UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the year ended December 31, 2021

☐ **Transition Report Pursuant to Section 13 or 15(D) of the Securities Exchange Act of 1934**

For the transition period from ________ to _________

Commission File Number 001-39217

THE GREENROSE HOLDING COMPANY INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-2845696**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)
111 Broadway Amityville, NY	**11701**
(Address of principal executive offices)	(zip code)

(516) 346-5270
(Issuer's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Units, each consisting of one share of common stock and one redeemable warrant	OTC Pink
Common stock, par value $0.0001 per share	OTCQX
Redeemable warrants, exercisable for shares of common stock at an exercise price of $11.50 per share	OTCQB

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock outstanding, other than shares held by persons who may be deemed affiliates of the registrant, computed by reference to the closing price for the common stock as of the last business day of the registrant's most recently completed second fiscal quarter ($9.99 as of June 30, 2021) as reported on the OTCX, was approximately $56,765,000.

As of April 21, 2022, there were 17,585,249 shares of common stock, par value $0.0001 per share issued and outstanding.

Documents Incorporated by Reference: None.

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EXPLANATORY NOTE

The Greenrose Holding Company Inc (the "Company," "we", "our" or "us") is filing this Annual Report on Form 10-K/A (Amendment No. 1), or this Annual Report, to amend our Annual Report on Form 10-K, or this Amendment, for the period ended December 31, 2021, originally filed with the Securities and Exchange Commission, or the SEC, on April 15, 2022, as amended on April 25, 2021. This filing amends Item – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, to correct for an error in our Adjusted EBITDA Successor / Predecessor Non-GAAP table.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 10-K/A also contains new certifications by the principal executive officer and the principal financial officer as required by Section 302 of the Sarbanes-Oxley Act of 2002.

Except as described above, this Amendment does not amend, update or change any other items or disclosures contained in the Original Filing, and accordingly, this Amendment does not reflect or purport to reflect any information or events occurring after the original filing date or modify or update those disclosures affected by subsequent events. Accordingly, this Amendment should be read in conjunction with the Original Filing and the Company's other filings with the SEC.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF GREENROSE FOR THE PERIOD NOVEMBER 27, 2021 TO DECEMBER 31, 2021 (SUCCESSOR), THE PERIOD JANUARY 1, 2021 TO NOVEMBER 26, 2021 (PREDECESSOR), AND THE YEAR ENDED DECEMBER 31, 2021 (PREDECESSOR)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and related notes included in Item 8 of our Annual Report on Form 10-K filed on April 15,2022. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in Item 1A "Risk Factors" of our Annual Report on Form 10-K filed on April 15, 2022.

References in this report (the "Annual Report") to "we," "us" or the "Company" refer to The Greenrose Holding Company Inc. References to our "management" or our "management team" refer to our officers and directors, and references to the "Sponsor" refer to Greenrose Associates LLC. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Annual Report.

This MD&A contains both historical and forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. We make forward-looking statements related to future expectations, estimates, and projections that are uncertain and often contain words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "likely," "may," "outlook," "plan," "predict," "should," "target," or other similar words or phrases. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict. Factors that might cause such differences include, but are not limited to, those discussed in Part 1. of our Form 10-K filed on April 15, 2022 under Item 1A., "Risk Factors," which are incorporated herein by reference. Our future results and financial condition may be materially different from those we currently anticipate and historical results may not be indicative of future performance.

Financial information and unit or share figures, except per-unit or per-share amounts, presented in this MD&A are presented in thousands of US dollars ("$"), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages, per-unit, and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, cross foot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

Overview

The Greenrose Holding Company Inc. is a Delaware incorporated holding company that was formed for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more businesses or entities. On November 26, 2021 (the "Closing Date") The Greenrose Holding Company Inc. ("Greenrose", the "Company", or "Successor"), formerly known as Greenrose Acquisition Corp., consummated its business combination (the "Theraplant Merger" or "Theraplant Business Combination") with Theraplant, LLC, a Connecticut limited liability company ("Theraplant" or "Predecessor"), a private operating company.

Theraplant is a cannabis producer licensed by the State of Connecticut, dedicated to providing patients options to improve their wellbeing. Theraplant was Connecticut's first state-licensed medical cannabis producer, receiving its license on February 7, 2014, and in October 2014 became the first producer to distribute medical cannabis in the Connecticut market. Theraplant designs premium cannabis genetics to offer a wide variety of compositions to meet needs of the state's medical cannabis cardholders for all approved treatment conditions, while making quality medical cannabis affordable to the greatest range of patients. Theraplant hand selects premium cannabis genetics grown in a controlled, clean environment, under the watch of an award-winning cultivation team, and tested by a third-party laboratory for pesticides and microbiologics. Theraplant operates out of a cultivation facility with 68,000 square feet of capacity, with an additional 30,000 square feet of capacity that was completed in the first quarter of 2022.

On December 31, 2021, the Company completed its acquisition of substantially all of the assets and certain liabilities of True Harvest, LLC ("True Harvest") as key part of its growth strategy. True Harvest is a limited liability company established in 2015 in the State of Arizona. True Harvest cultivates, manufactures, and sells medical marijuana in the State of Arizona, under a cultivation agreement with a third-party licensor, who has a medical marijuana dispensary registration certificate from Arizona Department of Health Services and is authorized to operate an off-site cultivation facility.

Theraplant Business Combination

On November 26, 2021, we consummated the Theraplant Business Combination. Under the terms of the acquisition, we paid consideration of $153,040 thousand at close, consisting of $91,196 thousand in cash, $43,500 thousand in shares of the Company's common stock, $9,616 thousand in the form of a convertible note, paid down $6,754 thousand of outstanding debt and agreed to pay an incremental $1,975 thousand based upon the sale of an investment and certain tax reimbursements on the date of the transaction. This acquisition qualified as a business combination in accordance with ASC 805, Business Combinations ("ASC 805"). We have recorded an allocation of the consideration to Theraplant's identified tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the Closing Date. The excess of the acquisition consideration over the fair value of the assets acquired and liabilities assumed was recorded as goodwill.

