The Most Valuable Greenhouse in America Part 2
The Math of How Glass House Can Earn $12+ Per Share in Cash Flow

There is a possibility that Glass House (Canada: GLAS, OTC: GLASF), which currently trades at $4 per share can earn over $12 per share in cash flow when its new state of the art greenhouse is fully up and running and *IF* (and yes, I know this is a big if) interstate commerce is allowed in the cannabis industry.

Let me caveat the above by saying that interstate commerce is probably a long way off. But as an option, the cash flow numbers are so enormous in an interstate commerce scenario that the upside potential of interstate commerce should be valued at something north of zero. Consider that even if there is a 5% chance of interstate commerce happening, that option alone might be worth $12 per share (20 times $12 per share times 5%).

Even if interstate commerce never happens and if it is only allowed to sell in California, when Glass House gets to scale in its new state of the art greenhouse, it should generate somewhere between $2 and $6 per share in cash flow. This is still a stunning number and would send Glass House up a minimum of 7 times and possibly more than 20 times from its current share price and mind you this is not the interstate commerce scenario, where it would possibly go up more than 50 times.

Let me just state in advance that I know how ridiculous the above sounds and reads. It is even more ridiculous after I have written before about Glass House and their opportunity only to watch the stock plunge as much as 60% from the time of my first recommendation. So, caveat emptor to anything I write on Glass House. In the short run I have been very wrong.

Even being wrong, I feel confident that at current prices Glass House sells for my rough estimate of real estate value and provides one of the best asymmetric opportunities with little downside.

Business is about size, scale and cost advantages. And nowhere is this truer than in agriculture, and Glass House is about to turn on the largest greenhouse approved for cannabis in the world. And adding gravy on top, this greenhouse is an ESG dream in an industry that is generally not very environmentally friendly. And while no one has been paying attention to how environmentally positive Glass House is, when institutional capital shows up, ESG credentials will be very important.

Investors, who have been conditioned to believe that multi-state operators are the only way to go in cannabis are missing out. Glass House is the perfect hedge if interstate commerce is allowed, and cannabis can cross state lines. The big risk to the multi-state operators is margin compression in this scenario. In my opinion, institutional investors will want a hedge in that scenario and Glass House perfectly fits in a portfolio of great multi-state operators like Verano (OTC: VRNOF) or Green Thumb (OTC: GTBIF).

With a unicorn of an asset in their greenhouse and the ability to be one of the true low-cost providers of premium cannabis, Glass House is bursting with potential.

Glass House is the Merger of Glass House, Mercer Park Brands and the New Greenhouse

Glass House is a product of the former SPAC called Mercer Park Brands that merged with Glass House Group. It's important to note that Glass House Group which owned and ran 500,000 square feet of greenhouses in Carpentaria, CA, rolled all their ownership into equity in the new entity. This is actually a very important point. While most SPACs have been about enriching founders and early investors cashing out, the Glass House management team and founding investors doubled down.

They then used the cash from a follow-on PIPE offering and the proceeds from investors who stuck in the SPAC deal to buy a unicorn of an asset. They acquired the world's largest greenhouse approved for cannabis on the planet and the second largest greenhouse in America clocking in at 5.5 million square feet in Ventura, CA.

Here is what I wrote earlier this year:

Last November, a Ventura County, California voter referendum (Measure O) was approved by voters allowing the cultivation of cannabis, which had previously been prohibited in the county. (While cannabis is legal in California, over 60% of the state's counties still don't allow cannabis cultivation).

Ventura, CA is the perfect place for agriculture (as evidenced with it being filled with a wide variety of agriculture for the past 100 years). Most of the avocados in the country are grown there and Driscoll's, one of the country's largest berry producers has large operations based there. I have spent years following Limoneira (NASDAQ: LMNR), one of the largest avocado and lemon growers in the country, which is based in Ventura. The same weather that people love, plants and trees love as well. The coldest average temperature is 47 and the highest average temperature is 73. It is heaven with a nice ocean breeze with some of the most plentiful sunshine in California.

I know this, because I live in Santa Barbara, the county just north of Ventura. Cannabis is a sensitive plant and needs to be grown in a very specific temperature range, which is why almost all premium cannabis is grown indoors or in greenhouses. Outdoor cultivation only happens seasonally when the weather is right. And even then, most outdoor cannabis is lower quality, sells for a big discount and is used more as an input to a process to make a product like an edible or tincture.

