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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 19, 2021

GREENLANE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation)**	**001-38875** **(Commission File Number)**	**83-0806637** **(IRS Employer Identification No.)**

1095 Broken Sound Parkway, Suite 300 **Boca Raton, FL** **(Address of principal executive offices)**	**33487** **(Zip Code)**

Registrant's telephone number, including area code: (877) 292-7660

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.01 par value per share	GNLN	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☒

Item 8.01. Other Events.

As previously disclosed, on March 31, 2021, Greenlane Holdings, Inc. (the "Company" or "Greenlane"), Merger Sub Gotham 1, LLC, a wholly owned subsidiary of the Company ("Merger Sub 1"), and Merger Sub Gotham 2, LLC, a wholly owned subsidiary of the Company ("Merger Sub 2" and, together with the Company and Merger Sub I, the "Greenlane Parties"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with KushCo Holdings, Inc. ("KushCo"). Pursuant to the terms of the Merger Agreement, subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement: (i) Merger Sub 1 will be merged with and into KushCo with KushCo as the surviving corporation and a wholly-owned subsidiary of the Company ("Initial Surviving Corporation") ("Merger 1"); and (ii) the Initial Surviving Corporation will then be merged with and into Merger Sub 2 with Merger Sub 2 as the surviving limited liability company and a wholly-owned subsidiary of the Company ("Merger 2," and together with Merger 1, the "Mergers").

This Current Report on Form 8-K provides certain information with respect to the proposed Mergers for the purpose of incorporating such information by reference into the Company's registration statement on Form S-3 (Registration No. 333-257654) filed under the Securities Act of 1933, as amended (the "Securities Act"), and to update and supersede certain information previously included in the Company's joint proxy statement/prospectus (the "Joint Proxy Statement/Prospectus") that forms a part of its Registration Statement on Form S-4 (Registration No. 333- 256582) (the "Form S-4") declared effective by the Securities and Exchange Commission ("SEC") on July 2, 2021.

Specifically, this Current Report on Form 8-K provides: (1) KushCo's unaudited condensed consolidated financial statements as of May 31, 2021 and for the three and nine months ended May 31, 2021 and 2020, which are attached hereto as Exhibit 99.1 (the "KushCo Q. 3 Financials"), (2) KushCo's audited consolidated financial statements as of and for the year ended August 31, 2020, which were previously filed as an exhibit to the Form S-4 that was declared effective by the SEC on July 2, 2021, are included as Exhibit 99.2 hereto, (3) the Company's unaudited pro forma condensed combined financial statements as of and for the three months ended March 31, 2021 and for the year ended December 31, 2020 (the "Updated Pro Forma Financials"), giving effect to the proposed Mergers, which are attached hereto as Exhibit 99.3, (4) information regarding KushCo's business, which is attached hereto as Exhibit 99.4, and (5) information regarding litigation filed in connection with the Mergers, as set forth below. The information in Exhibit 99.1, Exhibit 99.2 and Exhibit 99.4 was provided by KushCo.

The KushCo Q. 3 Financials and the Updated Pro Forma Financials included as Exhibits 99.1 and 99.3, respectively, to this Current Report on Form 8-K are incorporated by reference into the Joint Proxy Statement/Prospectus and supersede the information included therein. The Updated Pro Forma Financials update the information under "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page F-2 of the Joint Proxy Statement/Prospectus in order to reflect the impact of the KushCo Q. 3 Financials.

Merger-Related Litigation

On July 19, 2021, a complaint was filed in the United States District Court for the Eastern District of New York captioned *Hugh Meighan v. KushCo Holdings, Inc., Nick Kovacevich, Eric Baum, Barbara Goodstein, Donald H. Hunter, Dallas Imbimbo, and Pete Kadens*, Case No. 1:21-cv-04048 (the "Action"). The Action names as defendants KushCo and each of the members of the KushCo's board of directors. The Action alleges, among other things, that all defendants violated provisions of the Securities Exchange Act of 1934, as amended, insofar as the Joint Proxy Statement/Prospectus allegedly omits

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and/or misrepresents material information concerning the (i) KushCo's and Greenlane's financial projections, (ii) the financial analyses performed by the KushCo's financial advisor, Jefferies LLC, in connection with its fairness opinion, and (iii) potential conflicts of interest involving Jefferies that purportedly render certain sections of the definitive joint proxy statement false and misleading. The complaint seeks, among other things, injunctive relief, rescissory damages, an award of plaintiffs' fees and expenses and a trial by jury. The defendants believe the claims asserted in the Action are without merit and intend to vigorously defend them.

The foregoing summary is incorporated by reference into the Joint Proxy Statement/Prospectus.

The supplemental information contained in this Current Report on Form 8-K should be read in conjunction with the Joint Proxy Statement/Prospectus, which should be read in its entirety.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The unaudited consolidated financial statements of KushCo as of May 31, 2021 and for the three and nine months ended May 31, 2020 and 2021 are filed herewith as Exhibit 99.1 and incorporated in this Item 9.01(a) by reference.

The audited consolidated financial statements of KushCo as of and for the year ended August 31, are filed herewith as Exhibit 99.2 and incorporated in this Item 9.01(a) by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial statements of Greenlane as of and for the three months ended March 31, 2021 and for the year ended December 31, 2020, giving effect to the proposed Mergers, are filed herewith as Exhibit 99.3 and are incorporated in this Item 9.01(b) by reference.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Marcum LLP
99.1	Unaudited Condensed Consolidated Financial Statements of KushCo Holdings, Inc. as of May 31, 2021 and for the three and nine months ended May 31, 2021 and 2020.
99.2	Audited Consolidated Financial Statements of KushCo Holdings, Inc. as of and for the year ended August 31, 2020 (Incorporated by reference to Exhibit 99.11 to Greenlane Holdings, Inc.'s Registration Statement on Form S-4/A, filed on July 1, 2021).
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of Greenlane Holdings, Inc. as of and for the three months ended March 31, 2021 and for the year ended December 31, 2020.
99.4	Information About KushCo Holdings, Inc. – Description of the Business.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Important Information for Investors and Stockholders

In connection with the proposed transaction, Greenlane has filed with the SEC a registration statement on Form S-4 (File No. 333-256582) (the "Registration Statement") that was declared effective by the SEC on July 2, 2021. The Registration Statement includes a preliminary joint proxy statement of Greenlane and KushCo that also constitutes a prospectus of Greenlane. Greenlane and KushCo also plan to file other relevant documents with the SEC regarding the proposed transaction. **INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION**.

Investors and security holders may obtain free copies of the registration statement and the joint proxy statement/prospectus and other relevant documents filed by Greenlane and KushCo with the SEC at the SEC's website at www.sec.gov. Copies of the documents filed by the companies will be available free of charge on their respective websites at www.gnln.com and www.kushco.com.