True Harvest Acquisition

On December 31, 2021, we consummated the business combination with True Harvest (the "True Harvest Business Combination") and entered into an amendment ("Amendment No. 3") to the APA. Pursuant to the amended APA, Greenrose paid aggregate consideration of $68,671 thousand at close, consisting of $12,500 thousand in cash, $20,892 thousand in the form of a convertible note, and $14,399 thousand in fair value of shares issued of the Company's common stock. In addition, Contingent upon True Harvest achieving a certain price point per pound of cannabis flower relative to total flower production within 36 months of the closing of the transaction, the Company will pay additional consideration of up to $35,000 thousand in the form of an earnout, payable in shares of common stock of the Company. The fair value of such contingent consideration was $20,880 thousand and is included in consideration transferred. Up to 1,100 thousand shares are contingently returnable to Greenrose if the Greenrose common stock price reaches $12.50 per share for 20 consecutive trading days, and the fair value of such contingently returnable shares has been determined to be $0 as of the date of the transaction.

COVID-19

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment, and economic disruptions. Management has been closely monitoring the impact of COVID-19, with a focus on the health and safety of the Company's employees, business continuity and supporting the communities where the Company operates. The company has implemented various measures to reduce the spread of the virus, including implementing social distancing measures at its cultivation facilities, manufacturing facilities, and dispensaries, enhancing cleaning protocols at such facilities and dispensaries and encouraging employees to adhere to preventative measures recommended by local, state, and federal health officials.

It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations at this time.

Key Performance Indicators and Non-GAAP Measures

Our management uses a variety of financial and operating metrics to evaluate our business, analyze our performance, and make strategic decisions. We believe these metrics and non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as management. However, these measures are not financial measures calculated in accordance with GAAP and should not be considered as substitutes for financial measures that have been calculated in accordance with GAAP. We primarily review the following key performance indicators and non-GAAP measures when assessing our performance: (i) revenue; (ii) EBITDA; (iii) adjusted EBITDA; (iv) working capital; (v) cash flow; and (vi) return on capital employed. We believe these indicators provide us with useful data with which to measure our performance.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measures that represents earnings before interest expense, income taxes, depreciations, and amortization, or EBITDA, and further adjustments to EBITDA to exclude certain non- cash items and other non-recurring items that management believes are not indicative of ongoing operations.

We disclose EBITDA and Adjusted EBITDA because these non-GAAP measures are key measures used by our management to evaluate our business, measure its operating performance, and make strategic decisions. We believe EBITDA and Adjusted EBITDA may be useful for investors and others in understanding and evaluating our operations results in the same manner as its management. However, EBITDA and Adjusted EBITDA are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income, income before income taxes, or any other operating performance measure calculated in accordance with GAAP. Using these non-GAAP financial measures to analyze our business would have material limitations because the calculations are based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find significant. In addition, although other companies in our industry may report measures titled EBITDA and Adjusted EBITDA or similar measures, such non-GAAP financial measures may be calculated differently from how we calculate non-GAAP financial measures, which reduces their overall usefulness as comparative measures. Because of these limitations, you should consider EBITDA and Adjusted EBITDA alongside other financial performance measures, including net income and our other financial results presented in accordance with GAAP. The following table presents a reconciliation of net income to EBITDA and Adjusted EBITDA for each of the periods indicated:

As Greenrose's historical financial information is excluded from the Predecessor financial information, the businesses, and thus financial results, of the Successor and Predecessor entities, are expected to be largely consistent, excluding the impact on certain financial statement line items that were impacted by the Theraplant Business Combination. Management believes reviewing our operating results for the twelve-months ended December 31, 2021 by combining the results of the Predecessor and Successor periods ("S/P Combined") is more useful in discussing our overall operating performance when compared to the same period in the current year. Accordingly, in addition to presenting our results of operations as reported in our consolidated financial statements in accordance with GAAP, the tables below present the non-GAAP combined results for the year.

	Successor	Predecessor	S/P Combined (non-GAAP)	Predecessor
(in thousands)	**November 27, 2021 to December 31, 2021**	**January 1, 2021 to November 26, 2021**	**Year ended December 31, 2021**	**For the year ended December 31, 2020**
Net Income (Loss)	$ 6,942	$ 10,985	$ 17,927	$ 14,396
Provision for income taxes	38	934	972	1,179
Interest expense, net	1,997	198	2,195	102
Depreciation & amortization	1,389	729	2,118	42
EBITDA	10,366	12,846	23,212	15,719
Transaction related fees (a)	441	539	980	153
Change in Fair Value of Financial Instruments (b)	(11,883)	-	(11,883)	-
Fair value step-up of inventory from acquisitions (c)	603	-	603	-
Warrant Issuance Expense (d)	667	-	667	-
Infrequent events (e)	-	210	210	247
Management fees (f)	-	400	400	500
Adjusted EBITDA	$ 194	$ 13,995	$ 14,189	$ 16,618

(a) Transaction fees relate to consulting, legal, and accounting fees in preparation for the Theraplant Business Combination and True Harvest acquisition.

(b) Change in Fair Value of Financial Instruments represent the (gain)/loss recognized on the Consolidated Statement of Operations. For the S/P Combined twelve months ended December 31, 2021, the Company recognized a gain of $11,883 thousand on its financial instruments which resulted from fluctuations in the Company's stock price.

