

VERANO™

3Q 2022 Earnings

11/14/22

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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, 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 forward-looking statements herein, including, without limitation, the risk factors discussed in the Company's filings on EDGAR at 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 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 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.

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3Q22 HIGHLIGHTS



3Q22 SEQUENTIAL GROWTH

\$228 million in revenue representing 2% growth quarter over quarter, 10% growth year over year

- Driven by strength from New Jersey adult-use sales

Adjusted EBITDA margin of 36%

- \$82 million versus \$76 million in the prior quarter



MARKET UPDATES

New Jersey

- Wholesale and Retail revenue up 3x and 5x, respectively¹
- Remain bullish but expecting near-term normalization due to initial adult-use excitement dissipating

Florida

- No significant damage to operations from Hurricane Ian
- Patient growth has tapered but still see value in opening new dispensaries
- Tempering 4Q22 expectations due to the state's hurricane recovery efforts

Pennsylvania

- Launching value brand Savvy in 4Q22
- Focus on scaling wholesale efforts of Verano Reserve and Essence alongside Savvy
- Runway to open 3 more dispensaries, increasing the total to 18

¹Versus third quarter 2021 sales.

CAPITAL ALLOCATION



CASH MANAGEMENT

Taking measures that we believe will insulate and prepare the business for a recessionary environment by prioritizing cash flow.

- Delayed CAPEX projects we do not believe will provide returns in the immediate term
- Will react accordingly as progression towards adult-use picks up in certain markets
- Targeting \$20 million CAPEX in 4Q and \$25-50 million in FY 2023



REFINANCED CREDIT FACILITY AND ADDED FLEXIBLE TERMS

Extended maturity

\$350 million facility with maturation in October 2026 and up to \$270 million in upside optionality¹

Prepayment option

Option to prepay up to \$100 million for a \$1 million premium

Expect to leverage unencumbered real estate

Goal of bringing down blended cost of capital to 10.5% in the medium term

FUTURE GROWTH



FOURTH QUARTER PRODUCT LAUNCH



Continued R&D Mindset

BITs™ add another powerful and complementary piece to our growing portfolio by enhancing everyday activities and bringing the enjoyable effects of cannabis edibles to daily tasks and occasions

- Targets new consumer segment with low-dose high-function edibles line
- BITs™ combine 5mg THC and various functional adaptogens
- Initial launch across six markets including Illinois, Ohio, Nevada, Massachusetts, Maryland, and New Jersey



STRONG GROWTH OPPORTUNITIES AHEAD

Verano holds scaled operations in 5 potential adult-use markets

- **Maryland** residents voted to legalize sales in 2023
- We anticipate **Connecticut** to open adult-use sales within 6 months
- **Florida, Pennsylvania,** and **Ohio**



REMAINING SELECTIVELY ACQUISITIVE

- Will evaluate potential assets to strategically expand our footprint
- Evaluating opportunities thoughtfully and carefully given challenging economic and industry headwinds

LEGISLATIVE MOMENTUM



Encouraged by Biden's Directive

On October 6, 2022, the White House issued a pardon for simple cannabis possession along with the request that the Attorney General and HHS reevaluate cannabis' Schedule 1 drug classification

- Do not anticipate a scheduling decision in the short-term but encouraged by any progress
- Recent Maryland and Missouri legalization underscores Americans' support for the issue¹
- Continuing our work to ensure we are well positioned for the possibility of entering the US capital markets
- In the interim, we will do what we do best – keep our heads down and efficiently operate the business

FINANCIAL REVIEW



FINANCIAL RESULTS

- Retail / wholesale revenue split of 70% / 30% for the quarter¹
- \$23 million of 3Q22 capex fully funded by operating cash flow
 - Expecting ~\$25-50 million of capex in FY23
- SG&A expenses for the third quarter were 38% of revenues, a ~700+ bps decrease from the second quarter's 45% of revenues

Third Quarter 2022 Results	
\$USD thousands	
Revenue	\$227,588
Gross Profit	\$122,994
Income from Operations	\$37,075
Net Loss	\$(42,993)

FINANCIAL FLEXIBILITY

- Refinanced debt with new maturity in October 2026
 - Goal to leverage real estate in effort to bring blended cost of capital to 10.5%
- Acquisition Consideration Payable has decreased from \$67 million in 2Q22 to \$54 million in 3Q22
 - Up to ~\$30 million is due in cash with the remainder due in equity

As of September 30, 2022	
\$USD thousands	
Cash	\$76,418
Total Assets	\$2,623,027
Debt	\$392,135
Total Liabilities	\$1,082,733

