VERANO

Verano Reports Second Quarter 2021 Record Revenue of $199M

August 10, 2021

Produced substantial revenue growth of 39% sequentially , clos ed three accretive acquisitions in the quarter while remain ing profitable, free-cash-flow positive and furthering invest ments in CAPEX, CPG brand portfolio.

CHICAGO, Aug. 10, 2021 (GLOBE NEWSWIRE) -- Verano Holdings Corp. (CSE: VRNO) (OTCQX: VRNOF) ("Verano" or the "Company"), a leading multi-state cannabis company, today announced its results for the second quarter ended June 30, 2021. The financial information below is reported on a pro forma consolidated basis accounting for the AltMed acquisition as if completed on January 1, 2021, and all currency is in U.S. dollars.

Second Quarter 202 1 Financial Summary

- Revenues increased 39% from the first quarter of 2021, and 164% from the second quarter of 2020 to a record $199 million.
- Gross profit, on an unadjusted basis and excluding the impact of biological assets, was $100 million, or 50% of revenue, compared to $88 million, or 61% of revenue, in the first quarter of 2021.
- SG&A expense was $53 million, or 27% of revenue, compared to $29 million, or 20% of revenue, in the first quarter of 2021.
- Net income, including the impact of biological assets, was $7 million. Excluding the impact of biological assets, net income was $32 million in the second quarter of 2021, compared to $8 million in the first quarter of 2021.
- Second quarter Adjusted EBITDA was $81 million, or 41% of revenues. EBITDA on an unadjusted basis was $52 million, or 26% of revenues.
- Cash flow from operations was $29 million, and Free Cash Flow was $4 million.

Recent Operational Highlights

- In the second quarter, Verano executed on organic expansion plans and brought seven new dispensaries online across its core markets in Florida, Illinois, New Jersey, and Pennsylvania.
- The Company added nine fully operational, high-volume dispensaries to its portfolio during the second quarter, closing on accretive acquisitions of Territory in Arizona, The Healing Center and TerraVida in Pennsylvania, as well as another permit for three additional dispensaries in Pennsylvania through the NSE transaction.
- Verano currently has 83[1] operating dispensaries and anticipates surpassing 90 by the end of 2021.
- The Company's subordinate voting shares received DTC eligibility, which enhanced liquidity and strengthened its presence in the U.S. capital markets.
- Shortly after the close of the second quarter, Verano completed acquisitions of Agri-Kind and Agronomed Biologics in Pennsylvania, allowing for vertical benefit realization in the state by adding an active 62,000 square foot, indoor cultivation and production facility, and a permit to build out a second cultivation facility and six additional dispensaries—two of which the Company has already opened.
- In July, Verano maximized its retail footprint in Ohio with five dispensaries upon closing its acquisition of Mad River Remedies, LLC, a high-volume storefront in Dayton.
- Also in July, Verano strategically expanded its presence into Northern Nevada with the announcement of its planned acquisition of Sierra Well, which will add approximately 10,000 square feet of active cultivation and production capacity, and two top-performing dispensaries in Reno and Carson City.

Management Commentary

"This was a very strong quarter, particularly in topline revenue growth, which reflects our proven ability to execute in both the retail and wholesale verticals," said George Archos, Verano CEO and Founder. "We executed exceptionally well on our expansion plans in the second quarter, adding 16 dispensaries to our footprint between new doors opened and acquisitions closed, providing additional runway for growth in core markets such as Arizona, New Jersey, Pennsylvania, Illinois and Florida. Building on this momentum, we anticipate exiting the year with an annual revenue run rate approaching $1.1 billion."

Balance Sheet and Liquidity

As of June 30, 2021, the Company's current assets on a pro forma consolidated basis were $572 million, including cash and cash equivalents of $150 million. The Company had working capital of $285 million and total debt, not including lease liabilities and net of issuance costs, of $131 million.

Total shares outstanding on an as-converted basis are 314,012,373 as of August 9, 2021.