(c) Represents the impact to the cost of goods sold due to the fair value step up of inventory from purchase accounting

(d) In connection with the debt issued for the Theraplant Business Combination and True Harvest acquisition the Company issued warrant securities to the lender. As such a portion of the debt financing costs have been allocated to the warrants and expensed in the Successor period.

(e) Infrequent events include $210 thousand and $247 thousand for consulting fees related to Connecticut cannabis regulation proposals for the period ended November 26, 2021 and December 31, 2020, respectively.

(f) Represents management fees associated with management consulting services that will not be required to be paid after the closing of the Theraplant Business Combination.

Key Components of Results of Operations

Revenues, net of discounts

Theraplant is a seed-to-wholesale cultivator, extractor, and processor that produces high quality cannabis products and sells wholesale product to dispensaries in the State of Connecticut. Revenues are recorded net of any applicable sales discounts. True Harvest is a cultivator, manufacturer, and seller of medical marijuana in the state of Arizona, under a cultivation agreement with a third-party licensor, who has a medical marijuana dispensary registration certificate from Arizona Department of Health Services and is authorized to operate an off-site cultivation facility. True Harvest was acquired on December 31, 2021 and did not have any results of operations to be included in the table below.

Cost of goods sold net

Cost of goods sold, net is derived from costs related to the cultivation and production of cannabis and cannabis products. Cost of goods sold, net includes the costs directly attributable to the production of inventory and includes amounts incurred in the cultivation and manufacturing of finished goods, such as flower, concentrates, and ingestibles. Direct and indirect costs include, but are not limited to, material, labor, supplies, utilities, and facility costs associated with cultivation, including depreciation and amortization.

Selling and marketing

Selling and marketing expenses consist of marketing expenses related to marketing programs for Greenrose products. As Greenrose continues to expand its facility, sales and marketing expenses will continue to increase.

General and administrative

General and administrative expenses represent costs incurred at Greenrose, primarily related to personnel costs, including salaries, incentive compensation, benefits, and other professional service costs, including legal and accounting. Greenrose expects to continue to invest considerably in this area to support expansion plans and to support the increasing complexity of the cannabis business. Greenrose anticipates an increase in compensation expenses related to recruiting and hiring talent, accounting, legal and professional fees associated with becoming compliant with the Sarbanes-Oxley Act, and other public company corporate expenses.

Depreciation and amortization

Depreciation and amortization expenses represent a write-down to reduce the carrying value of Greenrose's property and equipment and intangible assets. As Greenrose continues to grow and expand their property and equipment, we expect to see continued growth to the depreciation expense.

Other income (expense), net

Other income (expense), net consist primarily of interest expense and other non-operating activities.

Provision for income taxes

We file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. We are subject to income tax examinations since our inception by various tax authorities.

As we operate in the cannabis industry, we are subject to the limits of IRC Section 280E under which we are only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

Results of Operations

November 27, 2021 to December 31, 2021 (Successor), the period January 1, 2021 to November 26, 2021 (Predecessor), combined Predecessor and Successor period ("S/P Combined") and the year ended December 31, 2020 (Predecessor) comparison

	Successor	Predecessor	S/P Combined (non-GAAP)	Predecessor		
(in thousands)	November 27, 2021 to December 31, 2021	January 1, 2021, to November 26, 2021	Year ended December 31, 2021	Year Ended December 31, 2020	$	%
Revenues, net of discounts	$ 1,927	$ 23,468	$ 25,395	$ 28,375	$ (2,980)	-11%
Cost of Goods Sold	973	8,055	9,028	9,838	(810)	-8%
Gross Profit	954	15,413	16,367	18,537	(2,170)	-12%
Selling and marketing	10	231	241	333	(92)	-28%
General and administrative	1,855	3,062	4,917	2,548	2,369	93%
Depreciation and amortization	1,320	50	1,370	42	1,328	3162%
Income From Operations	(2,231)	12,070	9,839	15,614	(5,775)	-37%
Other income (expense), net	9,211	(151)	9,060	(39)	9,099	n/a
Income Before Provision for Income Taxes	6,980	11,919	18,899	15,575	3,324	21%
Provision for income taxes	(38)	(934)	(972)	(1,179)	(207)	18%
Net income	$ 6,942	$ 10,985	$ 17,927	$ 14,396	$ 3,531	

Comparison of the years ended December 31, 2021 and December 31, 2020

The following discussion represents a comparison of our results of operations for the year ended December 31, 2021, which includes the results of operations for the one month ended December 31, 2021 (Successor) plus the eleven months ended November 26, 2021 (Predecessor) compared to the year ended December 31, 2020 (Predecessor). The results of operations for the periods shown in our audited consolidated financial statements, including the periods shown as Successor and Predecessor, are not necessarily indicative of operating results for the entire period. In the opinion of management, the audited consolidated financial statements recognize all adjustments of a normal recurring nature considered necessary to fairly state our financial position, results of operations and cash flows for the periods presented

Revenue, net of discounts

For the S/P Combined twelve months ended December 31, 2021, the Company's Revenue, net of discounts decreased $2,980 thousand or 11% compared to the prior year. The True Harvest Acquisition occurred on December 31, 2021 and did not contribute any sales to our year ended December 31, 2021, and as a result all sales are a result of Theraplant activities. The decrease is a result of a reduction in the medicinal market in Connecticut along with increased competition. The decrease in revenue is also a result of new legislation for adult-use cannabis in Connecticut. With the law, "An Act Concerning Responsible and Equitable Regulation of Adult-Use Cannabis", passed in June 2021, we believe that prospective consumers who previously obtained a medical card or considered obtaining a medical card in Q3 and Q4 decided to purchase cannabis outside of the medical market. This was the result of the decriminalization of cannabis as of July 1, 2021 in Connecticut, thus forgoing the cost of a doctor's visit and a state license registration. Further, the availability of black-market products for the larger new adult (non-medical) market has increased due to illegal events and delivery services, negatively impacting revenues. The new law now allows for an adult use of the product in Connecticut.

