

## FORM 9

### **NOTICE OF ISSUANCE OR PROPOSED ISSUANCE OF LISTED SECURITIES**

**(or securities convertible or exchangeable into listed securities<sup>1</sup>)**

Name of Listed Issuer:

Symbol(s):

Verano Holdings Corp. (the "Issuer").

VRNO

Date: April 23, 2021. Is this an updating or amending Notice:

☐ Yes

☒ No

If yes provide date(s) of prior Notices: N/A.

Issued and Outstanding Securities of Issuer Prior to Issuance:

*128,763,459.3884 Class A subordinate voting shares in the capital of the Issuer (the "**Subordinate Voting Shares**") and 1,684,531.2560 Class B proportionate voting shares in the capital of the Issuer (the "**Proportionate Voting Shares**").*

#### **Pricing**

Date of news release announcing proposed issuance: April 22, 2021 or

Date of confidential request for price protection: N/A

Closing Market Price on Day Preceding the news release: C\$22.75

Day preceding request for price protection: N/A

#### **Closing**

Number of securities to be issued:

*That number of Subordinate Voting Shares or Proportionate Voting Shares having a value equal to the Canadian dollar equivalent (based on the exchange rate posted by the Bank of Canada on the trading day preceding the date of issuance) of US\$50,000,000 (the "**Equity Consideration Amount**" and such shares the "**Verano Shares**").*

*To the extent that Subordinate Voting Shares, are issued, the number of such Subordinate Voting Shares will be equal to the greater of:*

*a) 2,779,867 Subordinate Voting Shares; and*

*b) the Equity Consideration Amount as expressed in and converted to the Canadian dollar equivalent in accordance with the exchange rate posted by the Bank of Canada on the trading day preceding the date of issuance, divided by the 10-day volume weighted average price per share of the Subordinate Voting Shares on the Canadian Securities Exchange (the "**Exchange**") as reported by Bloomberg Finance L.P. over the ten consecutive trading day period ending on*

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*the trading day immediately prior to the date of the closing of the Merger (as defined below) less a 5.8% discount (the “**Initial Class A Share Price**”).*

*The Issuer will have the right to determine whether the Verano Shares issued and delivered as Equity Consideration Amount are Subordinate Voting Shares and/or Proportionate Voting Shares (or a mix thereof) as is reasonably required for the Issuer to maintain foreign private issuer status as reasonably determined by the Issuer; provided that the Subordinate Voting Shares issued have a value equal to the Canadian dollar equivalent (based on the exchange rate posted by the Bank of Canada on the trading day preceding the date of issuance) of US\$5,000,000. To the extent that Proportionate Voting Shares are issued, the number of such Proportionate Voting Shares will be equal to the number of Subordinate Voting Shares that would have been issued and delivered divided by 100 (or such other conversion ratio as is in effect as at the date of delivery).*

Issued and outstanding securities following issuance:

*The number of Subordinate Voting Shares and Proportionate Voting Shares outstanding following the issuance will depend on a) the number of such shares outstanding immediately prior to the time of issuance; and b) the number of Subordinate Voting Shares and Proportionate Voting Shares issued per the above formula.*

#### **Instructions:**

1. For private placements (including debt settlement), complete tables 1A and 1B in Part 1 of this form.
2. Complete Table 1A – Summary for all purchasers, excluding those identified in Item 8.
3. Complete Table 1B – Related Persons only for Related Persons
4. If shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition) please proceed to Part 2 of this form.
5. An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10 – Notice of Proposed Transaction
6. Post the completed Form 9 to the CSE website in accordance with *Policy 6 – Distributions*. In addition, the completed form must be delivered to [listings@thecse.com](mailto:listings@thecse.com) with an appendix that includes the information in Table 1B for ALL placees.

**Part 1. Private Placement**

This part is not applicable.

**Table 1A – Summary**

Each jurisdiction in which purchasers reside	Number of Purchasers	Price per Security	Total dollar value (CDN\$) raised in the jurisdiction
Total number of purchasers:			
Total dollar value of distribution in all jurisdictions:			

**Table 1B – Related Persons**

Full Name & Municipality of Residence of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable) (CDN\$)	Prospectus Exemption	Total Securities Previously Owned, Controlled or Directed	Payment Date(1)	Describe relationship to Issuer (2)

<sup>1</sup> An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: \_\_\_\_\_.

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2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. \_\_\_\_\_ .
3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: \_\_\_\_\_ .  
\_\_\_\_\_ .
4. If securities are issued in forgiveness of indebtedness, provide details of the debt agreement(s) or and the agreement to exchange the debt for securities.
5. Description of securities to be issued:
- (a) Class \_\_\_\_\_ .
  - (b) Number \_\_\_\_\_ .
  - (c) Price per security \_\_\_\_\_ .
  - (d) Voting rights \_\_\_\_\_ .
6. Provide the following information if warrants, (options) or other convertible securities are to be issued:
- (a) Number \_\_\_\_\_ .
  - (b) Number of securities eligible to be purchased on exercise of warrants (or options) \_\_\_\_\_ .  
\_\_\_\_\_ .
  - (c) Exercise price \_\_\_\_\_ .
  - (d) Expiry date \_\_\_\_\_ .
7. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount \_\_\_\_\_ .
  - (b) Maturity date \_\_\_\_\_ .
  - (c) Interest rate \_\_\_\_\_ .
  - (d) Conversion terms \_\_\_\_\_ .
  - (e) Default provisions \_\_\_\_\_ .

