UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-56342

VERANO HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

Nevada	**98-1583243**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
224 W. Hill Street, Suite 400, Chicago, Illinois	**60610**
(Address of Principal Executive Offices)	(Zip Code)

(312) 265-0730

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
N/A	**N/A**	**N/A**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 28, 2026, the registrant had 364,381,806 shares of common stock outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "**Form 10-Q**") contains "forward-looking information" and "forward-looking statements" within the meaning of United States and Canadian securities laws (together, "forward-looking statements"). All statements, other than statements of historical fact, made by the Company or its affiliates that address activities, events or developments that the Company or its affiliates expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may," "will," "would," "could," "should," "believes," "assumes," "estimates," "projects," "potential," "expects," "plans," "intends," "anticipates," "targeted," "continues," "forecasts," "designed," "goal," "progress," or the negative of those words or other similar or comparable words.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, expectations and assumptions concerning:

- our ability to obtain, maintain and renew licenses and other regulatory approvals in all states and localities of our operations and planned operations on a timely basis;
- government regulations, including future U.S. state and federal legislative and regulatory developments involving medical and adult use cannabis and the timing thereof;
- our outlook on our expansion and growth of business and operations;
- our ability to achieve our goals, business plans and strategy;
- our ability to access capital and obtain necessary financing to pursue our growth and business plans;
- our operational results and other financial and business conditions and prospects;
- the timing and completion of acquisitions and other commercial transactions;
- the integration and operation of acquired businesses;
- the timing and amount of capital expenditures;
- the availability of facilities, equipment, skilled labor and services needed for cannabis operations;
- demand, developments and trends in the medical and adult use cannabis industry;
- competition in the cannabis industry in the markets in which we operate or plan to operate;
- the medical benefits, viability, safety, efficacy, and dosing of cannabis;
- the size of the medical cannabis market and the adult use cannabis market in each state; and
- conditions in general economic and financial markets.

Forward-looking statements may relate to future financial conditions, results of operations, plans, strategies, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then-current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the current illegality of cannabis under federal law, subject to recently enacted exceptions, the U.S. federal regulatory landscape and enforcement related to medical or adult use cannabis, including political risks, civil asset forfeiture and regulation by additional regulatory authorities;
- regulatory and political changes to U.S. federal, state and local laws related to medical or adult use cannabis, including political risks and regulation by additional regulatory authorities;
- rescheduling may lower the barriers to entry for well-capitalized institutional competitors;
- the federal rescheduling process may be subject to significant procedural delays and legal challenges;
- the impacts of economic uncertainty stemming from disruptions in U.S. and global markets, inflation, rising interest rates, and changes in consumer and business confidence;
- our outstanding indebtedness and potential future indebtedness, including our ability to repay such indebtedness;
- reliance on key management;
- market acceptance of existing and new products and potential returns or recalls of our products;
- potential cultivation biosecurity failures;
- consumer acceptance of our brand portfolio;
- the accuracy of our forecasted demand for our products;
- our ability to accurately forecast, manage, and monetize inventory;
- the potential for fraudulent activity by employees, contractors and consultants;
- our exposure to growth-related operational and execution risks;
- potential negative findings in our clinical research with respect to our products;
- potential product liability claims;

- our exposure to natural phenomena and resulting potential uninsured or under insured losses;
- the risk that our property will be subject to civil asset forfeiture;
- our corporate structure and our resulting reliance on the performance of our subsidiaries and affiliates;
- our expansion-by-acquisition strategy;
- our ability to acquire businesses and cannabis licenses in desired markets and the integration and operation of acquired businesses;
- the typically limited operations of businesses we acquire;
- the unconventional due diligence process in the cannabis industry;
- our ability to acquire and lease properties suitable for the cultivation, production and sale of cannabis;
- potential limited representations and warranties of businesses we may acquire;
- our acquisition of businesses in developing cannabis markets;
- our lack of portfolio diversification by industry and geographic concentration;
- our use of joint ventures, strategic partnerships and alliances;
- our contractual relationships with our consolidated variable interest entities;
- existing competition and new market entrants;
- the introduction of synthetic alternatives to cannabis products by pharmaceutical and other companies;
- the immaturity of the cannabis industry and limited comparable, competitive and established industry best practices;
- the availability of and our reliance on third-party suppliers, service providers, contractors and manufacturers, and any significant interruption of these relationships, including negative changes to quality, availability, pricing, trade policy and other economics;
- changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences;
- wholesale and retail price fluctuations;
- public opinion and perception of the cannabis industry;
- the availability of raw or other materials;
- rising or volatile energy costs;
- agricultural and environmental risks and the impacts of environmental regulations on the cannabis industry and environmental protections;
- physical security risks, such as theft;
- disparate state-by-state regulatory landscapes and licensing regimes for medical and adult use cannabis;
- the difficulties cannabis businesses face accessing and maintaining banking or financial services due to federal regulations;
- the cost and difficulty of complying with various regulatory schemes;
- the impact of state social equity legislation as it relates to the cannabis industry;
- the risk of high bonding and insurance costs;
- environmental regulations;
- effects of changes in laws and policies governing employees and by union organizing activity;
- increased unionization efforts and labor shortages;
- potential scrutiny from Canadian authorities due to our status as a reporting issuer under applicable securities legislation in all of the provinces and territories of Canada, being classified thereunder as an “SEC Foreign Issuer” for the purposes of Canadian securities laws;
- potential divestment of licenses if required by regulatory authorities;
- our dependency on the banking industry;
- required public disclosure and governmental filings containing personal information of our officers, investors and other stakeholders;
- potential findings by regulatory authorities that one of our stockholders is unsuitable;
- the risk that our directors, officers, employees or investors are barred from entering the U.S.;
- the ability to, and constraints on, promoting and marketing cannabis products;
- potential U.S. Food and Drug Administration governance of the cannabis industry;
- the potential limitations on our ability to enforce our contracts or any liens granted to us;
- the potential lack of access to federal bankruptcy protections in the U.S.;
- reliance on information technology systems, the potential disclosure of personal information of patients and customers and cybersecurity risks;
- our increasing use of, or failure to effectively implement, artificial intelligence (AI) and automated systems;
- our reliance on third-party software providers;
- costs related to preserving our brand identity;
- our ability to protect our intellectual property due to limited intellectual property protection available for cannabis products and the potential infringement by third parties;
- potential infringement or misappropriation claims;

- the risk of financial crimes;
- the inability to realize the anticipated benefits of the Company's continuance out from the jurisdiction of the Province of British Columbia, Canada, to the jurisdiction of the U.S. State of Nevada (the "**Continuance**"), or to do so within the anticipated timeframe;
- the risk of receiving no return on our securities;
- our elimination of individual liability and indemnification rights against our directors, officers and employees under Nevada law;
- our organizational documents contain provisions that may prevent transactions that could be beneficial to our stockholders and may insulate our management from removal;
- the time and resources necessary to comply with corporate governance practices and securities rules and regulations;
- our management's ability to maintain effective internal controls;
- potential dilution if we issue additional shares of common stock, par value $0.001 ("**Common Stock**");
- market perception of sales of a substantial amount of Common Stock;
- transfer restrictions on our Common Stock;
- price volatility of our Common Stock;
- our stockholders' limited participation in our affairs;
- our expectation to not declare or pay out dividends;
- certain of our stockholders holding Common Stock representing greater than 5% of our voting power;
- the taxation of cannabis companies in the U.S., including the impact of Section 280E of the Internal Revenue Code of 1986, as amended ("**Section 280E**"); and
- other risks described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the U.S. Securities and Exchange Commission on March 12, 2026, as more particularly described under the heading "Item 1A. Risk Factors" therein.

Although we believe that the expectations and assumptions on which forward-looking statements are based are reasonable at the time made, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Forward-looking statements address future events and conditions, and thus involve inherent risks and uncertainties. Readers are cautioned that the above list of cautionary statements is not exhaustive.

The cannabis industry involves risks and uncertainties that are subject to change based on various factors. Certain forward-looking statements contained herein concerning the cannabis industry and our general expectations concerning the cannabis industry are based on estimates prepared by us using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of the cannabis industry. Such data is inherently imprecise.

Consequently, all forward-looking statements made in this Form 10-Q and our other documents are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on us. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under applicable securities legislation.

PART I - FINANCIAL INFORMATION

ITEM 1. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

VERANO HOLDINGS CORP.
Condensed Consolidated Balance Sheets
($ in Thousands)

	March 31, 2026	December 31, 2025
ASSETS	*(Unaudited)*	
Current Assets:		
Cash and Cash Equivalents	$ 74,026	$ 82,724
Accounts Receivable, net	32,140	30,930
Held for Sale Assets	27,945	27,839
Inventory	235,575	229,968
Income Tax Receivable	11,296	11,986
Prepaid Expenses and Other Current Assets	13,539	21,204
Total Current Assets	394,521	404,651
Property, Plant and Equipment, net	488,106	492,473
Right-of-Use Assets, net	90,122	93,806
Intangible Assets, net	564,575	579,090
Goodwill	161,009	161,009
Deposits and Other Assets	10,015	10,565
TOTAL ASSETS	$ 1,708,348	$ 1,741,594
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 28,961	$ 38,737
Accrued Liabilities	55,487	69,301
Income Tax Payable	11,310	12,122
Current Portion of Lease Liabilities	12,296	11,979
Current Portion of Debt	10,701	7,852
Acquisition Consideration Payable	156	270
Total Current Liabilities	118,911	140,261
Long-Term Liabilities:		
Debt, net of Current Portion	384,245	391,883
Lease Liabilities, net of Current Portion	89,112	91,086
Uncertain Tax Positions	391,286	378,261
Deferred Income Taxes	36,685	36,643
Other Long-Term Liabilities	1,539	1,081
Total Long-Term Liabilities	902,867	898,954
TOTAL LIABILITIES	$ 1,021,778	$ 1,039,215
STOCKHOLDERS' EQUITY		
Common Stock; $0.001 par value, 5,000,000,000 authorized. 364,343,003 and 363,245,512 issued and outstanding as of March 31, 2026 and December 31, 2025, respectively.	365	364
Preferred Stock; $0.001 par value, 1,000,000,000 authorized. No Preferred Stock issued or outstanding as of March 31, 2026 and December 31, 2025.	—	—
Share Capital	1,747,319	1,745,306
Accumulated OCI	—	—
Accumulated Deficit	(1,059,337)	(1,041,514)
STOCKHOLDERS' EQUITY	688,347	704,156
NON-CONTROLLING INTEREST	(1,777)	(1,777)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,708,348	$ 1,741,594

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

VERANO HOLDINGS CORP.
Unaudited Interim Condensed Consolidated Statements of Operations
($ in Thousands except shares and per share amounts)

	For the Three Months Ended March 31,	
	2026	**2025**
Revenues, net of Discounts	$ 208,178	$ 209,809
Cost of Goods Sold, net	109,202	110,228
Gross Profit	98,976	99,581
Selling, General, and Administrative Expenses	85,877	84,579
Income from Operations	13,099	15,002
Other Income (Expense):		
Loss on Disposal of Property, Plant and Equipment	(27)	(84)
Gain on Deconsolidation	—	4,739
Loss on Debt Extinguishment	(5,738)	(63)
Interest Expense, net	(12,312)	(13,562)
Other Expense, net	(1,222)	(198)
Total Other Income (Expense), net	(19,299)	(9,168)
Income (Loss) Before Provision for Income Taxes	(6,200)	5,834
Provision for Income Taxes	(11,623)	(17,349)
Net Loss Attributable to Verano Holdings Corp. & Subsidiaries	$ (17,823)	$ (11,515)
Net Loss per share – basic & diluted	(0.05)	(0.03)
Basic & Diluted – weighted average shares outstanding	363,366,348	359,145,607