Cost of Goods Sold

Cost of goods sold, net for the S/P Combined twelve months ended December 31, 2021, decreased $810 thousand or 8% compared to the prior year. The True Harvest Acquisition occurred on December 31, 2021 and did not contribute to any cost of Goods Sold for our year ended December 31, 2021, and as a result all Cost of Goods Sold are a result of Theraplant activities. This general decrease was consistent with the decrease in Revenue. The decrease due to the decrease in revenue was offset by various increases in Cost of goods sold related to bringing additional capacity online. The Company incurred additional costs related to initial planting and production processes in the new production facility, which resulted in the decrease in Cost of Goods Sold being less than the decrease in revenue. These start up costs are expected to decrease after Q2 2022.

Selling and Marketing Expenses

Selling and marketing expenses for the S/P Combined twelve months ended December 31, 2021, decreased $92 thousand or 28% compared to the prior period. This decrease was primarily due to smaller purchases in marketing material.

General and Administrative Expenses

General and administrative expenses for the S/P Combined twelve months ended December 31, 2021, increased $2,369 thousand or 93% compared to the prior year. This increase is due to professional fees and transaction related expenses due to the Theraplant Business Combination and True Harvest acquisition.

Depreciation and Amortization

Depreciation and amortization for the S/P Combined twelve months ended December 31, 2021, increased $1,328 thousand or 3162% compared to the prior year. This increase is due to the amortization of the intangible assets for the period beginning November 27, 2021. These intangible assets acquired in connection with the Theraplant Business Combination totaled $107,000 thousand. The amortization of the acquired intangible assets was $1,315 thousand for the period November 27, 2021 through December 31, 2021.

Other income (expense), net

Other income (expense), net, which consists of interest expenses, net, and changes in fair value of financial instruments, for the S/P Combined twelve months ended December 31, 2021, increased $9,099 thousand. This increase is due to the change in fair value of the Company's financial instruments totaling $11,883 thousand. The change in fair value of financial instruments was partially offset by $1,997 thousand of interest expense inclusive of $406 thousand of amortization of deferred finance costs and original issue discount.

Provision for Income Taxes

Provision for income taxes for the S/P Combined twelve months ended December 31, 2021, decrease $207 thousand or 18%.

Liquidity and Capital Resources

Our primary sources of liquidity are cash from operations, cash and cash equivalents on hand. Our primary requirements for liquidity are to fund our working capital needs, debt service, operating lease obligations, capital expenditures and general corporate needs. Theraplant is generating cash from sales and is deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term to support its business growth and expansion. With our True Harvest Acquisition, on December 31, 2021, we expect to be further generating cash from sales over the next 12 months. As of December 31, 2021, we maintained a cash and cash equivalents balance of $7,240 thousand, and $1,817 thousand of restricted cash with a working capital deficit of $103,434 thousand.

Based on our forecasted expenditures related to our debt service and following the completion of our True Harvest Acquisition on December 31, 2021, we determined that after taking into account our cash flow projections, we do not believe we will have sufficient cash on hand or available liquidity to meet our obligations through the twelve months from the date of issuance of the consolidated financial statements for the twelve months ended December 31, 2021. We have incurred significant expenses in relation to our acquisitions. We expect our cash flows to increase over time, but not in sufficient quantities in the short term to pay for expenses, without additional capital, or Connecticut recreation legalization. As a result, substantial doubt exists regarding the going concern assumption on our consolidated financial statements. Therefore, these conditions raise substantial doubt about our ability to continue as a going concern.

We have certain debt obligations to sellers, our lender, and vendors which will require cash to meet their requirements. Our ability to continue meeting these contractual obligations will be reliant upon our ability to secure significant additional capital funding or revise the contracts.

Under certain provisions of our credit agreement with our senior lender (as amended to date, the "Credit Facility"), we are in technical default. While no event of default has been declared nor has acceleration of indebtedness been triggered by our senior lender pursuant to the Credit Facility, the potential for such eventualities and potential cross defaults requires us to classify our long-term obligations as current liabilities. Upon the occurrence of such an event of default, if not timely cured, all amounts outstanding under our Credit Facility could be declared to be immediately due and payable, which is how our financial statements are presented. If indebtedness under our Credit Facility is accelerated, there can be no assurance that we will have sufficient assets to repay the indebtedness.

In 2022, we intend to revise our agreements with sellers and seek significant additional capital funding to stabilize our cash flow. We are currently in active discussions with the lenders under our credit agreements (including certain of our related parties) for additional financing, a waiver of our compliance with covenants and/or cure of any events of default under the credit agreements. However, there can be no assurance that such efforts will be successful or that, in the event that they are successful, the terms and conditions of such financing will be favorable.

Further, there are other factors which may make financing our operations more difficult, including the Cannabis industry we operate in and any other risk factors listed in Item 1A. of Part I of our Annual Report on Form 10-K filed on April 15, 2022. In consideration of our plans, substantial doubt is not alleviated.

