Greenrose Holding Co. (US OTC: GNRS: $4.00): A Next Big MSO

January 14, 2022

We initiate coverage of Greenrose Holding Co. (US OTC: GNRS) with a Buy rating and $9.40 price target. Following the completion of two recent acquisitions, Greenrose is now a leading wholesale supplier in Arizona and Connecticut with an outstanding acquisition to acquire a vertically integrated operator with exposure to Arizona, California, Michigan, Nevada and Oregon. We expect the outstanding transaction to close within the next few months and, given management ambitions and a solid capital position, we anticipate further expansion will follow. In our view, Greenrose can be 2022's Verano, a consolidator of assets that quickly becomes a leading MSO. As with Verano, we anticipate profitable expansion and forecast Greenrose to become one of the industry's most profitable MSOs with forecasts for both owned assets and the pro-forma company reflecting leading margins.

Due to limited investor awareness and lingering biases against smaller operators and former SPACs in general, Greenrose trades at a meaningful discount to the broader peer group and particularly top MSOs. We are confident that greater awareness will drive enhanced stock returns and reward early investors in the company. Our price target reflects a valuation commensurate with a peer group of similarly sized operators based on pro-forma estimates. Upside beyond our price target multiple is likely as Greenrose completes additional transactions including entering new state markets given that valuations in US cannabis continue to be biased toward larger operators with the broadest state exposure.

Well positioned in key states: The former SPAC recently completed acquisitions of cultivation/production assets in AZ and CT. We are most excited with the CT opportunity as Greenrose is one of just four cultivators in the state and an established supplier to existing retailers. As CT opens for rec in 2H/22, we expect high prices and a lack of established supply chain in the market to support outperforming demand and profitability for Greenrose as a trusted supplier even as the company looks to become vertically integrated with the opening of its own dispensaries. Meanwhile, we are confident that the company's Shango acquisition will close in the near term giving Greenrose well positioned holdings in CA, MI, NV and OR. These markets offer a large combined TAM while the company can leverage Shango's established branded products offering.

Leading profitability: On a pro-forma basis, we estimate '22 revenues to be $219M and EBITDA at $100M. Guidance for owned assets has revenues between $120M and $140M and EBTIDA of $75M to $85M. Owned asset guidance, makes Greenrose the most profitable operator in US cannabis as the company will scale its highly profitable Connecticut business (59% EBITDA last year) with the advent of rec sales in the state. Each of the three acquisition targets was profitable in 2020 and the consolidated entity was on-track to achieve >40% adjusted EBITDA margins on a pro-forma basis last year as of management's latest update.

Funded for growth: Each of the three businesses generates cash and management has limited CAPEX needs for existing businesses. Meanwhile, with an equity financing agreement in place to provide up to $100M in capital, we believe Greenrose will be a meaningful acquirer in the near term. Focus markets for expansion through M&A in the near term will likely include: FL, MA, MO, NJ, NY, OH and now CO assuming the company's acquisition in the state is fully gone.

Potential Takeout: Greenrose will be an acquirer in 2022 but could also be an attractive takeout for any large MSO looking for immediate scale particularly if a discounted valuation persists beyond the near term.

Price Target: Our $9.40 price target reflects an EV/EBITDA multiple of 4.8x our '22 estimate of owned assets and a 5.4x multiple our pro-forma estimate. The consolidated multiple is in line with a peer group of similarly sized operators while still well below the broader peer group (6.9x) and particularly larger MSOs whos relative multiple premiums in many cases remain inflated in our view.

Viridian Capital Advisors
www.viridianca.com

Jonathan DeCourcey
Director Equity Research
jdecourcey@viridianca.com
(781) 724.6869

Greenrose Holding Co.
Rating: Buy
Price Target: $9.40
Investment Thesis

- Recent SPAC that we believe will scale in the near term to become a meaningful MSO.
- Initial transactions complete in AZ & CT. Outstanding transaction will enhance states exposure and branded products offering.
- Connecticut is the core business for now. To drive industry leading profitability.
- Pro-forma estimates make Greenrose one of most profitable operators in space.
- Funded for additional growth through outstanding equity facility. Acquired operations generate cash.
- Discounted valuation on biases against smaller operators and SPACs. Price target offers meaningful upside. PT still values company below broader peer group and leading MSOs.

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Company Overview

Greenrose Holding Co. is the former SPAC Greenrose Acquisition Corp.

The company completed its qualifying transaction in late November (11/29/21) by acquiring cultivation and production assets in Connecticut (Theraplant). This month Greenrose completed its second transaction (of four originally planned with the SPAC) acquiring a wholesaler operator in Arizona (True Harvest).