I mention all of this because the Ventura, CA referendum was a boon for one massive greenhouse in particular, a complex of 5.5 million square feet that is on 140 acres and currently grows tomatoes and cucumbers. This state-of-the art greenhouse was optimized to try to make tomatoes profitable (you are happy to grow a tomato for a $1 and sell it for $1.05). There is natural gas cogeneration on the site that produces electricity, heat, and CO2 all of which are utilized to grow healthier plants in an ultra-efficient way. The greenhouses are pressurized for better climate control and to reduce pests and there are over 20 acres of supplemental light to enhance the naturally sunny Ventura weather.

Here is a video showing the size and scale of the greenhouse.

https://www.youtube.com/watch?v=BChItMB8qU0

The reason having such a large greenhouse is important is that the cannabis industry is still very immature, especially the cannabis supply chain. The future of cannabis is scale and operational efficiency. How can you truly build a brand if you don't have size, scale, and distribution to be able to provide a consistent product? Glass House with its superior cost structure and scale will possess the ability to experiment and grow brands and partner with others that few should be able to match. In fact, they are the perfect partner to anyone who wants to grow a brand or wants to make a long-term bet on cannabis. *If I'm Anheuser Busch or Phillip Morris, I'm looking for management excellence and size and scale. Glass House is my first call.*

Glass House Stumbles Out of the Gate

Sounds so exciting, right? Well reality is never that easy. Since going public via a de-SPAC transaction Glass House has had its shares of stumbles out of the gate.

Glass House initially had an agreement for the Parent Company (OTC: GRAMF) to put in $50 million in cash as part of the transaction, only for the Parent Company to back out at the last second (The Parent Company has their own cash problems and is down 83% since going public earlier this year).

All the while the SPAC boom reversed and SPACs started imploding, while the cannabis sector entered a bear market. The SPAC first merged with the Glass House operations with a plan to close on the greenhouse later. Rumors floated that the acquisition wouldn't happen, and the stock fell. They eventually did close the greenhouse, but it took longer than expected. Then there were fears about having enough cash to convert the new greenhouse to cannabis.

Glass House also is in litigation with a retail license holder called Element 7, which was supposed to sell its retail licenses to Glass House but has not fulfilled its end of the agreement. Expanding retail is an important part of Glass House selling more flower.

But the biggest problem Glass House is dealing with is that this summer, suddenly, and quite quickly the bottom fell out in California cannabis pricing.

Extinction Event Due to Short Term Glut of California Cannabis

"This time last year, a pound of the best quality sun-grown, light dep weed on the market cost between $1,200 to 1,600, according to Chris Anderson, founder of Humboldt County-based distributor Redwood Roots and a former cannabis farmer himself. Wider wholesale prices settled between $800 to 1,000 per pound.

Now, the same quality cannabis is fetching as low as $400 to 600 a pound and "going downhill," though some outdoor growers are still getting in the $800-1,000 range, Anderson *explained. That is for the best outdoor pot money can buy, "fresh, sun-grown, light dep," which he said is genuinely limited and harder to find."*

Here is more:

"The California spot market has undergone a steep sell-off in 2021, losing just over 34%, from its current annual high to the current low. The cultivation tax record indicates there has been very little change in the amount of cannabis being taxed in 2021.

It's important to know that 80% of California cultivation is done by small sub-scale farmers, who lease land to cultivate cannabis. Based upon my due diligence, lease costs come to around $150 a pound and taxes for flower are $150 a pound as well. So, for small farmers, $300 in costs before accounting for growing, cultivating, marketing and other operating costs, leaves you quite unprofitable at $300-$400 a pound cannabis pricing.

Glass House has publicly stated that they are buying equipment for the new greenhouse at 50 cents on the dollar. This anecdote alone should tell you all you need to know about the state of the market and how cannabis farmers are going out of business.

And this has not only hit the small farmers, but all the California players as evidenced by the tough third quarter numbers that were just reported by the publicly traded California focused companies.

Consider the following:

Lowell Farms (OTC: LOWLF), which grows outdoor cannabis announced 1% gross margin in the third quarter.

Harborside (Canada: HBOR) announced a stunning -30% wholesale gross margins.

The Parent Company (OTC: GRAMF) took a write down over a half a billion dollars and this was not ten months after going public!

