



VERANOTM

2Q 2023 EARNINGS PRESENTATION

08 /08/ 23

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", "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 completion of pending acquisitions and debt transactions, 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, including, without limitation, the risk factors described in the Company's annual report on Form 10-K. 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.

BEFORE WE BEGIN

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 earnings from operations before interest expense, tax expense, depreciation, and amortization. The Company presents EBITDA on a consistent basis from period to period. Adjusted EBITDA is calculated herein as income attributable to the Company plus net interest expense, income taxes, depreciation and amortization, and also excludes certain one-time items. Free Cash Flow is calculated herein as Cash Flow from Operations minus Capital Expenditures. Management believes that these non-GAAP financial measures provide useful information to readers as a supplement to reported GAAP financial information. 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.

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01

2Q 2023 HIGHLIGHTS



2Q 2023 HIGHLIGHTS

Revenue of \$234M

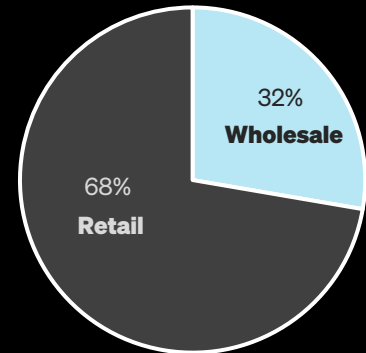
Representing 5% YoY Growth

**31% Adjusted
EBITDA Margin¹**

**Relative Price
Stability Across
Portfolio Markets**

**2Q 2023 Revenue
Contribution³**

47% Vertical Mix²



MAINTAINING RESPONSIBLE PRICING STRATEGIES

ILLINOIS

- Seeing relative price stabilization statewide
- Retail revenue down 7% YoY despite dispensary count growing >20% YTD
- Wholesale revenue down 10% YoY despite greater price compression¹ in the state
- Growing wholesale market share, which we believe reflects success of our brand strategy

FLORIDA

- Pricing products responsibly and avoiding irrational discounting
- Held **>10% total market share** by volume in 1H 2023
 - Likely holding well **above 10% total market share** in terms of revenue as we are priced above state averages¹
- Now have 70 dispensaries in the state

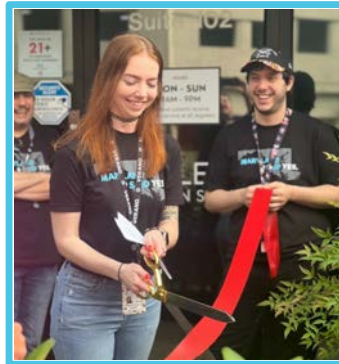
DEVELOPING ADULT USE MARKETS

CONNECTICUT

- Adult use location still performing at $\sim 2.5x^1$ vs the prior year
- First social equity joint venture opened with **five more openings slated for 2023 and beyond**

MARYLAND

- Strong July 1 start across our four retail locations
- July sales lift has been $\sim 2.4x^1$ vs the prior year



NEW JERSEY

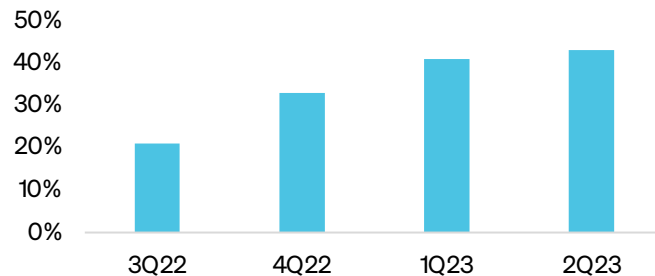
- Net wholesale revenue up $\sim 50\%$ in 2Q vs the prior year
- **Verano brand #1** for 2022 and 2023 YTD
- Top market share at $\sim 21\%$ in June, 2023
- Recently launched Savvy brand



DATA-DRIVEN BRAND STRATEGY

- Thoughtfully evaluate consumer data and demand to develop and deploy new brands
 - Process has been incredibly successful with the Savvy brand, launched 2H 2022, now 15% of total company revenue¹
- Leverage sophisticated operations and advanced automation to enable rapid speed to market

% Revenue Impact from New Brands & Products



¹ Savvy brand represented 15% of total company revenue in 2Q 2023.

AN ETHOS OF CONTINUOUS IMPROVEMENT

Laser focused on efficiencies, tracking and improving on KPIs through constant SOP evaluation, innovation, automation, and R&D

WHOLESALE

- Units/Headcount **+60%** 1H23 vs the prior year
- Grams/Plant improvement of **+15%** YTD



RETAIL

- Transactions/Headcount **+26%** 1H23 vs the prior year
- Increasing Verano vertical mix to 47%, boosting margins
 - 1H23 sell through up nearly **+2,000bps** vs the prior year

02

FINANCIAL REVIEW



2Q 2023 FINANCIAL RESULTS

- Retail / wholesale revenue split of 68% / 32% for the quarter¹
- \$8M of 2Q 2023 CAPEX fully funded by operating cash flow
- Generated \$16M of Free Cash Flow² in 2Q 2023 and \$24M YTD

\$USD thousands	2Q 2023 Results
Revenue	\$234,115
Gross Profit	\$115,191
Income from Operations	\$30,430
Net Loss	\$(13,061)