Additional Information

The financial information reported in this news release is based on the unaudited consolidated financial statements of Verano Holdings Corp. and the related management discussion and analysis ("MD&A") for the three and six months ended June 30, 2021, both of which are available under the Company's profile on SEDAR at www.SEDAR.com. All financial information contained in this news release is qualified in its entirety with reference to such financial statements and MD&A.

Non-IFRS Financial Measures

Verano refers to certain non-IFRS measures to evaluate the performance of the Company. The terms "EBITDA", "Adjusted EBITDA" and "Free Cash Flow" do not have any standardized meaning prescribed within International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA is calculated as net earnings from operations before interest expense, tax expense, depreciation, and amortization. Adjusted EBITDA is calculated as EBITDA adjusted for one-time expenses related to other expenses, gain from investment in associates and acquisition related costs. Free Cash Flow is calculated as cash flow from operations minus capital expenditures. Reconciliations of the non-IFRS financial measures used in this news release to the most comparable IFRS financial numbers are included tables at the end of this news release.

Management believes that these non-IFRS financial measures provide useful information as a supplement to reported IFRS financial information. Management reviews these non-IFRS financial measures on a regular basis and uses them to evaluate and manage the performance of the Company's operations. These measures should be evaluated only in conjunction with the Company's comparable IFRS financial measures.

Conference Call and Webcast

A conference call and audio webcast with analysts and investors will be held today at 8:30 a.m. Eastern Time/7:30 a.m. Central Time, to discuss Verano's second quarter 2021 financial results and answer questions.

- Investors and participants can register for the call by visiting http://www.directeventreg.com/registration/event/4449175
- After registering, instructions will be shared on how to join the call for those who wish to dial in.
- Live and archived webcast will be available on the Events and Presentations page of the Company's investor relations website at investors.verano.com.

About Verano

Verano is a leading, vertically integrated, multi-state cannabis operator in the U.S., devoted to the ongoing improvement of communal wellness by providing responsible access to regulated cannabis products. With a mission to address vital health and wellness needs, Verano produces a comprehensive suite of premium, innovative cannabis products sold under its trusted portfolio of consumer brands including Verano ™, Avexia ™, Encore ™, and MÜV ™. Verano's portfolio encompasses 14 U.S. States, with active operations in 11, which includes 10 production facilities comprising approximately 832,000 square feet of cultivation (including a 26,000 sq. ft. facility in Massachusetts nearing completion of construction). Verano designs, builds, and operates dispensaries under multiple retail brands including Zen Leaf ™ and MÜV ™, delivering a superior cannabis shopping experience in both medical and adult-use markets. Learn more at www.verano.com.

Forward Looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". Forward-looking information and forward-looking statements may include, but are not limited to statements or information with respect to the Company's position in the marketplace, the proposed completion or buildout of Company facilities, the Company's cultivation capacity, the completion of pending acquisitions, the accretive nature of acquisitions, the fortification of the Company's presence in core markets, the possibility of material organic expansion, delivery of shareholder value and the ability to maintain industry-leading margins.

Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein, including, without limitation, the risk factors discussed in the Company's filings including our financial statements and MD&A for the fiscal year ending December 31, 2020 and our financial statements and MD&A for the three and six months ended June 30, 2021 on SEDAR at www.sedar.com.

The forward-looking information and forward-looking statements contained in this new release are made as of the date of this news release, and the Company does not undertake to update any forward-looking information or forward-looking statements that are contained or referenced herein, except as may be required in accordance with applicable securities laws. All subsequent written and oral forward- looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice regarding forward-looking information and statements.

Contacts:

Investors
Verano Holdings
Aaron Miles
Chief Investment Officer
aaron@verano.holdings

Media
Verano Holdings
David Spreckman
VP, Marketing & Communications
david@verano.holdings
312-819-4852

Sard Verbinnen & Co.
Gabriella Coffey / Ryan McDougald
Verano-SVC@sardverb.com

Verano Holdings Corporation Pro Forma
Unaudited Financial Information
(All amounts expressed in thousands of U.S. Dollars)

Unaudited Consolidated Statements of Operations
For the Three Months Ended June 30, 2021 and 2020

($ in thousands)	For the Three Months Ended		
	6/30/2021 (Unaudited)	**3/31/2021 (Unaudited)**	**6/30/2020 (Unaudited)**
Revenue	$ 198,707	$ 143,297	$ 75,188
Cost of Sales	(98,578)	(54,605)	(32,119)
Gross Profit Before Fair Value Adjustments of Biological Assets	100,129	88,693	43,069
Gross Profit % Before Changes In Fair Value of Biological Assets	50.4 %	61.9 %	57.3 %
Net Effect of Changes in Fair Value of Biological Assets	(24,921)	117,408	23,266
Gross Profit	**75,208**	**206,100**	**66,336**
Expenses:			
Selling, General and Administrative	53,329	29,206	16,631
Depreciation and Amortization	4,253	2,957	3,599
Total Expenses	57,582	32,163	20,230
Income (Loss) from Investments in Associates	645	803	(3,405)
Income (Loss) from Operations	**18,271**	**174,740**	**42,701**
Total Other Income (Expense), Net	(5,619)	(3,135)	(3,978)
Gain (Loss) Before Income Taxes	**12,652**	**171,605**	**38,722**
Income Tax Expense	(5,088)	(45,327)	(12,896)
Net Income Attributable To Non-Controlling Interest	734	**706**	**127**
Net Income	**$ 6,830**	**$ 125,573**	**$ 25,700**

Verano Holdings Corporation Pro Forma
Unaudited Summarized Consolidated Statements of Financial Position
As of June 30, 2021 and 2020

($ in thousands)	For the Three Months Ended		
IFRS	**6/30/2021 (Unaudited)**	**3/31/2021 (Unaudited)**	**6/30/2020 (Unaudited)**
Cash and Cash Equivalents	$ 149,671	$ 111,637	$ 27,276

Other Current Assets	422,359	437,083	128,301
Property and Equipment, Net	280,863	247,570	172,039
Intangible Assets, Net	1,019,874	722,917	24,803
Goodwill	264,769	222,525	5,197
Other Long-Term Assets	55,602	37,600	56,818
Total Assets	**$ 2,193,138**	**$ 1,779,332**	**$ 414,432**
Total Current Liabilities	$ 287,163	220,043	$ 104,817
Total Long-Term Liabilities	421,469	295,083	44,792
Total Shareholders' Equity	1,484,507	1,264,205	264,823
Total Liabilities and Shareholders' Equity	**$ 2,193,138**	**$ 1,779,332**	**$ 414,432**

Verano Holdings Corporation Pro Forma
Unaudited Reconciliation of Net Income to Adjusted EBITDA and Non-IFRS
For the Three Months Ended June 30, 2021 and 2020

($ in thousands)	For the Three Months Ended		
	6/30/2021 (Unaudited)	**3/31/2021 (Unaudited)**	**6/30/2020 (Unaudited)**
Net Income [2]	$ 6,830	125,573	$ 25,700
Depreciation and Amortization	9,404	5,110	5,544
Interest Expense, Net	5,531	1,633	3,396
Income Tax Expense	5,088	45,327	12,917
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) (Non-IFRS)	**$ 26,853**	**$ 177,644**	**$ 47,557**
Other expense (income), net	88	1,268	582
RTO and M&A Costs	6,923	2,852	-
Inventory Step Up	5,718	-	-
Employee Earnout Accrual	10,348	7,867	-
Other non-operating costs	6,623	2,824	-
Adjusted EBITDA (Non-IFRS)	**$ 56,553**	**$ 192,455**	**$ 48,139**
Net Impact of Fair Value of Biological Assets	24,921	(117,408)	(23,266)
Adjusted EBITDA (non-IFRS), Net of Impact of Biological Assets	**$ 81,474**	**$ 75,047**	**$ 24,873**

[1] Includes contribution of two active dispensaries from the pending acquisition of Sierra Well in Nevada.

[2] *Net Income excludes amounts attributable to non-controlling interest.*

verano

Source: Verano Holdings Corp.