

Harvest Health & Recreation to Acquire Verano, Creating One of the Largest U.S. Multi-State Cannabis Operator

- *One of the Largest U.S. cannabis consolidation in history will give Harvest the right to operate up to 200 facilities across 16 states and territories*
- *Brings together geographically complementary, market-leading MSOs focused on quality, sound operations and value creation for shareholders*

March 11, 2019 – Phoenix, AZ and Chicago, IL - [Harvest Health & Recreation, Inc.](#) (CSE: [HARV](#), [OTCQX: HRVSE](#)) (“Harvest”), a vertically integrated cannabis company with one of the largest footprints in the U.S., is pleased to announce that it has entered into a binding agreement to acquire [Verano Holdings, LLC](#) (“Verano”), an arm’s length third party, one of the largest privately held multi-state, vertically integrated licensed operator of cannabis facilities, in an all-stock transaction for an estimated purchase price of approximately USD \$850,000,000 based on a share price of CND \$8.79. The combined company will be one of the largest multi-state operators (“MSO”) in the U.S., as measured by licenses held and facilities permitted. Upon completion of the transaction and regulatory approval, Harvest will hold licenses that will allow it to operate up to 200 facilities in 16 states and territories across the country, including 123 retail dispensaries.

Harvest’s planned acquisition of Verano will include:

- Licenses and operations in 11 states and territories, including seven cultivation licenses, 37 retail licenses and potential to reach 150+ million Americans;
- Vertically integrated, cash-flow positive operations;
- Proven executive team with retail, manufacturing, branding, logistics and operational experience and 300 employees. Hiring for approximately 300 new positions in 2019 with a focus on hiring minorities, women and veterans;
- Game changing ethanol extraction technology at pharmaceutical grade levels providing new market opportunities for cannabis biotech, food and beverage verticals;
- Portfolio of premium proprietary brands with 150 + product SKUs sold in 150 + retail locations;
- Total cultivation expansion capacity of 900,000 sq. ft in Illinois, Nevada & Maryland;
- Ownership of an interest in nine Zen Leaf™ dispensaries with average annual revenues 2.5x higher than retail cannabis industry averages;

Following completion of the transaction, the combined company is expected to be operating 30 dispensaries, eight cultivation facilities and seven manufacturing facilities, with expected further aggressive operational expansion. By the end of 2019, Harvest expects to have over 70 dispensaries, 13 cultivation facilities and 13 manufacturing facilities in operation. The company expects continued growth in 2020.

“The combination with Verano fits perfectly with our vision of creating the world’s most valuable cannabis company,” said Jason Vedadi, Executive Chairman of Harvest. “We are confident that this is an opportunity to continue to leverage each of our company’s strengths and

drive continued shareholder value, while at the same time achieving the scale we know will give us a leadership position in the one of the largest cannabis markets in the world.”

“This is a natural match between like-minded entrepreneurs who have built our companies from the initial facilities into two of the largest MSOs in the U.S, with an unwavering focus on operational excellence, superior quality products and service, and delivering value to customers and shareholders,” said George Archos, Verano Co-founder and CEO. “Our growth and unique positioning in key markets allowed us to evaluate some of the largest players in the space, but we only had one unanimous choice for a major transaction and that was Harvest.”

“Verano has been creating a brighter way for cannabis production, products and health and wellness by assembling a stellar team of experts drawn from the cannabis industry and the top echelons of Fortune 500 corporations,” noted Sam Dorf, Verano Co-founder and Chief Growth Officer. “We are excited to join forces with Harvest to leverage each of our strengths to share the benefits of cannabis in innovative new ways with an ever increasing customer base. Verano and Harvest independently have always focused on business fundamentals to drive year over year growth in both revenue and EBITDA. Together, we expect to accelerate that momentum and raise the bar even higher for the industry.”

The newly combined company plans to continue hubs of operation in both Arizona and Illinois and merge key leadership talent to create a team of the most professional operators in cannabis. Both companies have recently attracted management expertise across consumer-packaged-goods, beverage, spirits, logistics, branding, horticulture, and extraction technologies from some of the largest most influential companies in the world, all supporting the companies’ explosive growth. Similarly, the combined company expects to grow new and existing brands throughout its expanded territory.

“From day one, we have operated as a fundamentally sound business focused on consistent revenue and profit growth. We are excited to bring Verano’s premium brands and operations into Harvest,” said Steve White, CEO of Harvest. “We have the unique opportunity to create truly national brands by deploying these products within the future combined footprint of states and dispensaries. Most importantly, we share the same mission as one new company to improve people’s lives through the goodness of cannabis.”

Pursuant to the binding agreement entered into between Harvest and Verano on March 10, 2019, the parties agreed to enter into a definitive agreement within the next 30 days (the “Definitive Agreement”).

Upon closing, Verano shareholders will receive, in the aggregate, a combination of Harvest subordinate voting shares and Harvest multiple voting shares as mutually agreed between the parties, acting reasonably, for a total estimated purchase price of USD \$850,000,000 based on a CSE share price of CAD \$8.79. It is anticipated that the acquisition will close in the first half of 2019.

Closing is subject to the negotiation and execution of a Definitive Agreement, applicable shareholder or unitholder approval, approval of the Canadian Securities Exchange, as well as any

other approvals for that are customary for a transaction of this nature. There can be no assurances that the transaction will be completed as proposed or at all. Harvest and Verano have agreed to a mutual termination fee in the amount of US \$20 million in the event either party fails to enter into the Definitive Agreement within 30 days from the date of this agreement (other than as a result of an uncured breach by the other party). The transaction was negotiated entirely at arms-length. Verano has approximately US\$3.2 million in long term debt which will remain in place following completion of the transaction. Further, completion of the transaction will not result in a change of control of Harvest.

Eight Capital is acting as Harvest's financial advisor in connection with the transaction and INFOR Financial Inc. is acting as financial advisor to the special committee of Harvest's board of directors. In addition, Eight Capital and INFOR Financial Inc. have each provided an opinion to the board of directors of Harvest that, as of the date of the opinion and subject to the assumptions, limitations and qualifications on which the opinions were based, the consideration being paid by Harvest in connection with the Transaction is fair, from a financial point of view to Harvest.

Conference Call and Investor Presentation

Harvest and Verano will hold a webcast conference call, including a slide presentation, to discuss the Merger.

Date: Monday, March 11, 2019

Time: 3:30 PM (Eastern Standard Time)

USA/Canada Toll-Free Participant Call-in: [1-866-777-2509](tel:1-866-777-2509)

International Toll-Free Participant Call-in: [1-412-317-5413](tel:1-412-317-5413)

Participants should ask to be joined into the Harvest Health & Recreation Inc. call.

Webcast Link: <https://services.choruscall.com/links/harv190311.html>

This conference call will be webcast live over the internet and can be accessed through the link provided. Audio of the call will be available to participants through both the conference call line and webcast, however questions to management may only be submitted via the webcast.

About Harvest Health and Recreation

Harvest Health & Recreation Inc. is one of the first consistently profitable, vertically integrated cannabis companies with one of the largest footprints in the U.S. Harvest's complete vertical solution includes industry-leading cultivation, manufacturing, and retail facilities, construction, real estate, technology, operational, and brand building expertise — leveraging in-house legal, HR and marketing teams, along with proven experts in writing and winning state-based applications. The company has more than 625 employees with proven experience, expertise and knowledge of in-house best practices that are drawn upon whenever Harvest enters new markets. Harvest's executive team is comprised of leaders in finance, compliance, real estate and operations. Since its founding in 2011, Harvest has grown its footprint every year, has been ranked as the third largest cultivator in the U.S. and currently owns licenses for more than 140

facilities across the U.S. Harvest shares timely updates and releases as part of its regular course of business with the media and the interested public. For more information, visit: <https://www.harvestinc.com/>.

About Verano Holdings

Verano™ is a national, vertically integrated operator of licensed cannabis cultivation, manufacturing and retail facilities dedicated to improving lives by providing safe access to effective pesticide-free marijuana products that profoundly impact the communities it serves. Verano develops and produces a well-rounded suite of limited edition, lifestyle cannabis products, which offer superior medicinal therapies and inspirational product options. Verano designs, builds and operates unique Zen Leaf™ branded dispensary environments that ensure an exceptional shopping experience with unparalleled customer service and satisfaction in both medical and adult-use markets. Verano Holdings distributes cannabis concentrates, edibles, extracts, flower and topicals, many in precision-dosed THC and CBD formulations, under its trusted premium brands: GoldLeaf™, Menta™, Sweet Sins™, Encore Company™, Avexia™ and verano™. For more information, visit <http://verano.holdings/>

Forward-looking Statements

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements with respect to accretive earnings, anticipated benefits associated with the acquisition of Verano, statements with respect to the effect of the Transaction on the combined company and its strategy going forward, the completion of any capital project or expansions, the ability to settle the terms of the Definitive Agreement, the timing for the completion of the Transaction; the consideration to be received by shareholders of Verano, which may fluctuate in value due to Harvest shares forming the consideration; the satisfaction of closing conditions including shareholder approvals, regulatory approvals and approval of the CSE. In particular, there can be no assurance that acceptable terms for the Definitive Agreement will be negotiated or that the Transaction will be completed. Forward looking statements are based on certain assumptions regarding Verano and Harvest, including expected growth, results of operations, performance, industry trends and growth opportunities. While Verano and Harvest consider these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements also necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; future legislative and regulatory developments; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; the cannabis industry in Canada generally, income tax and regulatory matters; the ability of Harvest to implement its business strategies; competition; currency and interest rate fluctuations and other risks.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. Verano and Harvest disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Factors that could cause anticipated opportunities and actual results to differ materially include, but are not limited to, matters referred to above and elsewhere in Harvest's public filings and the material change reports that will be filed in respect of this Transaction, which are, or will be, available on SEDAR.

Notice to U.S. Holders. Harvest has been formed outside of the United States. Transaction will be subject to disclosure requirements of Canada that are different from those of the United States. Financial statements included in the documents, if any, will be prepared in accordance with Canadian accounting standards and may not be comparable to the financial statements of United States companies. It may be difficult for a securityholder in the United States to enforce his/her/its rights and any claim a securityholder may have arising under the U.S. federal securities laws, since the companies are located in Canada, and some or all of their officers or directors may be residents of Canada or another country outside of the United States. A securityholder may not be able to sue a Canadian company or its officers or directors in a court in Canada or elsewhere outside of the United States for violations of U.S. securities laws. It may be difficult to compel a Canadian company and its affiliates to subject themselves to a U.S. court's judgment.

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