

A close-up photograph of a person's hands rolling a cigarette. The person is using a white paper and a yellow filter. In the background, there is a wooden surface with a metal grinder and its lid. The lighting is warm and focused on the hands.

**VERANO**<sup>TM</sup>

# 4Q 2021 and Full Year 2021 Earnings

4/27/22

# BEFORE WE BEGIN

## Forward-Looking Information

This presentation 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". 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, 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 on EDGAR at [www.sec.com/edgar](http://www.sec.com/edgar). 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” and “Free Cash Flow” do not have any standardized meaning prescribed within International Financial Reporting Standards (“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 the EBITDA on a consistent basis from period to period and gains and losses from one-time non-recurring events are eliminated. Adjusted EBITDA is calculated herein 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 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.

<b>2021 HIGHLIGHTS</b>	<b>1</b>
<b>OPERATIONAL UPDATE</b>	<b>2</b>
<b>FINANCIAL REVIEW</b>	<b>3</b>
<b>2022 OUTLOOK</b>	<b>4</b>

# 2021 HIGHLIGHTS



# 2021 RECAP

Transformational year in Verano's history as we developed and executed against our strategic plan to

- Bolster our visibility in the public markets
- Expand and deepen our footprint
- Improve upon our financial health

Positive free cash flow and profitability continue to be a differentiator





# 223%

Year over year  
growth

\$738 million in 2021  
revenue

# 44%

2021 adj. EBITDA  
margins<sup>1</sup>

\$84 million in 4Q adj.  
EBITDA



# NEW JERSEY POSITIONING



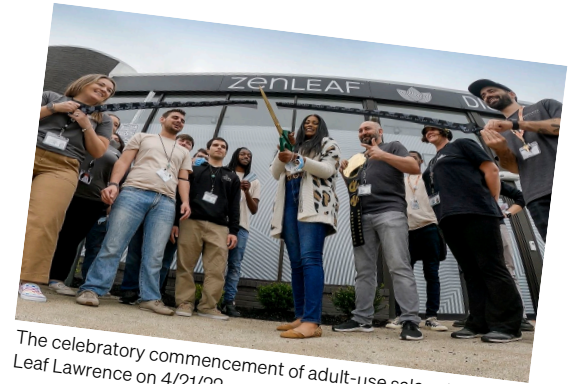
Governor Phil Murphy speaks before the Zen Leaf Elizabeth location opened on 4/21/22.

Confident in our ability to adequately supply the market

- Did not limit sales per customer as opposed to many dispensaries in the state that implemented caps

New Jersey is on a run-rate to have the highest average sales per dispensary in the Verano footprint<sup>1</sup>

- Zen Leaf Elizabeth: ~4 miles from Newark airport, approved for adult-use
- Zen Leaf Lawrence: ~8 miles from PA border, approved for adult-use
- Zen Leaf Neptune: Jersey Shore location, pending adult-use licensing



The celebratory commencement of adult-use sales at Zen Leaf Lawrence on 4/21/22.





# LEGISLATIVE PROGRESS

- Preparing for possibility of adult-use legislation by expanding cultivation capacity in Florida and Pennsylvania
- Positioning in four states that are transitioning to adult-use markets<sup>1</sup>
- Continued momentum at the federal level

<sup>1</sup>New Jersey, New York, Connecticut, and New Mexico have passed legislation legalizing adult-use cannabis sales.

# GOODNESS GROWTH PORTFOLIO

## ADDITIONS TO CORE STATES

### New York

- Approved for adult-use
- 4 dispensaries
- 64k sq ft indoor cultivation facility

### Minnesota

- Medical market
- 8 dispensaries
- 87k sq ft indoor cultivation facility

## ADDITIONS TO DEVELOPING STATES

### New Mexico

- Approved for adult-use
- 4 dispensaries
- 19k sq ft indoor cultivation facility



# OPERATIONAL UPDATE



# OPERATIONAL MINDSET

Building an agile framework with market-level oversight

- Unwavering focus on maintaining high-quality standards
- Bolstered R&D team to catalyze innovation pipeline
- Data-driven approach to cultivation practices
- Tiered product strategy
  - Launched Verano Essence to serve the mid-tier shopper
- Increased marketing investments and refreshed branding



# INVESTING AHEAD OF GROWTH

## More than Doubled Corporate Headcount<sup>1</sup>

Have increased that number by  
nearly 20% year-to-date

## Nearly Tripled Retail & Cultivation Headcount<sup>1</sup>

Added thousands of employees  
to the Verano family since the end  
of 2020

## Quadrupled Dispensary Count<sup>2</sup>

96 dispensaries are now  
financially contributing to the  
business

<sup>1</sup>Headcount growth numbers of 12/31/21 versus 12/31/20. <sup>2</sup>Dispensary count as of April 26, 2022 versus December 31, 2020.

# FINANCIAL REVIEW





# FINANCIAL RESULTS

- Retail / wholesale revenue split of 73% / 27% for FY 2021
- \$141 million of FY 2021 capex fully funded by operating cash flow
- SG&A expenses for the fourth quarter were 26% of revenues

Fourth Quarter 2021 Results	
\$USD thousands	
Revenue	\$211,420
Gross Profit	\$114,471
Operating Income	\$44,756
Net Income	\$27,229

# FINANCIAL FLEXIBILITY

- Unencumbered by sale leasebacks
- Prudent increases in debt ahead of growth
  - Debt upsize of \$100m to a total of \$350m
- Ability to self fund Capex
  - Free cash flow of \$40m

\$USD thousands	As of Dec. 31, 2021
Cash	\$99,118
Total Assets	\$2,545,724
Debt	\$289,925
Total Liabilities	\$1,066,990

# 4.5%

Same store  
sales growth  
year over year  
in 4Q<sup>1</sup>

# 12%

Store traffic  
growth year  
over year in 4Q

**VERANO**<sup>™</sup>

<sup>1</sup>Inclusive only of dispensaries that were operational for the entirety of 4Q20.



# 2022 OUTLOOK



# GROWTH DRIVERS IN PLACE

Well-positioned for 2022

- Vertically integrated in 14 of 16 active states<sup>1</sup>
- Continued positioning ahead of market growth
- Selectively acquisitive



# LONG-TERM OUTLOOK

Expecting 1Q22 top line to decline mid-single digits vs 4Q21

- Driven by omicron and seasonality effects
- Anticipating sales to pick up in 2Q and accelerate through 2022

Expecting full year 2022 adj EBITDA margins in the low 40s





# CONSISTENT STRATEGY

Targeting attractive medical markets, prudently growing our presence to be prepared for adult-use legalization

“We are relentless in strategically positioning Verano ahead of growth” – George Archos, Founder & CEO

**THANK YOU**

**VERANO™**

**THANK YOU**