

**VERANO**™

1Q 2024 EARNINGS

5/8/24

**VERANO**™

# BEFORE WE BEGIN

## Forward-Looking Information

This presentation contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and also contains statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Verano Holding Corp.'s (the "Company") beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control.

Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "strategies", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein include, but are not limited to statements or information with respect to the Company's position in the marketplace, proposed budgets and guidance, the proposed completion or buildout of Company facilities, the Company's cultivation capacity, the accretive nature of acquisitions, the fortification of the Company's presence in core markets, the possibility of material organic expansion, delivery of shareholder value and the ability to maintain industry-leading margins and add depth to leadership.

Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and forward-looking statements herein, including, without limitation, the risk factors discussed in the Company's filings with the U.S. Securities and Exchange Commission at [www.sec.com/edgar](http://www.sec.com/edgar), including, without limitation, the risk factors described in the Company's annual report on Form 10-K for the year ended December 31, 2023 and subsequent quarterly reports on Form 10-Q for 2024. The forward-looking information and forward-looking statements contained in this presentation are made as of the date of this presentation, and the Company does not undertake to update any forward-looking information or forward-looking statements that are contained or referenced herein, except as may be required in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice regarding forward-looking information and statements.

## Non-GAAP Financial Measures

This presentation refers to certain non-GAAP measures to evaluate the performance of the Company. The terms "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "Free Cash Flow" do not have any standardized meaning prescribed within U.S. Generally Accepted Accounting Principles ("GAAP") and therefore may not be comparable to similar measures presented by other companies. Such measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is calculated herein as Net Income (Loss) before interest expense, income tax expense, depreciation, and amortization. The Company presents EBITDA on a consistent basis from period to period. Adjusted EBITDA is calculated herein as Net Income (Loss) attributable to the Company plus net interest expense, income tax expense, depreciation and amortization, and also excludes certain extraordinary one-time items. Adjusted EBITDA Margin is calculated herein as Adjusted EBITDA divided by Revenue. Free Cash Flow is calculated herein as Net Cash Provided by Operating Activities minus Capital Expenditures. Management believes that these non-GAAP financial measures provide useful information to readers as a supplement to reported GAAP financial information because these measures provide consistency and comparability with past financial performance and assist in comparisons with other companies, some of which use similar non-GAAP information to supplement their GAAP results. Management reviews these non-GAAP financial measures on a regular basis and uses them to evaluate and manage the performance of the Company's operations. These measures should be evaluated only in conjunction with the Company's comparable GAAP financial measures and reconciliations of each non-GAAP measure to its most directly comparable GAAP measure can be found on our website at [investors.verano.com](http://investors.verano.com) and in the appendix of this presentation.

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# 1Q 2024 HIGHLIGHTS

# STRONG 1Q24 FINANCIAL RESULTS, INDEPENDENT OF FEDERAL CHANGES

**\$221M** Revenue

**\$113M** Gross Profit

+296bps Margin Expansion YoY

**\$67M** Adj. EBITDA<sup>1</sup>

30% Margin

- **Upcoming catalysts independent of rescheduling:**

- Ohio adult use launching 2H24
- Pennsylvania adult use discussions progressing
- Florida adult use on November's ballot

**Strong track record of successful transitions from medical to adult use**

- Experience from Illinois, New Jersey, Connecticut, and Maryland transitions

# FLORIDA'S BALLOT INITIATIVE PROVIDES MASSIVE 2025 CATALYST

## Campaigning to Educate Voters

Contributed over \$2M to Smart & Safe Florida

Educating voter base on economic, health, and wellness benefits of cannabis

## Margin Accretive Opportunity

100% vertical nature of Florida provides potential for margin expansion

Significant revenue potential if traditional 2.5x medical multiple holds

## Second-Largest Florida Footprint and Growing

74 MÜV -branded dispensaries and 262k sq ft of cultivation

Cultivation expansion underway and anticipate further MÜV openings



# GROWING WHOLESALE BUSINESS

## +23% YoY Growth in 1Q24 Net Wholesale Revenue

- Added nearly 50 new dispensary customers in the quarter, largely from New Jersey and Illinois
- Net wholesale growth offset over 60% of retail revenue declines YoY
  - Continued third-party dispensary openings pressured retail revenue, as expected

- New Jersey net wholesale revenue grew ~130% with orders up over 300% YoY
- Illinois net wholesale saw sequential growth each month in 1Q24
  - Verano brand portfolio gained 45bps of market share<sup>1</sup>
- Further line of sight into net wholesale growth as third-party dispensaries continue to open across New Jersey and Illinois

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<sup>1</sup> According to BDSA.