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

VERANO HOLDINGS CORP.
Unaudited Interim Condensed Consolidated Statements of Changes in Stockholders' Equity
($ in Thousands)

	Subordinate Voting Shares (as converted)	Common Stock		Share Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total
		Shares	Amount					
Balance as of January 1, 2025	358,747,290	—	$ —	$ 1,735,775	$ 5	$ (783,606)	$ (1,355)	$ 950,819
Stock-based compensation	971,028	—	—	2,722	—	—	—	2,722
Foreign Currency Translation Adjustment	—	—	—	—	—	—	—	—
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	(4,672)	(4,672)
Non-controlling interest adjustment for change in ownership	—	—	—	—	—	—	4,250	4,250
Net Loss	—			—	—	(11,515)	—	(11,515)
Balance as of March 31, 2025	359,718,318	—	$ —	$ 1,738,497	$ 5	$ (795,121)	$ (1,777)	$ 941,604

	Subordinate Voting Shares (as converted)	Common Stock		Share Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total
		Shares	Amount					
Balance as of January 1, 2026	—	363,245,512	$ 364	$ 1,745,306	$ —	$ (1,041,514)	$ (1,777)	$ 702,379
Stock-based compensation	—	1,097,491	1	2,013	—	—	—	2,014
Contingent consideration & other adjustments to purchase accounting	—	—	—	—	—	—	—	—
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	—
Net Loss	—	—	—	—	—	(17,823)	—	(17,823)
Balance as of March 31, 2026	—	364,343,003	$ 365	$ 1,747,319	$ —	$ (1,059,337)	$ (1,777)	$ 686,570

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

VERANO HOLDINGS CORP.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
($ in Thousands)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss attributable to Verano Holdings Corp. and Subsidiaries	$ (17,823)	$ (11,515)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	29,188	31,791
Right-of-use assets amortization	3,010	2,965
Loss on disposal of property, plant and equipment	27	84
Gain on deconsolidation	—	(4,739)
Loss on debt extinguishment	5,738	63
Stock-based compensation	2,209	3,303
Other, net	3,562	4,534
Changes in assets and liabilities:		
Accounts receivable, net	(1,703)	(1,696)
Inventory	(5,745)	(8,493)
Income tax receivable	690	(3,896)
Accounts payable	(5,713)	7,565
Income tax payable	(812)	(19,903)
Uncertain tax positions	13,025	13,193
Deferred income taxes	42	(1,122)
Other assets, net	8,613	(1,318)
Other liabilities, net	(15,721)	(9,030)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,587	1,786
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	$ (14,937)	$ (13,864)
Proceeds from disposal of assets	30	22
Proceeds from deconsolidation	—	9,071
NET CASH USED IN INVESTING ACTIVITIES	(14,907)	(4,771)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Credit Facility	195,000	—
Proceeds from issuance of debt	50,000	12,000
Repayments on Credit Facility	(240,550)	—
Payment of deferred acquisition price payable	(125)	(333)
Principal repayments of debt	(901)	(7,130)
Debt issuance costs paid	(11,337)	(456)
Payment of debt extinguishment	(4,345)	—
Distributions paid to non-controlling interest holders	—	(4,672)
Other financing activities	(120)	—
NET CASH USED IN FINANCING ACTIVITIES	(12,378)	(591)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (8,698)	$ (3,576)
Effects of exchange rate fluctuations on cash and cash equivalents	$ —	$ —
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	$ 82,724	$ 87,796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 74,026	$ 84,220
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid, net	$ 11,072	$ 12,055
NONCASH INVESTING AND FINANCING ACTIVITIES		
Debt extinguishment in connection with deconsolidation	$ —	$ 1,146

The accompanying notes are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

VERANO HOLDINGS CORP.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
($ in Thousands except shares and per share amounts)

1. OVERVIEW AND BASIS OF PRESENTATION

(a) Description of Business

Unless otherwise stated or the context requires otherwise, references herein to the “Company,” “Verano,” “we,” “us,” and “our” mean Verano Holdings Corp. and its direct and indirect subsidiaries, and controlled and managed entities.

The Company is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States (“U.S.”). As a vertically integrated operator, the Company owns, operates, manages, controls, and/or has licensing, consulting or other commercial agreements with cultivation, processing, and retail licenses across 13 state markets (Arizona, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia).

The Company also conducts pre-licensing activities in other markets. In these markets, the Company has either received a conditional license, applied for licenses, or plans on applying for licenses, but does not currently operate or manage any operational cultivation, processing, or retail licenses.

The Company’s Common Stock, par value $0.001 per share (“Common Stock”), is listed on Cboe Canada (“Cboe”) under the ticker symbol “VRNO” and is quoted in the United States on the OTCQX marketplace operated by the OTC Market Group, under the ticker symbol “VRNO”.

The Company’s corporate headquarters is located at 224 W. Hill Street, Suite 400, Chicago, Illinois 60610.

(b) Basis of Presentation

The accompanying Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, certain information and disclosures required by GAAP for annual financial statements have been omitted. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Unless otherwise indicated, all references to “$” or “US$” in this Form 10-Q refer to United States dollars, and all references to “C$” refer to Canadian dollars. These Unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2025 (the “2025 Annual Audited Financials”), included in the Company’s Annual Report on Form 10-K filed with the SEC on March 12, 2026 (the “Form 10-K”). Certain prior year financial statement line items have been reclassified or aggregated to conform to the current year’s presentation. These changes did not affect previously reported results of operations or financial position. The accompanying Unaudited Interim Condensed Consolidated Financial Statements include the accounts of Verano Holdings Corp. and its direct and indirect subsidiaries as well as the accounts of any entities over which the Company has a controlling financial interest in accordance with Accounting Standards Codification (“ASC”) 810 *Consolidation* (“ASC 810”). The preparation of the Company’s Unaudited Interim Condensed Consolidated Financial Statements requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenue and expenses and the disclosure of assets and liabilities in such financial statements and in the accompanying notes. Actual results may differ materially from these estimates. The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for the 2026 full year or any future periods. The accompanying consolidated balance sheet as of December 31, 2025 has been derived from the audited consolidated balance sheet as of December 31, 2025 contained in the 2025 Annual Audited Financials included in the Form 10-K.

1. OVERVIEW AND BASIS OF PRESENTATION *(Continued)*

(c) Basis of Consolidation

The Unaudited Interim Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries, as well as the accounts of any entities over which the Company has a controlling financial interest in accordance with ASC 810. All transactions and balances between these entities have been eliminated upon consolidation.

(d) Significant Accounting Policies

There have been no changes to the Company's significant accounting policies as described in *Note 2 - Significant Accounting Policies* to the 2025 Annual Audited Financials included in the Form 10-K.

(e) Earnings (Losses) per Share

Basic earnings (loss) per share is calculated using the treasury stock method, by dividing the net earnings (losses) attributable to stockholders by the weighted average number of shares of Common Stock outstanding during each of the periods presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding shares and consequently are not included in the earnings (loss) per share calculations. Diluted income per share is calculated by adjusting the weighted average number of shares of Common Stock outstanding to assume conversion of all dilutive potential shares.

To determine diluted income (loss) per share, the Company assumes that any proceeds from the exercise of dilutive share options would be used to repurchase shares at the average market price during the period. The diluted income (loss) per share calculation excludes any potential conversion of share options and convertible debt, if any, that would increase earnings per share or decrease loss per share. No potentially dilutive share equivalents were included in the computation of diluted income (loss) per share for the three months ended March 31, 2026 and 2025 because their impact would have been anti-dilutive.

VERANO HOLDINGS CORP.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
($ in Thousands except shares and per share amounts)

1. OVERVIEW AND BASIS OF PRESENTATION *(Continued)*

(f) Recently Issued Accounting Standards

In December 2025, the Financial Accounting Standards Board issued Accounting Standards Update 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements ("ASU 2025-11") which amends the guidance in Topic 270, Interim Reporting. ASU 2025-11 improves the navigability of the required interim disclosures and clarifies when that guidance is applicable. ASU 2025-11 also provides additional guidance on what disclosures should be provided in interim reporting periods and adds a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 does not change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. While the Company is currently evaluating the impact of ASU 2025-11 on the consolidated financial statements, we do not expect it to have a material impact on our financial position or results of operations and we do not intend to early adopt.

In September 2025, the Financial Accounting Standards Board issued Accounting Standards Update 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06") which amends the guidance in ASC 350-40, Intangibles-Goodwill and Other-Internal-Use Software. The amendments modernize the recognition and disclosure framework for internal-use software costs, removing the previous "development stage" model and introducing a more judgment-based approach. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and for interim periods within those annual reporting periods, with early adoption permitted. While the Company is currently evaluating the impact of ASU 2025-06 on the consolidated financial statements, we do not expect it to have a material impact on our financial position or results of operations and we do not intend to early adopt.

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures* ("ASU 2024-03"): Disaggregation of Income Statement Expenses (as clarified by ASU 2025-01). This guidance focuses on the disaggregation of income statement expenses. ASU 2024-03 requires entities to provide more detailed disclosures about the components of significant expense categories, enhancing the transparency and decision-usefulness of financial statements. The objective is to provide users with a clearer understanding of the nature and variability of expenses reported in the income statement. The standard is effective for annual periods of fiscal years beginning after December 15, 2026, and interim periods of fiscal years beginning after December 15, 2027 with early adoption permitted. The Company is currently assessing the impact of ASU 2024-03 on our financial statement disclosures. While we anticipate that the adoption of this standard will require additional disclosures, we do not expect it to have a material impact on our financial position or results of operations.

VERANO HOLDINGS CORP.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
($ in Thousands except shares and per share amounts)

2. INVENTORY

The Company's inventory consists of the following as of March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Raw Materials	$ 4,399	$ 4,735
Work in Process	160,733	162,197
Packaging and Miscellaneous	13,128	12,850
Finished Goods	57,315	50,186
Total Inventory	$ 235,575	$ 229,968

($ in Thousands except shares and per share amounts)

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and related accumulated depreciation consists of the following as of March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Land	$ 26,101	$ 26,057
Buildings and Improvements	164,280	162,898
Furniture and Fixtures	21,231	21,516
Computer Equipment and Software	30,069	29,294
Leasehold Improvements	284,991	282,719
Tools and Equipment	100,200	99,635
Vehicles	4,230	4,391
Assets Under Construction [1]	102,904	100,173
Total Property, Plant and Equipment, Gross	734,006	726,683
Less: Accumulated Depreciation	(245,900)	(234,210)
Total Property, Plant and Equipment, Net	$ 488,106	$ 492,473

[1] Assets under construction represent construction in progress related to facilities not yet completed or otherwise not placed in service.

For the three months ended March 31, 2026 and March 31, 2025, depreciation expense included in costs of goods sold totaled $9,825 and $9,896, respectively. For the three months ended March 31, 2026 and March 31, 2025, depreciation expense included in selling, general, and administrative expense totaled $4,848 and $5,121, respectively.

($ in Thousands except shares and per share amounts)

4. INTANGIBLE ASSETS AND GOODWILL

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value as of the acquisition date. Amortization of definite life intangible assets is provided on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values, and amortization methods for intangible assets are reviewed by the Company at each reporting period, and any changes in estimates are accounted for prospectively.

