



Verano Holdings Announces First Quarter 2021 Results

May 18, 2021

- First quarter 2021 revenue of \$143 million, growth of approximately 117% year-over-year
- Gross profit margin of over 62% for first quarter 2021
- First quarter 2021 net income of \$126 million, including the impact of biological assets, and \$8 million excluding the impact of biological assets
- First quarter 2021 adjusted EBITDA of \$75 million, an industry-leading 52% margin

CHICAGO, May 18, 2021 (GLOBE NEWSWIRE) -- Verano Holdings Corp. (CSE:VRNO) (OTCQX: VRNOF) ("Verano" or "the Company"), a leading multi-state cannabis company, today announced its financial results for the first quarter ended March 31, 2021. The financial information below is reported on a pro forma consolidated basis accounting for the AltMed acquisition as if completed on January 1, 2021, and all currency is in U.S. dollars, unless otherwise noted.

First Quarter 2021 Financial Highlights

- First quarter 2021 revenues increased 117% from the first quarter 2020 to \$143 million.
- First quarter gross profit, on an unadjusted basis and not including the impact of biological assets, was \$89 million or 62% of revenue, compared to \$50 million in the first quarter 2020.
- First quarter 2021 SG&A expense was \$29 million or 20% of revenue, compared to \$14 million or 21% of revenue in the first quarter 2020.
- Net income in first quarter 2021, including the impact of biological assets, was \$126 million compared to \$72 million in the first quarter 2020. Excluding the impact of biological assets, net income was \$8 million in the first quarter 2021.
- First quarter 2021 EBITDA¹ on an unadjusted basis was \$60 million or 42% of revenues, and Adjusted EBITDA¹ was \$75 million or 52% of revenues.
- Cash flow from operations for first quarter 2021 was \$42 million, and free cash flow¹ was \$4 million.

Recent Operational Highlights

- Verano completed the acquisitions of Territory, Emerald, and Local Joint, all in Arizona, giving the Company the third largest retail footprint in the state with six active storefronts plus two cultivation facilities.
- The Company was upgraded to the OTCQX Best Market, which is expected to increase visibility and improve liquidity for investors, and marks another step toward maximizing long-term shareholder value.
- Verano completed a private placement raising gross proceeds of approximately C\$100 million, with warrants issued in the offering being priced at C\$28.50 for one Class A subordinate voting share of the Company.
- In first quarter 2021, the company brought four new dispensaries online in as many states.
- In April, the Company opened its second of three planned Zen Leaf dispensaries in New Jersey, where the expansion of its 120,000 sq. ft. cultivation facility is underway in anticipation of the onset of adult use sales in the state.
- The Company completed acquisitions of TerraVida and The Healing Center, adding six dispensaries in Pennsylvania – three in the Philadelphia metroplex and three in the Pittsburgh metroplex – and also acquired a permit for the development of three additional dispensaries in the state.
- In May, the Company upsized its existing credit facility by \$100 million, with an industry-leading 9.75% interest rate on a non-dilutive basis.
- Verano announced it has entered into agreements for the acquisitions of Agri-Kind and Agronomed Biologics in Pennsylvania, which are expected to add an active and completely built-out, state-of-the-art 62,000 sq. ft. indoor grow facility, in addition to further developing the Company's vertically integrated footprint with a permit for six new dispensaries and a second cultivation and production facility.

(1) See Non-IFRS Financial Measures below.

Management Commentary

"Our strong first quarter performance was foundational in nature and sets the tone for what we expect to be a transformational year. We anticipate considerable quarter-over-quarter growth in 2021 as we begin to realize the impact of accretive acquisitions we've made over the last few months, in addition to broad expansion of cultivation capacity and organic retail growth," said George Archos, Verano CEO and Founder. "I am very pleased with our accomplishments to-date, particularly how well we've executed on our growth strategy. We've expanded our retail footprint and production capacity in core markets where we've identified substantial near- and long-term upside. Our management team has risen to every occasion, effectively guiding integrations across our markets to maximize a growing talent pool, while unearthing operational efficiencies along the way. We believe we are poised to deliver on our stated objectives, to maintain an industry-leading margin profile through considerable expansion, and we expect to deliver added shareholder value into the foreseeable future."

Balance Sheet and Liquidity

As of March 31, 2021, the Company's current assets on a pro forma consolidated basis were \$549 million, including cash and cash equivalents of \$112 million. The Company had working capital of \$329 million and total debt, not including lease liabilities and net of issuance costs, of \$34 million.

Total shares on an as-converted basis are 303,609,405 as of May 17, 2021.

Additional Information

The financial information reported in this news release is based on the unaudited financial statements of Verano Holdings Corp. and the related management discussion and analysis ("MD&A") for the three months ended March 31, 2021, both of which are available under the Company's profile on SEDAR at www.SEDAR.com. All financial information contained in this news release is qualified in its entirety with reference to such financial statements and MD&A.

Non-IFRS Financial Measures

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

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

Conference Call and Webcast

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

- Investors and participants can register for the call by visiting this [page](#). After registering, instructions will be shared on how to join the call for those who wish to dial in.
- Live and archived webcast will be available on the Events and Presentations page of Verano's investor relations website at investors.verano.com.

About Verano

Verano Holdings Corp. is a leading, vertically-integrated, multi-state cannabis operator in the U.S., devoted to the ongoing improvement of communal wellness by providing responsible access to regulated cannabis products. With a mission to address vital health and wellness needs, Verano produces a comprehensive suite of premium, innovative cannabis products sold under its trusted portfolio of consumer brands: Verano, Avexia, Encore, and MÜV™. The Company's portfolio encompasses 14 U.S. States, with active operations in 11, which includes nine production facilities comprising approximately 770,000 square feet of cultivation. Verano designs, builds, and operates dispensaries under retail brands Zen Leaf™ and MÜV™, delivering a superior cannabis shopping experience in both medical and adult-use markets. Learn more at www.verano.com

Forward Looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". Forward-looking information and forward-looking statements may include, but are not limited to statements or information with respect to the Company's position in the marketplace, the proposed completion or buildout of Company facilities, the Company's cultivation capacity, the completion of pending acquisitions, the accretive nature of acquisitions, the fortification of the Company's presence in core markets, the possibility of material organic expansion, delivery of shareholder value and the ability to maintain industry-leading margins 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 statements herein, including, without limitation, the risk factors discussed in the Company's filings including our financial statements and MD&A for the fiscal year ending December 31, 2020 and our financial statements and MD&A for the three months ended March

31, 2021 on SEDAR at www.sedar.com.

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

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

**Unaudited Consolidated Statements of Operations
For the Three Months Ended March 31, 2021 and 2020**

<i>(\$ in thousands)</i>	For the Three Months Ended March 31	
	2021	2020
	(Unaudited)	(Unaudited)
Revenue	\$ 143,297	\$ 66,059
Cost of Sales	(54,605)	(15,618)
Gross Profit Before Fair Value Adjustments of Biological Assets	88,693	50,441
Gross Profit % Before Changes In Fair Value of Biological Assets	61.9%	76.4%
Net Effect of Changes in Fair Value of Biological Assets	117,408	54,024
Gross Profit	206,100	104,465
Expenses:		
Selling, General and Administrative ¹	29,206	14,081
Depreciation and Amortization	2,957	2,821
Total Expenses	32,163	16,902
Income (Loss) from Investments in Associates	803	4,528
Income (Loss) from Operations	174,740	92,091
Total Other Income (Expense), Net	(3,135)	(4,140)
Gain (Loss) Before Income Taxes	171,605	87,951
Income Tax Expense	45,327	16,108
Net Income Attributable To Non-Controlling Interest	706	168
Net Income	\$ 125,573	\$ 71,676

**Verano Holdings Corporation Pro Forma
Unaudited Summarized Consolidated Statements of Financial Position
As of March 31, 2021 and 2020**

<i>(\$ in thousands)</i>	For the Three Months Ended March 31	
	2021 ¹	2020
	(Unaudited)	(Unaudited)
Cash and Cash Equivalents	\$ 111,637	\$ 19,834
Other Current Assets	437,083	142,418
Property and Equipment, Net	247,570	148,932
Intangible Assets, Net	722,917	19,880
Goodwill	222,525	5,597
Other Long-Term Assets	37,600	65,133
Total Assets	\$ 1,779,332	\$ 401,795
Total Current Liabilities	\$ 220,043	\$ 88,284
Total Long-Term Liabilities	295,083	38,315

Total Shareholders' Equity	1,264,205	275,197
Total Liabilities and Shareholders' Equity	\$ 1,779,332	\$ 401,795

¹ 2021 consolidated statement reported on IFRS-basis

**Verano Holdings Corporation Pro Forma
Unaudited Reconciliation of Net Income to Adjusted EBITDA and Non-IFRS
For the Three Months Ended March 31, 2021 and 2020**

(\$ in thousands)	For the Three Months Ended	
	March 31,	
	2021	2020
	(Unaudited)	(Unaudited)
Net Income¹	\$ 125,573	\$ 71,676
Depreciation and Amortization	5,110	2,821
Interest Expense, Net	1,633	380
Income Tax Expense	45,327	16,108
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) (Non-IFRS)	\$ 177,644	\$ 90,984
Other expense (income), net	1,268	3,760
Acquisition, transaction, and other non-operating costs	13,543	651
Adjusted EBITDA (Non-IFRS)	\$ 192,454	\$ 95,395
Net Impact of Fair Value of Biological Assets	(117,408)	(54,024)
Adjusted EBITDA (non-IFRS), Net of Impact of Biological Assets	\$ 75,047	\$ 41,372

¹ Net Income excludes amounts attributable to non-controlling interest.

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Source: Verano Holdings Corp.