FORM 9

NOTICE OF ISSUANCE OR PROPOSED ISSUANCE OF LISTED SECURITIES

(or securities convertible or exchangeable into listed securities)

Name of Listed Issuer: Symbol(s):

|  |  |
| --- | --- |
| Verano Holdings Corp. (the “Issuer”).  | VRNO |

Date: February 22, 2022

Is this an updating or amending Notice: X Yes No

If yes provide date(s) of prior Notices: April 23, 2021, July 12, 2021 and January 7, 2022

Issued and Outstanding Securities of Issuer Prior to Issuance:

*302,127,396.0938 Class A subordinate voting shares in the capital of the Issuer (“****Subordinate Voting Shares****”) and 245,658.5910 Class B proportionate voting shares in the capital of the Issuer (“****Proportionate Voting Shares****”).*

**Pricing**

Date of news release announcing proposed issuance: N/A

Date of confidential request for price protection: N/A

Closing Market Price on Day Preceding the news release: N/A

Day preceding request for price protection: N/A

**Closing**

Number of securities to be issued: *83,566 Subordinate Voting Shares*

Issued and outstanding securities following issuance:

*Following the issuance,* *302,210,962.0938 Subordinate Voting Shares will be issued and outstanding and 245,658.5910 Proportionate Voting Shares will be issued and outstanding.*

**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 with an appendix that includes the information in Table 1B for ALL placees.

**Part 1. Private Placement**

This part is not applicable.

**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 acquired all of the ownership interests of Agronomed Biologics, LLC, a Pennsylvania limited liability company (the “****Company****”), on July 12, 2021 (the “****Acquisition****”). Since the Acquisition, the Company has been, and currently is, a wholly-owned indirect subsidiary of the Issuer.*

*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.*

1. 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 Acquisition was completed pursuant to an Agreement and Plan of Merger (the “****Agreement****”), dated April 21, 2021, by and among the Issuer, AB Merger Sub, LLC, the Company, The Healing Research Center LLC, Agronomed Pharmaceuticals, LLC, and the sellers’ representatives named therein.*

*The parties (other than AB Merger Sub, LLC) were all arm’s length parties to the Issuer at the time the Acquisition was consummated. As of the date hereof, the Company is wholly owned by the Issuer and the Company’s former owners (collectively, the “****Sellers****”) are shareholders of the Issuer as a result of being issued Subordinate Voting Shares upon consummation of the Acquisition and the Earn-Out (as defined below).*

1. 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:
2. Total aggregate consideration in Canadian dollars:

*Pursuant to the Agreement, at the time of the Acquisition the aggregate consideration to the Sellers for their ownership interests in the Company (collectively, the “****Purchase Price****”) was (i) US$60,000,000 (C$74,850,000)[[1]](#footnote-1),* *subject to* *adjustment as provided in the Agreement, plus (ii) a subsequent earn-out of US$15,000,000 (C$18,712,500) payable upon specified events occurring (the “****Earn-Out****”). In addition, “make-whole” issuances of Subordinate Voting Shares may become payable on each of the six and 12 months following the consummation of the Acquisition, as outlined below (the “****Make Whole Payments****”).*

*This form is being filed in connection with the issuance of Subordinate Voting Shares as the first contingent Make Whole Payment.*

1. Cash:

*Upon consummation of the Acquisition, US$10,000,000 (C$12,475,000*). Subsequently as *partial payment for the Earn-Out, US$3,000,000 (C$3,846,154).*

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

*Upon consummation of the Acquisition, 3,240,436 Subordinate Voting Shares valued at C$19.12 per share. Subsequently as partial payment for the Earn-Out, 1,215,035 Subordinate Voting Shares valued at C$12.66.*

*Pursuant to the first Make Whole Payment, an additional 83,566 Subordinate Voting Shares valued at C$15.85, as outlined below.*