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8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): \_\_\_\_ .
  - (b) Cash \_\_\_\_\_ .
  - (c) Securities \_\_\_\_\_ .
  - (d) Other \_\_\_\_\_ .
  - (e) Expiry date of any options, warrants etc. \_\_\_\_\_ .
  - (f) Exercise price of any options, warrants etc. \_\_\_\_\_ .
9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship \_\_\_\_\_ .
10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.). \_\_\_\_\_ .
11. State whether the private placement will result in a change of control. \_\_\_\_\_ .
12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. \_\_\_\_\_ .
13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer

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until the expiry of the applicable hold period required by National Instrument 45-102 Resale of Securities.

## Part 2. Acquisition

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

*The Issuer will acquire Agronomed Biologics, LLC, a Pennsylvania limited liability company (the “**Company**”), by Verano AB MergerSub, LLC, a Pennsylvania limited liability company and a direct wholly-owned subsidiary of the Issuer (the “**Purchaser**”), merging with and into the Company (the “**Merger**”) with the Company surviving the Merger and becoming a direct wholly-owned subsidiary of the Issuer (the “**Surviving Company**”).*

*The Company has been provisionally awarded a clinical registrant permit from the Pennsylvania Department of Health to research, cultivate, manufacture, distribute, transport and dispense medical marijuana in partnership with Drexel University in the Commonwealth of Pennsylvania.*

2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:

*The Merger will be completed pursuant to an Agreement and Plan of Merger (the “**Agreement**”), dated April 21, 2021, by and among the Issuer, Purchaser, the Company, The Healing Research Center LLC, a Pennsylvania limited liability company, and Agronomed Pharmaceuticals, LLC, a Pennsylvania limited liability company and the sellers’ representatives named therein. The parties (other than the Purchaser) are all arm’s length parties to the Issuer.*

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:

- (a) Total aggregate consideration in Canadian dollars:

*The aggregate consideration for the Merger is US\$60,000,000 (C\$75,138,000)<sup>1</sup>, subject to adjustment as provided in the Agreement (the “**Purchase Price**”). In addition to the Purchase Price, a \$15,000,000 earn-out will be payable, and make-whole payments may be payable, as outlined below.*

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<sup>1</sup> Unless stated otherwise, exchange rates in this Form 9 are based on the exchange rate posted by the Bank of Canada on April 21, 2021 for illustrative purposes.

(b) Cash: US\$10,000,000 (C\$12,523,000)

(c) Securities (including options, warrants etc.) and dollar value:

*The calculation of the number of shares to be issued, and the dollar value of such share, is set out on pages 1-2 of this Form 9.*

(d) Other:

*In addition to paying the Purchase Price, the Purchaser will pay the members of the Company (the "Sellers") an earn-out equal to US\$15,000,000 (C\$18,784,500) (the "**Earn-Out Amount**"). The Earn-Out Amount will be paid on the earliest of (i) the date the Surviving Company opens three dispensaries under its license, (ii) the breach of certain obligations by the Purchaser, (iii) upon a change of control, (iv) the tenth day following the post-closing date on which the volume weighted average price per share of the Subordinate Voting Shares on the Exchange (as reported by Bloomberg Finance L.P. over the 15 consecutive trading day period after the closing of the Merger) is less than C\$12.70 and (v) the 15 month anniversary of the closing of the Merger.*

*The Earn-Out Amount is payable in Subordinate Voting Shares of the Issuer ("**Earn-Out Shares**"), unless the Sellers elect to be paid all or part of the Earn-Out Amount in cash.*

*If the Earn-Out Amount is paid in Earn-Out Shares, the number of Subordinate Voting Shares issued and delivered will be equal to the quotient of (i) the Canadian dollar equivalent (based on the exchange rate posted by the Bank of Canada on the trading day preceding the date of issuance), divided by (ii) the lesser of: (1) the volume weighted average trading price of the Subordinate Voting Shares on the Exchange as reported by Bloomberg Finance L.P. over the 10-consecutive trading day-period ending on the trading day immediately prior to the payment date, as reduced by a 7.5% discount, and (2) the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the payment date, as reduced by a 7.5% discount (the "**Earn-Out Share Price**").*

*The payment of the Earn-Out Amount will be secured by convertible promissory notes issued by the Purchaser (the "**Promissory Notes**") pursuant to which the Earn-Out Amount principal amount of the Promissory Notes becomes payable if the Purchaser does not pay any portion of the Earn-Out Amount when due. In such event, the Purchaser is required to deliver Subordinate*



*Voting Shares to the holders thereof for the amount owing, with the price of such shares being the Earn-Out Share Price.*

*In addition, the Purchaser may also have to pay make-whole payments as described below (the “**Make Whole Payments**”).*