The following table presents Greenrose's cash and outstanding debt as of the dates indicated. Due to an event of default, all debt has been classified as current within the consolidated balance sheet as of December 31, 2021:

(in thousands)	Successor December 31, 2021	Predecessor December 31, 2020
Cash and Cash Equivalents	$ 7,240	$ 2,263
Restricted Cash	1,817	-
Total cash and cash equivalents and restricted cash	$ 9,057	$ 2,263
Outstanding Debt:		
Notes Payable	$ 108,656	$ 1,779
Total Debt	$ 108,656	$ 1,779

Cash Flows

The following table presents the summary cash flow information for the periods indicated:

	Successor	Predecessor	S/P Combined (non-GAAP)	Predecessor
(in thousands)	November 27, 2021 to December 31, 2021	January 1, 2021, to November 26, 2021	Year ended December 31, 2021	Year Ended December 31, 2020
Net cash provided by (used in) operating activities	$ (3,976)	$ 12,167	$ 8,191	$ 15,999
Net cash used in investing activities	(110,684)	(5,314)	(115,998)	(926)
Net cash provided by financing activities	(51,456)	(7,730)	(59,186)	(19,995)
Net increase (decrease) in cash and cash equivalents	$ (166,116)	$ (877)	$ (166,993)	$ (4,922)

Cash Flow from Operating Activities

During the S/P Combined twelve-month period ended December 31, 2021, cash flows provided by operating activities were $8,191 thousand. The cash flows provided by operating activities resulted from net income of $17,927 thousand (S/P Combined), depreciation and amortization of $2,118 thousand (S/P Combined) and partially offset by net decrease of operating assets and liabilities $1,788 thousand (S/P Combined). Our $17,927 thousand of net income (S/P Combined) was primarily related to a non-cash gain on change in value of our financial instruments of $11,883 thousand (S/P Combined). Our operating assets and liabilities decrease was due primarily to an increase in accounts payable and accrued expenses for transaction related expenses.

Cash Flow from Investing Activities

Net cash used in investing activities was $115,998 thousand for fiscal 2021 period (S/P Combined), an increase of $115,072 thousand, compared to net cash used in investing activities of $926 thousand during fiscal 2020 (Predecessor). The increase primarily relates to the Theraplant Business Combination and True Harvest which, collectively, represent a $110,450 thousand investing out flow. Additionally, the Company's capital expenditures increased to $5,548 thousand for the fiscal 2021 period (S/P Combined) compared to $932 thousand during fiscal 2020 due to the expansion of the Theraplant facility.

Cash Flow from Financing Activities

Net cash used in financing activities was $59,186 thousand for fiscal 2021 period (S/P Combined), an increase of $39,191 thousand, compared to net cash used in financing activities of $19,995 thousand during fiscal 2020 (Predecessor). The increase of cash used was primarily related to the payment of $154,899 thousand of SPAC redemptions, and $12,373 thousand of distributions to members prior to the business combination, partially offset by the $109,768 thousand of debt proceeds compared to the prior year of $19,984 thousand of distribution to members.

Financing Arrangements

The primary objective of our financing strategy is to maintain a prudent capital structure that provides us flexibility to pursue our growth objectives. We use short-term debt as management determines is reasonable, principally to finance ongoing operations, including our seasonal requirements for working capital (generally accounts receivable, inventory, and prepaid expenses and other current assets, less accounts payable, accrued payroll, and other accrued liabilities), and a combination of equity and long-term debt to finance both our base working capital needs and our non-current assets.

Term Loans

On November 26, 2021, we entered into the "Credit Agreement" with DXR Holdings where the lender (DXR Holdings) will provide an initial term loan (the "Initial Term Loan") in an amount equal to eighty-eight million dollars ($88,000,000). The proceeds of the term loan were used to acquire the net assets of Theraplant.

Additionally, the Credit Agreement includes a Delayed Draw Term Loan (the "Delayed Draw Term Loan" and collectively with the Initial Term Loan "the Term Loans") in amount equal to seventeen million dollars ($17,000,000). As detailed in the agreement, the Delayed Draw Term Loan provided funding for the acquisition of True Harvest and related transaction costs.

We are required to make principal payments on the Term Loans of $5,000,000 on each Installment Date. The Installment Date is the last business day of each March, June, September and December, beginning with the earlier of (i) the second full fiscal quarter following the Trigger Date and (ii) the ninth fiscal quarter following the Closing Date. The Trigger Date is the date of the introduction and implementation (meaning the first day that sales are permitted whether or not the Borrower or its subsidiaries make sales on such date) of the Adult Use Cannabis market in the state of Connecticut.

The Term Loans bear interest on the unpaid principal amount thereof from the date made through repayment (whether by acceleration or otherwise) thereof at the greater of LIBOR or 1% plus the Applicable Margin (Section 2.4 (a)). Interest on each term loan attributable to the PIK Rate shall be payable on each Interest Payment Date by capitalizing the amount thereof, added to the outstanding amount. All interest and applicable fees chargeable under the Loan Documents shall be computed on the basis of a three hundred sixty (360) day year (Section 2.4(d)), in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. The Applicable Margin means 16.00% per annum, provided that for the first 12 months following the Closing Date, 8.5% per annum may be payable in kind and thereafter, 5.00% per annum may be payable in kind (the amounts payable in kind, the “PIK Rate”). The PIK balance will be paid in cash at the end of the term loan. The accrued and unpaid interest on both Term Loans shall be due and payable on the earliest of maturity date, change of control, the sale of all or substantially all assets of Greenrose, or the date of the acceleration.

The Term Loans are collateralized by substantially all the assets and liabilities of the Company. The Credit Agreement contains certain affirmative and negative covenants as to operations and the financial condition of the Company. The Company was in compliance with its financial covenants as of December 31, 2021.

Refer to Note 8 in the Notes to the Consolidated Financial Statements for additional information on the Term Loans.

Warrant Liabilities

In connection with the Initial Term Loan, we entered into Warrant Agreement (the “Warrant Agreement”) with the DXR Holdings to acquire 2,000 thousand fully paid and nonassessable shares of our non-voting common stock. The warrants are immediately exercisable and have an exercise price of $0.01 per warrant (i.e., penny warrants). The holder can exercise the right to purchase the common stock in part or in whole at any time or from time to time. The warrants will expire and no longer exercisable on November 25, 2026. The holder of the warrants has the option to exercise the warrants in equity or in cash.

