

**VERANO**™

3Q 2024 EARNINGS

11/7/24

**VERANO**™

# BEFORE WE BEGIN

## Forward-Looking Information

This presentation contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and also contains 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 Verano Holding Corp.'s (the "Company") 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", "strategies", "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, proposed budgets and guidance, the proposed completion or buildout of Company facilities, the Company's cultivation capacity, 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 forward-looking statements herein, including, without limitation, the risk factors discussed in the Company's filings with the U.S. Securities and Exchange Commission at [www.sec.com/edgar](http://www.sec.com/edgar), including, without limitation, the risk factors described in the Company's annual report on Form 10-K for the year ended December 31, 2023 and subsequent quarterly reports on Form 10-Q for 2024. The forward-looking information and forward-looking statements contained in this presentation are made as of the date of this presentation, 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 behalfs expressly qualified in its entirety by this notice regarding forward-looking information and statements.

## Non-GAAP Financial Measures

This presentation refers to certain non-GAAP measures to evaluate the performance of the Company. The terms "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "Operating Cash Flow" do not have any standardized meaning prescribed within U.S. Generally Accepted Accounting Principles ("GAAP") 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 GAAP. EBITDA is calculated herein as Net Income (Loss) before interest expense, income tax expense, depreciation, and amortization. The Company presents EBITDA on a consistent basis from period to period. Adjusted EBITDA is calculated herein as Net Income (Loss) attributable to the Company plus net interest expense, income tax expense, depreciation and amortization, and also excludes certain extraordinary one-time items. Adjusted EBITDA Margin is calculated herein as Adjusted EBITDA divided by Revenue. Operating Cash Flow is calculated herein as Net Income (Loss) minus Depreciation and Amortization and Non Cash Adjustments. Management believes that these non-GAAP financial measures provide useful information to readers as a supplement to reported GAAP financial information because these measures provide consistency and comparability with past financial performance and assist in comparisons with other companies, some of which use similar non-GAAP information to supplement their GAAP results. Management reviews these non-GAAP 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 GAAP financial measures and reconciliations of each non-GAAP measure to its most directly comparable GAAP measure can be found on our website at [investors.verano.com](http://investors.verano.com) and in the appendix of this presentation.

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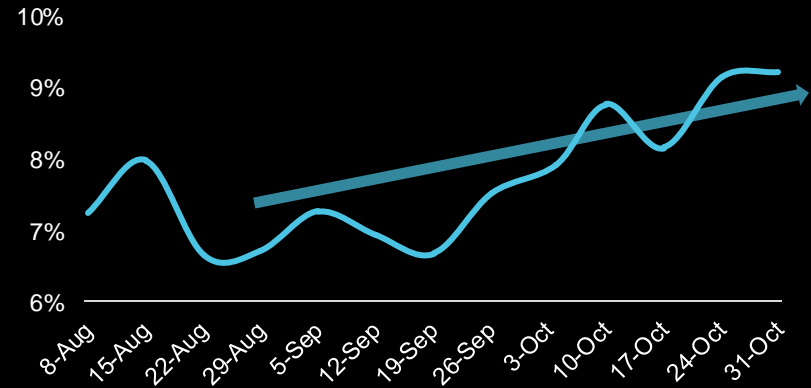
# ELECTION COMMENTARY

# GROWING MARKET SHARE IN FLORIDA

## OPTIMISTIC FLORIDA WILL SEE AN ADULT USE MARKET SOMETIME IN THE FUTURE

- Nearly 56% of Floridians voted in support of a legal and regulated adult use cannabis market
- Florida's voting outcome near California's 57% approval of adult use in 2016
- Volume share has in Florida been trending upwards throughout October<sup>1</sup>
- Investments in cultivation should allow us to compete more strongly on price point in today's medical market

Market Share by oz Sold<sup>1</sup>



# PRESIDENTIAL OUTCOME A POSITIVE FOR THE CANNABIS INDUSTRY

## TRUMP ADMINISTRATION SIGNALLED SUPPORT FOR SCHEDULE 3 MOVE

- With ALJ hearing likely scheduled for early next year, hopeful the industry will have finality regarding a Schedule 3 decision next year
- President elect Trump's statements are a continuation of growing bipartisan support
  - 85% of Democrats and 53% of Republicans support legalization<sup>1</sup>
- Administration appears friendly towards SAFER banking act passage

***“We will continue to focus on research to unlock medical uses of marijuana to a Schedule 3 drug, and work with Congress to pass common sense laws, including safe banking for state authorized companies.”***

– President elect Trump in a Truth Social post

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# 3Q 2024 HIGHLIGHTS

# KEY MARKET UPDATES

## NEW JERSEY

- Market normalization has been stronger than initially predicted
  - 25 dispensaries opening in the last 3 months and 18 cultivators beginning wholesale efforts<sup>1</sup>
- Velocity of retail declines have slowed significantly, only down 4% sequentially
- Expect our first social equity JV to open shortly, bringing state store count to 4