Greenrose has an additional acquisition outstanding from its original SPAC transactions in Shango. Shango is a vertically integrated operator with a full line of branded cannabis products. The Shango acquisition will provide exposure to California, Michigan, Nevada and Oregon. We expect the company to also leverage the Shango brands in Connecticut, Arizona and any future markets in which it plans to operate. Upon completion of the transaction, Greenrose will be vertically integrated in Michigan, Nevada and Oregon. In Arizona and Connecticut, the company is exclusively a wholesale supplier and in California Greenrose operates a stand-alone dispensary. In total, Greenrose will have roughly 240K sq. feet of cultivation space and six dispensaries prior to any planned and on-going expansion initiatives.

Greenrose had previously had an acquisition in place to acquire The Health Company, a vertically integrated Colorado operator. Through a recent SEC filing the company announced that the seller of the transaction had backed out of the deal. We believe the change occurred because of an interest in revisiting pricing terms given the pull back in US cannabis stocks and Greenrose equity specifically. The takeout price included roughly $15M in stock of a $32M total value. We note that the acquistiion remains under contract and may result in litigation if Greenrose wishes to pursue that avenue however we no longer expect the transaction to occur.

We are confident that additional expansion is forthcoming with Greenrose likely to build out and acquire assets to become vertically integrated in existing states while also focusing on additional state expansion. With vertical integration being a preference for the company, we believe the core competency of the company and the focus of operations in general will be cultivation and production.

Greenrose is headquartered in Amityville, NY and trades on the US OTC under the ticker GNRS.

Greenrose Operations Post Initial SPAC Transactions

	Cultivation Space (K Sq. Ft)	Dispensaries
Arizona	**74**	
California		1
Connecticut	**68**	
Michigan	35	3
Nevada	40	1
Oregon	19	1
Total	236	6

*Bold Denotes Owned Operations

Source: Company Reports

Greenrose Holding Company

GREENROSE HOLDING COMPANY

Source: Company Reports

Greenrose Holding Co. (US OTCQX: GNRS; Buy Rating: $9.40 Price Target)

We initiate coverage of Greenrose with a Buy rating and $9.30 price target.

Viridian Capital Fiscal Estimates Owned Operations

- Revenues: Q1/22E at $17M; 2022E at $129M; 2023E at $230M.
- Adjusted EBITDA: Q1/22E at $6.5M; 2022E at $79.1M; 2023E at $149.8M.

Viridian Capital Fiscal Estimates Pro-Forma Inclusive of Outstanding Acquisitions

- Revenues: Q1/22E at $37M; 2022E at $219M; 2023E at $327M.
- Adjusted EBITDA: Q1/22E at $11.4M; 2022E at $99.8M; 2023E at $171M.

Viridian 2022 and 2023 Greenrose Estimates

	2022E	2023E	2022 Management Guidance
Revenues			
Theraplant (CT)	91.0	176.0	
True Harvest (AZ)	38.0	54.0	
Owned	*129.0*	*230.0*	120-140M Jan '22
Shango (AZ, CA, MI, NV, OR)	90.0	97.0	88-96
Total	**219.0**	**327.0**	
Adjusted EBITDA			
Theraplant (CT)	58.0	115.0	
True Harvest (AZ)	21.2	34.8	
Owned	*79.1*	*149.8*	75-85M Jan '22
Shango (AZ, CA, MI, NV, OR)	20.7	21.5	19-24M
Total	**99.8**	**171.3**	

Source: Company Reports, Viridian Capital Estimates

Valuation:

As previously stated, Greenrose has completed two recent acquisitions and two of the four SPAC transactions.

With existing owned assets, Greenrose currently has a fully diluted share count of 27.5M shares inclusive of 6.6M common shares, 8.9M in warrants and 2.6M shares issued to lenders. Greenrose has a $110M market cap today and an enterprise value of $233M.

Inclusive of dilution related to outstanding transactions, the company's market cap is $175M and the enterprise value is $298M.