As of March 31, 2026, intangible assets consisted of the following:

	Licenses	Tradenames	Technology	Total
Cost				
Balance as of January 1, 2026	$ 794,183	$ 45,108	$ 5,546	$ 844,837
Balance as of March 31, 2026	$ 794,183	$ 45,108	$ 5,546	$ 844,837
Accumulated Amortization				
Balance as of January 1, 2026	239,895	21,369	4,483	265,747
Amortization	13,277	1,128	110	14,515
Balance as of March 31, 2026	$ 253,172	$ 22,497	$ 4,593	$ 280,262
Net Book Value				
Balance as of January 1, 2026	554,288	23,739	1,063	579,090
Balance as of March 31, 2026	$ 541,011	$ 22,611	$ 953	$ 564,575

The following table outlines the estimated annual amortization expense related to intangible assets as of March 31, 2026:

Year Ending December 31,	Estimated Amortization
2026 (Remaining)	$ 43,393
2027	57,875
2028	57,862
2029	57,859
2030	57,859
Thereafter	289,727
Total	$ 564,575

The changes in the carrying amount of goodwill, by reportable segment, for the three months ended March 31, 2026 were as follows:

	January 1, 2026	Impairment	Adjustments to purchase price allocation	Acquisitions	March 31, 2026
Cultivation	$ 8,063	$ —	$ —	$ —	$ 8,063
Retail	152,946	—	—	—	152,946
Total	$ 161,009	$ —	$ —	$ —	$ 161,009

($ in Thousands except shares and per share amounts)

5. EARNINGS (LOSSES) PER SHARE

The Company presents basic earnings (losses) per share. Basic earnings (losses) per share is calculated by dividing the earnings (loss) attributable to stockholders by the weighted average number shares of Common Stock outstanding during the periods presented. Diluted earnings (losses) per share is computed based on the weighted average number of shares of Common Stock outstanding, to the extent dilutive.

The computations of net earnings (loss) per share on a basic and diluted basis, including reconciliations of the numerators and denominators, for the three months ended March 31, 2026 and March 31, 2025 were as follows:

	For the Three Months Ended March 31,	
	2026	**2025**
Numerator		
Net Loss attributable to Verano Holdings Corp.	$ (17,823)	$ (11,515)
Denominator		
Basic		
Weighted-average shares outstanding – basic	363,366,348	359,145,607
Diluted		
Weighted-average shares outstanding – diluted	363,366,348	359,145,607
Net Loss per share - basic & diluted	(0.05)	(0.03)

For the three months ended March 31, 2026 and March 31, 2025, outstanding restricted stock units (“RSUs”) of approximately 2,586,527 and 6,162,724, respectively, were anti-dilutive under the treasury stock method and were excluded from the computation of diluted earnings (loss) per share. These awards may be dilutive in the future.

6. TRANSACTIONS

Business Combinations

The Company has determined that the acquisitions described below are business combinations under ASC Topic 805, *Business Combinations*. Acquisitions that are determined to be the acquisition of a business are accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values at the date of acquisition with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results for the companies acquired have been included in these Unaudited Interim Condensed Consolidated Financial Statements from the date of the acquisition. Any goodwill recognized is attributed based on reporting units.

2025 Dispositions

Noah's Ark, LLC

On January 13, 2025, Verano terminated certain of its contracts with Noah's Ark, LLC, an Arkansas limited liability company, and its members. In addition, the Company's subsidiary, Verano El Dorado, LLC, an Arkansas limited liability company, sold real property located at 3213 N. West Avenue, El Dorado, Union County, Arkansas 71730. As a result of such transactions, Verano no longer has any commercial agreements or affiliated operational activity related to Arkansas.

The disposition resulted in a gain of $4,739 for the three months ended March 31, 2025 which is classified as a component of Other Income (Expense), net in the Unaudited Interim Condensed Consolidated Statement of Operations.

Other Acquisition Consideration Payable Adjustments

On December 28, 2023, the Company became contractually obligated, upon the completion of certain conditions precedent, to issue $1,250 worth of the Company’s formerly outstanding Class A subordinate voting shares (the “Subordinate Voting Shares”), in the aggregate, as consideration for the acquisition of certain assets from Ivy Hall Mount Holly, LLC. During 2025, the Company made total cash payments in the amount of $708 and issued 297,225 Subordinate Voting Shares, representing a value of $625. All Subordinate Voting Shares were exchanged for shares of Common Stock on a one-for-one basis in connection with the Continuance. During the three months ended March 31, 2026 the Company made total cash payments in the amount of $125 related to the purchase price consideration. The Company expects to make additional cash consideration payments in the amount of $167, as the final portion of such consideration.

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7. DEBT

As of March 31, 2026 and December 31, 2025 debt consisted of the following:

	March 31, 2026	December 31, 2025
Credit Facility	$ 195,000	$ 240,550
Revolver	100,000	50,000
Promissory Notes	1,700	1,858
Mortgage Loans	113,422	114,099
Vehicle and Equipment Loans	195	264
Unamortized Debt Issuance Costs	(15,371)	(7,036)
Total Debt	**$ 394,946**	**$ 399,735**
Less: Current Portion of Debt	10,701	7,852
Total Long-Term Debt, net	$ 384,245	$ 391,883

2022 Credit Agreement

On October 27, 2022, Verano and certain of its subsidiaries and affiliates from time-to-time party thereto (collectively, the “Borrowers”), entered into a credit agreement (the “2022 Credit Agreement”) with Chicago Atlantic Admin, LLC (“Chicago Atlantic”), as administrative agent for the lenders, and the lenders from time-to-time party thereto (the “Lenders”), pursuant to which the Lenders advanced the Borrowers a $350,000 senior secured term loan, and which also provided the Borrowers with the right, subject to conditions, to request an additional incremental term loan of up to $100,000; provided that the Lenders elected to fund such incremental term loan. At funding, all the proceeds of the loans made under the 2022 Credit Agreement were used to repay the amounts owing under the Company's previous senior secured term loan credit facility. In connection with such repayment, such previous credit facility was terminated and is no longer in force or effect.

Beginning in October 2023, the loan required scheduled amortization payments of $350 per month and the remaining principal balance was due in full on October 30, 2026.

The 2022 Credit Agreement also provided the Borrowers with the right to (a) incur up to $120,000 of additional indebtedness from third-party lenders secured by real estate excluded as collateral under the 2022 Credit Agreement, (b) incur additional mortgage financing from third-party lenders secured by real estate acquired after the closing date, and (c) upon the SAFE Banking Act or similar legislation making banking services available to U.S. cannabis companies being passed by the United States Congress, incur up to $50,000 pursuant to a revolving credit facility from third-party lenders that is pari passu or subordinated to the 2022 Credit Agreement obligations, each of which were subject to customary conditions.

The obligations under the 2022 Credit Agreement were secured by substantially all of the assets of the Borrowers, excluding vehicles, specified parcels of real estate and other customary exclusions.

The 2022 Credit Agreement provided for a floating annual interest rate equal to the prime rate then in effect plus 6.50%, which rate could have been increased by 3.00% upon an event of default that is not a material event of default or 6.00% upon a material event of default as provided in the 2022 Credit Agreement.

At any time, the Company was able to voluntarily prepay up to $100,000 of the principal balance, subject to a one-time $1,000 prepayment premium upon the first prepayment, and was able to prepay the remaining outstanding principal balance for a prepayment premium at varying rates based on the timing of any subsequent prepayments. The Borrowers were not able to voluntarily prepay more than $100,000 of the principal balance without prepaying the entire outstanding principal balance of the loan.

On April 30, 2024, the Company made a Permitted Partial Optional Prepayment (as defined in the 2022 Credit Agreement) in the amount of $50,000 pursuant to the 2022 Credit Agreement and paid a $1,000 prepayment premium in connection therewith. In connection with such Permitted Partial Optional Prepayment, Chicago Atlantic and certain Lenders agreed to (a) release certain Borrowers from their obligations under, and as parties to, the 2022 Credit Agreement and related agreements and (b) release all liens over such Borrowers' property, including real estate, held by Chicago Atlantic for the benefit of the Lenders, in each case, pursuant to a limited consent and waiver, dated as of April 29, 2024, by and among Borrowers, certain of the lenders party thereto and Chicago Atlantic.

On September 30, 2025, the Company made an additional Permitted Partial Optional Prepayment (as defined in the 2022 Credit Agreement) in the amount of $50,000 pursuant to the 2022 Credit Agreement, without any penalty or premium.

On March 11, 2026, the Company repaid all amounts owing under the 2022 Credit Agreement together with a prepayment premium of $4,345. As a result of such payment, the Credit Agreement was then terminated and is no longer in force or effect.

Revolver

On September 30, 2025, the Company entered into a credit agreement (as amended, the "Revolver"), by and among the Company, as a guarantor, certain subsidiaries of the Company from time-to-time party thereto as borrowers (the "Real Estate Subsidiaries"), lenders from time-to-time party thereto, and Chicago Atlantic, as administrative agent for the Lenders.

The Revolver initially provided for a $75,000 revolving loan facility, $50,000 of which was drawn on September 30, 2025 and used to prepay, without any penalty or premium, $50,000 of outstanding obligations due under the 2022 Credit Agreement. Amounts drawn under the Revolver do not require amortization payments. The Revolver provides for a floating annual interest rate on amounts drawn equal to one-month Term SOFR (subject to a minimum 4% SOFR floor) plus 6%, which rate may be increased by 3% upon an event of default or 6% upon a material event of default as provided in the Revolver. The Company incurred debt issuance costs of $2,209 in connection with the establishment of the Revolver.

The Revolver may be drawn in $2,500 increments upon ten business days prior notice and any outstanding amount under the Revolver may be voluntarily prepaid in $2,500 increments upon five business days prior notice without any penalty or premium, unless such prepayment occurs within six months of the applicable advance, in which case, such prepayment shall be subject to a six-month interest make whole. Any amounts prepaid may be redrawn subject to the same requirements set forth above. The Revolver was initially subject to a borrowing base which required the outstanding principal balance under the Revolver to be equal to or less than 60% of the appraised value, net of certain indebtedness, of the owned real estate serving as collateral for the Revolver from time to time.

The obligations under the Revolver are secured by substantially all of the assets of the Real Estate Subsidiaries, which primarily consists of owned real estate, and are guaranteed by the Company on an unsecured basis. Additionally, the Revolver allows for the proportionate release of certain Real Estate Subsidiaries upon request of the Company so long as the outstanding principal balance under the Revolver does not exceed 80% of the appraised value, net of certain indebtedness, of the owned real estate serving as collateral after giving effect to such release.

The Revolver includes customary representations, warranties, covenants and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. The Revolver also includes customary covenants, including, without limitation, limiting the Real Estate Subsidiaries' ability to incur additional indebtedness, make guarantees and grant liens that are otherwise not permitted and enter into or consummate acquisitions or dispositions that are not otherwise permitted, among others. As of March 31, 2026, the Company was in compliance with such covenants.

On January 12, 2026, the Company entered into a First Amendment to Credit Agreement and Omnibus First Amendment to Credit Documents (the "First Amendment"), to amend the Revolver. The First Amendment increased the lending commitment of the Revolver from $75,000 to $100,000 and amended the date on which all outstanding amounts are due in full from September 29, 2028 to February 28, 2029. Additionally, the First Amendment amended the borrowing base for the Revolver to an advance rate of up to 80%, rather than 60%, of the appraised value, net of certain indebtedness, of the owned real estate serving as collateral for the Revolver. The First Amendment also includes certain other immaterial updates to the Revolver. No additional collateral was pledged to secure the Revolver in connection with the First Amendment. On March 11, 2026, the Company drew $50,000 under the Revolver, bringing the total amount drawn under the Revolver to $100,000, which was used to repay the amounts owing under the 2022 Credit Agreement.

2026 Credit Agreement

On March 11, 2026, Verano and certain of its subsidiaries and affiliates from time-to-time party thereto (collectively, the "2026 Borrowers"), entered into a credit agreement (the "2026 Credit Agreement") with Needham Bank ("Needham"), as collateral agent and administrative agent for the lenders, Chicago Atlantic Financial Services, LLC, as co-administrative agent for the lenders, and the lenders from time-to-time party thereto (the "2026 Lenders"), pursuant to which the 2026 Lenders advanced the 2026 Borrowers a $195,000 senior secured term loan, all of which was used to repay the amounts owing under the 2022 Credit Agreement as discussed above. The Company is required to make scheduled amortization payments of $875 per month and the remaining principal balance is due in full on March 11, 2029; provided that the maturity date may be extended to March 11, 2030 upon the election of the Company, the payment of 1.5% of the then outstanding principal balance by the Company, and the consent of the 2026 Lenders. The 2026 Credit Agreement may be prepaid in part (in increments of $5,000 and in an amount not less than $10,000) or in full at any time, subject to a 1.5% prepayment premium during the first two years of the 2026 Credit Agreement and 0% thereafter; provided, that if the maturity date is extended to March 11, 2030, the prepayment premium will be 1.5% in all cases.