# 2H24 TAILWINDS: OHIO ADULT USE PROGRAM

Preparing by increasing our output in advance of anticipated growth in demand

- Historically, new adult use markets increase revenue by ~2.5x vs medical market revenue<sup>1</sup>
- Current footprint of 5 dispensaries and 22k sq ft of cultivation
  - Exploring addition of sixth dispensary per current regulatory proposals





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**Cabbage  
Club**

THE FIRST CLUB WHERE  
**CANNABIS**  
USE IS A PREREQUISITE



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THE FIRST CLUB WHERE  
**CANNABIS**  
USE IS A PREREQUISITE.



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# Cabbage Club

A FIRST-OF-ITS-KIND CANNABIS MEMBERSHIP CLUB

## MEMBERS RECEIVE EXCLUSIVE BENEFITS INCLUDING:

- ✓ Monthly Credit for Retail Purchases
- ✓ Seasonal Coupons
- ✓ Express In-Store Experience
- ✓ Early-Access to Products, Events & More

MEMBERSHIP  
OPTIONS:

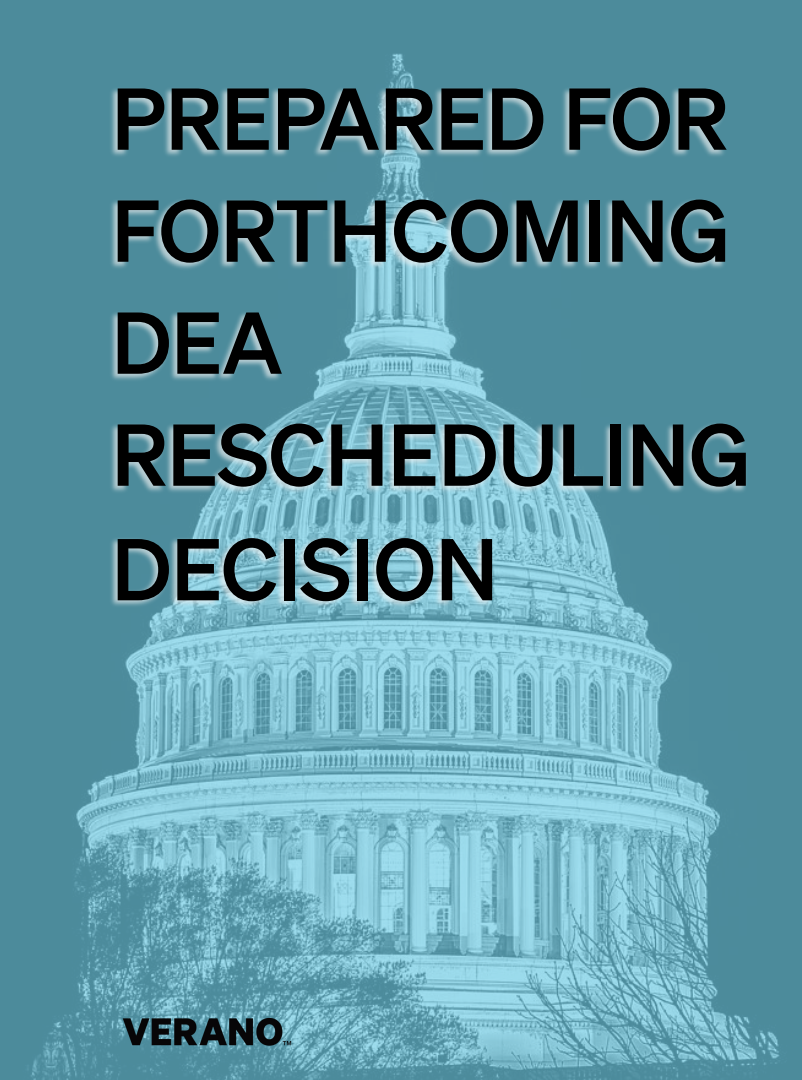
**DIME**  
\$149

**QUARTER**  
\$249

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# RECENT DEA NEWS



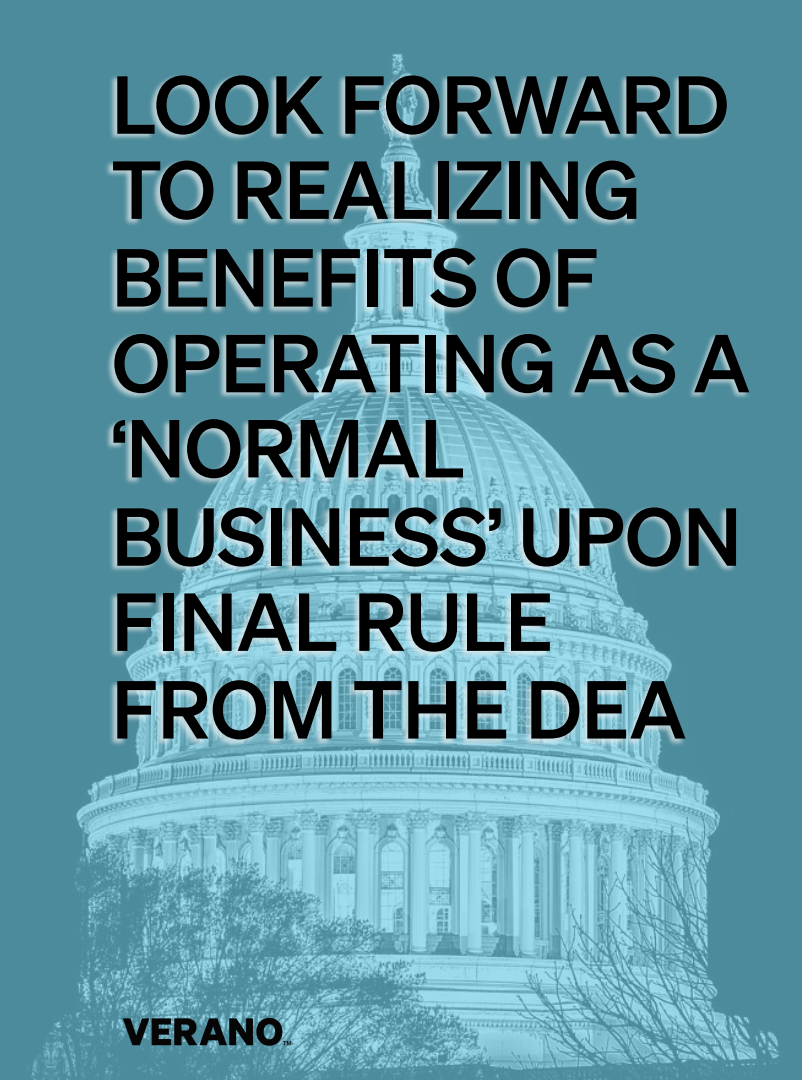


# PREPARED FOR FORTHCOMING DEA RESCHEDULING DECISION

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## Verano has Prepared for Possible Schedule III Ruling

- SEC filer
- Subject to SOX
- Migrated to Cboe Canada, achieving senior exchange status
  - MSCI and FTSE eligible
- Provide transparent state-by-state quarterly revenue
- Deleveraged by \$50 million in April
  - Decreased credit facility to \$300 million in principal
  - Retain optionality to pay down an additional \$50 million in the future, without additional prepayment premium



# LOOK FORWARD TO REALIZING BENEFITS OF OPERATING AS A 'NORMAL BUSINESS' UPON FINAL RULE FROM THE DEA

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## Possible Benefits from a Schedule III Ruling<sup>1</sup>

- Incur taxes as an ordinary business, estimating over **\$80 million less in income tax expense<sup>2</sup>** for 2023 if Company had not been subject to 280E
- Improve credit terms, possibly lowering cost of capital
- Permit additional payment methods for consumers, potentially increasing basket sizes
- Access a broader vendor pool
- A step closer towards a U.S. exchange listing

<sup>1</sup> Industry impacts dependent upon the DEA's final ruling, which is subject to review and comment period and the rule making process. There is no guarantee that any or all possible benefits outlined will occur and such possible benefits could be impacted by a number of factors, including independent decisions by third-parties, such as stock exchanges and financial institutions. <sup>2</sup> Estimate based on FY 2023 financial results in which the Company estimates it would have incurred \$80 million less in income tax expense given its likely ability to take standard business deductions once it is not subject to the 280E tax code.