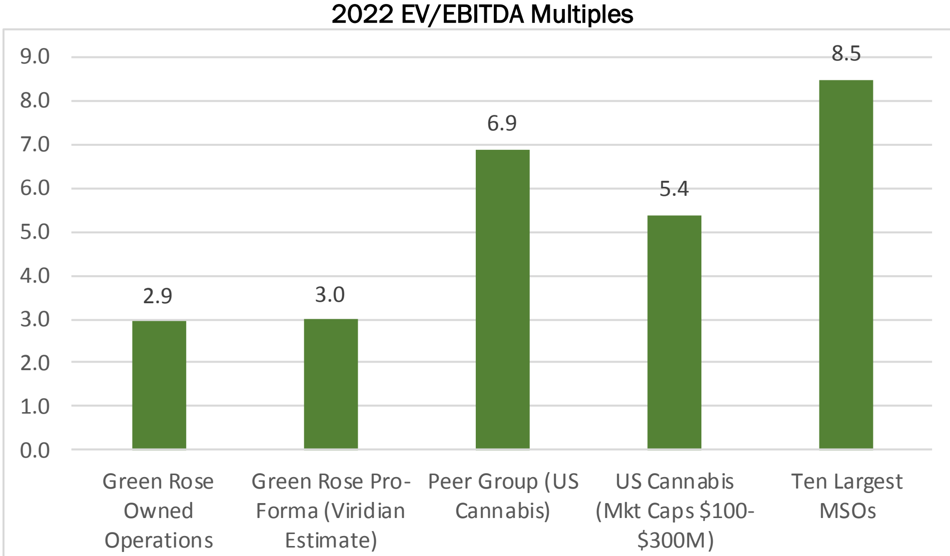
Relative to our forecasts, with existing assets Greenrose is valued at an EV/Sales multiple 1.8x our 2022 estimates and 1.0x 2023. On EV/EBITDA, Greenrose trades at 2.9x our 2022 estimate and 1.6x 2023.

Inclusive of dilution from the outstanding transactions and our pro-forma estimates the company is currently trading at 2022 multiples of 1.4x EV/Sales and 3.0x EV/EBITDA and 2023 multiples of 0.9x and 1.7x respectively.

Current multiples compare with 2022 multiples for the broader peer group of 2.1x EV/Sales and 6.9x EV/EBITDA.

Meanwhile, a peer group of similarly sized operators with market caps in the range of $100M to $300M is currently priced at an EV/Sales multiple of 1.6x 2022 estimates and 5.4x EV/EBITDA. The companies within the peer group of similarly sized each has assets across a few states but a discriminate portion of results coming from one key market as is the case with Greenrose. This peer group includes: Marimed, Schwazze, Goodness Growth, Cansortium and TILT.

2022 EV/EBITDA Multiples



Source: Factset, Priced Intraday 1/13/2022

Disconnected valuations by market cap presents opportunities for investors in smaller companies:

We believe Greenrose's discounted valuation is unwarranted and stems from a lack of awareness for the company and a persistent bias against smaller market cap companies in US cannabis. Size should not matter but it does in cannabis valuations today.

We expect greater awareness for Greenrose and other similarly sized operators to come with execution of on-going initiatives and enhanced sell-side coverage for smaller sized US cannabis companies in the near term.

Regarding the discrepancy in valuation between large and smaller players, we remain confident that the persistent bias against smaller cannabis companies is not only unwarranted but presents meaningful opportunities for investors to generate outperforming returns as market conditions for US cannabis investing improve more broadly with an opening of the space for greater institutional investment in the coming years. Even to a degree ahead of larger peers, Greenrose is a highly profitable operator with capital available to fund expansion initiatives. Over time we expect the relative discount in valuation for the company along with similarly positioned smaller operators will be eroded with the elimination of the correlation between market cap and valuation.

As we have previously noted, the largest companies in US cannabis trade at a meaningful premium to the broader peer group (8.5x EV/EBITDA for the ten largest companies by market cap vs. 5.4x for all other followed companies).

The premium valuation for larger companies comes despite several key factors including: the fact that smaller companies in most cases are estimated to have significantly higher revenue growth and margin expansion in the coming years, that enhanced access to capital has come across US cannabis so unlike prior years all companies are now able to obtain financing for expansion initiatives (including in many cases non-dilutive financing with non-onerous terms) and that within specific state markets smaller companies are in fact more competitive than their larger peers. Finally, the premium valuation for the largest companies completely overlooks the concept of consolidation in the near term a factor that is likely to be significant in determining returns for 2022. As we have previously stated, in our view all but the largest players in the space are ripe for takeout and takeout at premium valuations.

For Greenrose investors, on top of the upside opportunity from greater awareness and potential takeout we also believe the company's valuation will benefit from further equity dilution and an enhanced market cap beyond the level of announced acquisitions. We expect this to come in the near term as Greenrose announces additional transactions and expands operations beyond announced states. As reflected in the valuation premium for larger operators across US cannabis as the company grows in market cap so should the company's multiples.

Bias on SPACs:

Beyond, the persistent valuation premium for larger market cap names in cannabis, we believe Greenrose stock is also hindered by a lingering bias against former SPACs in the space. As highlighted in a recent Viridian Capital "Chart of the Week", SPACs have been a significant part of the cannabis landscape in recent years with twenty-three SPAC IPOS having been completed since late 2017. While financing has proven possible for these companies, underperforming stock returns relative to the broader cannabis industry and discounted valuations have proven to be a persistent challenge for even companies that are now no longer viewed as SPACs and have lengthy operating histories (including AYR and Columbia Care). We believe the bias by investors against former SPACs stems from the view that acquisitions are challenging to complete and integrate and thus are a riskier investment along with a concern that the operations and cap tables of former SPACs are more difficult for investors to grasp.

Given the continued evolution of the cannabis industry and the fact that even the largest players are still in development stage, we believe each of these former SPACs should be looked at for what they are, US cannabis operators, viewed similarly as any other consolidator of assets in the near term. We are confident that former SPACs (including AYR, Columbia Care, Glasshouse and Greenrose) can ultimately be long-term winners in the space and thus present attractive investment opportunities both on operations but also because of the current discounted valuations due to the bias.

Price Target Leaves Room for Meaningful Upside:

Our $9.40 price target offers 135% upside to current levels and values Greenrose at a 2022 EV/Sales multiple of 3.0x and EV/EBITDA at 4.8x based on our estimates of owned operations. Relative to 2023 estimates the price target reflects an EV/Sales multiple of 1.7x and EV/EBITDA of 2.5x.

Our price target values Greenrose at an EV/EBITDA multiple in line with a peer group of similarly sized operators based on our pro-forma consolidated estimates for this year at 5.4x. The implied 2022 EV/Sales relative to our pro-forma forecasts for our price target is 2.4x. Relative to our 2023 pro-forma estimates, our price target reflects an EV/Sales multiple of 1.7x and an EV/EBITDA of 2.5x.

We note that using the same valuation methodology of a 5.4x EV/EBITDA multiple relative to our 2022 estimate for owned operations would warrant an $11 price target.

We believe that the potential for meaningful further upside to our forecasts exists on broader market valuation gains in general and as Greenrose scales in size to be a larger market cap company.

M&A Could Drive Enhanced Premium:

Meanwhile, while we believe Greenrose will be an acquirer in the coming years and a long-term operator, given the on-going consolidation in US cannabis and particularly the increase in public to public and large-scale transactions in recent months, Greenrose could be in play to be acquired by a large MSO.

For any acquirer, the company's discounted valuation and ability to make immediate meaningful (and highly profitable) contributions would make Greenrose an attractive takeout candidate. We are confident that any takeout would come at a meaningful premium to the company's current valuation and even our price target and offer investors an attractive return in the process.

Greenrose Valuation

Price (US OTC)	4.00
Shares Held by Sponsor	4.5
Public Shares	2.0
Total	**6.6**
Warrants	8.9
Shares Issued to Lender	2.6
Theraplant Issued	5.0
True Harvest Issued	4.4
Outstanding Transactions	
Shango	16.3
Fully Diluted (Completed Acquistions)	**27.5**
Fully Diluted (Pro-Forma)	**43.8**
Cash ($M)	10.0
Debt ($M)	**132.6**
Market Cap ($M)	**110.1**
Enterprise Value ($M)	**232.7**
Post Acquisition	
Market Cap ($M)	**175.1**
Enterprise Value	**297.7**

Source: Viridian Capital Estimates, Priced Intraday 1/13/2021

US Cannabis Valuations

	EV/Sales		EV/EBITDA	
	2021E	2022E	2021E	2022E
Curaleaf	5.2	3.7	21.3	12.6
Green Thumb	5.5	4.3	15.6	11.8
Trulieve	4.8	3.0	11.6	7.6
Verano Holdings	4.8	3.2	10.1	7.0
Cresco Labs	3.0	2.2	12.3	6.9
Ascend Wellness	5.8	3.4	23.8	11.3
Terrascend	5.8	2.9	17.0	8.6
Columbia Care	2.6	1.7	13.6	6.2
Jushi Holdings	4.5	2.4	35.5	8.6
AYR Wellness	3.0	1.4	10.9	4.0
4Front Ventures	5.2	3.7	18.9	11.5
Planet 13	4.2	3.3	22.0	12.3
Marimed	3.2	2.6	8.7	7.0
Goodness Growth Holdings	4.1	2.1		11.5
Schwazze	2.3	1.2	7.8	3.5
Cansortium	2.4	1.6	7.7	3.8
TILT Holdings	0.9	0.6	7.4	3.9
Green Rose Holding Co.		1.8		2.9
Vext	1.5	1.2	4.2	3.0
Lowell Farms	1.2	0.8		5.7
Slang Worldwide	1.3	1.0	6.3	5.1
Harborside Health	9.3	0.7	9.7	3.2
STEM Holdings	1.2	0.6		3.0
VIBE Growth	0.7	0.5	4.4	1.6
Flower One	0.9	0.6	5.2	2.4
Mean	3.3	2.1	13.8	6.9
Median	3.0	1.8	11.6	6.2

Source: Viridian Capital Estimates, Priced Intraday 1/13/2022

Risks

Risks to our investment thesis and outlook on Greenrose include:

- Inability to expand operations: Greenrose management plans to expand operations significantly through the buildout of owned assets and the acquisition of additional operations. Any unanticipated challenges that could impact expansion initiatives even those beyond management's control could impact results and our outlook for the stock.
- Challenges with integrating acquired assets: Greenrose is a former SPAC with no history of operations. Any challenges related to the integration of assets can have an adverse impact on results and the outlook for the stock.
- Pricing challenges: Unanticipated changes to cannabis pricing in markets in which it operates could negatively impact Greenrose's operations with price declines leading to reduced wholesale revenues and margins and price increases impacting the company's ability to procure supply with its retail stores from third party cultivators and producers.
- Delays in Connecticut market rollout: Much of our positive thesis is dependent on the roll-out of recreational cannabis in Connecticut. Any delays or challenges related to the start of this program could have an adverse impact on results in the near term as well as the outlook for the stock.
- Increasingly competitive M&A environment: We expect Greenrose to make additional acquisitions to drive expansion in the coming years beyond the conversion of managed assets. Increased competition for M&A could result in challenges in finding deals and/or premium prices being required. As previously outlined there has been a bias against former SPACs for investors in terms of stock returns and valuation. While we believe the bias presents opportunities for outperforming returns over time a lingering bias could persist resulting in irrational headwinds for Greenrose shareholders.
- Changes in regulatory outlook: Regulations continue to evolve both at the state and local level. The introduction of onerous new laws could present challenges for operators like Greenrose and meaningfully impact results.
- Changes to consumer demand: Changes to consumer demand for cannabis more broadly or within specific product types could impact results. Greenrose offers a diversified offering of branded products to both the retail and wholesale channels. Any unexpected shift in consumer demand could result in a near term underperformance relative to expectations and a long-term shift in operations.
- Inability to raise capital: We are confident that Greenrose is sufficiently capitalized to fund on-going initiatives and planned expansion instantiates however, the inability to raise capital required to complete additional expansion initiatives beyond our financial forecasts could negatively impact the investor sentiment for Greenrose.
- Negative investor sentiment: A change in investor attitudes toward cannabis companies or a lack of new investor interest in the market could impact stock performance of related companies and investor returns.
- Federal prohibition: While we find this unlikely particularly considering on-going trends with the federal government, a change in sentiment at the federal level could prompt a reversal of sentiment toward state cannabis markets and lead to a shutdown of operations.

Investment Highlights

Well-Positioned in Key States

Following the completion of the Shango transaction, Greenrose will have operations in six states: Arizona, California, Connecticut, Michigan, Oregon and Nevada. The company's state exposures include some of the largest markets in US cannabis and we are confident that each presents meaningful opportunities for growth on positive macro trends and share gains through solid execution and consolidation.

We expect Greenrose will generate outperforming top line growth in the coming years within each of its state markets through the execution and expansion of existing assets and the acquisition of additional operations within these states.

Connecticut Offers Favorable Opportunity

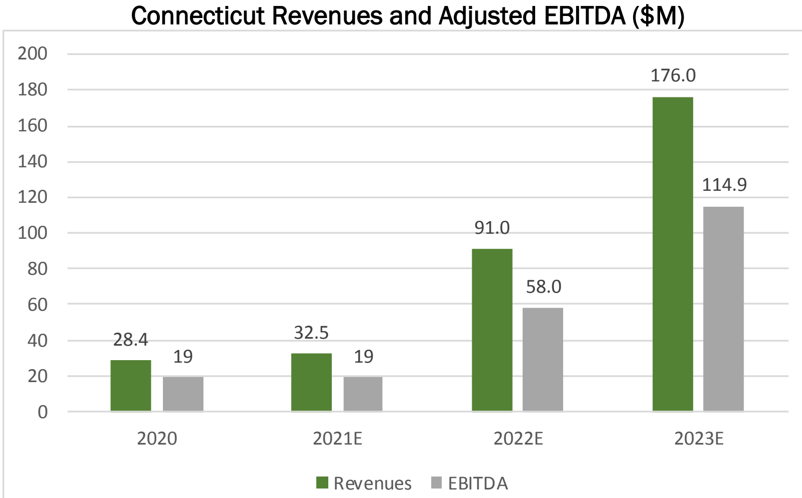
Of state exposures, Connecticut offers the most near-term growth potential for Greenrose (and profitable growth at that).

The company is one of just four licensed cultivators in Connecticut and is the leading wholesaler in the state. Greenrose currently supplies most of the state's existing dispensaries and will be a trusted supplier moving forward.

Connecticut passed initial recreational legislation last year and sales had been projected to start in either late Q4/22 or early 2023. The state appears poised to at worst meet those targets and even accelerate that process in the near term with news last week that regulators would begin accepting applications for recreational cannabis licenses in February. As an existing operator, we expect Greenrose will be an early license recipient and believe the company is poised to capitalize on an attractive growth opportunity in the near term as a trusted wholesale supplier to operators in the state. We expect strong demand from retailers will lead to both strong top line results for Greenrose and profitability. We note that well-run wholesale operators in other new recreational markets (including AYR in MA) have been able to generate sustained high margins with wholesale sales due to inflated wholesale prices on supply/demand imbalances.

Based on pro-forma targets, management believes that in 2021 Connecticut contributions to results would have been approximately $33M in revenues and $19M in EBITDA. We expect that number to grow to $91M in revenues and $58M in adjusted EBITDA this year. Within our forecast we have recreational sales commencing in Q4/22. We anticipate additional growth in 2023 on a full year of recreational opportunities and estimate Connecticut revenues to be $176M and EBITDA at $115M. We note that our 2022 and 2023 estimates come before considering any potential retail opportunities for Greenrose. We believe vertical integration is a priority for the company in Connecticut and expect dispensaries will be added to operations either through the receipt of a license or the acquisition of another operator in the state.

Connecticut Revenues and Adjusted EBITDA ($M)



Source: Company Reports, Viridian Estimates

Industry Leading Profitability

Based on prior targets provided by management we forecast Greenrose pro-forma results inclusive of Shango will be $219M in revenues and $99.8M in EBITDA.

The 46% adjusted EBITDA margin within our forecasts makes Greenrose the most profitable of any operator in US cannabis based on consensus estimates.

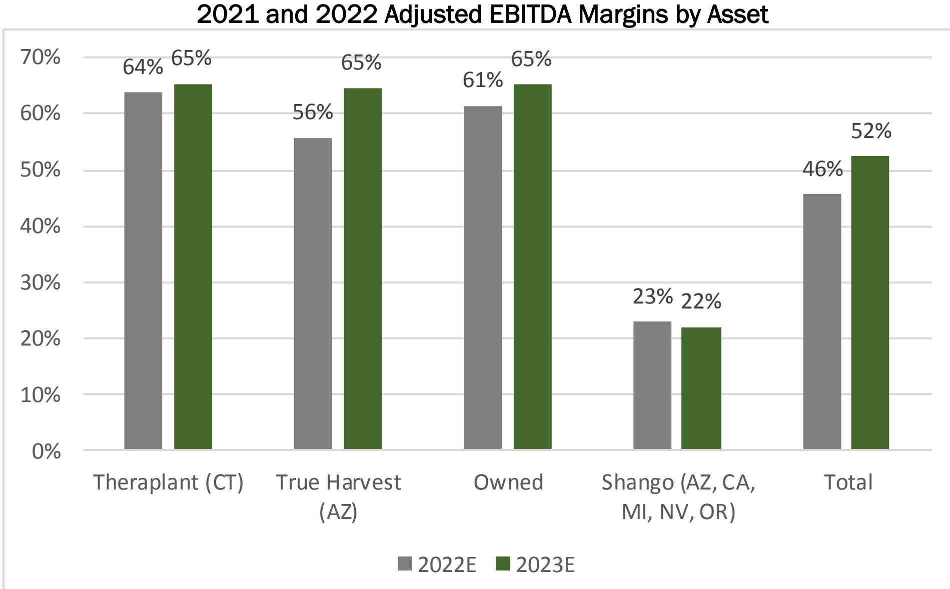
Meanwhile, in connection with the recent closing of its True Harvest acquisition (AZ operations), Greenrose management guided to a 2022 outlook for owned operations in Arizona and Connecticut. This outlook calls for revenues to be between $120M and $140M this year, net income to be between $8M and $14M and EBITDA to be $75M to $85M.

The implied 61.5% EBITDA margin at the mid-point widens the gap between Greenrose and other operators in US cannabis reporting this year based on adjusted EBITDA. The next highest anticipated EBITDA margin producers in US cannabis space for 2022 are: Verano (45%), Cansortium (41%), Trulieve (39%), Marimed (36%) and AYR (34%).

We note that the company has a track record of profitable operations as the acquired operations were each profitable in 2020 and 2021 with pro-forma adjusted EBITDA margins of 43% and 44% respectively.

By acquired asset, Connecticut operations are the most profitable with a projected adjusted EBITDA margin of 64% in our forecast this year (vs. 59% last year) followed by Arizona at 56% (vs. 58% last year), while Shango margins are 23% (vs. 23.5% last year).

2021 and 2022 Adjusted EBITDA Margins by Asset



Source: Company Reports, Viridian Estimates

Funded for Additional Growth

As we saw with the recent fall-out of the Colorado acquisition, terms may have to be altered prior to close of the company's Shango acquisition, however for now Greenrose has committed to pay approximately $96M including $31M in cash. The acquisition will be financed through the company's SPAC proceeds and are fully accounted for.

We believe Greenrose plans to invest roughly $5M to $7M to fund expansion projects with existing and to be acquired operations. We expect the company to generate sufficient cash through operations this year to more than offset planned CAPEX spending.

With $10M in cash and an outstanding financing facility available which can provide more than $100M in additional capital we believe Greenrose is sufficiently funded for meaningful growth opportunities. Beyond the facility, we are confident that Greenrose could also take-on additional debt as needed given its highly profitable and cash generative operations in order to provide a non-dilutive source of financing as needed. As previously mentioned, we believe additional growth is coming through M&A and investment in both existing and expansion states.

With existing markets, we expect the focus will be vertical integration and believe retail operations particularly in Connecticut will be a near term priority. We could also see Greenrose looking to acquire retail assets in California to complement its one existing dispensary in the state given how fragmented the market is today and how cheap some operators have become.

For additional state expansion, we expect Massachusetts, New York and New Jersey will be a focus of expansion initiatives with any opportunities providing a nice compliment to the company's Connecticut exposure. Beyond the East Coast, we believe mid-west expansion could be of interest particularly in states like Ohio or Missouri which could soon pass recreational cannabis legislation and which do not yet have a fully developed third-party supply chain in place. Beyond the Mid-West, we believe Florida or a smaller southern market could also be a focus for Greenrose. Additionally, with the recent loss of the Health Center transaction we believe Colorado could again become a focus market for expansion. As we have previously stated, we believe Colorado is an attractive market for expansion through M&A given the large scale of sales in the state and the fragmented nature of operations.

With all state expansion initiatives, we expect Greenrose to focus on expansion through the acquisition of established operators in order to quickly realize contributions from assets. We believe vertical integration will be preferred but expect the priority at the outset will be cultivation and production which Greenrose management views as the company's core competency.

Outstanding Acquisition Spending ($M)

Shango		
	Equity	65
	Cash	31
	Total	*96*

Source: Company Reports

Potential takeout

In our view, Greenrose is positioned to be an acquirer of assets in the near term and we are confident that the company will not only add to its assets in existing markets but will enter new states this year.

With that said, given on-going and anticipated consolidation in US cannabis and Greenrose's discounted valuation we believe the company could be a takeout candidate in its own right. For any acquirer, Greenrose would be an attractive addition with assets that could either provide an initial entry into key states or complement existing operations and the ability to immediately contribute to results. We expect any takeout of Greenrose would have to come at a premium valuation offering investors significant upside from current levels.

Given the sizable capital positions for leading MSOs, even with a significant premium to current levels Greenrose would reflect a palatable investment for a would-be acquirer.

Forecasting Scaling Revenues and Profits

As previously stated, we estimate owned operations to generate $129M in revenues this year and adjusted EBITDA of $79M. Our estimates are in line with recent guidance of $120M to $140M in revenues and between $75M and $85M in adjusted EBITDA. Our 2022 estimates compare with targetted expectations of approximately $56M in revenues and $32M for owned operations in 2021.

We anticipate growth across the company's portfolio but primarily for Connecticut to be the driver of growth this year as the company expands operations in the state and as recreational sales commence this year. We are confident that the kick off of recreational sales this year will be a boost for both the top line and margins given historical trends for well-run wholesale operators in new and scaling rec states. Beyond, Connecticut we believe Shango will be an outperforming growth opportunity for Greenrose as the company brings branded products into new states.

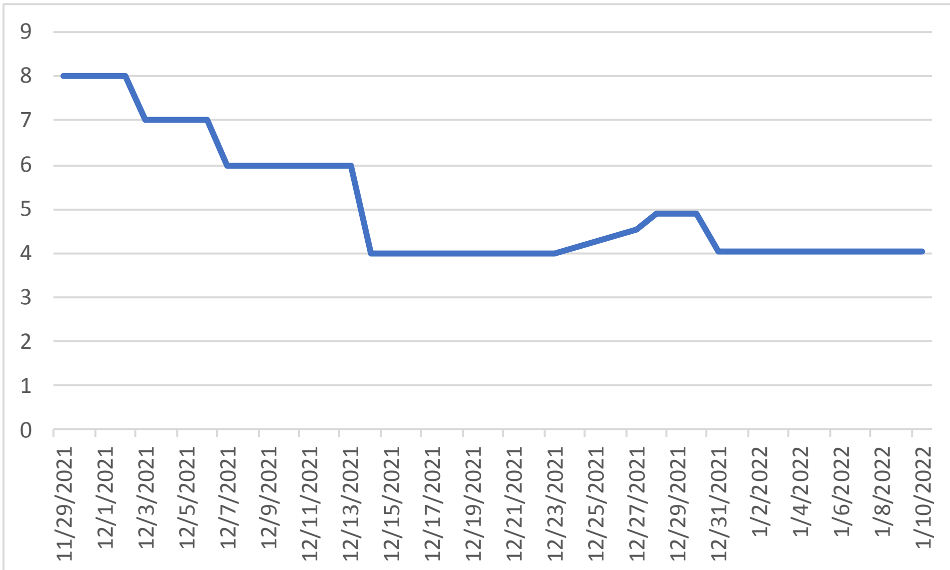
Income Statement ($M) (*Owned Operations*)

	2022					2023				
	Q1 '22E	Q2 '22E	Q3 '22E	Q4 '22E	2022	Q1 '23E	Q2 '23E	Q3 '23E	Q4 '23E	2023
	Mar-22	Jun-22	Sep-22	Dec-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23
Revenues	**17.0**	**30.0**	**35.0**	**47.0**	**129.0**	**54.0**	**58.0**	**60.0**	**58.0**	**230.0**
COGS	5.4	9.3	10.8	14.6	40.1	15.7	16.5	17.1	16.5	65.8
Gross Profit	11.6	20.7	24.2	32.4	88.9	38.3	41.5	42.9	41.5	164.2
Opex	13.1	13.5	14.0	14.6	55.2	15.7	17.4	18.0	17.4	68.5
Income from operations	(1.5)	7.2	10.2	17.9	33.8	22.7	24.1	24.9	24.1	95.8
Total Other Expense	(3.5)	(4.0)	(4.0)	(4.0)	(15.5)	(1.0)	(1.0)	(1.0)	(1.0)	(4.0)
Pre-tax Income	(5.0)	3.2	6.2	13.9	18.3	21.7	23.1	23.9	23.1	91.8
Net Income	(5.0)	0.2	3.2	10.9	9.3	18.7	20.1	20.9	20.1	79.8
Adjusted EBITDA	**6.5**	**19.6**	**22.6**	**30.4**	**79.1**	**36.2**	**37.6**	**38.4**	**37.6**	**149.8**
% Revenues										
Gross Margin	68%	69%	69%	69%	69%	71%	72%	72%	72%	71%
Opex	77%	45%	40%	31%	43%	29%	30%	30%	30%	30%
Operating Income	-9%	24%	29%	38%	26%	42%	42%	42%	42%	42%
Adjusted EBITDA	38%	65%	65%	65%	61%	67%	65%	64%	65%	65%
Growth Rates										
Revenues										
Y/Y					130%	218%	93%	71%	23%	78%
Q/Q		76%	17%	34%		15%	7%	3%	-3%	

Source: Company Reports, Viridian Capital Estimates

Required Research Disclosures

Greenrose Holdings Co. (US OTC: GNRS)



*Qualifying Transaction Completed 11/29/2021

*Priced USD

The box on the chart above displays the date, rating and price target after a rating or price target change.

Distribution of Ratings/IB Services				
			IB Services in Past 12 months	
Rating	Count	Percent	Count	Percent
Buy (Buy)	13	93%	0	0%
Hold (Hold)	1	7%	0	0%
Sell (Sell)	0	0%	0	0%
Not Rated (NR)	0	0%	0	0%

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