

Verano Acquires Cannabist Assets in Virginia, Arizona for \$105M

Verano Expands Footprint in Virginia and Arizona with Acquisition of The Cannabist Company Subsidiaries

Multi-state cannabis operator Verano has announced a significant expansion of its operations, acquiring all ownership interests in three subsidiaries of The Cannabist Company. The acquisition includes subsidiaries operating in Arizona and Virginia, with a total transaction value of \$105 million.

Virginia Expansion: Dominance in Health Service Area 5

In Virginia, Verano will acquire Columbia Care Eastern Virginia, which operates one cultivation and production facility and six dispensaries. This acquisition positions Verano as the sole cannabis operator and retailer in Health Service Area 5 (HSA 5), covering major regions including Virginia Beach, Chesapeake, and Norfolk. HSA 5 serves nearly two million residents, making it a key market in Virginia's cannabis industry. The state's legal cannabis program also allows for home delivery and wholesale opportunities across different HSAs, enabling Verano to serve patients statewide.

Financial Details of the Virginia Acquisition

The total consideration for the Virginia operations is approximately \$90 million, subject to adjustment. The payment structure includes \$20 million in cash, \$40 million in Class A subordinate voting shares, and a \$30 million promissory note. This acquisition will significantly bolster Verano's presence in Virginia, adding to its already substantial footprint.

Arizona Expansion: Enhanced Cultivation and Retail Presence

In Arizona, Verano will acquire 203 Organix and Salubrious Wellness Center, which operate a cultivation facility, a production facility, and two dispensaries. This acquisition expands Verano's cultivation footprint in Arizona to 90,000 square feet across three facilities and increases its retail presence to eight dispensaries, including new locations in Tempe and Prescott. The total consideration for the Arizona operations is \$15 million, payable in cash.

Strategic Growth and Market Leadership

Once these acquisitions are finalized, Verano will operate in 14 states, managing 15 cultivation and production facilities and 150 dispensaries. This expansion further solidifies Verano's position as a leading multi-state operator in the U.S. cannabis market.

The Cannabist Company: Retaining Focus in Virginia and Strategic Divestitures

Meanwhile, The Cannabist Company will retain its operations in Virginia's Health Service Area 4 (HSA 4), focusing on the Richmond region. The company will maintain approximately 80,000 square feet of cultivation and manufacturing capacity and operate five retail locations, with an additional location in development. Following its exit from the Arizona market, The Cannabist Company will concentrate its efforts on 13 markets, including previously announced divestitures.

Verano's strategic acquisition aligns with its growth strategy, aiming to enhance its market share and operational capacity in key states. The expansion into new markets and consolidation of operations underscore Verano's commitment to becoming a dominant player in the U.S. cannabis industry.

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