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# FINANCIAL REVIEW

# 1Q 2024 FINANCIAL RESULTS

- Retail / wholesale revenue split of 66% / 34% for the quarter<sup>1</sup>
  - Steady increase in proportion of sales from wholesale business is a welcomed evolution as this is generally the most profitable arm of the business
- Gross profit margin of 51% increased nearly 300bps versus the prior year period
  - Increased gross profit driven by higher third-party wholesale sales

\$USD thousands	1Q 2024 Results
Revenue	\$221,306
Gross Profit	\$112,960
Income from Operations	\$22,671
(Net Loss)	\$(4,822)

# MAINTAIN CASH WAR CHEST FOR FLEXIBILITY

- Deleveraged by paying down \$50 million towards senior credit facility in April
  - Retain optionality to further pay down the facility at a time of our choosing<sup>1</sup>
- Maintaining an eye on further deleveraging, M&A, and capex

\$USD thousands	As of March 31, 2024
Cash <sup>1</sup>	\$193,799
Total Assets	\$2,315,020
Debt <sup>1</sup>	\$444,686
Total Liabilities	\$1,076,104

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# 2024 OUTLOOK AND CATALYSTS





# STRUCTURAL TAILWINDS

## GROWING PREFERENCE FOR CANNABIS

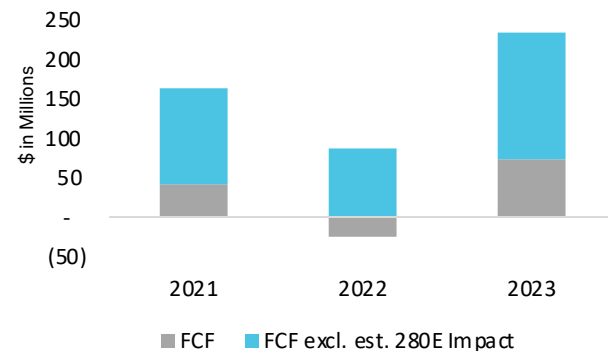
70% of 25-34 year olds prefer cannabis to alcohol<sup>1</sup>

Opportunity to grow the cannabis industry and take share from the \$250B US alcohol industry

## 280E TAX RELIEF UPON DEA RESCHEDULING

A Schedule III classification would possibly significantly increase cash flow if no longer subject to punitive section 280E of the tax code

Free Cash Flow Excluding Estimated 280E Tax Impact<sup>1</sup>



# VERANO'S MANY 2024 CATALYSTS

## A Growing Wholesale Business

Positioned for continued wholesale growth in Illinois and New Jersey as top 4 and top 2 market share holder, respectively<sup>1</sup>



## Ohio Launching Adult Use Fall 2024

Anticipating 2.5x lift in revenue<sup>2</sup> in the state upon adult use commencement

Prepared with 5 dispensaries and cultivation facility

## Adult Use on the Florida Ballot This November

Florida adult use could add between **\$300 - \$450M in incremental annual revenue**

Verano holds the **second-largest footprint** in this 100% vertical, high-margin market

<sup>1</sup>According to BDSA. <sup>2</sup>Estimate based on increase in revenue from 2023 adult use transitions of Connecticut and Maryland.