CLOSING AND Q&A



THANK YOU

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THANK YOU

APPENDIX



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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues, net of Discounts	\$ 227,588	\$ 206,469	\$ 653,485	\$ 526,430
Cost of Goods Sold, net	104,594	108,268	333,759	304,729
Gross Profit	122,994	98,201	319,726	221,701
Selling, General, and Administrative Expenses	85,710	76,477	275,531	189,155
Income (Loss) from Investments in Associates	(209)	1,289	1,651	2,737
Income from Operations	37,075	23,013	45,846	35,283
Other Income (Expense):				
Gain (loss) on Disposal of Property, Plant and Equipment	1,443	(9)	251	(438)
Gain on Deconsolidation	75	—	9,560	—
Gain on Previously Held Equity Interest	175	—	14,103	—
Interest Expense, net	(11,785)	(8,113)	(34,082)	(15,314)
Other Income (Expense), net	(595)	233	17,557	(764)
Total Other Income (Expense)	(10,687)	(7,889)	7,389	(16,516)
Net Income Before Provision for Income Taxes and Non-Controlling Interest	26,388	15,124	53,235	18,767
Provision For Income Taxes	(69,381)	(27,086)	(105,998)	(66,939)
Net Loss Before Non-Controlling Interest	(42,993)	(11,962)	(52,763)	(48,172)
Net Income Attributable to Non-Controlling Interest	—	551	291	1,915
Net Loss Attributable to Verano Holdings Corp.	\$ (42,993)	\$ (12,513)	\$ (53,054)	\$ (50,087)
Net Loss per share – basic	\$ (0.13)	\$ (0.04)	\$ (0.16)	\$ (0.18)
Net Loss per share – diluted	\$ (0.13)	\$ (0.04)	\$ (0.16)	\$ (0.18)
Basic – weighted average shares outstanding	332,872,464	313,674,044	329,240,200	281,961,659
Diluted – weighted average shares outstanding	332,872,464	313,674,044	329,240,200	281,961,659

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

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

	September 30,	December 31,
	2022	2021
	<i>(Unaudited)</i>	<i>(As Restated)</i>
Cash and Cash Equivalents	\$ 76,418	\$ 99,118
Other Current Assets	218,652	177,926
Property and Equipment, Net	533,753	452,232
Intangible Assets, Net	1,326,601	1,379,913
Goodwill	380,408	368,130
Other Long-Term Assets	87,195	71,336
Total Assets	<u>\$ 2,623,027</u>	<u>\$ 2,548,655</u>
Total Current Liabilities	\$ 384,197	\$ 470,516
Total Long-Term Liabilities	698,536	596,333
Total Shareholders' Equity	1,540,294	1,480,530
Non-controlling Interest	\$ —	1,276
Total Liabilities and Shareholders' Equity	<u>\$ 2,623,027</u>	<u>\$ 2,548,655</u>

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

(\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Loss Attributable to Verano Holdings Corp.	\$ (42,993)	\$ (12,513)	\$ (53,054)	\$ (50,087)
Interest Expense, net	11,785	8,113	34,082	15,314
Income Tax Expense	69,381	27,086	105,998	66,939
Depreciation and Amortization - COGS	20,727	16,083	59,540	38,365
Depreciation and Amortization - SG&A	15,592	13,481	46,690	27,255
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	74,492	52,250	193,256	97,786

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

(\$ in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net Loss Attributable to Verano Holdings Corp.	\$ (42,993)	\$ (12,513)	\$ (53,054)	\$ (50,087)
Interest Expense, Net	11,785	8,113	34,082	15,314
Income Tax Expense	69,381	27,086	105,998	66,939
Earnings Before Interest and Taxes (EBIT)	\$ 38,173	\$ 22,686	\$ 87,026	\$ 32,166
COGS Add-backs:				
Depreciation and Amortization	20,727	16,083	59,540	38,365
Acquisition, Transaction and Other Non-operating Costs	111	30,419	20,108	84,223
Employee Stock Compensation	1,745	1,486	5,772	1,486
SG&A Add-backs:				
Depreciation and Amortization	15,592	13,481	46,690	27,255
Acquisition, Transaction and Other Non-operating Costs	(1,791)	4,671	21,181	27,987
Employee Stock Compensation	8,075	11,903	28,452	30,236
Acquisition Adjustments and Other Income (Expense), net	\$ (508)	\$ 209	\$ (23,916)	\$ 630
Adjusted EBITDA	\$ 82,124	\$ 100,938	\$ 244,853	\$ 242,348