The obligations under the 2026 Credit Agreement are secured by substantially all of the assets of the 2026 Borrowers, excluding vehicles, specified parcels of real estate, other customary exclusions, and subject to compliance with the terms of the 2026 Credit Agreement, entities, assets and parcels of real estate acquired after the closing of the 2026 Credit Agreement. The 2026 Credit Agreement provides for a floating annual interest rate equal to one-month Term SOFR (subject to a minimum 4% SOFR floor) plus 5.5%, which rate may be increased by 5% upon an event of default as provided in the 2026 Credit Agreement. The 2026 Credit Agreement includes customary representations and warranties, covenants and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. Additionally, the 2026 Credit Agreement requires the Borrowers to meet certain financial tests regarding minimum cash balances and a minimum fixed charge coverage ratio. As of March 31, 2026, the Company was in compliance with such covenants.

George Archos, the Chairman, Chief Executive Officer and President of the Company, funded, through an affiliated entity, $10,000 of the amount provided by a 2026 Lender. As a result of this participation, Mr. Archos will receive his pro rata share of all interest and principal payments made by the Company to such 2026 Lender under the 2026 Credit Agreement.

8. SHARE CAPITAL

On November 3, 2025, the Company filed articles of domestication and articles of incorporation with the Secretary of State of the State of Nevada to continue out from the jurisdiction of the Province of British Columbia, Canada, to the jurisdiction of the U.S. State of Nevada. The Continuance was consummated pursuant to a Plan of Arrangement, which was approved by the Company's stockholders at a special meeting of the stockholders held on October 27, 2025, and a Final Order issued by the Supreme Court of British Columbia, Canada on October 30, 2025. As part of the Continuance, the previously authorized, issued and outstanding Subordinate Voting Shares of the Company were deemed to be exchanged on the November 3, 2025 for authorized, issued and outstanding shares of Common Stock, par value $0.001 per share, of the Company on a one-for-one basis. The Company's Class B proportionate voting shares (the "Proportionate Voting Shares") were no longer authorized, and all special rights and restrictions of the Proportionate Voting Shares were removed from the Company's governing documents.

The Company's Common Stock is classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants, together with amounts previously recorded in reserves over the vesting periods, are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with ASC 740, *Income Taxes.*

(a) Issued and Outstanding

As of March 31, 2026, the Company had 364,343,003 shares of Common Stock issued and outstanding and no preferred stock ("Preferred Stock") issued or outstanding. The Company has the following two classes of stock, with each class having a $0.001 par value:

(i) Common Stock

The stockholders of Common Stock are entitled to receive dividends issued by the Company and one vote per share at stockholder meetings of the Company. All Common Stock are ranked equally regarding the Company's residual assets. The Company is authorized to issue 5,000,000,000 shares of Common Stock.

(ii) Preferred Stock

The Company currently does not have any Preferred Stock issued or outstanding. Our board of directors may, without further action by our stockholders, provide, out of the authorized but undesignated and unissued shares of preferred stock, for one or more series of preferred stock and, with respect to each such series, fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the powers, preferences and relative, participating, optional or other rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series, any or all of which may be greater than the rights of our common stock. The Company is authorized to issue 1,000,000,000 shares of Preferred Stock.

(b) Incentive Based Compensation

In February 2021, the Company established the Verano Holdings Corp. Stock and Incentive Plan (the "Plan"), which provides for stock-based remuneration for its eligible directors, officers, employees, consultants, and advisors. The maximum number of RSUs, options and other stock-based awards that may be issued under the Plan cannot exceed 10% of the Company's then issued and outstanding share capital. In addition, in March 2024, the Company adopted the Long-Term Cash Incentive Plan, which provides for cash-based remuneration to eligible service providers of the Company. All goods and services received in exchange for the grant of any stock-based or cash-based awards are measured at their fair value. Equity-settled stock-based payments under stock-based payment plans are ultimately recognized as an expense in profit or loss with a corresponding credit to equity.

($ in Thousands except shares and per share amounts)

8. SHARE CAPITAL *(Continued)*

In connection with the Continuance, each outstanding option to purchase Subordinate Voting Shares was deemed to be adjusted to become one outstanding option to purchase an equal number of shares of Common Stock at the same exercise price per share and otherwise on the same terms and conditions under the Plan and applicable award agreement; and each outstanding RSU to receive Subordinate Voting Shares was deemed to be adjusted to become one outstanding RSU to receive an equal number of shares of Common Stock with the same terms and conditions under the Plan and applicable award agreement.

The Company recognizes compensation expense on a straight-line basis over the requisite service period of the award. Estimates are subsequently revised if there is any indication that the number of shares or amount of cash expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period with no adjustment to prior periods for expense previously recognized.

Option and RSU grants generally vest in installments over 12 to 36 months and options typically have a life of ten years.

Options

Option activity is summarized as follows: The Company had 23,588 fully vested and exercisable options, entitling the holder thereof to one Common Stock per each option upon exercise, with a weighted average exercise price of C$29.96 and a weighted average remaining contractual life of 4.92 years as of March 31, 2026.

No fully vested options, entitling the holder thereof to one Common Stock per each option upon exercise, were cancelled during the three months ended March 31, 2026. No options were granted or forfeited during the three months ended March 31, 2026. As of March 31, 2026 and December 31, 2025, there were no in-the-money options.

RSUs

The following table summarizes the number of unvested RSU awards as of March 31, 2026 and December 31, 2025 and the changes during the three months ended March 31, 2026:

	Number of Shares	Weighted Avg. Grant Date Fair Value C$
Unvested RSUs at December 31, 2025	2,807,468	2.79
Granted	966,590	0.79
Forfeited	6,839	2.64
Vested	1,180,692	0.96
Unvested RSUs at March 31, 2026	2,586,527	1.44

The stock-based compensation expense for the three months ended March 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Stock Options	$ —	$ —
RSUs	2,209	3,303
Total Stock Based Compensation Expense	$ 2,209	$ 3,303

($ in Thousands except shares and per share amounts)

9. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rates for the three months ended March 31, 2026 and 2025:

	For the Three Months Ended March 31,	
	2026	2025
Income (Loss) before Income Taxes	$ (6,200)	$ 5,834
Income Tax Expense	(11,623)	(17,349)
Effective Tax Rate	(187)%	297 %

The effective tax rates for the three months ended March 31, 2026 and 2025 were based on the Company's forecasted annualized effective tax rates and were adjusted for discrete items that occurred within the periods presented. Net discrete tax items of $12,483 and $9,065 were recorded during the three months ended March 31, 2026 and 2025, respectively. Discrete items recorded during the three months ended March 31, 2026 and 2025 primarily relate to penalties and interest on unpaid tax liabilities and remeasurement of deferred taxes for state tax rate changes.

The U.S. Internal Revenue Service has taken the position that cannabis companies are subject to the limits of Section 280E of the Internal Revenue Code of 1986, as amended ("Section 280E") for U.S. federal income tax purposes, under which, they are only allowed to deduct expenses directly related to costs of goods sold. The Company has taken a position that its deduction of ordinary and necessary business expenses is not limited by Section 280E.

The Company records an uncertain tax liability in uncertain tax positions ("UTP") on the Condensed Consolidated Balance Sheets for tax positions taken based on legal interpretations that challenge the Company's tax liability under Section 280E. Refer for *Note 17 - Subsequent Events* for further discussion.

During the three months ended March 31, 2026, the Company's income taxes paid, net of refunds, were as follows:

	For the Three Months Ended March 31, 2026
U.S. Federal	$ (236)
U.S. State	
Arizona[1]	(634)
Arkansas[1]	(125)
West Virginia[1]	(232)
Other	(71)
Total U.S. State	(1,062)
Total Income Taxes Paid, net of Refunds	$ (1,298)

[1]Income taxes paid, net of refunds exceeds 5% of total income taxes paid, net of refunds, in this jurisdiction.

Taxes paid during the three months ended March 31, 2025 were $32,485.

($ in Thousands except shares and per share amounts)

10. LEASES

The Company has operating leases for some of its retail dispensaries and processing and production facilities located throughout the U.S., as well as for its corporate offices located in Chicago, Illinois. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

Leases with an initial term of 12 months or less are not recorded on the Company's balance sheet. Certain leases require payments for taxes, insurance, and maintenance, and are considered non-lease components. The Company accounts for non-lease components separately.

The Company determines if an arrangement is a lease at inception. The Company must consider whether the contract conveys the right to control the use of an identified asset.

The Company leases certain business facilities from third parties under non-cancellable operating lease agreements that contain minimum rental provisions that expire through 2040. Some leases also contain renewal provisions and provide for rent abatement and escalating payments.

During the three months ended March 31, 2026 and 2025, the Company recorded approximately $5,649 and $5,692 in operating lease expense, respectively, of which $273 and $317 was included in cost of goods sold for the same periods, respectively.

Other information related to operating leases as of and for the periods ended March 31, 2026 and December 31, 2025, were as follows:

	March 31, 2026	December 31, 2025
Weighted average remaining lease term - years	7.25	7.45
Weighted average discount rate	10.54 %	10.52 %

Maturities of lease liabilities for operating leases as of March 31, 2026 were as follows:

Year Ending December 31,		Maturities of Lease Liability
2026	$	16,637
2027		21,724
2028		21,018
2029		19,893
2030		18,943
Thereafter		51,644
Total Lease Payments		**149,859**
Less: Imputed Interest		(48,451)
Present Value of Lease Liability	**$**	**101,408**

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11. CONTINGENCIES AND OTHER

(a) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2026, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are no proceedings in which the Company is a party and any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest. The Company accrues loss contingencies in accordance with ASC 450, Contingencies, if, in the opinion of management and its legal counsel, the risk of loss is probable and the amount can be reasonably estimated.

(b) Illegality of Cannabis at the U.S. Federal Level

Notwithstanding the permissive regulatory environment of medical, and in some cases, also adult use (i.e., recreational) cannabis, at the state level, it remains illegal under U.S. federal law, subject to recently enacted exceptions as detailed below, to cultivate, manufacture, distribute, sell, or possess cannabis in the U.S. Because federal law prohibits transporting any federally restricted substance across state lines, cannabis cannot be transported across state lines. As a result of current federal law prohibitions, the U.S. cannabis industry is conducted on a state-by-state basis. To date, in the U.S. 40 states plus the District of Columbia and the U.S. territories of Puerto Rico, Guam, the Commonwealth of Northern Marina Islands, and the U.S. Virgin Islands have authorized comprehensive medical cannabis programs, 24 states plus the District of Columbia and the U.S. territories of Guam, the Commonwealth of Northern Mariana Islands, and the U.S. Virgin Islands have authorized comprehensive programs for medical and adult use (i.e. recreational) cannabis, and eight states allow the use of low tetrahydrocannabinol and high cannabidiol products for specified medical uses. Verano operates within states where cannabis use, medical or both medical and adult use, has been approved by state and local regulatory bodies.

