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: August 11, 2022

Is this an updating or amending Notice: X Yes No

If yes provide date(s) of prior Notices:

*April 23, 2021, July 14, 2021 and February 22, 2022*

Issued and Outstanding Securities of Issuer Prior to Issuance:

*317,750,841 Class A subordinate voting shares in the capital of the Issuer (“****Subordinate Voting Shares****”) and 136,726.4248 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: *594,736 Subordinate Voting Shares*

Issued and outstanding securities following issuance:

*Following the issuance, 318,946,320 Subordinate Voting Shares will be issued and outstanding and 136,726.4248 Proportionate Voting Shares will be issued and outstanding, which also gives effect to an additional 600,743 Subordinate Voting Shares that were concurrently issued on the same day as described in the Issuer’s Form 9 filed on August 11, 2022 that further amended the Issuer’s prior Form 9’s related thereto dated April 23, 2021 and as amended on July 12, 2021, January 7, 2022 and February 22, 2022.*

**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.

**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 Agri-Kind LLC, a Pennsylvania limited liability company (“****AK****”), and Agronomed Holdings Inc., a Pennsylvania corporation (“****AHI****”, and together with AK, the “****Companies****”), by two of the Issuer’s subsidiaries, Verano AK Merger Sub, LLC, a Pennsylvania limited liability company (“****AK Merger Sub****”), and Verano AHI Merger Sub, Inc., a Pennsylvania corporation (“****AHI Merger Sub****”), merging with and into AK and AHI, respectively, with each of AK and AHI surviving and becoming subsidiaries of the Issuer (collectively, the “****Mergers****”).*

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 Mergers were completed pursuant to an Agreement and Plan of Merger (the “****Agreement****”), dated April 21, 2021, by and among the Issuer, the Companies, AK Merger Sub, AHI Merger Sub, Agronomed Pharmaceuticals, LLC, a Pennsylvania limited liability company, an individual named therein, and the sellers’ representatives named therein.*

*The parties (other than AK Merger Sub and AHI Merger Sub) were all arm’s length parties to the Issuer at the time the Mergers were consummated. As of the date hereof, the Companies are wholly owned by the Issuer and some of the Companies’ former direct and indirect owners are shareholders of the Issuer as a result of being issued Subordinate Voting Shares upon consummation of the Mergers.*

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 Mergers the aggregate consideration to the owners of the Companies (collectively, the “****Sellers****”) for their ownership interests in the Companies (collectively, the “****Purchase Price****”) was (i) US$115,500,000 (C$144,086,250)[[1]](#footnote-1),* *subject to* *adjustment as provided in the Agreement, plus (ii) a subsequent earn-out of equal to the greater of (A) US$31,500,000 (C$39,296,250), and (B) AK’s earnings before interest, taxes and depreciation and amortization for the fiscal year ending December 31, 2021 (the “****Earn-Out****”). In addition, “make-whole” issuances of Subordinate Voting Shares became 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 12 month Make Whole Payment.*

1. Cash:

*Initial cash consideration under the Agreement was US$56,000,000 (C$69,860,000*) *for the AK Merger, and US$10,000,000 (C$12,475,000) for the AHI Merger*.

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

*Upon consummation of the Mergers, 3,208,035 Subordinate Voting Shares valued at C$19.12 per share.*

*Pursuant to the six month Make Whole Payment, an additional 82,731 Subordinate Voting Shares valued at C$15.85 per share.*

*Pursuant to the 12 month Make Whole Payment, an additional 594,736 Subordinate Voting Shares valued at C$7.70 per share, 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 Securities Exchange on the trading day immediately prior to the six-month anniversary of the Mergers 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 Mergers (the “****Initial Share Price****”). As a result, the Issuer paid 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 Mergers, 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 Mergers, which amount was 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 Securities Exchange immediately prior to the six-month anniversary of the closing date of the Mergers.*

*The second Make Whole Payment became payable because the closing market price of the Subordinate Voting Shares on the Canadian Securities Exchange on the trading day immediately prior to the 12-month anniversary of the Mergers was less than the Initial Share Price. 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 Mergers, multiplied by (b) the Initial Share Price less the closing market price of the Subordinate Voting Shares on the Canadian Securities Exchange on the trading day immediately prior to the 12-month anniversary of the of the Mergers, 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 Securities Exchange immediately prior to the 12-month anniversary of the closing date of the Mergers.*

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 | 594,736 Subordinate Voting Shares | $7.70 | N/A | S. 2.11 of  National  Instrument  45-106. | 3,290,766  Subordinate Voting Shares  issued under the Agreement. | Not a related  person. |

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 Companies and the Companies’ title to their 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 Mergers in July 2021, 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*

**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 August 11, 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)