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Q&A



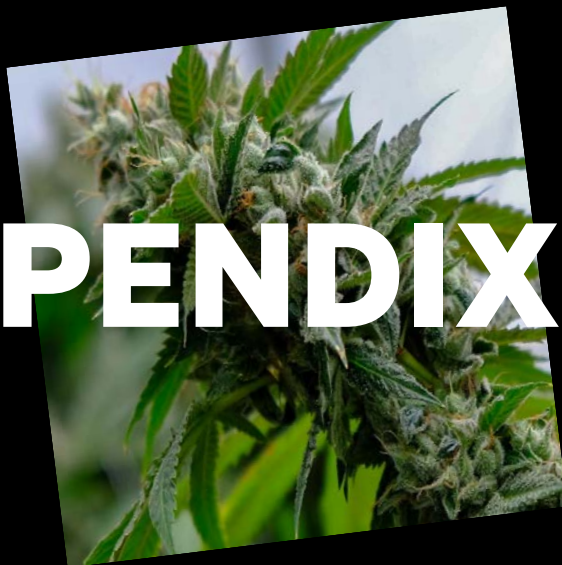
**THANK YOU**

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**THANK YOU**

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# APPENDIX



**VERANO HOLDINGS CORP.**  
**Highlights from Unaudited Interim Condensed Consolidated Statements of Operations**  
*(\$ in Thousands)*

	For the Three Months Ended,		
	March 31, 2024	December 31, 2023	March 31, 2023
Revenues, net of Discounts	\$ 221,306	\$ 237,189	\$ 227,060
Cost of Goods Sold, net	108,346	119,579	117,875
<b>Gross Profit</b>	<b>112,960</b>	<b>117,610</b>	<b>109,185</b>
<b>Gross Profit %</b>	<b>51 %</b>	<b>50 %</b>	<b>48 %</b>
<b>Operating Expenses</b>			
Selling, General and Administrative	90,289	85,709	75,243
Loss on Impairment of Intangibles – Goodwill	—	37,931	—
Loss on Impairment of Intangibles – License & Fixed Assets	—	13,686	—
<b>Total Operating Expenses</b>	<b>90,289</b>	<b>137,326</b>	<b>75,243</b>
<b>Loss from Investments in Associates</b>	<b>—</b>	<b>—</b>	<b>(160)</b>
<b>Income (Loss) from Operations</b>	<b>22,671</b>	<b>(19,716)</b>	<b>33,782</b>
<b>Other Income (Expense), net:</b>			
Gain (Loss) on Disposal of Property, Plant and Equipment	(143)	(568)	67
Loss on Debt Extinguishment	—	—	(663)
Interest Expense, net	(15,114)	(14,708)	(15,906)
Other Income (Expense), net	(759)	2,056	1,803
<b>Total Other Income (Expense), Net</b>	<b>(16,016)</b>	<b>(13,220)</b>	<b>(14,699)</b>
<b>Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest</b>	<b>6,655</b>	<b>(32,936)</b>	<b>19,083</b>
<b>Provision for Income Expense</b>	<b>(11,477)</b>	<b>(44,350)</b>	<b>(28,320)</b>
<b>Net Loss Attributable To Non-Controlling Interest</b>	<b>—</b>	<b>(78)</b>	<b>—</b>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	<b>(4,822)</b>	<b>(77,208)</b>	<b>(9,237)</b>

**VERANO HOLDINGS CORP.**  
**Highlights from Condensed Consolidated Balance Sheets**  
*(\$ in Thousands)*

	March 31, 2024	December 31, 2023
	<i>(Unaudited)</i>	
Cash and Cash Equivalents	\$ 193,799	\$ 174,760
Other Current Assets	224,980	219,436
Property and Equipment, Net	499,142	501,304
Intangible Assets, Net	1,063,359	1,086,146
Goodwill	231,291	231,291
Other Long-Term Assets	102,449	105,808
<b>Total Assets</b>	<b>\$ 2,315,020</b>	<b>\$ 2,318,745</b>
Total Current Liabilities	\$ 414,975	\$ 412,188
Total Long-Term Liabilities	661,129	666,477
Total Shareholders' Equity	1,238,916	1,240,080
Non-Controlling Interest	—	—
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,315,020</b>	<b>\$ 2,318,745</b>

**VERANO HOLDINGS CORP.**  
**Segmented Revenues, net of Discounts, By State (Unaudited)**

Net Retail Revenues, net of Discounts <i>(\$ in thousands)</i>	For the Three Months Ended,	
	March 31, 2024	December 31, 2023
Florida	\$ 50,317	\$ 59,695
Illinois	27,345	29,299
New Jersey	22,782	26,337
Arizona	14,973	15,626
Pennsylvania	12,066	12,587
Maryland	10,253	10,875
Connecticut	10,023	8,862
Nevada	7,166	7,097
Ohio	5,462	5,868
Massachusetts	2,906	2,984
West Virginia	1,715	1,625
Other	3,580	4,264
<b>Total Net Retail Revenues, net of Discounts</b>	<b>\$ 168,588</b>	<b>\$ 185,119</b>