On December 18, 2025, President Trump issued an executive order titled "Increasing Medical Marijuana and Cannabidiol Research," (the "Executive Order") which directs federal agencies to expedite the process of rescheduling cannabis from a Schedule I to a Schedule III controlled substance under the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"). The Executive Order would not legalize state sanctioned medical cultivation, manufacturing, distribution, sale or possession of medical or adult use cannabis in the U.S. However, it would lessen criminal penalties at the federal level and remove Section 280E tax considerations. The final effects of the Executive Order are dependent on other government actions. Despite such actions and the ongoing rule making process, there can be no guarantees that the rescheduling rule making process will continue on a certain timeline or at all under this administration or that any rules will come out of the rule making process that will benefit the Company. The Executive Order, and agency implementation of the Executive Order does not federally legalize adult use and would not federally authorize or approve state sanctioned medical programs. Cannabis would still be subject to the same Food and Drug Administration ("FDA") drug approval process as all other substances, and sales outside of FDA approval, would still be criminal at the federal level.

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12. SEGMENTS

The Company conducts and manages its business through two reportable segments, representing the major lines of the cannabis business: cultivation (wholesale) and retail. The cultivation (wholesale) segment consists of the cultivation, production and sale of cannabis products to retail stores. The retail segment consists of the retailing of cannabis to patients and consumers.

The Company's assets are aggregated into reportable segments (cultivation (wholesale) and retail). The Company determined its reportable segments by first reviewing the operating segments based on the geographic areas in which the Company conducts business (or each market). The markets were then further divided into reporting units based on the market operations (cultivation (wholesale) and retail) which were primarily determined based on the licenses each market holds. All revenues are derived from customers domiciled in the United States and substantially all assets are located in the United States.

The accounting policies used in the segment reporting are the same as those described in *Note 2 - Significant Accounting Policies* within the 2025 Annual Audited Financials on Form 10-K. The Company's chief operating decision maker (the "CODM") is the Chief Executive Officer. The CODM utilizes each segment's Adjusted EBITDA as the key indicator in assessing the segment's performance and allocating resources. Segment-level Adjusted EBITDA includes intersegment revenues which consist primarily of sales of finished goods product from the wholesale (cultivation) to retail segment. Intersegment transactions are eliminated in consolidation. The elimination of such intersegment transactions is included in "All Other" in the tables below. Additionally, we do not allocate certain shared expenses such as accounting, human resources, certain information technology and legal to our reportable segments. We include these expenses in "All Other" in the tables below. The "All Other" column in the tables below also includes unallocated corporate functions and expenses. Certain prior year line items have been adjusted and our allocation methodology is periodically evaluated and may change.

VERANO HOLDINGS CORP.
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($ in Thousands except shares and per share amounts)

12. SEGMENTS *(Continued)*

Within the tables below the Other Segment Items for each segment primarily consists of certain selling, general, and administrative expenses and other operational costs.

Summarized financial information for the Company's reportable segments for the three months ended March 31, 2026 and 2025, consisted of the following:

	For the Three Months Ended March 31, 2026			
	Retail	Wholesale	All Other	Total
Revenues, net of Discounts	$ 172,140	$ 78,832	$ (42,794)	$ 208,178
Cost of Goods Sold, net	(96,404)	(56,205)	43,407	(109,202)
Other Segment Items	(28,557)	6,910	(28,325)	(49,972)
Adjusted EBITDA	$ 47,179	$ 29,537	$ (27,712)	$ 49,004
Acquisition Adjustments and Other Income (Expense), net				(8,340)
Acquisition, Transaction and Other Non-operating Costs				(3,155)
Employee Stock Compensation				(2,209)
Interest Expense, net				(12,312)
Depreciation and Amortization				(29,188)
Loss from operations before income taxes				$ (6,200)

	For the Three Months Ended March 31, 2025			
	Retail	Wholesale	All Other	Total
Revenues, net of Discounts	$ 168,807	$ 79,561	$ (38,559)	$ 209,809
Cost of Goods Sold, net	(95,229)	(52,608)	37,609	(110,228)
Other Segment Items	(26,796)	13,262	(31,649)	(45,183)
Adjusted EBITDA	$ 46,782	$ 40,215	$ (32,599)	$ 54,398
Acquisition Adjustments and Other Income (Expense), net				3,643
Acquisition, Transaction and Other Non-operating Costs				(3,551)
Employee Stock Compensation				(3,303)
Interest Expense, net				(13,562)
Depreciation and Amortization				(31,791)
Income from operations before income taxes				$ 5,834

13. LOYALTY OBLIGATIONS

The Company has customer loyalty programs where retail customers accumulate points for each dollar of spending, net of tax. These points are recorded as a contractual liability until customers redeem their points for discounts on eligible products as part of an in-store sales transaction. In addition, the Company records a performance obligation as a reduction of revenue based on the estimated probability of point obligation incurred.

The Company's loyalty programs have a calculated standalone selling price that ranges between $0.03[1] and $0.06[1] per loyalty point. Upon redemption, the loyalty programs' obligation is relieved, and the offset is recorded as revenue. The Company estimates that up to 20% of points will not be redeemed (breakage) prior to their six-month expiration dates. The Company continues to evaluate breakage and redemption values to determine the standalone selling price.

As of March 31, 2026, there were approximately 160 million[1] points outstanding with an approximate value of $5,548. As of December 31, 2025, there were approximately 228 million[1] points outstanding with an approximate value of $7,513. Such balances are included in Accrued Liabilities on the Company's Condensed Consolidated Balance Sheets.

[1] Such amount not in Thousands

($ in Thousands except shares and per share amounts)

14. CONSOLIDATION

In accordance with ASC 810, the Company consolidates through the variable interest entity ("VIE") model. The following table presents the summarized financial information about the Company's consolidated VIEs, which are included in the Company's Condensed Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025.

	March 31, 2026	December 31, 2025
Current Assets	$ 7,303	$ 7,235
Non-Current Assets	29,019	29,803
Current Liabilities	42,255	41,301
Non-Current Liabilities	6,339	6,538
Equity attributable to Verano Holdings Corp.	(10,495)	(9,024)
Non-Controlling Interest	(1,777)	(1,777)

Consolidated Variable Interest Entities

Consolidated VIEs occur when (a) the Company closes an acquisition while the state has not finalized the transfer of the cannabis license or (b) the Company owns an equity interest in a joint venture, which it exercises control over.

Consolidation occurs on the effective date of the purchase agreement, or in the case of joint venture VIEs, on the effective date of a limited liability company agreement governing the applicable joint venture, and management services agreement, consulting agreement, licensing agreement, or combination thereof (each a "Management Services Agreement"). Generally, the Management Services Agreement grants the management company, Verano, the ability to make business operating decisions, manage and staff employees, determine product mix, and the authority to direct allocation of cash. Generally, the Management Services Agreement or the limited liability company agreement also allows Verano to limit distributions of the entity at Verano's discretion. Certain states may limit the distribution or transfer of cash until license transfer.

The Company has entered into financing arrangements with certain VIEs to provide funding for potential capital expenditures including, but not limited to, the construction of dispensaries and other facilities.

The Company applies ASC 810-10-15 to determine control of the legal entity. With respect to VIEs acquired via acquisition, the purchase agreements limit the sellers involvement in future operations, and their risks of loss. With respect to joint venture VIEs, the limited liability company agreements limit the partners' involvement in future operations and control over financial decisions, including distributions. In addition, Verano enters into a Management Services Agreement with the legal entity that grants the Company strategic decision-making ability of the business operations.

The Company is involved in all qualitative and quantitative aspects of each consolidated VIE, such as but not limited to, software choices, procurement, staffing and payroll, advertising, and use of cash flow. With respect to VIEs acquired via acquisition, the Company absorbs all risk of loss and receives expected future returns based on the purchase agreement and Management Services Agreement, resulting in Verano being the primary beneficiary.

Verano does not fully own all entities consolidated under ASC 810 and records a non-controlling interest for such non-owned portion in the Unaudited Interim Condensed Consolidated Financial Statements. The income of less-than-wholly owned entities is attributed to non-controlling interest and Verano based on the contractual arrangements between the other interest holders and Verano, or, in the absence of contractual arrangements, on a pro rata basis based on relative ownership percentage. As an exception to the aforementioned attribution method, during periods in which a less-than-wholly owned entity records an accumulated deficit, the net losses of the less-than-wholly owned subsidiary are, generally, attributed entirely to Verano.

($ in Thousands except shares and per share amounts)

15. FAIR VALUE MEASUREMENTS

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the Unaudited Interim Condensed Consolidated Financial Statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit-risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable, accrued liabilities, debt, and acquisition consideration payable.

For the Company's long-term debt (which primarily consists of a credit facility and mortgage loans), for which there were no quoted market prices of active trading markets, it was not practicable to estimate the fair value of these financial instruments. The carrying amount of debt as of March 31, 2026 and December 31, 2025 was $394,946 and $399,735, respectively, which included $10,701 and $7,852, respectively, of short-term debt due within one year.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The fair value of the Company's financial instruments associated with each of the three levels of the hierarchy are:

	As of March 31, 2026			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 74,026	$ —	$ —	$ 74,026
Certificates of Deposit	—	537	—	537
Acquisition Consideration Payable	—	—	(156)	(156)
Total	$ 74,026	$ 537	$ (156)	$ 74,407

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 82,724	$ —	$ —	$ 82,724
Acquisition Consideration Payable	—	—	(270)	(270)
Total	$ 82,724	$ —	$ (270)	$ 82,454

16. RELATED PARTY TRANSACTIONS

2026 Credit Agreement

George Archos, the Chairman, Chief Executive Officer and President of the Company, funded, through an affiliated entity, $10,000 of the amount provided by a 2026 Lender. As a result of this participation, Mr. Archos will receive his pro rata share of all interest and principal payments made by the Company to such 2026 Lender under the 2026 Credit Agreement.

Leases

The Company leases real property for a retail dispensary in Aurora, Illinois from 740 Rte. 59, LLC (“740”). Pursuant to the lease agreement, the Company made payments totaling $46 during the three months ended March 31, 2026 and $46 during the three months ended March 31, 2025, which payments consist of base rent, real estate taxes and customary tenant charges. George Archos, the Company’s Chief Executive Officer and President, holds an indirect 50% ownership interest in 740. Pursuant to the lease agreement, the initial term expires on June 30, 2030.

The Company leases real property for a retail dispensary in Lombard, Illinois from 783 Butterfield LLC (“783”). Pursuant to the lease agreement, the Company made payments to 783 totaling $94 during the three months ended March 31, 2026 and $92 during the three months ended March 31, 2025, which payments consist of base rent, real estate taxes and customary tenant charges. George Archos, the Company’s Chief Executive Officer and President, holds a 50% indirect ownership interest in 783. Pursuant to the lease agreement, the initial term expires on January 11, 2031.

Sweed

High Tech Holdings, Inc. (“Sweed”) provides point of sale software systems to retail cannabis businesses under the names “Sweed” and “Leaftrade.” Sweed provides these software systems to the Company. For these services the Company paid Sweed $1,103 during the three months ended March 31, 2026 and $775 during the three months ended March 31, 2025. GP Management Group, LLC, an entity beneficially owned and controlled by George Archos, the Company's Chief Executive Officer and President, held an ownership interest of less than 1% in Sweed as of March 31, 2026.

John Tipton Consulting Agreement

On March 16, 2026, John Tipton retired from his position as President of the Southern Region of the Company, and from all his positions as an officer, manager and employee of the Company and its subsidiaries. Mr. Tipton will remain a member of the Company’s Board of Directors. Upon his retirement, the Company entered into a consulting agreement with Mr. Tipton as of March 16, 2026 (the “Consulting Agreement”), pursuant to which Mr. Tipton provides consulting and advisory services to the Company and its subsidiaries with respect to the Company’s operations nationally and in the State of Florida. The term of the Consulting Agreement will expire on March 16, 2027, which may be extended by mutual agreement of the Company and Mr. Tipton. The Consulting Agreement contains customary representations, warranties, covenants and confidentiality provisions. As an inducement and consideration for Mr. Tipton entering into the Consulting Agreement and in recognition of his future services under the Consulting Agreement, Mr. Tipton received 909,090 RSUs under the Plan, which RSUs vested into an equal number of shares of Common Stock. Mr. Tipton received a cash payment of $100 and is entitled to $35 per month during the term of the Consulting Agreement.