On December 31, 2021 the Company amended the Warrant Agreement by adding a price floor to the cash election feature whereas the Lender can elect to net cash settle the warrants for an amount that is the greater of the fair market value of the Company’s share price or the price floor. The price floor starts at $6.00 per share and increases $1.00 in each subsequent year on the initial term loan anniversary date. Additionally, the expiration date of the warrants is now able to be extended by five successive one-year extensions if the sale of cannabis continues to be federally illegal at the expiration date (the fifth anniversary of the issuance date and subject to five 1-year extensions at the election of the holder).

In connection with the funding of the Delayed Draw Term Loan, the Company issued another 550 thousand warrants with identical terms as the other 2,000 thousand warrants as amended by the Warrant Amendment for total Lender warrants of 2,550 thousand.

We accounted for the warrants as liabilities in accordance with ASC 815-40 and are they are presented within the warrant liabilities within the consolidated balance sheet. The warrants are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of in financial instruments within the consolidated statements of operations.

Derivative Liability

In order to help facilitate the closing of the Theraplant Business Combination, on October 20, 2021, Greenrose and an investor (the “Investor”), entered into a Non-Redemption Agreement (the “Non-Redemption Agreement”), pursuant to which the Investor agreed to purchase up to 1,000 thousand shares common stock of the Company, $0.0001 par value per share, in open market transactions or in private transactions from the certain selling shareholders who are not affiliated with the Company, at a purchase price not to exceed $10.14 per share.

In connection with the entry of the Non-Redemption Agreement, Greenrose entered into a Registration Rights Agreement with the Investor (the “Registration Rights Agreement”) pursuant to which Greenrose agrees that to file a registration statement with the Securities and Exchange Commission (the “SEC”) covering the resale of the Common Stock requested to be included in such registration statement (the “Resale Registration Statement”), and Greenrose shall use its best efforts to have the Resale Registration Statement declared effective as soon as practicable after the filing thereof, but in no event later than the 45th calendar day following the filing of the Resale Registration Statement (or, the fifth calendar day following the date on which the Company is notified by the SEC that the Resale Registration Statement will not be or is no longer subject to further review and comments.

Further, as part of the Non-Redemption Agreement, Greenrose and the Investor agreed that Greenrose shall issue and sell to the Investor, and the Investor shall purchase from Greenrose, for the sum of $500,000, an aggregate of 500,000 newly issued shares of Greenrose Common Stock ("Investor Shares"). When issued, these shares are to be subject to a lock-up and will be released based on a contractual calculation each month for six months. Any shares not released within that six-month period shall be forfeited. During the period ended December 31, 2021, the Company released 140,947 shares from lock-up ("Released Shares"). None of the shares have been issued or are outstanding as of and for the period ended December 31, 2021.

The Investor Shares are considered derivative liabilities in accordance with ASC 815-40, due to certain settlement provisions in the corresponding warrant agreement that do not meet the criteria to be classified in stockholders' equity. Pursuant to ASC 815-40, the Investor Shares are classified as a liability at fair value on the Company's consolidated balance sheet, and the change in the fair value of such liability in each period is recognized as a non-cash gain or loss in the Company's consolidated statements of operations.

Private Warrant Liabilities

Prior to the Theraplant Business Combination, Greenrose sold 1,980 thousand private warrants to Greenrose Associates, LLC (the "Sponsor") and Imperial Capital, LLC ("Imperial"). Each private warrant is exercisable to purchase one share of common stock at an exercise price of $11.50 per share.

The private warrants are exercisable for cash or on a cashless basis, at the holder's option, and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the private warrants are held by someone other than the initial purchasers or their permitted transferees, the private warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

The private warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within the private warrant liabilities within the consolidated balance sheet. The private warrants are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of in financial instruments within the consolidated statements of operations.

Other Notes Payable

In connection with the True Harvest Acquisition, the Company assumed $4,600 thousand of debt. The debt consisted of three promissory notes (the "Promissory Notes"). The Promissory Notes mature December 2023 and bear interest at 12% of the outstanding loan principal. Equal interest and principal payments are due each month.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements as of December 31, 2021. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

Contractual Obligations

We engaged Imperial in October 2019 (pursuant to an engagement letter agreement amended in January 2020) as an advisor in connection with a business combination to assist us in holding meetings with our shareholders to discuss the potential business combination and the target business' attributes, introduce us to potential investors that are interested in purchasing our securities in connection with a business combination, assist us in obtaining shareholder approval for the business combination and assist us with our press releases and public filings in connection with the business combination. Pursuant to the terms of our engagement of Imperial, a cash fee for such services was to be payable upon the consummation of a business combination in an amount equal to 4.5% of the gross proceeds of Initial Public Offering, or $7,763 thousand (exclusive of any applicable finders' fees which might become payable); provided that up to 20% of the fee may be allocated at our sole discretion to other FINRA members that assist us in identifying and consummating a Business Combination.

Additionally, the original terms of our engagement of Imperial included provision to pay Imperial a cash fee for assisting us in obtaining financing for the business combination in an amount equal to 5% of the face amount of any equity securities and 3% of the face amount of any debt sold or arranged as part of the business combination (exclusive of any applicable finders' fees which might become payable). Our engagement of Imperial was amended as of April 13, 2022 to reflect new agreed compensation terms. Pursuant to the April 2022 amendment we have agreed to compensate Imperial (i) a retainer of shares of common stock of the Company equivalent to $250 thousand (as determined by the five consecutive trading day volume weighted average price of the Company's common stock following execution of the April 2022 amendment; (ii) a quarterly fee payable in shares of the Company equivalent to $75 thousand per quarter (as determined by the five consecutive trading day volume weighted average price of the Company's common stock as of first day of each quarter), such amount to increase to an equivalent of $150 thousand per quarter following the sixth consecutive month of the amended engagement, plus a fee payable on the closing of a business combination or business combinations as we and Imperial shall agree and consistent with industry custom and usage. All fees earned and paid to Imperial under the amended engagement shall be credited against the amount owed and payable under the $10,500 thousand non-interest-bearing note issued by the Company to Imperial in April, 2022 in satisfaction of amounts otherwise payable under the terms of the 2019 engagement, as amended.