Participants in Solicitation

This communication relates to a proposed transaction between Greenlane and KushCo. This communication is not a proxy statement or solicitation of a proxy, consent or authorization with respect to any securities or in respect of the potential transaction. Greenlane, KushCo and their respective directors and executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Greenlane is set forth in its joint proxy statement/prospectus for its 2021 annual meeting of stockholders, which was filed with the SEC on July 2, 2021. Information about the directors and executive officers of KushCo is set forth in its proxy statement for its 2021 annual meeting of stockholders, which was filed with the SEC on December 28, 2020. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which Greenlane and KushCo operate and beliefs of, and assumptions made by, Greenlane management and KushCo management and involve uncertainties that could significantly affect the financial results of Greenlane, KushCo or the combined company following the proposed transaction between Greenlane and KushCo (the “Combined Company”). Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the business combination transaction involving Greenlane and KushCo, including future financial and operating results, and the Combined Company’s plans, objectives, expectations and intentions. All statements that address operating performance, events or developments that Greenlane and KushCo expect or anticipate will occur in the future are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although Greenlane and KushCo believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, Greenlane and KushCo can give no assurance that their expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: risks associated with the companies’ ability to consummate the proposed transaction, including the risk that one of the necessary proposals is not approved by the required vote, the timing and closing of the proposed transaction and unexpected costs or unexpected liabilities that may arise from the proposed transaction, whether or not consummated; risks related to disruption of management’s attention from the ongoing business operations due to the proposed transaction; the effect of the announcement of the proposed transaction on Greenlane’s or KushCo’s business relationships with, third-party suppliers and service suppliers and businesses generally; each of Greenlane’s and KushCo’s success, or the success of the Combined Company, in implementing its business strategy and its ability to identify, underwrite, finance, consummate and integrate acquisitions or investments; changes in national, regional and local economic climates; public health crises, including the COVID-19 pandemic; changes in financial markets and interest rates, or to the business or financial condition of Greenlane, KushCo or the Combined Company or their respective businesses; the nature and extent of future competition; each of Greenlane’s and KushCo’s ability, or the ability of the Combined Company, to pay down, refinance, restructure and/or extend its indebtedness as it becomes due; availability to Greenlane, KushCo and the Combined Company of financing and capital; the impact of any financial, accounting, legal or regulatory issues or litigation, including any legal proceedings, regulatory matters or enforcement matters that have been or in the future may be instituted against Greenlane, KushCo or others relating to the merger agreement, that may affect Greenlane, KushCo or the Combined Company; risks associated with acquisitions, including the integration of Greenlane’s and KushCo’s businesses; and those additional risk factors of Greenlane, KushCo and the Combined Company discussed in the Form S-4. Should one or more of the risks or uncertainties described above or in the Form S-4, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this communication. All forward-looking statements, express or implied, included in this communication are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Greenlane, KushCo or persons acting on their behalf may issue. Neither Greenlane nor KushCo undertakes any duty to update any forward-looking statements appearing in this communication.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GREENLANE HOLDINGS, INC.

Dated: July 30, 2021

By: /s/ William Mote
William Mote
Chief Financial Officer

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Greenlane Holdings, Inc. on Form S-3 (File No. 333-257654) of our report dated November 10, 2020, with respect to our audits of the consolidated financial statements of KushCo Holdings, Inc. as of August 31, 2020 and 2019 and for the years ended August 31, 2020 and 2019, which report is included in this Current Report on Form 8-K of Greenlane Holdings, Inc. dated July 30, 2021.

Our report on the consolidated financial statements refers to a change in the method of accounting for leases effective September 1, 2019.

/s/ Marcum llp

Marcum llp
Costa Mesa, California
July 30, 2021

KUSHCO HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(Amounts in thousands)
(Unaudited)

	May 31, 2021	August 31, 2020
ASSETS		
Current assets:		
Cash	$ 1,102	$ 10,476
Accounts receivable, net	7,398	9,427
Inventory, net	52,370	28,049
Prepaid expenses and other current assets	15,339	9,054
Total current assets	76,209	57,006
Goodwill	52,267	52,267
Intangible assets, net	631	1,000
Property and equipment, net	7,883	8,801
Other assets	13,380	8,582
Total Assets	$ 150,370	$ 127,656
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,307	$ 4,282
Customer deposits	4,480	3,188
Accrued expenses and other current liabilities	8,236	8,195
Current portion of notes payable	—	20,692
Line of credit	663	—
Total current liabilities	22,686	36,357
Long-term liabilities:		
Warrant liability	661	365
Other non-current liabilities	7,045	4,205
Total long-term liabilities	7,706	4,570
Total liabilities	30,392	40,927
Commitments and contingencies (Note 11)		
Stockholders' equity		
Preferred stock, $0.001 par value, 10,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.001 par value, 265,000 shares authorized, 159,381 and 125,708 shares issued and outstanding as of May 31, 2021 and August 31, 2020, respectively	159	126
Additional paid-in capital	277,677	227,253
Accumulated other comprehensive income	260	—
Accumulated deficit	(158,118)	(140,650)
Total stockholders' equity	119,978	86,729
Total liabilities and stockholders' equity	$ 150,370	$ 127,656

The accompanying notes are an integral part of the condensed consolidated financial statements.

KUSHCO HOLDINGS, INC.
Condensed Consolidated Statements of Comprehensive Loss
(Amounts in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Net revenue	28,319	$ 22,264	$ 87,964	$ 87,369
Cost of goods sold	23,950	19,892	71,415	86,634
Gross profit	4,369	2,372	16,549	735
Operating expenses:				
Selling, general and administrative	9,099	12,719	28,853	60,977
Restructuring costs	274	952	568	8,253
Total operating expenses	9,373	13,671	29,421	69,230
Loss from operations	(5,004)	(11,299)	(12,872)	(68,495)
Other income (expense):				
Change in fair value of warrant liability	821	(1,160)	(295)	3,435
Change in fair value of equity investment	(699)	(9)	1,627	(1,100)
Interest expense	(1,003)	(1,487)	(4,107)	(4,594)
Loss on extinguishment of debt	—	—	(1,324)	—
Other income (expense), net	(1,936)	468	(343)	386
Total other income (expense)	(2,817)	(2,188)	(4,442)	(1,873)
Loss before income taxes	(7,821)	(13,487)	(17,314)	(70,368)

Income tax expense	(156)	—	(156)	—
Net loss	(7,977)	(13,487)	(17,470)	(70,368)
Net loss per share:				
Basic net loss per common share	(0.05)	$ (0.11)	$ (0.12)	$ (0.64)
Diluted net loss per common share	(0.05)	$ (0.11)	$ (0.12)	$ (0.64)
Basic weighted average number of common shares outstanding	159,381	119,574	140,155	110,440
Diluted weighted average number of common shares outstanding	159,381	119,574	140,155	110,440
Other comprehensive income				
Foreign currency translation	260	—	260	—
Comprehensive loss	(7,717)	$ (13,487)	$ (17,210)	$ (70,368)

The accompanying notes are an integral part of the condensed consolidated financial statements.