VERANO HOLDINGS CORP.
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($ in Thousands except shares and per share amounts)

17. SUBSEQUENT EVENTS

Federal Rescheduling of Medical Cannabis

On April 23, 2026, the Acting Attorney General signed a Final Order reclassifying medical cannabis from Schedule I to Schedule III under the CSA. This action, taken pursuant to the Attorney General's Authority under the CSA to schedule substances in compliance with the Single Convention on Narcotic Drugs, 1961, applies only to medical cannabis; adult-use cannabis remains classified as Schedule I. The Final Order, effective as of the date of publication in the Federal Register, provides an expedited registration process for state medical licensees and specifically states that registered state medical licensees will no longer be subject to the constraints of Section 280E. Separately, the Attorney General filed notices withdrawing the pending hearing on the proposed rulemaking notice filed in 2024, and instituted a new hearing on the proposed rule to begin on June 29, 2026. This expedited hearing will address all forms of cannabis, medical and adult use. The IRS, in a press release, has indicated that, for Section 280E purposes, rescheduling will generally apply to the full taxable year that includes the effective date of the Final Order, for activities no longer involving Schedule I or II substances. However, formal guidance from the IRS remains pending. The ultimate impact of this order, including the resolution of accrued UTPs, remains uncertain and is subject to ongoing evaluation due to the complexity of the regulatory and tax environment. Accordingly, as required by ASC 855-10-50-2, the Company continues to assess the financial statement impact and is unable to reasonably estimate the effect at this time.

Share Repurchase Program

On April 28, 2026, the Company's Board of Directors authorized the repurchase of up to 5% or 18,219,090 of the Company's issued and outstanding Common Stock over a 12 month period, provided, that in no event will the Company repurchase Common Stock, in the aggregate, in excess of $20,000. The repurchases may be made from time to time over a period of 12 months ending April 30, 2027, unless such share or dollar limit is met sooner.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This management discussion and analysis (this "**MD&A**") of the financial condition and results of operations of the Company is for the three months ended March 31, 2026 and March 31, 2025. It is supplemental to, and should be read in conjunction with, the Company's Unaudited Interim Condensed Consolidated Financial Statements and the accompanying notes for the three months ended March 31, 2026 and with the Company's Audited Consolidated Financial Statements and the accompanying notes for the years ended December 31, 2025 and 2024 included in the Form 10-K. The financial statements referenced in this MD&A are prepared in accordance with GAAP. Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**") and expressed in thousands, unless otherwise indicated. This MD&A contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those projected, forecasted, or expected in these forward-looking statements as a result of various factors, including, but not limited to, those discussed in the Form 10-K. See "Cautionary Statement Regarding Forward-Looking Statements" above, "Risk Factors" in Part II, Item 1A below and "Risk Factors" in the Form 10-K. The Company's management believes the assumptions underlying the Company's financial statements and accompanying notes are reasonable. However, the Company's financial statements and accompanying notes may not be an indication of the Company's financial condition and results of operations in the future.*

OVERVIEW OF THE COMPANY

Verano Holdings Corp., a Nevada corporation ("Verano," the "Company," "we," "us," or "our"), one of the U.S. cannabis industry's leading companies based on historical revenue, geographical scope and brand performance, is a vertically integrated, multi-state operator embracing a mission of saying Yes to plant progress and the bold exploration of cannabis. As an operator of licensed cannabis cultivation, processing, wholesale distribution and retail facilities, our goal is to support communal wellness by providing responsible access to regulated medical and adult use cannabis products. As of April 28, 2026, through our subsidiaries and affiliates we operate businesses in 13 states, including 162 retail dispensaries and 14 cultivation and processing facilities with over 1.1 million square feet of cultivation capacity. We produce a wide variety of cannabis products sold under our portfolio of consumer brands, including Encore™, Avexia™, MÜV™, Savvy™, (the) Essence™, BITS™, HYPHEN™, Swift Lifts™ and Verano™. We also design, build and operate branded dispensaries operating under the Zen Leaf™ and MÜV™ retail banners, among others, that deliver a cannabis shopping experience in both medical and adult use markets.

Notwithstanding the permissive regulatory environment of medical, and in some cases, also adult use (i.e., recreational) cannabis, at the state level, it remains illegal under U.S. federal law to cultivate, manufacture, distribute, sell or possess cannabis in the U.S. Because federal law prohibits transporting any federally restricted substance across state lines, cannabis cannot be transported across state lines. As a result of current federal law prohibitions, the U.S. cannabis industry is conducted on a state-by-state basis. To date, in the U.S. 40 states plus the District of Columbia and the U.S. territories of Puerto Rico, Guam, the Commonwealth of Northern Marina Islands, and the U.S. Virgin Islands have authorized comprehensive medical cannabis programs, 24 states plus the District of Columbia and the U.S. territories of Guam, the Commonwealth of Northern Mariana Islands, and the U.S. Virgin Islands have authorized comprehensive programs for medical and adult use (i.e. recreational) cannabis, and 8 states allow the use of low tetrahydrocannabinol and high cannabidiol products for specified medical uses. Verano operates within states where cannabis use, medical or both medical and adult use, has been approved by state and local regulatory bodies.

On December 18, 2025, President Trump issued an executive order titled "Increasing Medical Marijuana and Cannabidiol Research," (the "Executive Order") which directs federal agencies to expedite the process of rescheduling cannabis from a Schedule I to a Schedule III controlled substance under the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"). On April 23, 2026, the Justice Department in accordance with the Executive Order issued a final order (the "Final Order") implementing a rule that places FDA approved products containing cannabis and products regulated by state medical marijuana licenses in Schedule III. The Justice Department also initiated an expedited administrative hearing process (the "Hearing Process") to consider the broader rescheduling of cannabis to Schedule III. The Final Order creates a pathway for state licensed medical operators to legally cultivate, manufacture, and dispense medical only products, and could also remove 280E tax considerations from the medical aspect of Verano's operations. Until the issuance of an order by the administrative law judge following the conclusion of the Hearing Process, adult use or recreational cannabis remains a Schedule I drug, subject to 280E tax constraints. Issuance of an order rescheduling all cannabis to Schedule III is not guaranteed. Verano remains subject to federal laws, including those prohibiting recreational cannabis, during the pendency of the hearing and following the outcome. The final effects of the Executive Order and Final Order are dependent on other government actions. Despite such actions and the ongoing Hearing Process, there can be no guarantees that the Hearing Process will continue on a certain timeline or at all or that any rules will come out of the Hearing Process that will benefit the Company. The Executive Order and Final Order do not federally legalize recreational adult use, and rescheduling of cannabis in full to Schedule III would not legalize adult use or recreational cannabis, but could remove the 280E constraints for the full range of Verano's operations.

Substantially all of the Company's business, operating results and financial condition relate to U.S. cannabis-related activities. Our strategy is to vertically integrate as a single cohesive company in multiple states through the consolidation of seed-to-sale cultivating, manufacturing, distributing, and dispensing of cannabis brands and products at scale. Our cultivation, processing and distribution of cannabis consumer packaged goods are designed to support our retail dispensaries, as well as to develop and foster long term wholesale supply relationships with third-party retail operators. Our model includes establishing a diverse geographic footprint that allows us to adapt to changes in both industry and market conditions.

SELECTED RESULTS OF OPERATIONS

The following presents selected financial data derived from the (i) Unaudited Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2026 and 2025 and (ii) the Condensed Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025, and should be read in conjunction with the Unaudited Interim Condensed Consolidated Financial Statements and accompanying notes presented in Item 1 of this Form 10-Q. The selected Unaudited Interim Condensed Consolidated financial information below may not be indicative of the Company's future performance.

Three Months Ended March 31, 2026, as Compared to Three Months Ended March 31, 2025

	For the Three Months Ended March 31,		
($ in thousands)	**2026**	**2025**	**$ Change**
Revenues, net of Discounts	$ 208,178	$ 209,809	$ (1,631)
Gross Profit	98,976	99,581	(605)
Net Loss Attributable to Verano Holdings Corp. & Subsidiaries	(17,823)	(11,515)	(6,308)
Net Loss per share – basic & diluted	(0.05)	(0.03)	(0.02)

Revenues, net of Discounts

Revenues, net of discounts, for the three months ended March 31, 2026 was $208,178, a decrease of $(1,631) or (0.8)%, compared to revenues, net of discounts, of $209,809 for the three months ended March 31, 2025. The decrease in revenues, net of discounts for the three months ended March 31, 2026 was primarily driven by continued increased competition and promotional activity in the third party wholesale markets. This is partially offset by an increase in revenues, net of discounts in the retail markets driven by successful new product launches and operational efficiencies. During the three months ended March 31, 2026, the Company opened two new stores in Florida. Retail revenues, net of discounts, for the three months ended March 31, 2026 was approximately 68.6% of total revenue compared to 68.0% of total revenue for the three months ended March 31, 2025, excluding intersegment eliminations. Cultivation (wholesale) revenues, net of discounts, made up 31.4% of revenues, net of discounts, for the three months ended March 31, 2026, as compared to 32.0% of total revenue for the three months ended March 31, 2025, excluding intersegment eliminations. Refer to "*Results of Operations by Segment*" for further discussion of our retail revenue and cultivation (wholesale) revenues, net of discounts.

Gross Profit

Gross profit for the three months ended March 31, 2026 was $98,976, representing a gross profit margin of 47.5%. This is compared to gross profit for the three months ended March 31, 2025 of $99,581, which represented a gross profit margin of 47.5%. The slight decrease in gross profit during the three months ended March 31, 2026 compared to the three months ended March 31, 2025, was primarily driven by overall revenue decline.

Net Loss

Net Loss attributable to the Company for the three months ended March 31, 2026 was $(17,823), an increase in net loss of $6,308, compared to a net loss of $(11,515) for the three months ended March 31, 2025. The increase in net loss was largely driven by a loss on debt extinguishment related to the 2022 Credit Agreement for the three months ended March 31, 2026 when compared to the three months ended March 31, 2025.

($ in thousands)	For the Three Months Ended March 31, 2026	2025	$ Change
Cost of Goods Sold, net	$ 109,202	$ 110,228	$ (1,026)
Selling, General, and Administrative Expenses	85,877	84,579	1,298
Other Expense, net	(19,299)	(9,168)	(10,131)
Provision for Income Taxes	(11,623)	(17,349)	5,726

Cost of Goods Sold, net

Cost of goods sold, net includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, rent, utilities, and related costs. Cost of goods sold, net for the three months ended March 31, 2026 was $109,202, a decrease of $(1,026) or (0.9)%, as compared to the three months ended March 31, 2025. The decrease was primarily the result of continued competition in key markets, which led to a reduction in overall revenues, net of discounts.

Selling, General, and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the three months ended March 31, 2026 were $85,877, an increase of $1,298 or 1.5%, compared to SG&A expenses of $84,579 for the three months ended March 31, 2025. SG&A expenses as a percentage of revenue was 41.3% and 40.3% for the three months ended March 31, 2026, and March 31, 2025, respectively. The increase was driven primarily by additional general and administrative costs associated with new stores when comparing the three months ended March 31, 2026 to the three months ended March 31, 2025.

Other Expense, net

Other expense, net for the three months ended March 31, 2026, was $19,299, an increase of $10,131 as compared to $9,168 for the three months ended March 31, 2025. The other expense increase was primarily due to a loss on debt extinguishment related to the 2022 Credit Agreement obligations during the three months ended March 31, 2026. Additionally, the year-over-year variance is driven by a gain on deconsolidation relating to our Arkansas operations during the three months ended March 31, 2025.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. Income tax expense for the three months ended March 31, 2026, was $11,623 as compared to $17,349 for the three months ended March 31, 2025, a decrease of $5,726 or (33.0)% primarily due to the forecasted annualized effective tax rates, adjusted for discrete items when compared to the three months ended March 31, 2025.

Results of Operations by Segment

The Company has two reportable segments: (i) cultivation (wholesale) and (ii) retail. Due to the vertically integrated nature of its business, the Company reviews its revenue at the cultivation (wholesale) and retail levels while reviewing its operating results on a consolidated basis.

The following tables summarize revenues, net of discounts, by segment for the three months ended March 31, 2026 and 2025:

	For the Three Months Ended March 31,			
($ in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Revenues, net of Discounts				
Cultivation (Wholesale)	$ 78,832	$ 79,561	$ (729)	(0.9)%
Retail	172,140	168,807	3,333	2.0 %
Intersegment Eliminations	(42,794)	(38,559)	(4,235)	11.0 %
Total Revenues, net of Discounts	$ 208,178	$ 209,809	$ (1,631)	(0.8)%

Revenues, net of discounts, for the cultivation (wholesale) segment were $78,832 for the three months ended March 31, 2026, a decrease of $(729) or (0.9)%, compared to the three months ended March 31, 2025, in each case, excluding intersegment eliminations. During the three months ended March 31, 2026, cultivation (wholesale) revenues, net of discounts in the Illinois and New Jersey markets were the largest contributors. The decrease in cultivation (wholesale) revenues, net of discounts, was primarily driven by continued increased competition and promotional activity in the third party wholesale markets when comparing the three months ended March 31, 2026 to the three months ended March 31, 2025.

Revenues, net of discounts for the retail segment were $172,140 for the three months ended March 31, 2026, an increase of $3,333 or 2.0%, compared to the three months ended March 31, 2025, in each case, excluding intersegment eliminations. During the three months ended March 31, 2026, retail revenues, net of discounts, in the Florida market was the largest contributor to overall revenues, net of discounts in the retail segment, excluding intersegment eliminations. The increase in retail revenues, net of discounts, was primarily driven by successful new product launches and operational efficiencies when comparing the three months ended March 31, 2026 to the three months ended March 31, 2025.

Drivers of Operational Performance

Revenue

The Company derives its revenue from both its cultivation (wholesale) business in which it cultivates, produces and sells cannabis products to third-party retail customers, and its retail business, in which it directly sells cannabis products to retail patients and consumers. For the three months ended March 31, 2026, approximately 31.4% of the Company's revenue was generated from the cultivation (wholesale) business, excluding intersegment eliminations, and approximately 68.6% from the retail business, excluding intersegment eliminations. For the three months ended March 31, 2025, approximately 32.0% of revenue was generated from the cultivation (wholesale) business, excluding intersegment eliminations, and approximately 68.0% from the retail business, excluding intersegment eliminations.

Gross Profit

Gross profit is revenue less cost of goods sold, net. Cost of goods sold, net, includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, rent, utilities, and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross profit margin measures the Company's gross profit as a percentage of revenue.

The Company's expansion strategy and revenue growth have taken priority and will continue to do so for the foreseeable future as it expands its footprint, by exploring new markets and opening or acquiring new dispensary locations, and scales production within certain markets. In the core markets in which the Company is already operational and, as the state markets mature, the Company has experienced pressure on margins within the cultivation (wholesale) and retail segments and expects this to continue. The Company's current production capacity has not been fully realized and it is expected that price compression at the cultivation (wholesale) level, will be partially offset by operational optimization.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support customer relationships and to deliver product to the Company's retail stores. It also includes a significant investment in the corporate infrastructure required to support ongoing business.

Selling costs generally correlate to revenue. As a percentage of sales, selling costs are expected to continue to increase slightly in currently operational markets as facility and market expansion occurs. The increase is expected to continue to be driven primarily by the growth of the Company's retail and cultivation (wholesale) segments and new retail openings.

SG&A expenses also include personnel costs incurred, including salaries, incentive compensation, benefits, stock-based compensation and professional service costs. SG&A expenses may increase in connection with supporting the business and the Company could experience an increase in expenses related to recruiting and hiring talent, along with legal and professional fees associated with being a public-reporting company.

Provision for Income Taxes

The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Company operates in the cannabis industry, it is subject to the limits of Section 280E of the Code under which the Company is only allowed to deduct expenses directly related to the sale of products. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under Section 280E of the Code and a higher effective tax rate than most industries. The Company has taken a position that it does not owe taxes attributable to the application of Section 280E of the Code.

LIQUIDITY, FINANCING ACTIVITIES AND CAPITAL RESOURCES

As of March 31, 2026 and December 31, 2025, the Company had total current liabilities of $118,911 and $140,261, respectively. As of March 31, 2026 and December 31, 2025, the Company had cash and cash equivalents of $74,026 and $82,724, respectively, to meet its current obligations. The Company had working capital of $275,610 as of March 31, 2026, an increase of working capital of $11,220 as compared to December 31, 2025. This increase in working capital was primarily driven by a reduction in current liabilities, especially accounts payable and accrued liabilities, which offset a modest decrease in current assets. Positive operating cash flow and increased management of payables and accruals contributed to this improvement during the three months ended March 31, 2026.

The Company generates cash from revenues and deploys its capital to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and long term. Capital is primarily being utilized for facility improvements, strategic investment opportunities, and general and administrative expenses.

Liquidity Requirements

Our short-term liquidity requirements consist primarily of funds necessary to pay for our acquisitions, to repay borrowings, maintain our operations and other general business needs. We believe that internally generated funds and other sources of liquidity discussed below will be sufficient to meet working capital needs, capital expenditures, and other business requirements for at least the next 12 months. We believe we will meet known or reasonably likely future cash requirements through the combination of cash generated from operating activities and available cash balances. If these sources of liquidity need to be augmented, additional cash requirements would likely be financed through the issuance of equity securities or additional borrowings; however, there can be no assurances that we will be able to obtain additional equity financing or debt financing on acceptable terms, or on terms similar to our existing financings, in the future.

Our long-term liquidity requirements consist primarily of completing additional acquisitions, scheduled debt payments, future payments of income tax payables, maintaining and expanding our operations and other general business needs. We expect to meet our long-term liquidity requirements through various sources of capital, which may include future debt or equity issuances, net cash provided by operations and other secured and unsecured borrowings. We believe that the foregoing sources of capital will provide sufficient funds for our operations, anticipated expansion and scheduled debt payments for the long-term. Our ability to fund our operating needs will depend on our future ability to continue to generate positive cash flow from operations and our ability to obtain debt or equity financing on acceptable terms.

2022 Credit Agreement

On October 27, 2022, Verano and certain of its subsidiaries and affiliates from time-to-time party thereto (collectively, the “Borrowers”), entered into a credit agreement (the “2022 Credit Agreement”) with Chicago Atlantic Admin, LLC (“Chicago Atlantic”), as administrative agent for the lenders, and the lenders from time-to-time party thereto (the “Lenders”), pursuant to which the Lenders advanced the Borrowers a $350,000 senior secured term loan, and which also provided the Borrowers with the right, subject to conditions, to request an additional incremental term loan of up to $100,000; provided that the Lenders elected to fund such incremental term loan. At funding, all the proceeds of the loans made under the 2022 Credit Agreement were used to repay the amounts owing under the Company's previous senior secured term loan credit facility. In connection with such repayment, such previous credit facility was terminated and is no longer in force or effect.

Beginning in October 2023, the loan required scheduled amortization payments of $350 per month and the remaining principal balance was due in full on October 30, 2026.

The 2022 Credit Agreement also provided the Borrowers with the right to (a) incur up to $120,000 of additional indebtedness from third-party lenders secured by real estate excluded as collateral under the 2022 Credit Agreement, (b) incur additional mortgage financing from third-party lenders secured by real estate acquired after the closing date, and (c) upon the SAFE Banking Act or similar legislation making banking services available to U.S. cannabis companies being passed by the United States Congress, incur up to $50,000 pursuant to a revolving credit facility from third-party lenders that is pari passu or subordinated to the 2022 Credit Agreement obligations, each of which were subject to customary conditions.

The obligations under the 2022 Credit Agreement were secured by substantially all of the assets of the Borrowers, excluding vehicles, specified parcels of real estate and other customary exclusions.

The 2022 Credit Agreement provided for a floating annual interest rate equal to the prime rate then in effect plus 6.50%, which rate could have been increased by 3.00% upon an event of default that is not a material event of default or 6.00% upon a material event of default as provided in the 2022 Credit Agreement.

At any time, the Company was able to voluntarily prepay up to $100,000 of the principal balance, subject to a one-time $1,000 prepayment premium upon the first prepayment, and was able to prepay the remaining outstanding principal balance for a prepayment premium at varying rates based on the timing of any subsequent prepayments. The Borrowers were not able to voluntarily prepay more than $100,000 of the principal balance without prepaying the entire outstanding principal balance of the loan.

On April 30, 2024, the Company made a Permitted Partial Optional Prepayment (as defined in the 2022 Credit Agreement) in the amount of $50,000 pursuant to the 2022 Credit Agreement and paid a $1,000 prepayment premium in connection therewith. In connection with such Permitted Partial Optional Prepayment, Chicago Atlantic and certain Lenders agreed to (a) release certain Borrowers from their obligations under, and as parties to, the 2022 Credit Agreement and related agreements and (b) release all liens over such Borrowers’ property, including real estate, held by Chicago Atlantic for the benefit of the Lenders, in each case, pursuant to a limited consent and waiver, dated as of April 29, 2024, by and among Borrowers, certain of the lenders party thereto and Chicago Atlantic.

On September 30, 2025, the Company made an additional Permitted Partial Optional Prepayment (as defined in the 2022 Credit Agreement) in the amount of $50,000 pursuant to the 2022 Credit Agreement, without any penalty or premium.

On March 11, 2026, the Company repaid all amounts owing under the 2022 Credit Agreement together with a prepayment premium of $4,345. As a result of such payment, the Credit Agreement was then terminated and is no longer in force or effect.

Revolver

On September 30, 2025, the Company entered into a credit agreement (as amended, the “Revolver”), by and among the Company, as a guarantor, certain subsidiaries of the Company from time-to-time party thereto as borrowers (the “Real Estate Subsidiaries”), lenders from time-to-time party thereto, and Chicago Atlantic, as administrative agent for the lenders.

The Revolver initially provided for a $75,000 revolving loan facility, $50,000 of which was drawn on September 30, 2025 and used to prepay, without any penalty or premium, $50,000 of outstanding obligations due under the 2022 Credit Agreement. Amounts drawn under the Revolver do not require amortization payments. The Revolver provides for a floating annual interest rate on amounts drawn equal to one-month Term SOFR (subject to a minimum 4% SOFR floor) plus 6%, which rate may be increased by 3% upon an event of default or 6% upon a material event of default as provided in the Revolver. The Company incurred debt issuance costs of $2,209 in connection with the establishment of the Revolver.

The Revolver may be drawn in $2,500 increments upon ten business days prior notice and any outstanding amount under the Revolver may be voluntarily prepaid in $2,500 increments upon five business days prior notice without any penalty or premium, unless such prepayment occurs within six months of the applicable advance, in which case, such prepayment shall be subject to a six-month interest make whole. Any amounts prepaid may be redrawn subject to the same requirements set forth above. The Revolver was initially subject to a borrowing base which required the outstanding principal balance under the Revolver to be equal to or less than 60% of the appraised value, net of certain indebtedness, of the owned real estate serving as collateral for the Revolver from time to time.

The obligations under the Revolver are secured by substantially all of the assets of the Real Estate Subsidiaries, which primarily consists of owned real estate, and are guaranteed by the Company on an unsecured basis. Additionally, the Revolver allows for the proportionate release of certain Real Estate Subsidiaries upon request of the Company so long as the outstanding principal balance under the Revolver does not exceed 80% of the appraised value, net of certain indebtedness, of the owned real estate serving as collateral after giving effect to such release.

The Revolver includes customary representations, warranties, covenants and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. The Revolver also includes customary covenants, including, without limitation, limiting the Real Estate Subsidiaries’ ability to incur additional indebtedness, make guarantees and grant liens that are otherwise not permitted and enter into or consummate acquisitions or dispositions that are not otherwise permitted, among others. As of March 31, 2026, the Company was in compliance with such covenants.

On January 12, 2026, the Company entered into a First Amendment to Credit Agreement and Omnibus First Amendment to Credit Documents (the “First Amendment”), to amend the Revolver.

The First Amendment increased the lending commitment of the Revolver from $75,000 to $100,000 and amended the date on which all outstanding amounts are due in full from September 29, 2028 to February 28, 2029. Additionally, the First Amendment amended the borrowing base for the Revolver to an advance rate of up to 80%, rather than 60%, of the appraised value, net of certain indebtedness, of the owned real estate serving as collateral for the Revolver. The First Amendment also includes certain other immaterial updates to the Revolver. No additional collateral was pledged to secure the Revolver in connection with the First Amendment. On March 11, 2026, the Company drew $50,000 under the Revolver, bringing the total amount drawn under the Revolver to $100,000, which was used to repay the amounts owing under the 2022 Credit Agreement.

2026 Credit Agreement

On March 11, 2026, Verano and certain of its subsidiaries and affiliates from time-to-time party thereto (collectively, the "2026 Borrowers"), entered into a credit agreement (the "2026 Credit Agreement") with Needham Bank ("Needham"), as collateral agent and administrative agent for the lenders, Chicago Atlantic Financial Services, LLC, as co-administrative agent for the lenders, and the lenders from time-to-time party thereto (the "2026 Lenders"), pursuant to which the 2026 Lenders advanced the 2026 Borrowers a $195,000 senior secured term loan, all of which was used to repay the amounts owing under the 2022 Credit Agreement as discussed above. The Company is required to make scheduled amortization payments of $875 per month and the remaining principal balance is due in full on March 11, 2029; provided that the maturity date may be extended to March 11, 2030 upon the election of the Company, the payment of 1.5% of the then outstanding principal balance by the Company, and the consent of the 2026 Lenders. The 2026 Credit Agreement may be prepaid in part (in increments of $5,000 and in an amount not less than $10,000) or in full at any time, subject to a 1.5% prepayment premium during the first two years of the 2026 Credit Agreement and 0% thereafter; provided, that if the maturity date is extended to March 11, 2030, the prepayment premium will be 1.5% in all cases.

The obligations under the 2026 Credit Agreement are secured by substantially all of the assets of the 2026 Borrowers, excluding vehicles, specified parcels of real estate, other customary exclusions, and subject to compliance with the terms of the 2026 Credit Agreement, entities, assets and parcels of real estate acquired after the closing of the 2026 Credit Agreement. The 2026 Credit Agreement provides for a floating annual interest rate equal to one-month Term SOFR (subject to a minimum 4% SOFR floor) plus 5.5%, which rate may be increased by 5% upon an event of default as provided in the 2026 Credit Agreement. The 2026 Credit Agreement includes customary representations and warranties, covenants and customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to material indebtedness, and events of bankruptcy and insolvency. Additionally, the 2026 Credit Agreement requires the Borrowers to meet certain financial tests regarding minimum cash balances and a minimum fixed charge coverage ratio. As of March 31, 2026, the Company was in compliance with such covenants.

George Archos, the Chairman, Chief Executive Officer and President of the Company, funded, through an affiliated entity, $10,000 of the amount provided by a 2026 Lender. As a result of this participation, Mr. Archos will receive his pro rata share of all interest and principal payments made by the Company to such 2026 Lender under the 2026 Credit Agreement.

Tax Liabilities

The Company has U.S. income tax payable liabilities. These income tax payable liabilities will require payment from our liquidity sources, and we believe we have sufficient liquidity for both short-term and long-term payments of our income tax payable liabilities in addition to our other obligations. The Company expects to retain additional cash from operations, due in part to the Company's treatment of Section 280E as not applying to limit its deduction of ordinary and necessary business expenses.

On April 23, 2026, the Acting Attorney General signed a Final Order reclassifying medical cannabis from Schedule I to Schedule III under the CSA. This action, taken pursuant to the Attorney General's Authority under the CSA to schedule substances in compliance with the Single Convention on Narcotic Drugs, 1961, applies only to medical cannabis; adult-use cannabis remains classified as Schedule I. The Final Order, effective as of the date of publication in the Federal Register, provides an expedited registration process for state medical licensees and specifically states that registered state medical licensees will no longer be subject to the constraints of Section 280E. Separately, the Attorney General filed notices withdrawing the pending hearing on the proposed rulemaking notice filed in 2024, and instituted a new hearing on the proposed rule to begin on June 29, 2026. This expedited hearing will address all forms of cannabis, medical and adult use. The IRS, in a press release, has indicated that, for Section 280E purposes, rescheduling will generally apply to the full taxable year that includes the effective date of the Final Order, for activities no longer involving Schedule I or II substances. However, formal guidance from the IRS remains pending. The ultimate impact of this order, including the resolution of accrued UTPs, remains uncertain and is subject to ongoing evaluation due to the complexity of the regulatory and tax environment. The Company continues to assess the financial statement impact and is unable to reasonably estimate the effect at this time.

Sources and Uses of Cash

Cash Provided by (Used in) Operating Activities, Investing and Financing Activities

Net cash provided by (used in) operating, investing, and financing activities for the three months ended March 31, 2026 and 2025 were as follows:

	For the Three Months Ended March 31,		
	2026	2025	$ Change
Net Cash Provided by Operating Activities	$ 18,587	$ 1,786	$ 16,801
Net Cash Used in Investing Activities	$ (14,907)	$ (4,771)	$ (10,136)
Net Cash Used in Financing Activities	$ (12,378)	$ (591)	$ (11,787)

Cash Flows from Operating Activities. Cash flow generated from operating activities provides us with a source of liquidity. Our cash flows from operating activities result from cash received from our customers, offset by cash payments we make for products and services, operational costs, and income taxes. During the three months ended March 31, 2026 and 2025, the Company had net cash inflows of $18,587 and $1,786, respectively. The $16,801 increase was largely driven by the change in the income tax payable balance on the Condensed Consolidated Balance Sheets of $(812) during the three months ended March 31, 2026, compared to $(19,903) during the three months ended March 31, 2025.

Cash Flows from Investing Activities. During the three months ended March 31, 2026 and 2025, the Company had net cash outflows of $14,907 and $4,771, respectively. The $10,136 increase in net cash outflows during the three months ended March 31, 2026 compared to the three months ended March 31, 2025 was largely driven by $9,071 of net cash inflows from the Noah's Ark deconsolidation during the three months ended March 31, 2025. Additionally, purchases of property, plant and equipment were $14,937 during the three months ended March 31, 2026, compared to purchases of property, plant and equipment of $13,864 during the three months ended March 31, 2025.

Cash Flows from Financing Activities. During the three months ended March 31, 2026 and 2025, the Company had net cash outflows of $12,378 and $591, respectively. The $11,787 increase in net cash outflows was largely driven by the debt issuance costs paid related to the 2026 Credit Agreement and the First Amendment of $11,337, coupled with the payments of debt extinguishment of $4,345 related to the 2022 Credit Agreement when comparing the three months ended March 31, 2026 to the three months ended March 31, 2025.

Changes in or Adoption of Accounting Practices

Refer to the discussion of recently issued accounting standards under Part I, Item 1, Notes to Unaudited Interim Condensed Consolidated Financial Statements, *Note 1 - Overview and Basis of Presentation.*

Critical Accounting Policies and Significant Judgments and Estimates

There were no material changes to our critical accounting policies and estimates from the information provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in the Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk disclosures as set forth in Part II, Item 7A of the Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

As required by Rule 13a-15(b) and Rule 15d-15(b) under the Exchange Act, our management, including our Chief Executive Officer (who is our principal executive officer) and Chief Financial Officer (who is our principal financial officer), evaluated, as of March 31, 2026, the end of the period covered by this Form 10-Q, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q.

We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting during the quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company may be subject to legal proceedings, claims, investigations and government inquiries in the ordinary course of business. The Company has received, and may in the future continue to receive, claims from third parties.

Please see the Notes to the Unaudited Interim Condensed Consolidated Financial Statements, *Note 11 – Contingencies and Other – Claims and Litigation*, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Part I, Item 1A. “Risk Factors” in our Form 10-K includes a discussion of our risk factors. There have been no material changes from the risk factors described in the Form 10-K. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future SEC filings.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None which have not been reported on a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Rule *10b5-1* Trading Plans

During the first quarter ended March 31, 2026, none of our directors or officers have adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408(a).

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1*	Articles of Domestication, dated November 3, 2025 (filed as Exhibit 3.1 to our Current Report on Form 8-K12G3 filed on November 4, 2025 (File No. 000-56342) and incorporated herein by reference).
3.2*	Articles of Incorporation of Verano Holdings Corp., a Nevada corporation, dated November 3, 2025 (filed as Exhibit 3.2 to our Current Report on Form 8-K12G3 filed on November 4, 2025 (File No. 000-56342) and incorporated herein by reference).
3.3*	Bylaws of Verano Holdings Corp., a Nevada corporation, dated November 3, 2025 (filed as Exhibit 3.3 to our Current Report on Form 8-K12G3 filed on November 4, 2025 (File No. 000-56342) and incorporated herein by reference).
10.1*	First Amendment to Credit Agreement and Omnibus First Amendment to Credit Documents, dated January 12, 2026, by and among Verano Holdings Corp., certain subsidiaries of Verano Holdings Corp. from time-to-time party thereto, certain lenders from time-to-time party thereto, and Chicago Atlantic Admin, LLC, as administrative agent for the lenders (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on January 15, 2026 (File No. 000-56342) and incorporated herein by reference).
10.2*	Credit Agreement, dated March 11, 2026, by and among Verano Holdings Corp., certain subsidiaries of Verano Holdings Corp. from time to time thereto, Needham Bank, as Administrative Agent, Chicago Atlantic Financial Services, LLC, as Co-Administrative Agent, and the lenders from time-to-time party thereto (filed as Exhibit 10.24 to our Annual Report on Form 10-K filed on March 12, 2026 (File No. 000-56342) and incorporated herein by reference).
10.3*	Verano Holdings Corp. Annual Bonus Plan (filed as Exhibit 10.11 to our Annual Report on Form 10-K filed on March 12, 2026 (File No. 000-56342) and incorporated herein by reference).
10.4*	Consulting Agreement dated March 16, 2026 between Verano Holdings Corp. and John Tipton (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on March 18, 2026 (File No. 000-56342) and incorporated herein by reference).
31.1**	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2**	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1***	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2***	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document

101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document)

* Previously filed.

** Filed herewith

*** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 30, 2026

VERANO HOLDINGS CORP.

By:	*/s/ George Archos*
Name:	George Archos
Title:	Chief Executive Officer & President

By:	*/s/ Richard Tarapchak*
Name:	Richard Tarapchak
Title:	Chief Financial Officer & Treasurer

CERTIFICATE OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, George Archos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verano Holdings Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2026

/s/ George Archos
George Archos
(Principal Executive Officer)

CERTIFICATE OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Tarapchak, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verano Holdings Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2026

/s/ Richard Tarapchak
Richard Tarapchak
(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Verano Holdings Corp. (the "Company") for the three months ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George Archos, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2026

/s/ George Archos

George Archos

(Principal Executive Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Verano Holdings Corp. (the “Company”) for the three months ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard Tarapchak, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2026

/s/ Richard Tarapchak

Richard Tarapchak
(Principal Financial Officer)