We have also entered into an agreement with a vendor to provide investor relations services related to the Company's business combination. The agreement requires us to pay $15 thousand upon commencement of the agreement plus reimbursement for any out-of-pocket expenses. In addition, we have agreed to pay a $100 thousand fee only upon the consummation of a business combination. The agreement also requires the continuation of investor relations services for a minimum of six months subsequent to the consummation of a business combination at the rate of $15 thousand per month.

We also entered into an agreement with a vendor to provide multimedia services related to the Company's business combination and virtual investor event. This agreement requires that the Company pay $33 thousand when the current financing closes-the consummation of a business combination. The agreement will terminate on August 31, 2022.

Related Party Transactions

On March 26, 2020, we issued an unsecured promissory note (the "2020 Note") in the principal amount of $1,000, thousand to our Sponsor. The 2020 Note is non-interest bearing and payable upon the consummation of a business combination. The 2020 Note may be converted into units at a price of $10.00 per unit and/or warrants at a price of $1.00 per warrant. The units would be identical to the private units and the warrants would be identical to the private warrants.

On January 29, 2021, we issued an unsecured promissory note (the "2021 Note") in the principal amount of $1,000 thousand to our Sponsor. The 2021 Note is non-interest bearing and payable upon the consummation of a business combination. The 2021 Note may be converted into units at a price of $10.00 per unit and/or warrants at a price of $1.00 per warrant. The units would be identical to the Private Units and the warrants would be identical to the private warrants.

On June 18, 2021, the Company issued an unsecured promissory note (the "June 2021 Note"), in the principal amount of $300 thousand to our sponsor evidencing a loan in the amount of $300,000. The June 2021 Note is non-interest bearing and payable upon the consummation of a business combination.

On August 26, 2021, the Company issued an unsecured promissory note (the "August 2021 Note"), in the principal amount of $450 thousand to our sponsor evidencing a loan in the amount of $450 thousand. The August 2021 Note is non-interest bearing and payable upon the consummation of a business combination.

On September 9, 2021, the Company issued an unsecured promissory note (the "September 2021 Note"), in the principal amount of $180,000 to our Sponsor evidencing a loan in the amount of $180,000. The September 2021 Note is non-interest bearing and payable upon the consummation of a business combination.

On September 20, 2021, the Company issued an unsecured promissory note (the "Second September 2021 Note"), in the principal amount of $65 thousand to our Sponsor evidencing a loan in the amount of $65 thousand. The Second September 2021 Note is non-interest bearing and payable upon the consummation of a business combination.

On October 1, 2021, the Company issued an unsecured promissory note (the "October 2021 Note") in the principal amount of $100 thousand to our Sponsor evidencing a loan in the amount of $100 thousand. The October 2021 Note is non-interest bearing and payable upon the consummation of a business combination.

On November 1, 2021, the Company issued an unsecured promissory note (the "November 2021 Note") in the principal amount of $140 thousand to our Sponsor evidencing a loan in the amount of $140 thousand. The November 2021 Note is non-interest bearing and payable upon the consummation of a business combination.

The June 2021 Note, the August 2021 Note, the September 2021 Note, the Second September 2021 Note, the October 2021 Note and the November 2021 Note are collectively referred to herein as the Sponsor's Notes in the amount of $1,235 thousand, which does not include the convertible 2020 Note and 2021 Note.

On February 2, 2022, Greenrose entered into an exchange agreement (the "Exchange Agreement") with Greenrose Associates LLC, the Company's sponsor to convert $2,640 thousand in aggregate principal amount of promissory notes and convertible notes into (i) 685 thousand shares of common stock of the Company, par value of $0.0001 per share, and (ii) 1,893 thousand non-callable private warrants entitling the holder thereof to purchase one share of Common Stock at $11.50 per share for five (5) years from the date of issuance. The Sponsor Notes were non-interest bearing and did not contain a stated maturity date. The non-callable private warrants contained the same terms and conditions as the private warrants issued to the Company's Sponsor and the Company's underwriters in connection with its February 11, 2020 initial public offering.

Simultaneously with the entry of the Exchange Agreement, Greenrose issued all 685 thousand shares of common stock of the Company to the Sponsor in a private placement exempt from registration pursuant to Rule 506(b) of Regulation D under Section 4(a)(2) of the Securities Act of 1933, as amended. Upon the issuance of the 685 thousand shares of common stock and 1,893 thousand warrants of the Company, the Sponsor Notes were cancelled and are no longer outstanding.

Recently Issued Accounting Pronouncements

See Note 1 - Nature of Operations and Summary of Significant Accounting Policies," to the audited condensed consolidated financial statements contained in Part II, Item 8 of our Annual Report on Form 10-K filed on April 15.2022.

Critical Accounting Policies

The preparation of consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

Derivative Instruments

We account for the Derivative Instruments in accordance with the guidance contained in ASC 815-40-15-7D and 7F under which the Derivative Instruments do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, we classify the Derivative Instruments as liabilities at their fair value and adjust the Derivative Instruments to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our consolidated statements of operations. The Private Placement Warrants for periods where no observable traded price was available are valued using a Black-Scholes model. The fair value of the convertible promissory note was estimated using a Black-Scholes model.

Common Stock Subject to Possible Redemption

We account for our common stock subject to possible redemption in accordance with the guidance in ASC Topic 480. Shares of common stock subject to mandatory redemption is classified as a liability instrument and measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of our consolidated balance sheets.