Rounding things out was even the big multi-state operator Cresco (OTC: CRLBF), which wrote down the value of its California assets by over $250 million and announced they were scaling back their wholesale operations in the state.

Glass House was not immune and reported an anemic 14% gross margin and a loss for the quarter.

Basically, there is a shakeout going on and it is my belief that the market will normalize after the short-term oversupply is digested in the market.

Oversupply Needs New California Dispensaries, Which Are on the Way

Though Californians voted to legalize adult use marijuana in 2016, it remains largely unavailable in some of the biggest cities in the state. Out of the 482 cities in California, 174 of them allow some form of licensed cannabis business, says Hirsh Jain of Ananda Strategy. Many of those cities allow only non-retail cannabis operations, such as manufacturing or distribution, "and so are arguably missing the most important part of the legal supply chain," Jain said. Fresno, Bakersfield, Anaheim, Irvine, and many other cities don't permit cannabis. These ten cities that don't allow cannabis alone account for over 2.3 million people who currently have no access to buy cannabis in a dispensary in their city.

Scores of cities and counties are preparing to issue marijuana business permits or are writing ordinances to award licenses, according to Los Angeles-based consultant Hirsh Jain, the founder of Ananda Strategy.

By Jain's count, 18 cities across California *have already begun handing out retail permits since the November election, in which more than 30 local jurisdictions approved pro-marijuana business ballot measures.*

And, he said, at least another 18 jurisdictions are poised to do the same.

Riverside is now looking into approving 14 new pot shops.

And a few companies have announced press releases of new cannabis shops including Unrivaled Brands and The Parent Company.

And then there is the explosion of retail happening in West Hollywood, California, where the city is trying to make itself into a cannabis destination.

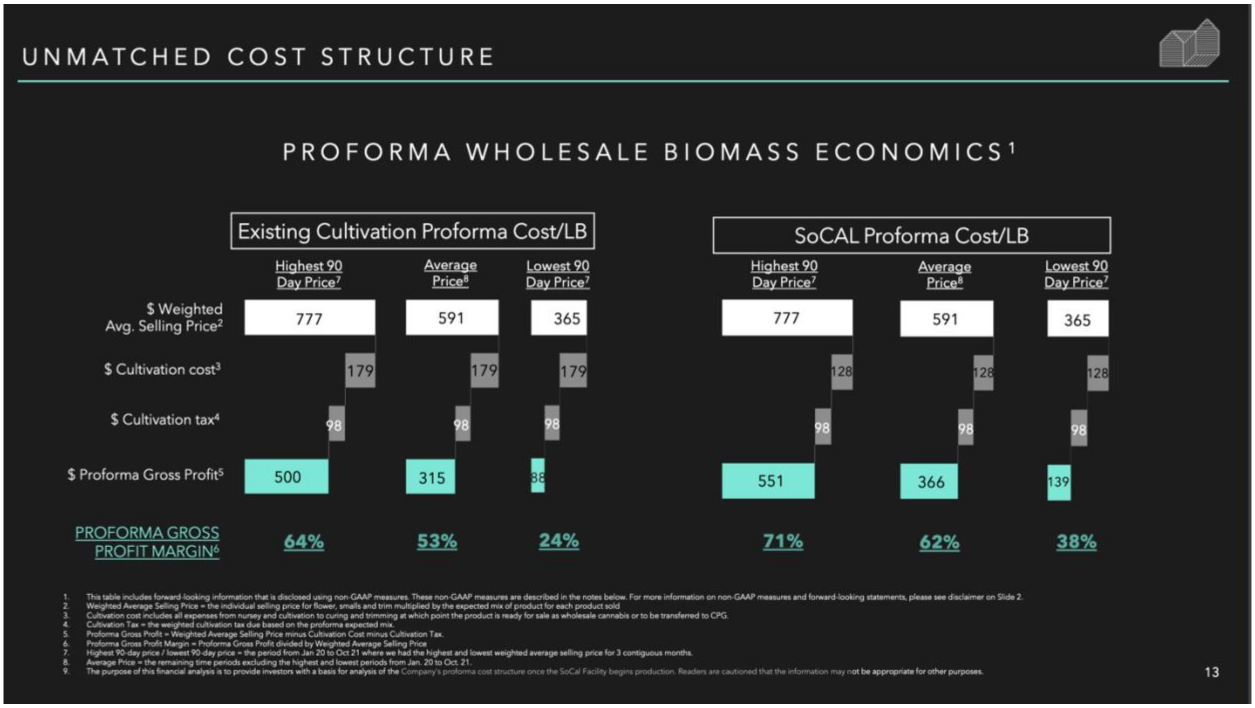
Then there is Glass House itself with plans to at least double its California store count in 2022.