FORTIFYING THE BALANCE SHEET

- Acquisition Consideration Payable at only \$2M after paying down \$13M in the quarter
- Decreased Income Taxes Payable by \$21M in 2Q 2023 to \$227M
- Holding \$103M cash for flexibility

\$USD thousands	As of June 30, 2023
Cash	\$102,579
Total Assets	\$2,346,803
Debt	\$420,378
Total Liabilities	\$1,020,459

03

OUTLOOK



POSITIVE MOMENTUM

State-level 280E decoupling

Connecticut, New Jersey, and Illinois no longer applying section 280E of the tax code to cannabis businesses

Very impactful with these states among our top revenue contributors¹

Alabama vertical license

Notified we were to be awarded one of five vertical licenses²

Would permit cultivation, processing, and five dispensaries

DC Momentum

Pleased to see SAFE conversations continuing

Remain involved, continuing lobbying efforts at an industry level

TIGHTENING 2023 FREE CASH FLOW¹ GUIDANCE TO \$65-75M

Generated \$24M of Free Cash Flow YTD

Reiterating Capex guidance of \$35-50M

Maintaining flexibility with \$103M cash on the
balance sheet



04

CLOSING AND Q&A



05

APPENDIX



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

	For the Three Months Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
Revenues, net of Discounts	\$ 234,115	\$ 227,060	\$ 223,662
Cost of Goods Sold, net	118,924	117,875	125,547
Gross Profit	115,191	109,185	98,115
Gross Profit %	49 %	48 %	44 %
Operating Expenses			
Selling, General and Administrative	84,660	75,243	100,263
Total Operating Expenses	84,660	75,243	100,263
Loss from Investments in Associates	(101)	(160)	(144)
Income (Loss) from Operations	30,430	33,782	(2,292)
Other Income (Expense):			
Gain (Loss) on Disposal of Property, Plant and Equipment	(388)	67	(203)
Loss on Deconsolidation	—	—	(73)
Loss on Previously Held Equity Interest	—	—	(171)
Loss on Debt Extinguishment	—	(663)	—
Interest Expense, net	(14,013)	(15,906)	(11,624)
Other Income (Expense), net	(1,411)	1,803	15,619
Total Other Income (Expense), Net	(15,812)	(14,699)	3,548
Income Before Provision for Income Taxes and Non-Controlling Interest	14,618	19,083	1,256
Provision for Income Tax Expense	(27,679)	(28,320)	(11,103)
Net Income Attributable To Non-Controlling Interest	—	—	—
Net Loss Attributable to Verano Holdings Corp. & Subsidiaries	(13,061)	(9,237)	(9,847)

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

	June 30,	December 31,
	2023	2022
	<i>(Unaudited)</i>	
Cash and Cash Equivalents	\$ 102,579	\$ 84,851
Other Current Assets	216,351	233,424
Property and Equipment, Net	519,284	525,905
Intangible Assets, Net	1,135,036	1,180,766
Goodwill	269,282	269,088
Other Long-Term Assets	104,271	102,021
Total Assets	\$ 2,346,803	\$ 2,396,055
Total Current Liabilities	\$ 348,319	\$ 386,645
Total Long-Term Liabilities	672,140	667,860
Total Shareholders' Equity	1,326,344	1,341,550
Total Liabilities and Shareholders' Equity	\$ 2,346,803	\$ 2,396,055

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

	Six Months Ended June 30,	
	2023	2022
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net Cash Provided by Operating Activities	\$ 40,740	\$ 43,648
Purchase of property, plant, and equipment	(16,541)	(86,851)
Free Cash Flow	24,199	(43,203)

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net Loss Attributable to Verano Holdings Corp. & Subsidiaries	\$ (13,061)	\$ (9,847)	\$ (22,298)	\$ (10,061)
Interest Expense, Net	14,013	11,624	29,918	22,295
Income Tax Expense	27,679	11,103	55,999	36,617
Depreciation and Amortization - COGS	18,529	19,089	37,050	38,814
Depreciation and Amortization - SG&A	16,708	16,388	33,243	31,097
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	\$ 63,868	\$ 48,357	\$ 133,912	\$ 118,762

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		
	June 30, 2023	March 31, 2023	June 30, 2022
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net Loss Attributable to Verano Holdings Corp. & Subsidiaries	\$ (13,061)	\$ (9,237)	\$ (9,847)
Interest Expense, Net	14,013	15,906	11,624
Income Tax Expense	27,679	28,320	11,103
Earnings Before Interest, Taxes (EBIT)	\$ 28,631	\$ 34,989	\$ 12,880
COGS Add-backs:			
Depreciation and Amortization - COGS	18,529	18,522	19,089
Acquisition, Transaction and Other Non-operating Costs	—	—	15,385
Employee Stock Compensation	488	586	2,976
SG&A Add-backs:			
Depreciation and Amortization - SG&A	16,708	16,534	16,388
Acquisition, Transaction and Other Non-operating Costs	472	494	10,720
Employee Stock Compensation	3,260	(42)	10,515
Acquisition Adjustments and Other Income (Expense), net	\$ 3,424	\$ (448)	\$ (12,428)
Adjusted EBITDA	\$ 71,512	\$ 70,635	\$ 75,525

A glass bong is the central focus, partially filled with a golden liquid. To its left is a large, dark green cannabis bud. To its right, a lit candle in a yellow holder is partially visible. The background is a soft, out-of-focus gradient of brown and grey.

THANK YOU

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