*If the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the six month anniversary of the closing date of the Merger is less than the Initial Class A Share Price, the Surviving Company will, on the date that is the six month anniversary of the closing date of the Merger, pay to the Sellers an aggregate amount equal to (a) 12.5% of the number of Subordinate Voting Shares that would have been issued on the closing date of the Merger, multiplied by (b) the Initial Class A Share Price less the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the date that is the six month anniversary of the closing date of the Merger; which amount shall be satisfied by delivery of that number of Subordinate Voting Shares determined by dividing the foregoing amount by the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the date that is the six month anniversary of the closing date of the Merger.*

*If the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the one year anniversary of the closing date of the Merger is less than the Initial Class A Share Price, the Surviving Company will, on the date that is the one year anniversary of the closing date of the Merger, pay to the Sellers an aggregate amount equal to (a) 12.5% of the number of Subordinate Voting Shares that would have been issued on the closing date of the Merger, multiplied by (b) the Initial Class A Share Price less the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the date that is the one year anniversary of the closing date of the Merger, which amount shall be satisfied by delivery of that number of Subordinate Voting Shares determined by dividing the foregoing amount by the closing market price of the Subordinate Voting Shares on the Exchange on the trading day immediately prior to the one year anniversary of the closing date of the Merger.*

- (e) Exercise price of options, warrants, etc. if any: N/A
- (f) Work commitments: N/A

4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

*The Purchase Price, the Earnout and the Make Whole Payments were determined by arm's length negotiation among the parties to the Agreement.*

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: *N/A*
6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	Total Securities, Previously Owned, Controlled or Directed by Party	Describe relationship to Issuer <sup>(1)</sup>
Member 1	48.78% of the securities to be issued.  Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.	To be determined at closing.	N/A	S. 2.11 of National Instrument 45-106.	0	Not a related person.
Member 2	42.75% of the securities to be issued.  Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.

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Member 3	<p>5.52% of the securities to be issued.</p> <p>Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.</p>	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.
Member 4	<p>0.34% of the securities to be issued.</p> <p>Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.</p>	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.
Member 5	<p>0.17% of the securities to be issued.</p> <p>Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.</p>	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.

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Member 6	1.10% of the securities to be issued.  Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.
Member 7	0.67% of the securities to be issued.  Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.
Member 8	0.67% of the securities to be issued.  Number of Subordinate Voting Shares and Proportionate Voting Shares issued to be determined at closing.	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.

(1) Indicate if Related Person

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7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:
- The Company provides representations and warranties in the Agreement regarding the Sellers' title to the membership interests of the Company.*
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.): *N/A*
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): *N/A*
  - (b) Cash *N/A*.
  - (c) Securities *N/A*.
  - (d) Other *N/A*.
  - (e) Expiry date of any options, warrants etc. *N/A*.
  - (f) Exercise price of any options, warrants etc. *N/A*.
9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. *No*
10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. *N/A*.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. the Issuer has obtained the express written consent of each applicable individual to:
  - (a) the disclosure of their information to the Exchange pursuant to this Form or otherwise pursuant to this filing; and
  - (b) the collection, use and disclosure of their information by the Exchange in the manner and for the purposes described in Appendix A or as otherwise identified by the Exchange, from time to time
4. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
5. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated April 23, 2021.

Darren Weiss
_____ Name of Director or Senior Officer
<i>"Darren Weiss"</i>
_____ Signature
Chief Legal Officer
_____ Official Capacity

## **Appendix A**

### **PERSONAL INFORMATION COLLECTION POLICY REGARDING FORM 9**

The Canadian Securities Exchange and its subsidiaries, affiliates, regulators and agents (collectively, "CSE or the "Exchange") collect and use the information (which may include personal or other information) which has been provided in Form 9 for the following purposes:

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- To determine whether an individual is suitable to be associated with a Listed Issuer;
- To determine whether an issuer is suitable for listing;
- To determine whether allowing an issuer to be listed or allowing an individual to be associated with a Listed Issuer could give rise to investor protection concerns or could bring the Exchange into disrepute;
- To conduct enforcement proceedings;
- To ensure compliance with Exchange Requirements and applicable securities legislation; and
- To fulfil the Exchange's obligation to regulate its marketplace.

The CSE also collects information, including personal information, from other sources, including but not limited to securities regulatory authorities, law enforcement and self-regulatory authorities, regulation service providers and their subsidiaries, affiliates, regulators and agents. The Exchange may disclose personal information to these entities or otherwise as provided by law and they may use it for their own investigations.

The Exchange may use third parties to process information or provide other administrative services. Any third party will be obliged to adhere to the security and confidentiality provisions set out in this policy.

All personal information provided to or collected by or on behalf of The Exchange and that is retained by The Exchange is kept in a secure environment. Only those employees who need to know the information for the purposes listed above are permitted access to the information or any summary thereof. Employees are instructed to keep the information confidential at all times.

Information about you that is retained by the Exchange and that you have identified as inaccurate or obsolete will be corrected or removed.

If you wish to consult your file or have any questions about this policy or our practices, please write the Chief Privacy Officer, Canadian Securities Exchange, 220 Bay Street – 9th Floor, Toronto, ON, M5J 2W4.