1. Other:

*Pursuant to the Agreement, the first Make Whole Payment became payable in February, 2022, as the closing market price of the Subordinate Voting Shares on the Canadian Stock Exchange on the trading day immediately prior to the six month anniversary of the Acquisition was less than the share price of the Subordinate Voting Shares used to calculate the number of Subordinate Voting Shares issued upon consummation of the Acquisition (the “****Initial Share Price****”). As a result, the Issuer will 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 acquisition, multiplied by (b) the Initial Share Price less the closing market price of the Subordinate Voting Shares on the Canadian Stock Exchange on the trading day immediately prior to the six month anniversary of the of the Acquisition, which amount will be satisfied by delivery of Subordinate Voting Shares determined by dividing the foregoing amount by the closing market price of the Subordinate Voting Shares on the Canadian Stock Exchange immediately prior to the six month anniversary of the closing date of the Acquisition.*

*A future Make Whole Payment may become payable if the closing market price of the Subordinate Voting Shares on the Canadian Stock Exchange on the trading day immediately prior to the 12 month anniversary of the Acquisition is less than the Initial Share Price. In that case, the Issuer will 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 Acquisition, multiplied by (b) the Initial Share Price less the closing market price of the Subordinate Voting Shares on the Canadian Stock Exchange on the trading day immediately prior to the 12 month anniversary of the of the Acquisition, which amount will be satisfied by delivery of Subordinate Voting Shares determined by dividing the foregoing amount by the closing market price of the Subordinate Voting Shares on the Canadian Stock Exchange immediately prior to the 12 month anniversary of the closing date of the Acquisition.*

1. Exercise price of options, warrants, etc. if any: *N/A*
2. Work commitments: *N/A*
3. 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 and the Make Whole Payments were determined by arm’s length negotiation among the parties to the Agreement.*

1. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: *N/A*
2. 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(1)** |
| Sellers | 83,566 Subordinate Voting Shares | $15.85 | N/A | S. 2.11 of National Instrument 45-106. | 4,455,471Subordinate Voting Sharesissued upon consummation of the Acquisition and as partial payment for the Earn-Out. | Not a relatedperson.  |

1. Indicate if Related Person
2. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:

 *The Company received representations and warranties in the Agreement and ancillary documents regarding the Sellers’ title to the membership interests of the Company and the Company’s title to its assets.*

1. 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*

1. Expiry date of any options, warrants etc. *N/A*
2. Exercise price of any options, warrants etc. *N/A*
3. 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.

*The persons receiving the Make-Whole Payment received Subordinate Voting Shares upon the consummation of the Acquisition in July 2021, and received Earn-Out Shares in January 2022, and therefore became shareholders of the Issuer at such time.*

1. 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*

**Forward Looking Statements**

*This document contains certain “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Issuer’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Issuer’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 future contingent consideration payable pursuant to the terms of the Agreement. Such forward-looking information and statements reflect management’s current beliefs and are based on assumptions made by and information currently available to the Issuer with respect to the matters described in this document. Such information, statements and assumptions involve and are subject to a number of known and unknown risks, uncertainties and other factors which may cause actual events, results, performance or achievements of the Issuer to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein, risks relating to fluctuations in the Issuer’s share price, receipt of necessary regulatory approvals, and other economic conditions, and the risk factors discussed in the Issuer’s filings including the financial statements and MD&A for the fiscal year ending December 31, 2020 and the financial statements and MD&A for the three and nine months ended September 30, 2021 on SEDAR at www.sedar.com. The forward-looking information and forward-looking statements contained in this document are made as of the date of this document, and the Issuer 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. We caution investors not to place considerable reliance on the forward-looking statements contained in this document.*

**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.

1. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
2. 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

1. 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).
2. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated February 22, 2022

 Darren Weiss

 Name of Director or Senior Officer

 */s/ Darren Weiss*

 Signature

 Chief Operating Officer, Chief Legal Officer & General Counsel

 Official Title

**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:

• 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.

1. Unless stated otherwise, exchange rates in this Form 9 are based on the exchange rate posted by the Bank of Canada on July 7, 2021 for illustrative purposes. [↑](#footnote-ref-1)