At the exact moment that everyone is writing off California, there is now movement that will more closely align supply and demand. For the companies that get through this tough time, the upside could be enormous.

The Glass House Math is Not Complicated, Assumptions to Unravel

Unlike multi-state operators, which as their name implies are in different states, with varying business lines (cultivation, wholesale, and retail) and different margin profiles depending on which states they operate in, Glass House's core model of cultivation is quite simple. How much does it cost to grow cannabis and what price does that cannabis sell for?

Here is a very important slide from Glass House's most recent presentation:



The left shows their existing cost structure, and the right is what they expect costs to be when they are producing from their new state of the art facility.

One thing to note is that when cannabis pricing falls rapidly like it did in Q3, Glass House had to write down its inventory from the higher prices in Q2, which caused gross margins to take a temporary hit from the 24% pro forma number above to the 14% reported. As prices stabilize gross margins will bounce back.

And you can see what size and scale does to margins even if prices don't change. 24% pro forma gross margins at low pricing becomes 38% at scale. This is what happens when you have high-quality drying rooms and natural gas cogeneration on site that allows electricity production at 64% lower energy prices. Supplemental lighting and other high-tech advancements will materially improve yields as well.

This will all drive the cost of cultivation down from $179 a pound towards the company's stated goal of $100 a pound.

Jeff Bezos has famously said, "Your Margin is My Opportunity." Once you have a cost advantage, you can set the pricing and deliver a value proposition that creates a long-term economic moat that can be quite valuable.

What investor in their right mind is going to fund competing California grow operations when they know that 5.5 million square feet of cultivation at the lowest cost imaginable is coming online over the next five years? By scaling now, Glass House can gain a permanent cost advantage that will be the envy of the cannabis world.

And we know that consumers are responding to the quality of Glass House's flower. When Glass House announced their SPAC transaction, they were the #2 flower brand in California. As of July, they moved up to the #1 flower brand. Consumers are already responding to their quality at a great price offering. And this is before they turn on their new greenhouse facility.

As an investor, I want them to focus on driving costs as low as possible without sacrificing quality. Even as the #1 market share leader, Glass House only controls 3% of the California market. I want them to get to double digit market share while regularly communicating with investors their progress on cost of goods sold and how quickly they can scale their production.

Breakeven, Bear, Base, Bull and Super Bull Cases

My model is driven by the cultivation of biomass. Then I try to add back CPG and Retail businesses. If you play around with numbers with Glass House, you see that all that really matters is moving biomass pounds. Glass House's CPG business and retail business only serve to drive more output and sell more flower and biomass.

For example, Glass House has specifically mentioned that they sell 15 times the amount of their own products and flower in their own retail stores than in independent stores.

Here are my models. I think the company can achieve breakeven by the end of next year even with pricing below the $365/lb lowest 90-day pricing presented in their presentation.

Here is my breakeven scenario:

	2022 End of year run rate	
	Unit level	Current Breakeven
Number of dry pounds of biomass produced		270000
Sales price	$ 352	$ 95,040,000
Cultivation cost	$ 167	$ 45,090,000
Cultivation Tax	$ 98	$ 26,460,000
Gross Profit	$ 87	$ 23,490,000
Annual operating expense	$ 141	$ 37,963,028
Operating income	$ (53.6)	$ (14,473,028)
Add back in retail operating margin		$ 3,672,000
Add back in CPG operating margin		$ 10,873,200
Total add back		$ 14,545,200
Total operating income		$ 72,172
Operating income per share in total		$ 0.00
Operating income per share just from biomass		$ (0.22)
FD Shares Outstanding		67000000

My assumption in this scenario is that cultivation costs come down a little per pound as the new greenhouse comes online and that pricing remains very low. I've assumed small contributions from CPG and retail. I'm assuming that retail stores double next year and then grow 30% a year for four years. Then I assume that CPG sales grow at 30% a year for five years.

Bear Case at Scale Scenario:

	Scenario 1: Bear Case At Scale	
	Unit level	Bear Case
Number of dry pounds of biomass produced		750,000
Sales price	$ 365	$ 273,750,000
Cultivation cost	$ 167	$ 125,250,000
Cultivation Tax	$ 98	$ 73,500,000
Gross Profit	$ 100	$ 75,000,000
Annual operating expense	$ 69	$ 51,890,680
Operating income	$ 30.8	$ 23,109,320
Add back in retail operating margin		$ 12,393,000
Add back in CPG operating margin		$ 23,888,420
Total add back		$ 36,281,420
Total operating income		$ 59,390,740
Operating income per share in total		$ 0.59
Operating income per share just from biomass		$ 0.23
FD Shares Outstanding		100,000,000
	Target Stock Price	$ 7.13

In this bear case at scale scenario, I'm assuming that the company doesn't come close to their goal of 1.5 million pounds of production and that they see no real benefit from the new greenhouse or scale. And that pricing stays at $365 a pound pricing. I add in contributions for retail and CPG. Even in this scenario, at scale Glass House should earn $0.23 per share just from cultivation, and $0.59 overall. I assume that the warrants do not convert and that the company has diluted the company another 33 million shares to get to scale.

Base Case:

	Scenario 2: At Scale Base Case	
	Unit Level	Base case
Number of dry pounds of biomass produced		1,000,000
Sales price	$ 591	$ 591,000,000
Cultivation cost	$ 148	$ 147,500,000
Cultivation Tax	$ 98	$ 98,000,000
Gross Profit	$ 346	$ 345,500,000
Annual operating expense	$ 68	$ 67,761,028
Operating income	$ 277.7	$ 277,738,972
Add back in retail operating margin		$ 15,491,250
Add back in CPG operating margin		$ 29,860,526
Total add back		$ 45,351,776
Total operating income		$ 323,090,748
Operating income per share in total		$ 2.15
Operating income per share just from biomass		$ 1.85
FD Shares Outstanding		150,000,000
	Target Stock Price	$ 32.31

In my base case, I assume that the company still does not get to their stated goal of 1.5 million pounds, but cultivation COGS come down halfway between where they are now and the target in their deck of $128 per pound. I assume biomass pricing rebounds to average pricing. In this scenario, the company earns $1.85 just from biomass and $2.15 in total. And this is on a fully diluted share count that includes all warrants converting (note: I've given no benefit to the $300+ million in cash that would pour into the company upon conversion), plus assumed that they still needed to dilute shareholders by 43 million shares for acquisitions and investments to scale.

Bull Case:

	Scenario 3: At Scale Bull Case	
	Unit Level	Bull Case
Number of dry pounds of biomass produced		1,500,000
Sales price	$ 777	$ 1,165,500,000
Cultivation cost	$ 128	$ 192,000,000
Cultivation Tax	$ 98	$ 147,000,000
Gross Profit	$ 551	$ 826,500,000
Annual operating expense	$ 64	$ 96,486,028
Operating income	$ 486.7	$ 730,013,972
Add back in retail operating margin		$ 18,589,500
Add back in CPG operating margin		$ 35,832,631
Total add back		$ 54,422,131
Total operating income		$ 784,436,103
Operating income per share in total		$ 6.03
Operating income per share just from biomass		$ 5.62
FD Shares Outstanding		130,000,000
	Target Stock Price	$ 90.51

In this very optimistic scenario, cannabis pricing reaches high levels and cultivation costs reach targets. With less dilution the company earns over $6 per share.

Interstate Commerce Scenario or Super Bull Case:

	Scenario 4: Interstate Commerce at Scale	
	Unit Level	Super Bull Case
Number of dry pounds of biomass produced		2,000,000
Sales price	$ 1,000	$ 2,000,000,000
Cultivation cost	$ 100	$ 200,000,000
Cultivation Tax	$ 98	$ 196,000,000
Gross Profit	$ 802	$ 1,604,000,000
Annual operating expense	$ 69	$ 138,211,028
Operating income	$ 732.9	$ 1,465,788,972
Add back in retail operating margin		$ 24,786,000
Add back in CPG operating margin		$ 47,776,841
Total add back		$ 72,562,841
Total operating income		$ 1,538,351,813
Operating income per share in total		$ 12.31
Operating income per share just from biomass		$ 11.73
FD Shares Outstanding		125,000,000
	Target Stock Price	$ 246.14

And of course, my favorite scenario is the blue sky, Glass House can sell in Massachusetts, Illinois, and New Jersey where wholesale cannabis pricing can reach $4000 a pound scenario. Here I assume the company exceeds production targets and that cultivation costs come down to $100 a pound. As you can see the numbers get nutty. This isn't complicated, run the math yourself. At $4 per share, the upside is incredible no matter what numbers you choose in an interstate commerce scenario.

Interstate Commerce Restrictions on Cannabis Are Most Likely Unconstitutional

One of the key facets to the Glass House story is that as of right now states have erected restrictions on cannabis crossing state lines.

But as I have written before, according to Federal courts, there is no difference between interstate and intrastate commerce. It is Congress's job to regulate commerce not the states. And while Congress has currently abdicated their role in regulating cannabis, that doesn't mean that interstate commerce restrictions are constitutional.

Vanderbilt Law Professor Robert Mikos wrote an essay on how interstate commerce restrictions are unconstitutional:

A growing number of states have authorized firms to produce and sell cannabis within their borders, but not across state lines. Moreover, many of these legalization states have barred nonresidents from owning local cannabis firms. Thus, while cannabis commerce is booming, it remains almost entirely intrastate. This Essay provides the first analysis of the constitutionality of state restrictions on interstate commerce in cannabis. It challenges the conventional wisdom that the federal ban on marijuana gives legalization states free rein to discriminate against outsiders in their local cannabis markets. It also debunks the justifications states have proffered to defend such discrimination, including the notion that barring interstate commerce is necessary to forestall a federal crackdown on state-licensed cannabis industries. ***The Essay concludes that the restrictions legalization states now impose on interstate commerce in cannabis likely violate the Dormant Commerce Clause (DCC).*** *The Essay also examines the ramifications of this legal conclusion for the future of the cannabis market in the United States. It suggests that without the barriers that states have erected to protect local firms, a new breed of large, national cannabis firms concentrated in a handful of cannabis-friendly states is likely to dominate the cannabis market. This development could dampen the incentive for new states to legalize cannabis and further diminish minority participation in the cannabis industry. To address these concerns, congressional legislation may be necessary, because individual states have only limited capacity to shape the national market and the firms that compete therein.*

I interviewed Robert Mikos on interstate commerce restrictions in cannabis and my key takeaway was that there is no difference between interstate commerce and intrastate commerce to the Federal Courts. It is Congress' job to regulate commerce not the states.

The Glass House Financing Conundrum

The big question is how Glass House goes from losing money in a tough pricing market while not yet at scale to being able to spend $50 to $100 million retrofitting their unicorn of a greenhouse.

The company as of the last quarter had $28 million in cash and no debt and from my calculations over $200 million in real estate value that is unencumbered.

First, I believe that there is real value in the real estate they own. Remember this real estate is in some of the most expensive parts of America. Their greenhouses in Carpinteria (north of Ventura where the new greenhouse is) are very, very close to homes that are worth tens of millions of dollars and stare at the ocean with mountains in the backdrop.

For this reason, borrowing money, while expensive because the cannabis industry pays such high rates due to most banks being unwilling to work with them because of Federal illegality, should be very available because lenders like hard assets.

Second, as you can see from my rudimentary modelling, the cash flows become so great, that I believe once investors start sharpening their pencils, they will see that the upside potential in Glass House is enormous.

Finally, even if the company must dilute shareholders at these levels (which I think is highly unlikely), the stock still has enormous upside due to what happens at scale.

What Could Go Wrong (A lot)

A lot could still go wrong. Here is a list of what could go wrong:

1. California cannabis pricing never recovers
2. California regulatory environment continues to hurt the industry
3. California continues to punitively tax the cannabis industry
4. The new greenhouse does not bring the cost of cultivation down
5. Interstate commerce in cannabis never happens
6. Glass House stumbles again and has trouble turning on the new greenhouse
7. Glass House never succeeds in CPG and retail

Catalysts

Here are some catalysts:

1. Any news on a debt deal, which would help bridge the gap and relieve investor concerns about funding the ramp up of the new greenhouse will be viewed very positively.

2. MSOS and other cannabis ETFs own almost no shares in Glass House. The company is actually the perfect hedge to the multi-state operator model, because if there was

interstate commerce, national cannabis pricing and margins would come down. Personally, I have no idea how you could be heavily invested in any multi-state operator without hedging out the risk of interstate commerce. Increased ownership from the ETFs or the few institutional investors involved could drive Glass House higher.

3. SAFE banking or any regulatory relief lowering financing costs and bringing listing to US exchanges would be a big deal.

4. Any kind of relief or improvement in the California regulatory or tax regime towards cannabis would be viewed very favorably.

5. Any acquisitions with retail or brands that help increase distribution and help the company toward scale would be great.

6. Any Federal Court Ruling on Interstate Commerce.

7. Guidance from the company after Q4 and improved disclosures to help investors model the company's potential earnings power.

8. Any ESG investor interest in cannabis that would bring capital focused on those operators that are most positive towards the environment.

9. Offtake agreements and other assorted partnerships that help get the company to scale.

Summary

Glass House is one of the most asymmetric investment opportunities in the market right now. Trading around real estate value and left for dead due to a short-term oversupply in California, investors do not realize the power and cash flowing potential of their new greenhouse, nor are they appreciating what size and scale will do in cultivation. With several potential catalysts on the horizon, investors in Glass House are looking at an investment that could possibly go up 50 times in the next five to ten years. In summary, my thesis on Glass House is that investors simply do not appreciate what a unicorn of an asset this greenhouse is and how unique of an investment Glass House is in cannabis.

Appendix:

Glass House's presentation:

https://ir.glasshousebrands.com/wp-content/uploads/2021/11/GHB-INVESTOR-DECK-20211117-Final-1.pdf

Previous writeups on Glass House from Mindset:

https://mindsetvalue.substack.com/p/the-most-valuable-greenhouse-in-america https://mindsetvalue.substack.com/p/is-there-enough-legal-cannabis-being

https://mindsetvalue.substack.com/p/are-interstate-commerce-restrictions

https://mindsetvalue.substack.com/p/your-margin-in-glass-houses-opportunity

Share count slide from previous deck:

CAPITALIZATION

Share Price (USD):	Total	Strike	$ 8.00	$ 10.00	$ 11.00	$ 12.00	$ 13.00	$ 14.00	$ 15.00	$ 16.00	$ 17.00	$ 18.00
Current Basic Shares O/S[1]	48,493,699		48,493,699	48,493,699	48,493,699	48,493,699	48,493,699	48,493,699	48,493,699	48,493,699	48,493,699	48,493,699
Pending Shares to E7	2,400,000		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Pending Shares to Houweling	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Pro Forma Basic Shares	60,893,699		60,893,699	60,893,699	60,893,699	60,893,699	60,893,699	60,893,699	60,893,699	60,893,699	60,893,699	60,893,699
RSU	3,610,642		3,610,642	3,610,642	3,610,642	3,610,642	3,610,642	3,610,642	3,610,642	3,610,642	3,610,642	3,610,642
Options[2]	2,077,574	$ 2.70	1,375,121	1,515,612	1,566,699	1,609,272	1,645,295	1,676,172	1,702,933	1,726,348	1,747,008	1,765,373
SPAC Warrants	28,435,000	$ 11.50	-	-	-	1,184,792	3,280,962	5,077,679	6,634,833	7,997,344	9,199,559	10,268,194
GH Warrants	4,896,832	$ 10.00	-	-	445,167	816,139	1,130,038	1,399,095	1,632,277	1,836,312	2,016,343	2,176,370
Pro forma FD shares before earnouts	101,113,748		65,879,462	66,019,953	66,516,207	68,164,544	70,699,098	72,871,573	74,754,384	76,401,845	77,855,486	79,147,612
Sponsor Price-Based Earnout[3]	2,522,438		-	-	-	-	1,681,625	1,681,625	2,522,438	2,522,438	2,522,438	2,522,438
GH Price Earnout[4]	3,783,657		-	-	-	-	2,522,438	2,522,438	3,783,657	3,783,657	3,783,657	3,783,657
FD including price-based Earnout shares	107,419,843		65,879,462	66,019,953	66,516,207	68,164,544	74,903,161	77,075,636	81,060,479	82,707,940	84,161,581	85,453,707

1 Basic Shares Outstanding includes both Exchangeable Shares and the outstanding Subordinate, Restricted, and Limited Voting shares into which the Exchangeable Shares may convert into on a one for one basis. Excludes merger holdback shares.
2 Options shown in aggregate at a weighted average exercise price.
3 Price-Based Earnout is fully earned upon the 20-day VWAP reaching US$15 by 6/29/23.
4 Price-Based Earnout is fully earned upon the 20-day VWAP reaching US$15 by 6/29/23.

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ESG credentials: