

Verano Holdings, LLC(Q4 2024 Earnings)
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Corporate Speakers

- Steve Mazeika; Verano Holdings Corp; Vice President, Communications
- George Archos; Verano Holdings Corp; Founder, Chief Executive Officer
- Brett Summerer; Verano Holdings Corp; Chief Financial Officer
- Darren Weiss; Verano Holdings Corp; President
- Aaron Miles; Verano Holdings Corp; Chief Investment Officer

Participants

- Aaron Gray; AGP; Analyst
- Russell Stanley; Beacon Securities; Analyst
- Nick Anderson; Roth; Analyst
- Matt Bottomley; Canaccord; Analyst

PRESENTATION

Operator^ Ladies and gentlemen, thank you for standing by and welcome to Verano Holdings Fourth Quarter and Full Year 2024 Earnings Conference Call.

(Operator Instructions)

Please be advised that today's conference is being recorded. I would now like to turn the conference over to your first speaker today, Steve Mazeika, Vice President of Communications. Please go ahead.

Steve Mazeika^ Thank you and good morning, everyone. Welcome to Verano's fourth quarter and full year 2024 earnings conference call. I am joined today by George Archos, Founder and Chief Executive Officer; Brett Summerer, Chief Financial Officer; Darren Weiss, President; and Aaron Miles, Chief Investment Officer.

During this call, we will discuss our business outlook and make forward-looking statements within the meaning of applicable U.S. and Canadian securities laws, which are based on management's current assumptions and expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of the business or developments in the company's industry to differ materially from those implied by such forward-looking statements.

Actual events or results could differ considerably due to risks and uncertainties mentioned in our filings at EDGAR and SEDAR, including our financial statements for the year and quarter ended

December 31, 2024. In addition, throughout today's discussion, we will refer to non-GAAP financial measures that do not have any standardized meaning prescribed by GAAP.

Management believes non-GAAP results are useful to enhance the understanding of the company's ongoing performance, but these are supplemental to and should be not considered in isolation from or as a substitute for GAAP financial measures. These non-GAAP measures are defined in our earnings press release and available on our website at investors.verano.com, which also includes the reconciliation of these measures to the respective most directly comparable GAAP financial measures.

Lastly, all currency is in U.S. dollars unless otherwise noted.

I'll now pass it over to George.

George Archos^ Good morning, everyone and thank you for joining us today. 2024 was a dynamic year for Verano and the industry at large. As we navigate the ever-evolving cannabis landscape, I am proud of our team's ability to remain proactive and move with speed and agility to unlock opportunities in the market.

Last year, our brands continued to gain strength across our footprint, demonstrated by the strongest-ever performance of our wholesale business. We also ignited momentum with the first of a series of innovative new product launches. And from a cultural perspective, cannabis reform was part of the mainstream conversation for millions of voters during election season and remains a key bipartisan issue supported by a majority of Americans.

2024 also marked a company milestone as our 10th year in business. As a lifelong entrepreneur who built the company from the ground up, I've worked with leaders across Verano to foster an ownership mindset that we consider a competitive advantage. We see challenges as opportunities and will always work faster, harder, and smarter to pursue growth. Our goal is to thrive in 2025 by continuing to building one of the strongest, most resilient cannabis companies in the industry, which we aim to achieve through a relentless focus on innovation, automation, differentiation, and efficiency, while keeping quality at the center of everything that we do.

Before we dive into 2025, I'll provide additional color on 2024 results. For the full year, we delivered \$879 million in revenue and adjusted EBITDA of \$264 million. And in the fourth quarter, we generated revenue of \$218 million, up 1% sequentially from the prior quarter and delivered adjusted EBITDA of \$63 million.

Despite industry dynamics, I am proud of our ability to adapt and drive efficiencies across the business to protect margin and lower costs. In 2024, we strengthened our retail footprint with the addition of 17 new dispensaries across key markets. These include high-performing stores in Virginia and Arizona acquired from the cannabis company in the third quarter, along with the new locations in Pennsylvania, New Jersey, Connecticut and Florida.

Additionally, we moved two existing Zen Leaf dispensaries to more Main Street high-traffic locations in Pennsylvania and Arizona, strengthening our presence in the Philadelphia and

Phoenix markets. We generated total retail revenue of \$672 million for the full year and \$175 million for the fourth quarter.

While we experienced a slight decline in full year retail revenue versus 2023 due to pricing compression, promotional activity, and competition in markets, including Illinois, New Jersey and Florida, we were up 6% in retail revenue versus the third quarter of 2024. This increase was driven by solid retail execution during key holiday windows, the first full quarter of contributions from acquired cannabis assets and positive sales and market share gains in Florida. We also drove retail gains in Maryland during the state's first full year of adult-use and in Ohio following another seamless adult-use transition last August.

Additionally, following our efforts to streamline operations, we improved retail productivity in the fourth quarter by driving increases in transactions per headcount of 54% in Florida and 14% in the rest of our markets versus the third quarter. On the wholesale side, we finished 2024 with \$353 million in total wholesale revenue, a gain of 1% versus the prior year, the highest annual total we have ever achieved in the wholesale segment. We also increased our active accounts by 29% and drove an 8% gain in third-party units sold versus the prior year, our highest annual volume ever.

Growing our third-party customer base delivered an increase of over \$9 million in third-party wholesale revenue versus 2023, driven primarily by strength in Illinois, New Jersey, and Maryland, along with Ohio following the state's first full quarter of adult-use sales. And in Virginia, we continue to see positive trends following our first full quarter of operations.

Leveraging our industry relationships and experience, we drove a more than 30% average monthly increase in Virginia, third-party wholesale sales over the 3 months of the fourth quarter when compared to the first full month of sales under Verano's leadership and plan to introduce more of our brands and products this year.

These results drove an increase in our full-year wholesale retail split with wholesale accounting for 34% of revenue 2024, a 2% gain in wholesale revenue contribution versus the prior year, demonstrating our ability to sell into new doors and expanding retail markets.

In the fourth quarter, we kicked off the first of a series of innovative new product launches with Extra Savvy 2 gram vape cartridges in Illinois, New Jersey, Maryland, and Arizona markets, with plans to scale into Pennsylvania and Florida in the near future. According to BDSA, our Extra Savvy White Widow has been the top-selling vape in the Illinois market in February and 4 Extra Savvys used rank in the top six vape products statewide. We also introduced the Essence J's barrel-style pre-roll joints, leveraging cutting-edge manufacturing innovation that exponentially increases production efficiency and output. The Essence J's deliver both consumer affordability and quality and have already become one of the top-selling pre-rolls in launch markets.

We also rolled out line extensions in the fourth quarter, including Encore RSO chocolates, Savvy Guap macrodose single-serve edibles infused with RSO, a dragon fruit skew for our popular Brits brand, and a new 7-gram format for our Essence flower line. I am proud of our team for

securing big portfolio wins in 2024, including top 10 share positions in a majority of our markets, according to BDSA.

Highlighting an example of successful brand development, we've sold more than 12 million Savvy product units since the brand's debut in the fall of 2022. And Savvy recently jumped into the number six share position across all our BDSA track markets to-date in 2025. We'll look to build on the success story of robust lineup of new product innovation and line extensions across our most popular brands this year.

I will provide additional color on 2025, but first I'll hand it over to Brett to discuss our financials in more detail.

Brett Summerer^ Thanks, George. Before diving into the financials, I wanted to highlight a change we are enacting relative to the voluntary state-level revenue reporting we provided over the past year. Given the SEC requirement to report enhanced segment disclosures, we have made the decision to discontinue our state-level revenue breakouts in line with our peers, but we'll continue to provide customary color on market performance. We will evaluate reinstating state-level reporting in the future pending further industry evolution and reporting requirement changes.

From a tax perspective consistent with many of our peers, we've taken a position that we do not owe taxes attributable to the application of Section 280E of the Internal Revenue Code. Verano's current federal income tax payable balance is now \$64 million as a result of these changes, reducing the company's income tax payable and increasing on uncertain tax position within long-term liabilities.

Revenue for the full year was \$879 million, a decrease of 6% year-over-year, driven primarily by continued expected declines in New Jersey and Illinois due to increased competition and from promotional activity and cultivation facility upgrades in Florida during the second and third quarters. This was partially offset by increases in Maryland and Ohio following our conversion to adult-use sales in July 2023 and August 2024, respectively, along with contributions from the cannabis assets we acquired at the end of August 2024.

On a gross revenue basis, excluding intersegment eliminations, 66% of sales were derived from the retail business, with the largest contributions from Florida, Illinois, and New Jersey. The remaining 34% of sales came from our wholesale business, with the largest contributions from Illinois, New Jersey, Maryland, and Ohio. Gross profit for the year was \$444 million, or 51% of revenue versus \$475 million, or 51% of revenue, in the prior year. The decrease in gross profit dollars was primarily attributable to the decline of 2024 revenue.

SG&A expenses were \$353 million in 2024, or 40% of revenue versus \$332 million in the prior year, or 35% of revenue. The increase in SG&A expense was largely driven by new store openings. We had a net loss for the year of \$342 million, driven by intangible and fixed asset impairments, with the majority pertaining to Pennsylvania retail licenses and one of our Arizona cultivation facilities. Impairing the Pennsylvania retail licenses in the fourth quarter reduced

deferred income taxes and income tax expenses by approximately \$100 million. Adjusted EBITDA for the year was \$264 million or 30% of revenue.

Moving on to the financials for the fourth quarter of 2024, revenue was \$218 million, a decrease of 8% year-over-year and an increase of 1% versus the prior quarter. Revenue for the fourth quarter of 2024 versus the fourth quarter of 2023 decreased primarily due to promotional activity and price compression in key markets. On a sequential basis, revenue increased versus the third quarter of 2024, driven by an overall increase in wholesale sales and retail gains in Florida, Virginia, Ohio and Arizona.

Gross profit for the quarter was \$108 million, or 49% of revenue versus \$118 million, or 50% of revenue, in the prior period. The decline in gross profit dollars was primarily attributable to declines in revenue. SG&A expenses were \$84 million for the quarter versus \$86 million for the prior year period. The decrease in SG&A resulted from operational headcount optimization efforts and limited new store openings. As George mentioned earlier, we've taken significant steps to streamline our operations, which have already generated savings and anticipate realizing further efficiencies across the business this year. We had a net loss for the fourth quarter of 2024 of \$273 million versus \$77 million in the fourth quarter of 2023, attributed to the \$328 million impairment in fixed and intangible assets. Adjusted EBITDA for the fourth quarter was \$63 million, or 29% of revenue, essentially in line with prior quarter.

Turning to the balance sheet and cash flows, we ended the year with \$88 million in cash and cash equivalents. Cash flow from operations for the year was \$112 million and CapEx spending for the fourth quarter and full year was \$14 million and \$99 million, respectively. Looking ahead in 2025, we anticipate CapEx to range between \$25 million and \$40 million, focused on implementing efficiency initiatives at cultivation facilities and targeted expansion of a retail footprint. From a retail standpoint, we expect new competitive pressure in the Maryland market following approval of a large number of new licenses. However, we don't anticipate similar retail declines in Illinois and New Jersey in 2025 compared to last year, given that both states have experienced a decrease in new store openings as those markets continue to mature.

Lastly, in an effort to strengthen our balance sheet, in 2024, we executed on our ability to prepay a portion of our existing term loan, bringing the balance down by \$50 million with a minimal prepayment penalty and retain optionality to initiate further payments. Also, our lender has released the vast majority of our real estate assets, providing more options to lower our overall cost of capital through refinancing opportunities and other activities to lower borrowing rates.

George, back to you.

George Archos^ Thanks, Brett. Beginning in the fourth quarter and year-to-date in 2025, we kicked off a number of strategic initiatives aimed at strengthening our core business through new product innovation, automation, technology and operational efficiencies. First, we are strategically optimizing our footprint by prioritizing markets we feel are primed for growth. In January, we terminated commercial agreements pertaining to a retail dispensary in Arkansas and sold the real estate leased by the dispensary for a profit.

Moving forward, in an effort to streamline costs and optimize cash flow, we do not anticipate undertaking major CapEx projects in 2025. Our investments will focus on strengthening our core business, implementing automation and efficiency projects, targeted retail refreshes, and a leaner pipeline of new store openings.

To further enhance our footprint this year, we anticipate opening new Zen Leaf dispensaries in Connecticut and Ohio, along with additional MÜV stores in Florida. In Connecticut, where our brands hold the number one market share position according to state sales data, we plan to open additional social equity joint venture locations this year and maintain optionality to expand to 8 statewide dispensaries.

In Florida, we have recently celebrated a major milestone by opening our 80th MÜV dispensary in North Miami Beach and plan to open a handful of additional stores this year. And in Ohio, we are very excited for our sixth dispensary, Zen Leaf Antwerp, located just a 30-minute drive from Fort Wayne, Indiana's second largest city, which we anticipate opening in the near future.

In Florida, after completing upgrades at our Apollo Beach facility, we are driving positive momentum that started in Q4 and is carried over into the new year. According to OMMU data, starting in December, we've averaged 11% market share and reclaimed the number two market position, which we've since held for a majority of weeks on the heels of strong year-to-date results that have surpassed internal expectations. And following last year's election results, the Florida medical market has experienced rapid growth in new patient sign-ups, elevating the state's patient count above 900,000 for the first time ever. Given these positive trends and our pipeline of new product launches and CPG manufacturing advancements, we are optimistic about our Florida business trajectory in 2025.

From a wholesale perspective, we continue actively launching new product innovation in the fastest growing categories. Building on the successful December launches, we aim to capture untapped growth in the pre-roll category in top markets with the introduction of the Essence J's and Savvy 100 proof diamond-infused barrel-style pre-rolls. And in the vape category, in addition to Extra Savvy 2 gram vape carts, we are tremendously excited for the launch of Savvy Strut, a new digital forward all-in-one 2-gram vape that is scheduled to begin hitting dispensary shelves in March. As we launch and scale these new offerings across our footprint, our ambition is clear. We want to dominate the fastest growing categories in the industry and are moving with speed and agility to achieve that goal.

In addition to new product launches, we continue to explore beneficial licensing partnerships to introduce new products that leverage strong brands and strategic product categories. We are also undergoing SKU rationalization exercises to reduce or eliminate low volume products, allowing us to focus resources towards our best-selling products and growth initiatives. Also, as we mentioned last quarter, we initiated holds on a number of third-party wholesale accounts for non-payment. Since then, we've introduced new processes and technology, brought in an experienced wholesale leader, and collaborated with third-party partners to successfully reduce our accounts receivable balance by 13% versus the prior quarter, all while building stronger relationships that we expect will be mutually beneficial in the long-term.

As Brett outlined, we have adjusted our 280E tax provision, which provides us more optionality and better comparability with peers as the industry awaits meaningful reform at the Federal level. We were also encouraged by Pennsylvania's decision to decouple from 280E taxes in 2024, which also saved us millions. Additionally, we will continue to selectively explore accretive M&A opportunities as we anticipate further industry consolidation in the future, given current market conditions that have challenged many operators. We also maintain optionality to access capital given our existing credit facility and our unique competitive advantage owning our CPG real estate, which can be leveraged to obtain debt financing.

On the legislative front, we are actively monitoring developments and engaging at the Federal level as the new administration sets priorities and fills out key cabinet and senior staff positions. Given President Trump's campaign promises, we are cautiously optimistic he will support rescheduling and banking reforms that align with this administration's pro-business, state's right agenda, which would finally allow America's next great homegrown industry to reach its full potential. However, we never run the business based on legislative assumptions and remain confident in our ability to grow the company in the current environment. At the state level, we are encouraged by Governor Shapiro's continued support for adult use legalization in Pennsylvania. Given a majority of Pennsylvania's neighbors already legalize adult use and are collecting significant tax revenue and the state's existing medical program infrastructure, the Commonwealth is well positioned to generate an estimated \$1.3 billion in tax revenue and create 30,000 jobs in the first five years of adult use sales.

We are also closely monitoring developments in Virginia where adult use could be on the horizon in the next few years, along with Florida, which continues active legislation discussions on a range of cannabis topics they may yield improvements to the medical program. And in Ohio, we remain hopeful that when formal adult use regulations are finalized, new products and categories, including pre-rolls will be permitted for sale, allowing the state and operators to capture more revenue and better compete with other nearby adult use states.

As I mentioned earlier, at Verano, we see adversity as opportunity. Coming out of 2024, we have a clear vision to harness innovation, automation, and differentiation to fuel our continued evolution and growth. After several years of robust acquisitive activity and operating in integration mode, we are strengthening our roots by focusing on our core business, ensuring that quality is at the center of everything we do, our people, our processes, and our products. Reflecting on a decade in this business, I have never been more confident in Verano and our ability to outwork and outmaneuver any challenge, thanks to the incredible team we have across the organization. I am proud of what we have accomplished and look forward to building Verano into an even stronger cannabis powerhouse for years to come.

Operator, you may now open the line for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions). And the first question will come from Aaron Gray with AGP. Your line is open.

Aaron Gray^ Hi. Good morning and thank you for the questions here. So, first question for me in terms of the prepared marks on wholesale. George, you mentioned some – a couple of things there. In terms of the third-party accounts, you had mentioned that last quarter, so it looks like that did weigh on wholesale both on a year-over-year and a sequential basis. I just want to know, in terms of if you think there is more room to go there on wholesale in terms of holding some third-party accounts. And then also, as we think about that, along with some of the SKU rationalization that you spoke to, just suppose with potential new innovation and more door expansion, how should we think about that wholesale line as we look into 2025? Thank you.

George Archos^ Good morning Aaron. Thanks for the question.

So, we are still holding back some accounts. We are clearing them out. It is getting better. We anticipate **by the** Q2 to, hopefully, be able to re-engage with some of these accounts and start up sales, but we do want to clear that out and collect the cash. In terms of throughout the year, I think we still have some room for growth in wholesale in certain markets. So, I would say flat to hopefully positive throughout the year, but we will see how it goes. And as far as the SKU rationalization exercise, that's happening across the board. We are trying to target more in the high-velocity SKUs that move for us well. We announced quite a few new products at the end of Q4, and we have some new products coming into Q1 as well as Q2 and in Q3. So, we are going to be focusing on those products because we believe that we can get some strong market share gains in the markets that we are going to launch them in, and that's what we are looking forward to.

Aaron Gray^ Okay. Great. Thanks for that color, George. Second question for me, just as we look at other growth opportunities for 2025, you mentioned CapEx initiatives that you have through various stores Connecticut, Ohio, Florida, and also some other automation in investments. But how should we also think about potential M&A, right? So, you did the Virginia in-asset and Arizona acquisition last year. Do you still see potential for some of that coming in 2025? How are we looking at the broader landscape in terms of potential M&A opportunities? Is there anything attractive out there? Is there too much, whether it would be debt or taxes owed by potential targets for those to be attractive right now? Thank you.

George Archos^ Everything is on the table. We are constantly looking at M&A. That's not somewhere where we slow down. We are always looking at opportunities and we are ready to pounce at the first sight of something that looks attractive to us. So, we will continue to do that. But right now, at the start of the year and ending last year, our focus is on the core business. We want to get back to the basics here. We want to make sure that we are producing the right products. It's a very high focus on quality and making sure that the hospitality component of our stores is at peak performance. So, I believe that we have room to grow just within our current footprint. And we are also going to be looking at M&A. So, it's going to be an exciting year for us as we strategize on how to move forward and continue to grow the company.

Aaron Gray^ Okay. Great. Thanks for the detail. Then I will jump back in the queue.

Operator^ Thank you. And our next question will be from Russell Stanley with Beacon Securities. Your line is open.

Russell Stanley^ Good morning and thanks for taking my question. Maybe just first on Florida, just wanted to build more color on how you are approaching the market in 2025 from a pricing perspective, some additional supply coming online, wondering how you envision this market shaping up and how you intend to – what level of intensity do you expect on pricing and how you plan to address that given your historic approach? Thanks.

George Archos^ Good morning, Russ. Thanks for the question. We have been in Florida for a long time now. For us, it was very important that we get our supply back online. As far as pricing is concerned, it's been a competitive market for quite some time. I think competition on pricing could continue to inch up. That being said, we have the supply to be able to compete. And we are looking forward to what we are doing in Florida. We had a successful Q4 there going into the year. We continue to bring on new patients, which is very exciting for us. Seeing that patient count take up is one of the most important factors in Florida. So, we have the supply. We have the people. We are doing some refreshes there. And we are going to launch new products. So, we are excited for the year in Florida. It's looking good.

Russell Stanley^ Thanks. And maybe for my fault, just moving to Virginia, I think on this part of your comments in your prepared remarks, but I think you can plan some additional brand launches there in 2025. Beyond that, just wondering how you are thinking about your growth plans there. I know the legislature just sent another AU commercialization bill to the Governor. I don't think people expect or people are expecting to veto. So, just wondering how you are thinking about this market this year and next year? Thanks.

George Archos^ Yes. I mean Virginia was obviously a high priority for us. We love the market. We are going to continue to introduce our brands, continue to increase our vertical integration within our stores, hopefully increase wholesale as well. We believe that although adult use is going to pass most likely here, but the Governor is going to veto it. That being said, it does set up for a very successful 2026, which whoever the incoming Governor is going to be. So, we will put some plans in place to be able to be ready for adult use because I think that could be a quick flip in 2026. So, we are going to be doing that, and we are looking forward to the Virginia market and everything that it has to bring to us, right. I mean new patients coming in the doors every day. We are going to be launching our products, increase vertical integration, so all solid.