## ILLINOIS

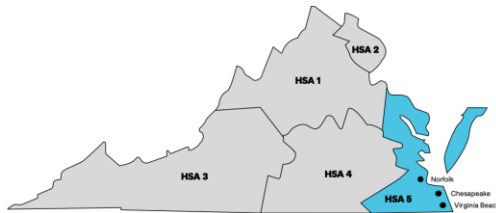
- New dispensaries continue opening, intensifying retail competition
  - 55 opened YTD and 14 in 3Q 2024<sup>1</sup>
- Wholesale demand has increased throughout 2024 with net revenue up 10% YoY
  - Reopened several grow rooms to increase output and meet demand



# KEY MARKET UPDATES

## VIRGINIA

- Closed on acquisition within the quarter, gaining full operational ownership of HSA 5 with cultivation and 6 dispensaries
- Began rolling out Verano brands with further product launches to come



## OHIO

- Adult use program launched within 3Q
- August and September net retail revenue each up ~2x vs July
- Increased wholesale accounts by 70% and net wholesale revenue by ~ 2.5x vs the prior year
- Increased vertical mix by 10%, up to 36%, vs the prior year

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# FINANCIAL REVIEW



# 3Q 2024 FINANCIAL RESULTS

- Retail / wholesale revenue split of 64.5% / 35.5% for the quarter<sup>1</sup>
- Focus on discovering further efficiencies and cost-saving measures
- Calculating taxes under IRS code 280E which greatly impacts our profitability

\$USD thousands	3Q 2024 Results
Revenue	\$216,683
Gross Profit	\$109,097
Income from Operations	\$16,770
(Net Loss)	\$(42,567)
Adjusted EBITDA	\$64,458
Adjusted EBITDA Margin	30%

# BALANCE SHEET UPDATES

- Invested \$85 million YTD in CAPEX
- Cash balance within expectations after accounting for net M&A costs of \$36 million

<b>\$USD thousands</b>	<b>As of September 30, 2024</b>
Cash	\$64,981
Total Assets	\$2,314,679
Debt	\$420,149
Total Liabilities	\$1,096,961

**04**

# **CLOSING**





# MANY REASONS TO RETAIN OPTIMISM

- Rescheduling cannabis to Schedule 3 still in process with indication of support from incoming Trump administration
- Liberalizing American cannabis policy has never had so much attention from upper levels of government
- Upcoming hearing for our constitutional challenge to the Controlled Substances Act

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Q&A



**THANK YOU**

**VERANO™**

**THANK YOU**



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# APPENDIX



**VERANO HOLDINGS CORP.**  
**Highlights from Condensed Consolidated Balance Sheets**  
*(\$ in Thousands)*

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<i>(Unaudited)</i>	
Cash and Cash Equivalents	\$ 64,981	\$ 174,760
Other Current Assets	256,740	219,436
Property, Plant and Equipment, net	584,598	501,304
Intangible Assets, net	1,047,519	1,086,146
Goodwill	252,182	231,291
Other Long-Term Assets	108,659	105,808
<b>Total Assets</b>	<b>\$ 2,314,679</b>	<b>\$ 2,318,745</b>
Total Current Liabilities	435,375	412,188
Total Long-Term Liabilities	661,586	666,477
Shareholders' Equity	1,217,944	1,240,080
Non-Controlling Interest	(226)	—
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,314,679</b>	<b>\$ 2,318,745</b>

**VERANO HOLDINGS CORP.**  
**Segmented Revenues, net of Discounts, By State (Unaudited)**

<b>Retail Revenues, net of Discounts</b>	<b>For the Three Months Ended,</b>		<b>For the Nine Months Ended,</b>	
	<b>September 30, 2024</b>		<b>September 30, 2024</b>	
<i>(\$ in thousands)</i>				
Florida	\$	45,301	\$	144,801
Illinois		23,926		77,602
New Jersey		19,991		63,683
Arizona		14,653		44,098
Pennsylvania		11,266		35,043
Maryland		11,315		32,632
Connecticut		9,845		30,054
Nevada		6,828		21,181
Ohio		8,585		19,518
Massachusetts		2,909		8,800
West Virginia		1,899		5,465
Virginia		4,720		4,720
Other		3,166		10,078
<b>Total Retail Revenues, net of Discounts</b>	<b>\$</b>	<b>164,404</b>	<b>\$</b>	<b>497,675</b>

<b>Wholesale Revenues, net of Discounts</b>	<b>For the Three Months Ended,</b>		<b>For the Nine Months Ended,</b>	
	<b>September 30, 2024</b>		<b>September 30, 2024</b>	
	<b>Gross</b>	<b>Net<sup>1</sup></b>	<b>Gross</b>	<b>Net<sup>1</sup></b>
<i>(\$ in thousands)</i>				
New Jersey	\$	21,570	\$	13,970
Illinois		21,003		61,253
Connecticut		14,088		41,814
Maryland		8,859		25,787
Pennsylvania		6,387		19,158
Arizona		6,286		19,424
Nevada		2,439		939
Ohio		3,866		1,904
Massachusetts		1,885		1,085
West Virginia		2,394		1,317
Virginia	\$	1,673	\$	386
<b>Total Wholesale Revenues, net of Discounts</b>	<b>\$</b>	<b>90,450</b>	<b>\$</b>	<b>52,279</b>
			<b>\$</b>	<b>268,829</b>
			<b>\$</b>	<b>162,704</b>