Wholesale Revenues, net of Discounts <i>(\$ in thousands)</i>	For the Three Months Ended,			
	March 31, 2024		December 31, 2023	
	Gross	Net <sup>1</sup>	Gross	Net <sup>1</sup>
New Jersey	\$ 24,164	\$ 17,698	\$ 24,049	\$ 15,511
Illinois	18,204	11,018	19,227	11,027
Connecticut	12,853	8,766	14,204	10,342
Maryland	8,005	4,830	8,444	5,384
Pennsylvania	6,677	3,631	7,476	3,781
Arizona	6,684	2,365	7,084	2,575
Nevada	3,250	1,158	2,924	845
Ohio	2,179	1,160	1,857	914
Massachusetts	1,966	1,178	1,640	809
West Virginia	1,924	914	1,665	882
<b>Total Wholesale Revenues, net of Discounts</b>	<b>\$ 85,906</b>	<b>\$ 52,718</b>	<b>\$ 88,570</b>	<b>\$ 52,070</b>

<sup>1</sup>Net of intercompany eliminations



**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (Non-U.S. GAAP)**

	Three Months Ended December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(As Restated)</i>
<b>Net Cash Provided by Operating Activities</b>	\$ 29,036	\$ 63,007	\$ 94,347	\$ 182,872
Purchase of property, plant, and equipment	(9,454)	(49,313)	(119,174)	(141,265)
<b>Free Cash Flow</b>	<b>19,582</b>	<b>13,694</b>	<b>(24,827)</b>	<b>41,607</b>

**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (Non-U.S. GAAP)**

	For the Three Months Ended,	
	March 31, 2024	March 31, 2023
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Net Cash Provided by Operating Activities</b>	\$ 31,041	\$ 16,862
Purchase of property, plant, and equipment	(9,699)	(8,555)
<b>Free Cash Flow</b>	<b>21,342</b>	<b>8,307</b>

**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Loss to EBITDA (Non-U.S. GAAP)**

	For the Three Months Ended,		
	March 31, 2024	December 31, 2023	March 31, 2023
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	\$ (4,822)	\$ (77,208)	\$ (9,237)
Interest Expense, net	15,114	14,708	15,906
Income Tax Expense	11,477	44,350	28,320
Depreciation and Amortization - COGS	18,643	18,417	18,522
Depreciation and Amortization - SG&A	16,909	17,157	16,534
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)</b>	<b>\$ 57,321</b>	<b>\$ 17,424</b>	<b>\$ 70,045</b>

**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Loss to EBIT (Non-U.S. GAAP) and Adjusted EBITDA (Non-U.S. GAAP)**

	For the Three Months Ended,		
	March 31, 2024	December 31, 2023	March 31, 2023
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	\$ (4,822)	\$ (77,208)	\$ (9,237)
Interest Expense, Net	15,114	14,708	15,906
Income Tax Expense	11,477	44,350	28,320
<b>Earnings Before Interest, Taxes (EBIT)</b>	<b>\$ 21,769</b>	<b>\$ (18,150)</b>	<b>\$ 34,989</b>
<b>COGS Add-backs:</b>			
Depreciation and Amortization - COGS	18,643	18,417	18,522
Acquisition, Transaction and Other Non-operating Costs	—	—	—
Employee Stock Compensation	474	970	586
<b>SG&amp;A Add-backs:</b>			
Depreciation and Amortization - SG&A	16,909	17,157	16,534
Acquisition, Transaction and Other Non-operating Costs	3,476	595	494
Employee Stock Compensation	3,454	3,281	(42)
Impairment - Goodwill & License	—	51,617	—
Acquisition Adjustments and Other Income (Expense), net	1,822	(511)	(448)
<b>Adjusted EBITDA</b>	<b>\$ 66,547</b>	<b>\$ 73,376</b>	<b>\$ 70,635</b>
<b>Net Loss Margin</b>	<b>(2)%</b>	<b>(33)%</b>	<b>(4)%</b>
<b>Adjusted EBITDA Margin</b>	<b>30 %</b>	<b>31 %</b>	<b>31 %</b>