Russell Stanley^ That's all for me. I will get back --

George Archos^ Thanks Russ.

Operator^ And the next question comes from Nick Anderson with Roth. Your line is open.

Nick Anderson^ Yes. Good morning. Thanks for taking the questions. First one for me, just on the competitive landscape, given the current environment, have you seen any signs of consolidation among maybe the smaller scale brands and operators out there? Are we getting close to that point yet? Just your sense of how the competitive environment will look if we do get another year of status quo here. Thank you.

George Archos^ I mean listen, consolidation is always going to continue to happen. It's when is it really going to kick off and what pace. I think the holdout really is what's going to happen from Trump's camp. I mean everyone is waiting to see what's going to happen with Schedule 3, the next round of hearings, etcetera. So, we will see. I mean from our perspective, we have always been looking for great M&A deals, and we will continue to do that. As far as the rest of the industry goes, we will see. I think everyone is kind of in a wait and see approach, new administration, what could happen, and hopefully, a solid consolidation happens from there. If we get Schedule 3, I think it could really amp up.

Nick Anderson^ Okay. I appreciate that color. Second one for me, just on the cost side, with the ongoing pricing pressure we are seeing out there, wondering how much you can potentially improve on the production side to mitigate this? Are you seeing any opportunities to lower production costs, or are there other ways you are looking to maybe offset this price pressure? Thank you.

George Archos^ We are. We kicked off some initiatives here at the end of the year that will continue throughout this year, looking at greater efficiencies, more automation, Really looking at SKU rationalization, headcount optimization, all of those things to be able to combat the pricing pressure. They are working, and we will continue to increase those efforts and look at every part of the business to where we can cut costs and make sure that we can compete. We are very fortunate to be owning all of our facilities. We have a phenomenal team on hand. We can compete in every market that we operate in. So, we are looking to a strong future.

Nick Anderson^ Great. That's it for me. I appreciate the color.

George Archos^ Thank you, Nick.

Operator^ [Operator Instructions] The next question comes from Matt Bottomley with Canaccord. Your line is open.

Matt Bottomley^ Good morning everyone. Thanks for the color so far. Just wondering and apologies if some of this was in the prepared remarks, but just the lowered CapEx guide for this year, if you take a look at the lower CapEx dollars anticipated, do you expect that to flow pretty much cleanly into free cash flow relative to what you reported this year, or are there other things on the operational cash flow front or things in the sector, whether it's pricing pressures that you think will mitigate a little bit against that?

Brett Summerer^ Thanks for the question. Yes, so that's going to flow pretty much directly through into our cash flow from a free cash perspective. Again, the thing that George already talked about that could offset that is, the M&A. M&A opportunities continue to be significant, and they are constantly coming at us. And we are thinking about our war chest and how to deploy that. But yes, in terms of core CapEx, it's going to flow right on through. And it's mostly store openings and that's in refurbishments, that sort of thing.

Matt Bottomley^ Awesome. And then just the second question I had was just maybe a little bit more color. You had mentioned the 280E change in Pennsylvania, the decoupling there. And I

think you said there is millions, if I am quoting you correctly, that potentially in savings. Can you remind us, I know there has been a few other states historically that have announced certain – similar initiatives as that, to what sort of drives those changes? And then is there more of those opportunities within your geographic exposure?

Brett Summerer^ Yes, sure. So, if you think about overall state 280E and we have got to be careful because there are a lot of different conversations about how it applies and whatnot, right, because there is operations in the state, but from a Federal perspective, how they are taxed, and there is also the state level. But from the state level perspective, the biggest opportunity that we still have ahead of us, and I am not going to give a number, but it's Florida. And then Pennsylvania is kind of the second largest that we still see. But in both cases, we are talking about multi-million dollar tax savings to the extent that the 280E is in place. Sorry, it goes away. It's no longer in play.

Matt Bottomley^ And I assume that that's a savings on a forward basis. It's not like a refund consideration.

Brett Summerer^ It can be both. It depends on when it comes into effect. But yes, it definitely is a go forward consideration.

Matt Bottomley^ Okay. Thanks all.

Operator^ I am showing no further questions in the queue at this time. I would now like to turn the call back over to George Archos for closing remarks.

George Archos^ Thank you everyone for joining us today and we will see you next quarter.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect.