



Verano Holdings Announces Full Year 2020 Results

- 2020 revenue of \$355 million, growth of approximately 200%
- Gross profit margin of 63% for full year 2020
- 2020 net income of \$245 million
- 2020 adjusted EBITDA of \$170 million, 48% margin

CHICAGO – April 8, 2021 – Verano Holdings Corp. (CSE:VRNO) (“Verano” or “the Company”), a leading multi-state cannabis company, today announced its results for the year ended December 31, 2020. The financial information included herein is reported on a pro forma consolidated basis assuming the completion of the business combination of Verano Holdings, LLC (“Verano”), Majesta Minerals Inc. (“Majesta”) and Alternative Medical Enterprises, LLC, Plants of Ruskin, LLC, RVC 360, LLC, and affiliated companies (collectively, “AltMed”) which was completed on February 11, 2021, with 2019 comparative information on the same pro forma consolidated basis and without taking into account any anticipated synergies or other adjustments. All currency is in U.S. dollars, unless otherwise noted.

Full Year 2020 Financial Highlights

- 2020 revenues increased 196% year-over-year to \$355 million.
- Gross profit for full year 2020, on an unadjusted basis and not including the impact of biological assets, was \$224 million or 63% of revenue, compared to \$51 million or 43% of revenue in 2019.
- 2020 SG&A expense was \$85 million or 24% of revenue, compared to \$56 million or 46% of revenue in 2019.
- Net income in 2020, including the impact of biological assets, was \$245 million compared to \$10 million in 2019.
- 2020 EBITDA¹ on an unadjusted basis was \$153 million or 43% of revenues. Adjusted EBITDA¹ was \$170 million in 2020 which translates to a margin of 48%.
- Cash flow from operations for 2020 was \$151 million, 2020 Free Cash Flow¹ was \$53 million.

Recent Operational Highlights

- Throughout 2020 and 2021 year-to-date, on a pro forma basis which includes the impact of AltMed, the Company opened 36 dispensaries. The Company has completed, or is in the process of completing, expansion of seven active cultivation facilities, in addition to the buildout of an eighth in Massachusetts.
- On February 17, 2021, the Company commenced trading on the Canadian Securities Exchange (the “CSE”) following completion of a reverse takeover transaction (the “RTO”) with Majesta. Concurrent with the completion of the RTO, the Company completed the acquisition of AltMed.
- Subsequent to going public, the Company has announced and/or closed eight accretive acquisitions, strengthening its presence in Arizona, Illinois, Pennsylvania and Ohio. Pending customary closing requirements, the Company would add 17 dispensaries, 14 active and three planned, and approximately 20,000 sq. ft. in cultivation capacity.

- The Company has a total active footprint of 73 retail stores and 770,000 square feet of cultivation square footage (includes pending acquisitions and construction in-progress).
- On March 11, 2021, Verano completed a private placement bought deal financing raising gross proceeds of approximately C\$100 million. Special Warrants sold in the offering were priced at C\$28.50 per warrant and are exercisable into one class A subordinate voting share of the Company.
- The Company received approval to be quoted on the Over-The-Counter market, trading under the symbol VRNOF – gives U.S. investors direct access to invest in Verano.

(1) See Non-IFRS Financial Measures below.

Management Commentary

“2020 was a very productive year for Verano. While the global community faced unprecedented challenges, we were encouraged to see our industry embraced for its ability to positively impact health and wellness, while creating countless jobs and generating substantial tax revenue at a time that many other businesses could not,” said George Archos, Co-Founder and CEO of Verano. “Our 2020 results, in combination with progress made year-to-date in 2021, are a testament to our team’s proven ability to execute on our focused growth strategy both efficiently and profitably, including accretive M&A activity to fortify our presence in core markets, as well as material organic expansion across our national footprint at the retail level and in cultivation and production capacity. I’m tremendously proud of what the Verano team has accomplished to date, and I anticipate that we’ll continue to deliver added shareholder value throughout 2021 as we realize results from a very active 2020, all while maintaining industry-leading margins and adding great depth to our leadership.”

Balance Sheet and Liquidity

As of December 31, 2020, current assets on a pro forma consolidated basis were \$321 million, including cash and cash equivalents of \$31 million. The Company had working capital of \$178 million and total debt, not including lease liabilities and net of issuance costs, of \$38 million.

Total shares on an as-converted basis are 293,199,219 as of 4/5/21.

Additional Information

The financial information reported in this news release is based on the audited financial statements of Verano, Majesta and AltMed and the related management discussion and analysis (“MD&A”) for the year ended December 31, 2020 available under the Company’s profile on SEDAR at www.SEDAR.com. All financial information contained in this news release is qualified in its entirety with reference to such audited financial statements and the MD&A, which both were also filed on SEDAR in conjunction with this release.

Non-IFRS Financial Measures

Verano refers to certain non-IFRS 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 International Financial Reporting Standards (“IFRS”) 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 IFRS. EBITDA is calculated herein as net earnings from operations before interest expense, tax expense, depreciation, and amortization.

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 as cash flow from operations minus capital expenditures.

Management believes that these non-IFRS financial measures provide useful information to readers as a supplement to reported IFRS financial information. Management reviews these non-IFRS 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 IFRS financial measures.

Conference Call and Webcast

A conference call and audio webcast with analysts and investors will be held today at 8:30 a.m. Eastern Time/7:30 a.m. Central Time, to discuss the results and answer questions.

- Investors and participants can register for the call by visiting <http://www.directeventreg.com/registration/event/4829146>. After registering instructions will be shared on how to join the call for those who wish to dial in.
- Live and archived webcast will be available on the Events and Presentations page of Verano's investor relations website at investors.verano.com.

About Verano

Verano Holdings Corp. is a leading, vertically-integrated, multi-state cannabis operator in the U.S., devoted to the ongoing improvement of communal wellness by providing responsible access to regulated cannabis products. With a mission to address vital health and wellness needs, Verano produces a comprehensive suite of premium, innovative cannabis products sold under its trusted portfolio of consumer brands: Verano, Avexia, Encore, and MÜV™. The company's portfolio encompasses 14 U.S. States, with active operations in 11, which includes eight production facilities comprising approximately 770,000 square feet of cultivation. Verano designs, builds, and operates dispensaries under retail brands Zen Leaf™ and MÜV™, delivering a superior cannabis shopping experience in both medical and adult-use markets. Learn more at www.verano.com

Forward Looking Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain 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 the Company's 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 statements herein, including, without limitation, the risk factors discussed in the Company's filings on SEDAR at www.sedar.com.

The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, 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.

**Verano Holdings Corporation Pro Forma
Audited Financial Information**
(All amounts expressed in thousands of U.S. Dollars)

**Audited Consolidated Statements of Operations
For the Twelve Months Ended December 31, 2020 and 2019**

<i>(\$ in thousands)</i>	For the Twelve Months Ended December 31,	
	2020 (Audited)	2019 (Audited)
Revenue	\$ 354,839	\$ 119,821
Cost of Sales	(131,085)	(68,508)
Gross Profit Before Fair Value Adjustments of Biological Assets	223,754	51,313
Gross Profit % Before Changes In Fair Value of Biological Assets	63.1%	42.8%
Net Effect of Changes in Fair Value of Biological Assets	184,640	34,788
Gross Profit	408,394	86,100
Expenses:		
Selling, General and Administrative ¹	67,605	45,836
Depreciation and Amortization	9,132	7,185
Total Expenses	76,737	53,021
Income (Loss) from Investments in Associates	2,692	(456)
Income (Loss) from Operations	334,348	32,623
Total Other Income (Expense), Net	(10,135)	(7,203)
Gain (Loss) Before Income Taxes	324,214	25,420
Income Tax Expense	77,042	15,200
Net Income (Loss) From Disc. Operations	(1,967)	-
Net Income Attributable To Non-Controlling Interest	566	240
Net Income	\$ 244,639	\$ 9,980

¹ Selling, General and Administrative Expenses excludes direct costs allocated to inventory and cost of sales

**Verano Holdings Corporation Pro Forma
Audited Summarized Consolidated Statements of Financial Position
As of December 31, 2020 and 2019**

(\$ in thousands)

	12/31/20 (Audited)	12/31/19 (Audited)
Cash and Cash Equivalents	\$ 30,943	\$ 13,340
Other Current Assets	289,736	81,306
Property and Equipment, Net	229,118	139,003
Intangible Assets, Net	78,462	25,076
Goodwill	16,029	5,064
Other Long-Term Assets	24,615	25,172
Total Assets	\$ 668,904	\$ 288,960
Total Current Liabilities	\$ 142,579	67,524
Total Long-Term Liabilities	115,238	29,950
Total Shareholders' Equity	411,086	191,487
Total Liabilities and Shareholders' Equity	\$ 668,904	\$ 288,960

**Verano Holdings Corporation Pro Forma
Audited Reconciliation of Net Income to Adjusted EBITDA and Non-IFRS
For the Twelve Months Ended December 31, 2020 and 2019**

(\$ in thousands)

	For the Twelve Months Ended December 31,	
	2020	2019
Net Income¹	\$ 244,639	\$ 9,980
Depreciation and Amortization	17,279	7,185
Interest Expense, Net	6,963	699
Income Tax Expense	77,042	15,200
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) (Non-IFRS)	\$ 345,922	\$ 33,065
Other expense (income), net	2,997	3,423
Loss From Deconsolidation/Discontinued Operations	(2,156)	3,087
Acquisition, transaction, and other non-operating costs	8,153	7,161
Adjusted EBITDA (Non-IFRS)	\$ 354,916	\$ 46,735
Net Impact of Fair Value of Biological Assets	(184,640)	(26,419)
Adjusted EBITDA (non-IFRS), Net of Impact of Biological Assets	\$ 170,277	\$ 20,316

¹ Net Income excludes amounts attributable to non-controlling interest.

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