Net Income (loss) Per Common Share

Net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Accretion associated with the redeemable shares of common stock is excluded from income (loss) per common share as the redemption value approximates fair value.

Recent Accounting Standards

In May 2021, the FASB issues ASU No. 2021-04, "Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)". The amendments in this Update clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The guidance clarifies whether an issuer should account for a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as (1) an adjustment to equity and, if so, the related earnings per share (EPS) effects, if any, or (2) an expense and, if so, the manner and pattern of recognition. The amendments in this Update affect all entities that issue freestanding written call options that are classified in equity. The amendments do not apply to modifications or exchanges of financial instruments that are within the scope of another Topic and do not affect a holder's accounting for freestanding call options. This update is effective after December 15, 2021. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. Early adoption is permitted, including adoption in an interim period. Management does not believe that this pronouncement, if currently adopted, would have a material effect on the Company's consolidated financial statements.

On July 19, 2021, the FASB issued ASU 2021-05, "Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments", which requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate (hereafter referred to as "variable payments") as an operating lease on the commencement date of the lease if specified criteria are met. The ASU is effective after December 15, 2021. Management does not believe that this pronouncement, if currently adopted, would have a material effect on the Company's consolidated financial statements.

On March 12, 2020, the FASB concluded its reference rate reform project and issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The Board undertook the reference rate reform project to address constituents' concerns about certain accounting consequences that could result from the global markets' anticipated transition away from the use of the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. Constituents feared that, without new guidance and relief, entities' application of contract modification and hedging requirements under U.S. GAAP to modifications triggered by reference rate reform would be costly to implement and result in financial reporting that did not faithfully represent management's intent or risk management activities. In addition, the FASB believes that such accounting treatment would not provide decision-useful information to financial statement users. Management does not believe that this pronouncement, if currently adopted, would have a material effect on the Company's consolidated financial statements.

On August 5, 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity", which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU is part of the FASB's simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The adoption of the standard did not have a material impact on the Company's financial position, results of operations or cash flows.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, and revisions to accounting estimates are recognized in the period in which the estimate is revised.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. Cannabis licenses are the primary intangible asset acquired in business combinations as they provide the Company the ability to operate in each market.

Estimated Useful Lives and Depreciation of Property and Equipment and Intangible Assets

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Goodwill Impairment

The Company applies the guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2011-08 “Intangibles-Goodwill and Other-Testing Goodwill for Impairment,” which provides entities with an option to perform a qualitative assessment (commonly referred to as “Step Zero”) to determine whether further quantitative analysis for impairment of goodwill is necessary. In performing Step Zero for the Company’s goodwill impairment test, the Company is required to make assumptions and judgments including but not limited to the following: the evaluation of macroeconomic conditions as related to the Company’s business, industry and market trends, and the overall future financial performance of its reporting units and future opportunities in the markets in which they operate. If impairment indicators are present after performing Step Zero, the Company would perform a quantitative impairment analysis to estimate the fair value of goodwill.

Consolidation

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure or rights to variable returns and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price, what we expect to realize by selling the inventory and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

Allowance for Uncollectible Accounts

Allowances for doubtful accounts reflect Greenrose's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. The allowance is determined based on a combination of factors, including Greenrose's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Though infrequent, if ever, account balances are charged off against the allowance when Theraplant believes it is probable the receivable will not be recovered. No allowance for doubtful accounts was required as of December 31, 2021 and December 31, 2020.

Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction, including derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Financial Instruments and Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, notes payable, warrant liability and contingent consideration payable. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2—Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3—Inputs for the asset or liability that are not based on observable market data.

Provision for Income Taxes

Prior to the Theraplant Business Combination, the Predecessor's members had elected to have the Predecessor treated as a partnership for income tax purposes. As such, the items of income, loss, deduction, and credit are passed through to, and taken into account by, the Predecessor's members in computing their own taxable income.

The Predecessor is subject to the limits of IRC Section 280E under which it is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

The State of Connecticut imposes a corporate flow through tax on partnership earnings, resulting in an accrued tax liability on the consolidated balance sheet as of December 31, 2020 (Predecessor) of $209 thousand.

Regulation Overview and Balance Sheet Exposure

100% of the balance sheet is exposed to U.S. cannabis-related activities. We believe our operations are in material compliance with all applicable state and local laws, regulations, and licensing requirements in the states and locals in which we operate. However, cannabis remains illegal under U.S. federal law and substantially all our revenue is derived from U.S. cannabis operations.

Commitments and Contingencies

Greenrose follows the provisions of U.S. GAAP when recording litigation related contingencies. A liability is recorded when a loss is probable and can be reasonably estimated. No litigation related contingencies have been identified.

Item 15. Exhibits, Financial Statement Schedules

Exhibit No.	Description
31.1	Certification of Principal Executive Officer and Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer and Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the day of April 25, 2022.

THE GREENROSE HOLDINGS COMPANY INC.

By: /s/ William F. Harley III
Name: William F. Harley III
Title: Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ William F. Harley III William F. Harley III	Chief Executive Officer and Director (Principal Executive Officer)	April 25, 2022
/s/ Scott Cohen Scott Cohen	Chief Financial Officer (Principal Financial and Accounting Officer)	April 25, 2022

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William F. Harley III, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of The Greenrose Holding Company Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2022

/s/ William F. Harley III

William F. Harley III
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Cohen, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of The Greenrose Holding Company Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2022

/s/ Scott Cohen
Scott Cohen
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of The Greenrose Holding Company Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: April 25, 2022

/s/ William F. Harley III
William F. Harley III
Chief Executive Officer
(Principal Executive Officer)

/s/ Scott Cohen
Scott Cohen
Chief Financial Officer
(Principal Financial Officer)