in the Western U.S. cannabis sector, particularly in Nevada, which has maintained strong adult-use sales and tourism-driven demand since launching its legal market in 2017.

### **Acquisition Valued at Over \$130 Million and Structured Using Vireo Voting Shares**

The transaction was finalized through an equity-based deal, with Vireo issuing approximately 255.2 million subordinate voting shares to Deep Roots stakeholders. These shares were issued at a reference price of \$0.52 per share, resulting in a total transaction valuation of \$132.7 million.

The structure of the deal includes performance-based claw-back provisions, which allow Vireo to reclaim part of the consideration if Deep Roots' EBITDA performance in 2026 falls below the EBITDA at the time of closing. Vireo reported a closing EBITDA of \$30 million for Deep Roots, and the purchase price reflects a multiple of 4.175x that figure.

The deal also includes share lock-up provisions, requiring selling shareholders to hold onto their newly issued Vireo shares in tranches, unlocking gradually over a 33-month period, providing long-term alignment between Vireo and former Deep Roots owners.

### **Deep Roots Harvest Brings Strong Operational Track Record and Strategic Retail Locations**

Founded in 2023, Deep Roots Holdings Inc. rapidly established itself as a consistent performer in Nevada's mature cannabis industry. The company's strength lies in both its operational discipline and the location of its retail stores, many of which are situated in strategic zones in Southern Nevada. These include areas near the Utah border, drawing both local customers and cross-border consumers.

Deep Roots operates a vertically integrated model, controlling the entire supply chain from cultivation and production to retail sales. The company's 54,000-square-foot facility not only supports its own dispensary chain but also contributes wholesale product to the broader Nevada market.

## **Expansion Into Western Cannabis Market Enhances Vireo's National Reach and Vertical Integration Strategy**

Vireo's acquisition of Deep Roots aligns with its broader strategic plan to build a national vertically integrated cannabis platform. The Nevada acquisition supplements the company's existing operations and adds significant retail, cultivation, and manufacturing assets in a highly competitive adult-use market.

In addition to its Nevada operations, Deep Roots brings with it investment interests in two other markets: a retail chain in California and a vertical cannabis operator with assets in Ohio and Massachusetts. These investments expand Vireo's exposure to other core markets with growth potential, and they may serve as launchpads for future strategic consolidations or operational synergies.

## **Competitive Nevada Market Offers Immediate Revenue and Long-Term Potential for Optimization**

Nevada's cannabis market continues to be a stronghold for legal adult-use sales, generating hundreds of millions in annual revenue, driven largely by local demand and tourism in cities like Las Vegas. By acquiring a top-performing operator like Deep Roots, Vireo gains immediate revenue streams and an established customer base.

The retail stores acquired through the deal are well-positioned geographically, particularly in underserved border zones, and offer the potential for immediate operational integration, brand expansion, and supply chain optimization.

The 54,000-square-foot facility also gives Vireo the production scale necessary to supply not only its own dispensaries but also third-party retailers across the state. With wholesale prices and demand remaining relatively stable, this vertically integrated setup positions Vireo for improved margins and operational leverage.

## **Vireo Positions Itself for Growth Amid Shifting Industry Dynamics and Regulatory Reforms**

As the U.S. cannabis industry continues to consolidate and mature, companies like Vireo are positioning themselves to survive and thrive in an environment marked by intense competition, fluctuating capital access, and ongoing regulatory reform.

The Deep Roots acquisition gives Vireo an enhanced footprint in a market with relatively favorable business conditions. Nevada's regulatory environment, while stringent, has proven stable and relatively business-friendly compared to other markets with licensing volatility or restrictive municipal opt-outs.

With the new assets in place, Vireo may be better positioned to explore expanded product lines, tourist-focused marketing strategies, and economies of scale across retail and cultivation operations.

## **Acquisition Marks a Major Milestone in Vireo's Corporate Growth Strategy**

This acquisition stands out as one of the largest by Vireo to date and is likely to serve as a cornerstone of the company's Western U.S. strategy. The structure of the deal, with equity issuance and lock-up agreements,

indicates a long-term integration approach, not a quick asset flip.

It also suggests that Vireo is moving toward a more capital-efficient growth model, prioritizing strong operating businesses with positive cash flows and favorable EBITDA multiples — a contrast to earlier industry acquisitions that were often speculative or overleveraged.

The company will now focus on integrating Deep Roots' assets, optimizing operations, and ensuring regulatory compliance as part of its post-merger strategy.

## **Deep Roots' Investment Holdings in California, Ohio, and Massachusetts Could Offer Future Strategic Value**

In addition to its core operations in Nevada, Deep Roots holds equity and debt stakes in cannabis businesses in California, Ohio, and Massachusetts. While these holdings were not the primary focus of the acquisition, they present potential upside for Vireo over the long term.

California remains the largest cannabis market in the U.S., though it is highly fragmented and competitive. Ohio and Massachusetts are both regulated adult-use states with growing consumer bases and evolving legal frameworks.

Vireo could explore expanding these relationships into operational partnerships, asset swaps, or full acquisitions, depending on future strategic priorities and market conditions.

## **Vireo's \$133 Million Deep Roots Deal Signals Bold Step Forward in National Cannabis Expansion**

The closing of the Deep Roots acquisition marks a pivotal step for Vireo Growth Inc. as it builds toward becoming a national cannabis powerhouse. By acquiring a vertically integrated operator with strong EBITDA performance and a valuable footprint in a key adult-use market, Vireo has significantly enhanced its operational base and growth outlook.

With 10 new dispensaries, a 54,000-square-foot cultivation and manufacturing facility, and financial provisions aligned to long-term performance, Vireo's investment in Deep Roots positions it for operational stability and scalable expansion.

As the U.S. cannabis industry continues to evolve amid regulatory uncertainty and increasing competition, acquisitions like this highlight the importance of strategic market entry, operational excellence, and long-term shareholder alignment.

Email: [info@cannabisriskmanager.com](mailto:info@cannabisriskmanager.com) | Phone: +415-226-4060

© Copyright 2025 Cannabis Risk Manager. All Rights Reserved