<sup>1</sup>Net of intercompany eliminations

**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Loss to Operating Cash Flow (Non-U.S. GAAP)**

	For the Nine Months Ended,	
	September 30, 2024	September 30, 2023
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	\$ (69,153)	\$ (40,140)
Depreciation and Amortization	108,150	105,559
Other Non-cash Adjustments	34,683	24,995
<b>Operating Cash Flow</b>	<b>\$ 73,680</b>	<b>\$ 90,414</b>

**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Loss to EBITDA (Non-U.S. GAAP)**

	For the Three Months Ended,		
	September 30, 2024	June 30, 2024	September 30, 2023
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	\$ (42,567)	\$ (21,764)	\$ (17,842)
Interest Expense, net	12,771	14,237	15,166
Income Tax Expense	45,478	30,530	44,797
Depreciation and Amortization - COGS	19,433	18,749	18,384
Depreciation and Amortization - SG&A	17,432	16,984	16,882
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)</b>	<b>\$ 52,547</b>	<b>\$ 58,736</b>	<b>\$ 77,387</b>

**VERANO HOLDINGS CORP.**  
**Reconciliation of Net Loss to EBIT (Non-U.S. GAAP) and Adjusted EBITDA (Non-U.S. GAAP)**

	For the Three Months Ended,		
	September 30, 2024	June 30, 2024	September 30, 2023
<i>(\$ in thousands)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	(42,567)	(21,764)	(17,842)
Interest Expense, Net	12,771	14,237	15,166
Income Tax Expense	45,478	30,530	44,797
<b>Earnings Before Interest, Taxes (EBIT)</b>	<b>\$ 15,682</b>	<b>\$ 23,003</b>	<b>\$ 42,121</b>
<b>COGS Add-backs:</b>			
Depreciation and Amortization - COGS	19,433	18,749	18,384
Acquisition, Transaction and Other Non-operating Costs	3,280	—	—
Employee Stock Compensation	733	680	625
<b>SG&amp;A Add-backs:</b>			
Depreciation and Amortization - SG&A	17,432	16,984	16,882
Acquisition, Transaction and Other Non-operating Costs	2,138	2,570	617
Employee Stock Compensation	4,057	3,636	4,062
Acquisition Adjustments and Other Income (Expense), net	1,703	4,977	6,658
<b>Adjusted EBITDA</b>	<b>\$ 64,458</b>	<b>\$ 70,599</b>	<b>\$ 89,349</b>
<b>Net Loss Margin</b>	<b>(20)%</b>	<b>(10)%</b>	<b>(7)%</b>
<b>Adjusted EBITDA Margin</b>	<b>30 %</b>	<b>32 %</b>	<b>37 %</b>

**VERANO HOLDINGS CORP.**  
**Highlights from Unaudited Interim Condensed Consolidated Statements of Operations (Unaudited)**  
*(\$ in Thousands)*

	For the Three Months Ended,		
	September 30, 2024	June 30, 2024	September 30, 2023
Revenues, net of Discounts	\$ 216,683	\$ 222,390	\$ 240,088
Cost of Goods Sold, net	107,586	108,050	106,868
<b>Gross Profit</b>	<b>109,097</b>	<b>114,340</b>	<b>133,220</b>
<b>Gross Profit %</b>	<b>50 %</b>	<b>51 %</b>	<b>55 %</b>
<b>Operating Expenses</b>			
Selling, General and Administrative	92,327	87,074	86,316
Loss on Impairment - Investment in Associates	—	—	6,571
<b>Total Operating Expenses</b>	<b>92,327</b>	<b>87,074</b>	<b>92,887</b>
<b>Loss from Investments in Associates</b>	<b>—</b>	<b>—</b>	<b>(45)</b>
<b>Income from Operations</b>	<b>16,770</b>	<b>27,266</b>	<b>40,288</b>
<b>Other Income (Expense), net:</b>			
Loss on Disposal of Property, Plant and Equipment	(604)	—	(234)
Loss on Debt Extinguishment	—	(3,068)	—
Interest Expense, net	(12,771)	(14,237)	(15,166)
Other Income (Expense), net	(484)	(1,195)	2,145
<b>Total Other Income (Expense), Net</b>	<b>(13,859)</b>	<b>(18,500)</b>	<b>(13,255)</b>
<b>Income Before Provision for Income Taxes</b>	<b>2,911</b>	<b>8,766</b>	<b>27,033</b>
Provision for Income Taxes	(45,478)	(30,530)	(44,797)
<b>Net Income Attributable to Non-Controlling Interest</b>	<b>—</b>	<b>—</b>	<b>78</b>
<b>Net Loss Attributable to Verano Holdings Corp. &amp; Subsidiaries</b>	<b>(42,567)</b>	<b>(21,764)</b>	<b>(17,842)</b>