KUSHCO HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Amounts in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares Issued	Amount				
Balances at August 31, 2020	125,708	$ 126	$ 227,253	$ (140,650)	$ —	$ 86,729
Stock-based compensation	1,566	1	3,404	—	—	3,405
Stock issued for conversion of debt	4,688	5	3,688	—	—	3,693
Net loss	—	—	—	(4,450)	—	(4,450)
Balances at November 30, 2020	$ 131,962	$ 132	$ 234,345	$ (145,100)	$ —	$ 89,377
Stock-based compensation	886	1	1,986	—	—	1,987
Stock sold to investors, net of offering costs	24,242	24	37,226	—	—	37,250
Stock issued for conversion of debt	1,673	2	2,422	—	—	2,424
Net loss	—	—	—	(5,042)	—	(5,042)
Balances at February 28, 2021	$ 158,763	$ 159	$ 275,979	$ (150,142)	$ —	$ 125,996
Stock-based compensation	618	—	1,698	—	—	1,698
Issuance of restricted stocks	—	1	—	—	—	1
Cumulative translation adjustment	—	—	—	—	260	260
Net loss	—	—	—	(7,977)	—	(7,977)
Balances at May 31, 2021	$ 159,381	$ 160	$ 277,677	$ (158,119)	$ 260	$ 119,978

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares Issued	Amount			
Balances at August 31, 2019	90,041	$ 90	$ 164,258	$ (62,994)	$ 101,354
Stock-based compensation	99	—	3,189	—	3,189
Stock sold to investors	17,198	17	27,362	—	27,379
Stock issued for acquisitions	23	—	—	—	—
Net loss	—	—	—	(12,506)	(12,506)
Balances at November 30, 2019	$ 107,361	$ 107	$ 194,809	$ (75,500)	$ 119,416
Stock-based compensation	89	—	3,141	—	3,141
Issuance of restricted stocks	15	—	—	—	—
Stock sold to investors	10,000	10	14,706	—	14,716
Stock issued for equity investment	1,653	2	2,526	—	2,528
Net loss	—	—	—	(44,375)	(44,375)
Balances at February 29, 2020	$ 119,118	$ 119	$ 215,182	$ (119,875)	$ 95,426
Stock option exercises	—	—	—	—	—
Stock-based compensation	353	—	2,936	—	2,936
Issuance of restricted stocks	462	1	(1)	—	—
Net loss	—	—	—	(13,487)	(13,487)
Balances at May 31, 2020	$ 119,933	$ 120	$ 218,117	$ (133,362)	$ 84,875

The accompanying notes are an integral part of the condensed consolidated financial statements.

KUSHCO HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	For the Nine Months Ended	
	May 31, 2021	May 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (17,470)	$ (70,368)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,564	3,259
Amortization of debt discount	3,669	3,902
Bad debt (recovery)/provision	(380)	10,421
Bad debt recovery on note receivable	(513)	—
Sales return (recovery)/provision	(14)	30
Inventory obsolescence	—	2,218
Inventory reserve (recovery)/provision	(3,816)	14,619
Loss (gain) on disposal of assets	62	26
Gain on termination of leases	—	(798)
Impairment of assets	—	6,895
Change in fair value of equity investment	(1,627)	1,100
Stock compensation expense	6,159	11,074
Change in fair value of warrant liability	295	(3,435)
Loss on extinguishment of debt	1,324	—
Right-of-use assets amortization	953	—
Gain on forgiveness of PPP loan	(1,900)	—
Changes in operating assets and liabilities:		
Accounts receivable	2,295	6,854
Inventory	(20,505)	5,101
Prepaid expenses and other current assets	(5,772)	(7,854)
Other non-current assets	(4)	498
Accounts payable	4,797	(5,813)
Customer deposits	1,293	1,225
Accrued expenses and other current liabilities	1,073	1,600
Other non-current liabilities	(1,613)	(752)
Net cash used in operating activities	(29,130)	(20,198)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, equipment, and intangibles	(1,192)	(4,317)
Net cash used in investing activities	(1,192)	(4,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing cost paid in connection with extinguishment of debt	(195)	—
Repayment of capital leases	(33)	(86)
Repayment on notes payable	(17,000)	—
Proceeds from notes payable	—	1,900
Proceeds from stock option exercises	18	—
Proceeds from issuance of common stock	37,294	42,095
Proceeds from line of credit	93,743	76,325
Repayments on line of credit	(92,879)	(88,575)
Net cash provided by financing activities	20,948	31,659
NET INCREASE (DECREASE) IN CASH	(9,374)	7,144
CASH AT BEGINNING OF PERIOD	10,476	3,944
CASH AT END OF PERIOD	$ 1,102	$ 11,088
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID FOR:		
Interest	$ 439	$ 624

NON-CASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 4,592	$ —
Services prepaid for in common stock	$ —	$ 646
Accrued and unpaid amounts for purchase of property & equipment	$ 148	$ 403
Stock issued for amendment of debt agreement	$ 6,117	$ —
Shares issued in exchange for equity investment in XS Financial	$ —	$ 2,528
Common stock issuance costs in accounts payable	$ 44	$ —
Debt financing cost paid for in common stock	$ 83	$ —

The accompanying notes are an integral part of the condensed consolidated financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the activity of KushCo Holdings, Inc. (the "Company") and its wholly-owned subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information pursuant to Securities and Exchange Commission ("SEC") rules and regulations. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included in the condensed consolidated financial statements for the interim periods presented herein, but are not necessarily indicative of operating results to be achieved for full fiscal years or other interim periods. The condensed consolidated balance sheet as of August 31, 2020 was derived from the audited financial statements as of that date but does not include all disclosures as required by GAAP. These condensed consolidated financial statements and notes should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended August 31, 2020 and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year then ended and filed with the SEC on November 10, 2020.

The Company's principal sources of liquidity at May 31, 2021 consisted of cash on hand, a line of credit and future cash anticipated to be generated from operations. The Company reported positive working capital as of May 31, 2021. The Company believes its current cash balances, coupled with anticipated cash flow from operating activities and its secured asset based revolving credit facility with Monroe Capital Management Advisors, LLC ("Monroe"), will be sufficient to meet its working capital requirements for at least one year from the date the consolidated financial statements were available to be issued.

On March 31, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Greenlane Holdings, Inc. ("Greenlane"), Merger Sub Gotham 1, LLC, a wholly-owned subsidiary of Greenlane ("Merger Sub 1"), and Merger Sub Gotham 2, LLC, a wholly-owned subsidiary of Greenlane ("Merger Sub 2"). Pursuant to the terms of the Merger Agreement, subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, (i) Merger Sub 1 will be merged with and into the Company, with the Company as the surviving corporation and a wholly-owned subsidiary of Greenlane ("Initial Surviving Corporation") ("Merger 1"); and (ii) the Initial Surviving Corporation will then be merged with and into Merger Sub 2 with Merger Sub 2 as the surviving limited liability company and a wholly-owned subsidiary of Greenlane ("Merger 2," and together with Merger 1, the "Mergers").

Under the terms of the Merger Agreement, the Company's stockholders will receive approximately 0.2546 shares of Greenlane's Class A common stock, par value $0.01 per share (the "Class A common stock") for each share of the Company's common stock (the "Base Exchange Ratio"), subject to adjustment as described in the Merger Agreement (the Base Exchange Ratio, as adjusted, the "Exchange Ratio"). The Base Exchange Ratio is expected to result in the Company's stockholders owning approximately 49.9% of the Class A common stock and existing stockholders of Greenlane owning approximately 50.1% of the Class A common stock. Immediately prior to the effective time of Merger 1, each Company stock option (whether or not vested or exercisable) will be converted into an option to purchase, on the same terms and conditions that apply to such option, that number of shares of the Class A common stock of Greenlane multiplied by the Exchange Ratio at an exercise price determined by dividing the per share exercise price of the option immediately prior to Merger 1 by the Exchange Ratio. Immediately prior to Merger 1, each Company restricted stock unit will vest in full and be settled and treated as a share of the Company common stock in Merger 1. The closing of the Mergers is subject to customary closing conditions.

The closing of the Mergers is conditioned upon, among other things, the Company's receipt of the requisite approval for the Mergers from the holders of its common stock and Greenlane's receipt of the requisite approval from the holders of its common stock for the issuance of shares of Greenlane Class A common stock to be issued in connection with the Mergers. In addition to these stockholder approvals, the closing of the Mergers is subject to other customary closing conditions. Accordingly, there can be no assurance that the Company will be able to complete the Mergers on the expected timeline or at all. See "Item 1A Risk Factors" included in this Quarterly Report on Form 10-Q.

Subject to the satisfaction of all of the conditions to closing, including the receipt of the separate stockholder approvals, the the Mergers are expected to close in the third calendar quarter of 2021.

For information regarding the Mergers and related matters, please refer to the Company's other filings with the SEC that have been made in connection with the proposed Mergers, including the definitive joint proxy statement filed by the Company with the SEC on July 2, 2021.

References to amounts in these notes to condensed consolidated financial statements are in thousands, except per share amounts, unless otherwise specified.

References herein to a particular "fiscal" year means the fiscal year that ended on August 31 of the year indicated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period.

Significant estimates relied upon in preparing these condensed consolidated financial statements include revenue recognition, accounts receivable reserves, inventory and related reserves, warrant liability, expected future cash flows used to evaluate the recoverability of long-lived assets, estimated fair values of long-lived assets used to record impairment charges related to intangible assets and goodwill, amortization periods, accrued expenses, stock-based compensation expenses, and recoverability of the Company's net deferred tax assets and any related valuation allowance.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from management's estimates if past experience or other assumptions do not turn out to be substantially accurate.

Accounts Receivable

Trade accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade accounts receivables are evaluated bi-weekly for collectability based on the customer's past credit history and current financial condition. In addition to customer specific reserves, the Company applies an additional 1% reserve to accounts receivable. The Company's net accounts receivable balance was $7,398 and $9,427 as of May 31, 2021 and August 31, 2020, respectively. The Company's allowance for doubtful accounts was $1,025 and $2,439 as of May 31, 2021 and August 31, 2020, respectively. The Company wrote-off $588 of customers' balances during the three month period ended May 31, 2021. The Company's sales return reserve was $318 and $332 as of May 31, 2021 and August 31, 2020, respectively, and is included in "Accounts receivable, net" on the Company's condensed consolidated balance sheet.

Inventory

Inventories are stated at the lower of cost or net realizable value using the average cost method. The Company's inventory consists of finished goods of $52,370 and $28,049 as of May 31, 2021 and August 31, 2020, respectively. The Company also makes prepayments against the future delivery of inventory classified as prepaid inventory. The Company's prepaid inventory was $6,752 and $3,373 as of May 31, 2021 and August 31, 2020, respectively, and is included in prepaid expenses and other current assets on the accompanying balance sheets. The Company regularly reviews inventory and, when appropriate, records a provision for obsolete and excess inventory. The provision is based on actual loss experience and a forecast of product demand compared to its remaining shelf life. The Company's inventory reserve was $6,681 and $10,497 as of May 31, 2021 and August 31, 2020, respectively.

Equity Investment

On January 30, 2020, the Company partnered with XS Financial Inc. ("XS Financial"), formerly Xtraction Services Holding Corp, a provider of equipment leasing solutions to owners and operators of cannabis and hemp companies in the United States in order to provide such solutions to the Company's network of regulated cannabis and hemp-derived cannabidiol ("CBD") operators. The Company's Chief Financial Officer, Stephen Christoffersen, has served on the board of directors for XS Financial since May 2019. Under the terms of its agreement with XS Financial, upon the closing of the transaction, the Company issued 1,653 shares of its common stock in exchange for 10,600 proportionate voting shares of XS Financial (the "XS Shares"), the equivalent of 19.9% of XS Financials' market capitalization on the closing date. As of May 31, 2021, the Company owns approximately 10.3% XS Financials' market capitalization. On January 30, 2020, the value of the Company's

shares issued in exchange for the equity investment in XS Financial was $2,528. The Company's investment in XS Financial is included in "Other assets" on the Company's condensed consolidated balance sheets. The fair value of Company's investment in XS Financial was $2,588 as of May 31, 2021. The fair value of Company's investment in XS Financial was $1,225 as of August 31, 2020.

Net Loss Per Share

The Company computes earnings per share under Accounting Standards Codification ("ASC") Topic 260, *Earnings per Share* ("ASC 260"). Basic net loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the sum of (a) the weighted average number of shares of common stock outstanding during the period and (b) the potentially dilutive securities outstanding during the period. Stock options and warrants are potentially dilutive securities; and the number of dilutive options is computed using the treasury stock method.

For the three months and nine months ended May 31, 2021 and 2020, basic and diluted weighted average shares were the same, as the Company generated a net loss for the period. The computation for the three months ended May 31, 2021 does not include 11,844 options and 31,434 warrants, as their inclusion would have had an anti-dilutive effect on net loss per share. The computation of diluted net loss per share for the three months ended May 31, 2020 does not include 11,368 options and 21,737 warrants, as their inclusion would have had an anti-dilutive effect on net loss per share.

Revenue Recognition

The Company markets and sells a wide variety of ancillary products and services to customers operating in the regulated medical and recreational cannabis and CBD industries. These complementary products and services include bottles, jars, bags, tubes, containers, vape cartridges, vape batteries and accessories, labels and processing supplies, solvents, natural products,

stainless steel tanks, custom branded anti-counterfeit and authentication labels, and services focused on building distribution networks of compliant hemp-derived CBD brands across conventional and other retail channels, including convenience, pet care, and beauty channels.

In accordance with ASC 606, *Revenue from Contracts with Customers*, the Company applies the following steps to recognize revenue for the sale of products that reflects the consideration to which the Company expects to be entitled to receive in exchange for the promised goods:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when the Company satisfies a performance obligation.

Advertising

The Company conducts advertising for the promotion of its products and services. In accordance with ASC subtopic 720-35-25 ("ASC 720"), advertising costs are charged to expense when incurred. Advertising costs were $19 and $21 for the three months ended May 31, 2021 and May 31, 2020, respectively. Advertising cost were $22 and $99 for the nine months ended May 31, 2021 and May 31, 2020, respectively.

Share-based Compensation

The Company recorded total stock-based compensation expense of $1,780 and $2,985 for the three months ended May 31, 2021 and May 31, 2020, respectively, in connection with the issuance of shares of common stock and options to purchase common stock. The Company recorded stock-based compensation expense of $6,159 and $11,074 for the nine months ended May 31, 2021 and May 31, 2020, respectively. Stock-based compensation expense is included in selling, general and administrative expense in the Company's condensed consolidated statements of operations.

Recently Issued Accounting Pronouncements

In August 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)." ASU 2020-06 reduces the number of models used to account for convertible instruments, amends diluted EPS calculations for convertible instruments, and amends the

requirements for a contract (or embedded derivative) that is potentially settled in an entity's own shares to be classified in equity. The amendments add certain disclosure requirements to increase transparency and decision-usefulness about a convertible instrument's terms and features. Under the amendments, the Company must use the if-converted method for including convertible instruments in diluted EPS as opposed to the treasury stock method. ASU 2020-06 is effective for annual reporting periods beginning after December 15, 2021 (the Company's fiscal 2023). Early adoption is allowed under the standard with either a modified retrospective or full retrospective method. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In December 2019, the FASB Issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting of Income Taxes", which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In January 2020, the FASB issued ASU 2020-1, "Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying the Interactions between Topic 321, Topic 323, and Topic 815." The ASU is based on a consensus of the Emerging Issues Task Force and is expected to increase comparability in accounting for these transactions. ASU 2016-1 made targeted improvements to accounting for financial instruments, including providing an entity the ability to measure certain equity securities without a readily determinable fair value at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Among other topics, the amendments clarify that an entity should consider observable transactions that require it to either apply or discontinue the equity method of accounting. For public business entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is evaluating the potential impact of adoption of this standard on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB that do not require adoption until a future date are not expected to have a material impact on the condensed consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Update on COVID-19

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments, including in the markets that the Company operates in, to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 has significantly curtailed global economic activity, including in the regulated cannabis and CBD industries in which the Company operates.

COVID-19 has materially impacted our markets and sources of revenues, particularly during the three and nine months ended May 31, 2020, including without limitation, as a result of the following:

- State and provincial mandates requiring the temporary closure of nonessential businesses, such as the temporary closure of adult recreational use stores in Massachusetts, Nevada, and Ontario, Canada, as well as the substantial closure of many retail storefronts that sell CBD;
- Restrictions and limitations on travel that have curtailed consumer demand in tourist-heavy markets, such as Nevada and Colorado, as well as a general negative effect on the ability of our sales force to meet with potential customers and secure new orders; and
- Our customers increasingly consolidating orders and purchasing less frequently in response to general macroeconomic and business uncertainty, creating a more volatile and irregular purchasing and revenue recognition pattern.

While the U.S. has recently seen a significant decline in new cases and states are loosening their shutdown and social distancing protocols, resulting in a wide reopening of adult recreational use and medical stores as well as retail stores that sell CBD, COVID-19 continues to affect the Company's sources of revenue in Canada, particularly in provinces such as Ontario that were still under lockdown until recently.

We continue to be impacted by business and supply chain interruptions resulting from the COVID-19 pandemic. The COVID-19 pandemic has also resulted in increased air freight costs incurred by us, which we are passing on to our customers

via a surcharge, as well as general difficulties in securing space on incoming freight from international vendors in order to make room for essential items.

We continue to experience unexpected and uncontrollable delays with our international supply shipments due to a significant increase in shipments to U.S. ports, less cargo being shipped by air, and a general shortage of containers. While these delays have moderately improved in recent months, we, along with many other importers of goods across all industries, continue to experience severe congestion and extensive wait times for carriers at ports across the United States. In addition, restrictions imposed by local, state and federal agencies due to the COVID-19 pandemic has led to reduced personnel of importers, government staff and others in our supply chain. We have been working diligently with our network of freight partners and suppliers to expedite delivery dates and provide solutions to reduce further impact and delays. However, we are unable to determine the full impact of these delays as they are out of our control.

We have also experienced, and could continue to experience, delays in orders from vendors, particularly in countries where the pandemic has had a significant impact, such as in China.

While the Company is continuing to navigate the financial, operational, and personnel challenges presented by the COVID-19 pandemic, the full extent of the impact of COVID-19 on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic, the potential uncertainty related to and proliferation of new strains, and related actions taken by the U.S. government, state and local government officials, and international governments to prevent disease spread, all of which are uncertain, out of our control and cannot be predicted at this time.

NOTE 2 - CONCENTRATIONS OF RISK

Supplier Concentrations

The Company purchases inventory from various suppliers and manufacturers. For the nine months ended May 31, 2021 and May 31, 2020, the Company had one vendor that accounted for approximately 46% and 33%, respectively, of total inventory purchases. As of May 31, 2021, there were three vendors that represented in the aggregate approximately 47% of the Company's accounts payable. As of August 31, 2020, there were two vendors that represented in the aggregate approximately 41% of the Company's accounts payable.

Customer Concentrations

During the nine months ended May 31, 2021, the Company had one customer that represented over 18% of the Company's revenue. For the nine months ended May 31, 2020, there were no customers that represented more than 10% of the Company's revenues. As of May 31, 2021, there was one customer that represented approximately 18% of the Company's accounts receivable. As of May 31, 2020 there were two customers that represented in the aggregate approximately 47% of the Company's accounts receivable.

NOTE 3 – RELATED-PARTY TRANSACTIONS

The Company sold certain products and supplies to one related party during the three months ended May 31, 2021. During the three months ended May 31, 2020, the Company sold products and supplies to two related parties. Sales to related parties during the three months ended May 31, 2021 and May 31, 2020 totaled $311 and $113, respectively. Sales recognized during the nine months ended May 31, 2021 and May 31, 2020 totaled $646 and $299, respectively. Total accounts receivable from related parties was $541 and $1,200 as of May 31, 2021 and August 31, 2020, respectively. Further, the Company rented certain warehouse equipment from a related party. No rental payments were made to the related party during the three months ended May 31, 2021 and May 31, 2020. No rental payments were made to the related party during the nine months ended May 31, 2021 versus $231 for the nine months ended May 31, 2020.

NOTE 4 - PROPERTY AND EQUIPMENT

The major classes of fixed assets consist of the following:

	May 31, 2021	August 31, 2020
Machinery and equipment	$ 7,459	$ 9,540
Vehicles	410	410
Office Equipment	3,709	376
Leasehold improvements	1,580	1,591
Construction in progress	663	660
	13,821	12,577
Accumulated Depreciation	(5,938)	(3,776)
	$ 7,883	$ 8,801

Depreciation expense was $758 and $990 for the three months ended May 31, 2021 and May 31, 2020, respectively. Depreciation expense was $2,195 and $2,549 for the nine months ended May 31, 2021 and May 31, 2020, respectively.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of the following:

		As of May 31, 2021			As of August 31, 2020		
Description	Weighted Average Estimated Useful Life	Gross Carrying Value	Accumulated Amortization	Net Amount	Gross Carrying Value	Accumulated Amortization	Net Amount
Trade name	6 years	1,400	(1,400)	—	1,400	(1,400)	—
Non-compete agreement	4 years	2,370	(1,739)	631	2,370	(1,370)	1,000
		$ 3,770	$ (3,139)	$ 631	$ 3,770	$ (2,770)	$ 1,000

Amortization expense was $112 and $237 for the three months ended May 31, 2021 and May 31, 2020, respectively. Amortization expense was $369 and $710 for the nine months ended May 31, 2021 and May 31, 2020, respectively.

The following table summarizes the remaining estimated amortization of definite-lived intangible assets as of May 31, 2021:

For the year ended August 31,	
2021 (remaining three months)	$ 157
2022	314
2023	160
	$ 631

NOTE 6 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	May 31, 2021	August 31, 2020
Accrued compensation	$ 2,295	$ 2,798
Sales tax payable	598	727
Operating lease liability	1,710	1,583
Other accrued expenses	3,633	3,087
	$ 8,236	$ 8,195

NOTE 7 – LEASES

The Company leases its facilities and certain office equipment under operating leases that expire on various dates through 2026. The Company determines if an arrangement is a lease at inception. Right of Use ("ROU") assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. When readily determinable, the Company uses the implicit rate in determining the present value of lease payments. The ROU asset also includes any fixed lease payments, including in-substance fixed lease payments and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease term is determined at lease commencement and includes any non-cancellable period for which the Company has the right to use the underlying asset, together with any options to extend that the Company is reasonably certain to exercise.

ROU assets and liabilities consist of the following:

	May 31, 2021	August 31, 2020
Operating leases - ROU assets (included in Other assets)	$ 9,209	$ 3,127
Current portion of lease liabilities	$ 1,710	$ 1,583

Long term lease liabilities, net of current portion		6,971		4,157
Total lease liabilities	$	8,681	$	5,740

Aggregate lease maturities as of May 31, 2021 are as follows:

Year ended August 31,		
2021 (remaining three months)	$	614
2022		2,812
2023		2,238
2024		1,667
2025		1,470
Thereafter		514
Total minimum lease payments		9,315
Less imputed interest		(634)
Total lease liabilities	$	8,681

Rent expense was $574 and $1,399, respectively, for the three months and nine months ended May 31, 2021. Rent expense was $590 and $2,279 for the three and nine months ended May 31, 2020, respectively. At May 31, 2021, the leases had a weighted average remaining lease term of 4.0 years and a weighted average discount rate of 4.8%. Amortization on ROU assets was $403 and $953 for the three months and nine months ended May 31, 2021, respectively. Cash paid for amounts included in the measurement of lease liabilities was $723 and $1,955 for the three and nine months ended May 31, 2021, respectively.

NOTE 8 – DEBT

Monroe Revolving Credit Facility

On August 21, 2019, the Company and its subsidiaries entered into a secured asset based revolving credit facility (the “Monroe Revolving Credit Facility”) for an aggregate amount not to exceed $35.0 million outstanding at any time, with Monroe Capital Management Advisors, LLC (“Monroe”), as collateral agent and administrative agent, and the various lenders party thereto. The Monroe Revolving Credit Facility also includes an accordion feature that permits the Company to increase the available revolving commitments under the Monroe Revolving Credit Facility by up to an additional $15.0 million, subject to satisfaction of certain conditions. The Monroe Revolving Credit Facility has a 5-year term, which matures on August 21, 2024 and is secured by a first priority lien on substantially all of the assets of the Company and its subsidiaries. The borrowing base is subject to eligible inventory and accounts receivable. The available borrowing capacity as of May 31, 2021 was $12,467.

The Monroe Revolving Credit Facility contains customary representations and warranties, affirmative and negative covenants, including a financial covenant requiring certain minimum availability, and events of default. As of May 31, 2021, the outstanding balance under the facility was $663. As of August 31, 2020, there was no balance outstanding under the facility.

The Company incurred closing costs associated with the Monroe Revolving Credit Facility in the amount of $2,672, which were deferred and amortized over the 5-year term of the Monroe Revolving Credit Facility on a straight-line basis. As of May 31, 2021 and August 31, 2020, unamortized debt issuance costs of $1,699 and $2,057, respectively, are included in “Other assets.” Interest expense and amortization of debt discount, associated with the Monroe Revolving Credit Facility during the three months ended May 31, 2021 and May 31, 2020 amounted to $166 and $227, respectively. Interest expense and amortization of debt discount, associated with the Monroe Revolving Credit Facility during the nine months ended May 31, 2021 and May 31, 2020 amounted to $755 and $989, respectively.

Monroe Warrants

Also on August 21, 2019, in connection with, and as a condition to the consummation of, the Monroe Revolving Credit Facility, the Company entered into a subscription agreement with certain entities affiliated with Monroe (collectively, the “Subscribers”), pursuant to which the Company issued to the Subscribers warrants (the “Monroe Warrants”) to purchase up to an aggregate of 500 shares of the Company common stock, at an exercise price of $4.25 per share, which represented the arithmetic average of the closing price of the Company's common stock for the 10 consecutive trading days prior to the date of issuance (subject to customary adjustment upon subdivision or combination of the Company's common stock). The Monroe Warrants are immediately exercisable and may be exercised at any time, and from time to time, on or before the fifth anniversary of the date of issuance. The Monroe Warrants include a “blocker” provision that, subject to certain exceptions described in the Monroe Warrants, prevents the Subscribers from exercising the Monroe Warrants to the extent such exercise would result in a Subscriber together with certain affiliates owning in excess of 4.99% of the Company's common stock outstanding immediately after giving effect to such exercise. The Monroe Warrants were classified as equity.

Senior Note with HB Sub Fund

On April 29, 2019, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with an institutional investor (the “Investor”), pursuant to which the Company agreed to issue and sell, and the Investor agreed to purchase, a senior note (the “Original Note”) in a private placement offering in the aggregate principal amount of $21.3 million with an original issue discount of $1.3 million, and received net proceeds of $20.0 million. The Original Note was a senior unsecured obligation, and unless earlier redeemed, was scheduled to mature on October 30, 2020. The Original Note did not bear interest, except upon the occurrence of an event of default.

On August 21, 2019, the Company entered into an exchange agreement (the “Exchange Agreement”) with the Investor in order to amend and waive certain provisions of the Securities Purchase Agreement and the Original Note and exchange the Original Note for (i) a new senior note (the “First Amended Senior Note”) for the same aggregate principal amount as the Original Note and (ii) a warrant to purchase up to 650 shares of the Company's common stock at an exercise price of $4.25 per share. The warrants have an expiration date of August 21, 2024 and have not been exercised. As of August 21, 2019, the warrants were reclassified from a derivative liability to equity with a corresponding adjustment to additional paid-in capital. The fair value of the warrants was determined using a Black-Scholes model as of August 21, 2019 and was equal to $792. Similar to the terms of the Original Note, the First Amended Senior Note was set to mature on October 30, 2020, at which time the Company would have had to pay the Investor an amount in cash representing 120% of all outstanding principal, less original issue discount, plus any accrued and unpaid interest and accrued and unpaid late charges. Similar to the terms of the Original Note, the First Amended Senior Note did not bear interest except upon the occurrence of an event of default.

On November 8, 2019, the Company entered into a Second Exchange Agreement (“Second Exchange Agreement”) with the Investor, pursuant to which the Company amended the First Amended Senior Note (the “Second Amended Senior Note”). Pursuant to the terms of the Second Amended Senior Note, the maturity date was extended to April 29, 2021, and the aggregate principal amount of the Second Amended Senior Note was increased to approximately $24.0 million and the original issue discount was increased to $1.5 million. Upon maturity of the Second Amended Senior Note, the Company would have had to pay the Investor an amount in cash representing 120% of all outstanding principal, less original issue discount, plus any accrued and unpaid interest and accrued and unpaid late charges. Similar to the terms of the Original Note, the Second Amended Senior Note did not bear interest except upon the occurrence of an event of default.

On June 9, 2020, the Company entered into a Third Exchange Agreement (the “Third Exchange Agreement”) with the Investor in order to (x) amend and waive certain provisions of the Securities Purchase Agreement, as amended, and the Second Amended Senior Note, and (y) exchange the Second Amended Senior Note without any cash consideration for (i) a new senior note in the aggregate principal amount of $22.0 million (the “Third Amended Senior Note”) and (ii) 5,347,594 shares of the Company's common stock (the “Third Exchange Shares”). The exchange of principal and Third Exchange Shares were accounted for as an extinguishment of debt, and a loss on extinguishment of $1.65 million was recorded in the statement of operations for the fiscal year ended August 31, 2020.

Similar to the terms of the Second Amended Senior Note, the Third Amended Senior Note would have matured on April 29, 2021, subject to the Investor’s right to extend such maturity date. Upon maturity, the Company would have been required to pay the Investor an amount in cash representing the aggregate outstanding principal, plus any accrued and unpaid interest and accrued and unpaid late charges. Similar to the terms of the Original Note, the First Amended Senior Note and the Second Amended Senior Note, the Third Amended Senior Note did not bear interest except upon the occurrence (and during the continuance) of an event of default, in which case the Third Amended Senior Note would bear interest at a rate of 18.0% per annum (the “Default Rate”).

On November 10, 2020, the Company entered into a Fourth Exchange Agreement (the “Fourth Exchange Agreement”) with the Investor in order to (x) amend and waive certain provisions of the Securities Purchase Agreement, as amended, and the Third Amended Senior Note, and (y) exchange the Third Amended Senior Note without any cash consideration for (i) a new senior note in the aggregate principal amount of $19.0 million (the “Fourth Amended Senior Note”) and (ii) 4,687,500 shares of the Company's common stock (the “Fourth Exchange Shares”). The exchange of principal and Fourth Exchange Shares was accounted for as an extinguishment of debt, and a loss on extinguishment of $0.9 million was recorded in the statement of operations for the nine months ended May 31, 2021.

Similar to the terms of the Third Amended Senior Note, the Fourth Amended Senior Note would have matured on April 29, 2021, subject to the Investor’s right to extend such maturity date. Upon maturity, the Company would have been required to pay the Investor an amount in cash representing the aggregate outstanding principal, plus any accrued and unpaid interest and accrued and unpaid late charges. Similar to the terms of the Original Note, the First Amended Senior Note, the Second Amended Senior Note and the Third Amended Senior Note, the Fourth Amended Senior Note did not bear interest except upon the occurrence (and during the continuance) of an event of default, in which case the Fourth Amended Senior Note would bear interest at the Default Rate.

On January 24, 2021, we entered into a Fifth Exchange Agreement (the “Fifth Exchange Agreement”) with the Investor in order to (x) amend and waive certain provisions of the Securities Purchase Agreement, as amended, and the Fourth Amended Senior Note, and (y) exchange the Fourth Amended Senior Note without any cash consideration for (i) a new senior note in the aggregate principal amount of $17.0 million (the “Fifth Amended Senior Note”) and (ii) 1,481,482 shares of our common stock (the “Fifth Exchange Shares”). The Fifth Amended Senior Note was scheduled to mature on April 29, 2021, subject to the Investor’s right to extend such maturity date. Upon maturity, the Company would have been required to pay the Investor an amount in cash representing the aggregate outstanding principal, plus any accrued and unpaid interest and accrued and unpaid late charges. Similar to the terms of the Original Note, the First Amended Senior Note, the Second Amended Senior Note, the Third Amended Senior Note and the Fourth Amended Senior Note, the Fifth Amended Senior Note did not bear interest except upon the occurrence (and during the continuance) of an event of default, in which case the Fifth Amended Senior Note would bear interest at the Default Rate. The exchange of principal and Fifth Exchange Shares was accounted for as an extinguishment of debt, and a loss on extinguishment of approximately $0.4 million was recorded in the statement of operations for the nine months ended May 31, 2021.

On March 24, 2021, the Company paid in aggregate $17 million to retire the full principal balance and $0.8 million debt issuance cost was recorded to interest expense under the Fifth Amended Senior Note (see Note 13 below).

PPP Loan

On April 30, 2020, the Company qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act from a qualified lender, for an aggregate principal amount of approximately $1.9 million (the “PPP Loan”). The PPP Loan was unsecured and guaranteed by the U.S. Small Business Administration, bore interest at a fixed rate of 1.0% per annum, and had a maturity of two years with the first six months of interest, principal and fees deferred. The principal and interest of the PPP Loan was eligible for forgiveness under the Paycheck Protection Program to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including eligible payroll costs, covered rent, business mortgage interest, and covered utility payments incurred by the Company during the elected 24 week covered period after loan disbursement. The Company applied and received forgiveness for the PPP Loan on February 9, 2021, with respect to these covered expenses. During the three months ended February 28, 2021 the Company recorded a gain of $1.9 million to other income related to the PPP loan being forgiven by the SBA. As of May 31, 2021, the Company no longer has the PPP Loan recorded as a note payable on its balance sheet. As of August 31, 2020, the PPP Loan amounted to $1.9 million, and was included within the current portion of notes payable on the accompanying balance sheet.

NOTE 9 – WARRANT LIABILITY

In addition to the Monroe Warrants described above, in June 2018, the Company issued warrants to purchase 3,750 shares of its common stock exercisable at a price per share of $5.28 (the “2018 Warrants”) to investors in a registered direct offering. The 2018 Warrants have a term of five years from the date of issuance. Pursuant to ASC Topic 815, the initial fair value of the 2018 Warrants of $15,350 was recorded as a warrant liability on the issuance date. The estimated fair values of the 2018 Warrants was computed at issuance using a Black-Scholes option pricing model.

The estimated fair value of the outstanding liabilities associated with the 2018 Warrants was $661 and $365 as of May 31, 2021 and August 31, 2020, respectively.

Increases or decreases in the fair value of the Company's liability associated with the 2018 Warrants are included as a component of “Other expense” in the accompanying condensed consolidated statements of operations for the respective period. The changes to the liability associated with the 2018 Warrants resulted in an decrease of $821 in liability and a corresponding gain for the three months and an increase of $295 in liability and a corresponding loss for the nine months ended May 31, 2021. The changes to the liability associated with the 2018 Warrants resulted in an increase of $1,160 in liability and a corresponding loss for the three months and a decrease of $3,435 in liability and a corresponding gain for the nine months ended May 31, 2020.

The estimated fair value of the 2018 Warrants was computed as of May 31, 2021 using the Black Scholes model with the following assumptions: stock price of $0.96, volatility of 104.4%, risk-free rate of 0.22%, annual dividend yield of 0% and expected life of 2.3 years.

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are performed in accordance with the guidance provided by ASC Topic 820, *“Fair Value Measurements and Disclosures”* (“ASC 820”). ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied.

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities recorded at fair value in the financial statements are categorized based upon the hierarchy of levels of judgment associated with the inputs used to measure their fair value. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability.

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, equity investments, accounts receivable, accounts payable and accrued liabilities and obligations approximate their fair values based on their short-term nature. The carrying amount of the Company's long-term notes payable approximates its fair value based on interest rates available to the Company for similar debt instruments and similar remaining maturities.

The Company accounts for its investment in Smoke Cartel, Inc. ("Smoke Cartel") at fair value. On September 21, 2018, Smoke Cartel and the Company entered into an agreement to sell Rowl-Uh-Bowl (the "RUB") web domain and inventory related to this product line and in exchange, received 1,410 shares of Smoke Cartel common stock. The fair value of the Company's investment as of August 31, 2020 and May 31, 2021 was based upon the closing price of Smoke Cartel's common stock on each respective date. The investment was classified as a Level 2 financial instrument.

The Company accounts for its investment in XS Financial at fair value. The fair value of the Company's investment at August 31, 2020 and May 31, 2021 was based upon the closing price of XS Financial common stock on each respective date. The investment was classified as a Level 2 financial instrument.

In connection with the Company's registered direct offering in June 2018, the Company issued the 2018 Warrants, which are accounted for as a warrant liability (see Note 9 above.) The estimated fair value of the liability is recorded using significant unobservable measures and other fair value inputs and is therefore classified as a Level 3 financial instrument.

The following table details the fair value measurement within the fair value hierarchy of the Company's financial instruments, which includes the Level 2 assets and the Level 3 liabilities:

	Fair Value at May 31, 2021			
	Total	Level 1	Level 2	Level 3
Assets:				
Equity investment	$ 3,784	$ —	$ 3,784	$ —
Liabilities:				
Warrant liability	$ 661	$ —	$ —	$ 661

	Fair Value at August 31, 2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Equity investment	$ 2,157	$ —	$ 2,157	$ —
Liabilities:				
Warrant liability	$ 365	$ —	$ —	$ 365

The following table reflects adjustments to the estimated fair value of the Company's warrant liability with respect to the 2018 Warrants measured using Level 3 inputs:

	Warrant Liability
As of August 31, 2020	$ 365
Adjustments to estimated fair value	183
As of November 30, 2020	$ 548
Adjustments to estimated fair value	933
As of February 28, 2021	1,481
Adjustments to estimated fair value	(820)
As of May 31, 2021	$ 661

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Other Commitments

In the ordinary course of business, the Company may enter into contractual purchase obligations and other agreements that are legally binding and specify certain minimum payment terms. The Company had no such agreements as of May 31, 2021.

Litigation

The Company may be subject to legal proceedings and claims that arise in the ordinary course of its business.

During fiscal 2019, lawsuits were filed in California federal and state court by various purported stockholders against, the Company, certain of the current members of the Company's Board of Directors, and certain of the Company's current and former officers, alleging, among other things, certain federal securities law violations and/or related breaches of fiduciary duties in connection with the Company's April 2019 restatement of certain prior period financial statements. In general, the lawsuits assert the same or similar allegations, including that the defendants artificially inflated the Company's securities prices by knowingly making materially false and misleading statements and omissions to the investing public about the Company's financial statements, business, operations, management, and internal controls. During fiscal 2021, a separate lawsuit was filed in California federal court by a purported stockholder against the current members of the Company's Board of Directors. These lawsuits are described below.

May v. KushCo Holdings, Inc., et al. Filed April 30, 2019. Case No. 8:19-cv-00798-JLS-KES, U.S. District Court for the Central District of California. This putative stockholder class action against the Company and certain of its current and former officers alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, and sought unspecified compensatory damages and other relief on behalf of a class of purchasers of the Company's securities between July 13, 2017 and April 9, 2019, inclusive. In September 2019, the Court appointed co-lead plaintiffs and co-lead counsel for the plaintiffs. The lead plaintiffs' amended complaint was filed in November 2019. In February 2020, the Company moved to dismiss the amended complaint. In September 2020, the Court granted the motion to dismiss with leave to amend. On November 2, 2020, after the lead plaintiffs failed to file an amended complaint, the Court entered judgment in favor of the defendants, dismissing the action with prejudice. On December 2, 2020, the lead plaintiffs filed a notice of appeal of the judgment to the U.S. Court of Appeals for the Ninth Circuit. On February 18, 2021, after the lead plaintiff voluntarily dismissed his appeal, the action was dismissed in its entirety with prejudice.

Salsberg v. Kovacevich, et al. Filed May 24, 2019. Case No. 8:19-cv-00998-JLS-KES, U.S. District Court for the Central District of California and *Neysmith v. Baum, et al.* Filed May 31, 2019. Case No. 8:19-cv-01070-JLS-KES, U.S. District Court for the Central District of California. This purported stockholder derivative action against certain current and former directors and officers of the Company alleges, among other things, breach of fiduciary duty, waste of corporate assets, and unjust enrichment. The Company is named as a nominal defendant and the plaintiffs seek, among other things, corporate governance reforms, and disgorgement of profits, benefits, and compensation obtained by the defendants from the alleged conduct, to be paid to the Company. In September 2019, the Court consolidated these cases. In December 2019, the Court ordered the action stayed pursuant to a stipulation of the parties, which stay expired in December 2020. In May 2021, the Court again ordered the action stayed, this time until the earlier of the closing of the Mergers or September 30, 2021.

Savage v. Kovacevich, et al. Filed June 14, 2019. Case No. 30-2019-01077191-CU-MC-NJC, Superior Court of California, County of Orange. This purported stockholder derivative action against certain current and former directors and officers of the Company alleges, among other things, breach of fiduciary duty, waste of corporate assets, and unjust enrichment. The Company is named as a nominal defendant and the plaintiff seeks, among other things, corporate governance reforms, and unspecified damages and restitution from the defendants, to be paid to the Company. In August 2019, the Court ordered the action stayed pursuant to a stipulation of the parties, which stay expired in December 2020. On June 1, 2021, the Court ordered the action stayed until the earlier of the closing of the Mergers or September 30, 2021.

Bruno, et al. v. Kovacevich, et al. Filed September 26, 2019. Case No. A-19-802660-C, Eighth Judicial District Court of the State of Nevada and *Majchrzak v. Kovacevich, et al.* Filed October 2, 2019. Case No. A-19-902945-B, First Judicial District Court of the State of Nevada. These purported stockholder derivative actions against certain current and former directors and officers allege, among other things, breach of fiduciary duty, waste of corporate assets, and unjust enrichment. The Company is named as a nominal defendant in each action and the plaintiffs seek, among other things, equitable relief and unspecified damages from the defendants, to be paid to the Company. In August 2020 and September 2020, the Court ordered the Majchrzak action and the Bruno action, respectively, stayed, which stays expired in December 2020. In May 2021, the stay of the Bruno action was continued until August 18, 2021 and the stay of the Majchrzak action was continued indefinitely.

Choate v. Kovacevich, et al. Filed October 1, 2020, Case No. 8:20-cv-01904-JLS-KES, U.S. District Court for the Central District of California. This purported stockholder derivative action against the Company's current directors alleged, among other things, breach of fiduciary duty with respect to the administration of the Company's 2016 Stock Incentive Plan. The Company was named as a nominal defendant. The plaintiff sought declaratory relief and, from the director defendants, unspecified compensatory damages to be paid to the Company and other relief. On February 26, 2021, the plaintiff filed a first amended complaint. On April 2, 2021, the Company and the director defendants moved to dismiss the first amended complaint. On May 7, 2021, the parties filed a joint stipulation to dismiss the action without prejudice and the Court dismissed this case.

As of May 31, 2021, the Company cannot predict the ultimate outcome of the matters described above that are still pending, and the Company cannot reasonably estimate the potential loss or range of loss that may incur.

NOTE 12 – 2020 PLAN & RESTRUCTURING CHARGES

During the second quarter of fiscal 2020, the Company adopted and implemented a comprehensive strategic plan (the "2020 Plan") to more effectively execute the Company's strategy of focusing its resources on more established, financially stable, and creditworthy customers (namely multi-state operators, licensed producers, and leading brands). In connection with the 2020 Plan, the Company began implementing a restructuring plan designed to rationalize all aspects of its operations by, among other things, significantly reducing its overhead, implementing more stringent expense controls, consolidating its warehouses,

reducing its inventory, and drastically altering its sales strategy to focus more on these customers. The Company believes that this strategic shift and associated restructuring has resulted in a better forecast of demand, reduction of inventory and warehouse space, improved collections and cash flow, and potential revenue upside from these customers' continued expansion and consolidation in the marketplace.

In the three months and nine months ended May 31, 2021, the Company recorded $0.3 million and $0.6 million in restructuring costs. The Company has incurred $8.9 million in total restructuring charges as of May 31, 2021, and expects to incur an additional $0.6 million in restructuring charges under the 2020 Plan, which represents the Company's best estimate as of May 31, 2021. The 2020 Plan is expected to be completed by the end of fiscal 2021. The recognition of restructuring charges requires that the Company make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned reductions of workforce and facility, ROU and asset impairment costs. At the end of each reporting period, the Company will evaluate the remaining accrued balance to ensure that no excess accruals are retained, and the utilization of the provisions are for their intended purpose in accordance with developed plans. The following table reflects the movement of activity of the restructuring reserve for the nine months ended May 31, 2021:

	Severance related costs	Facility, ROU and asset impairment	Facility Exit Cost	Total
Balance at September 1, 2020	$ —	$ —	$ —	$ —
Provisions/Additions	149	59	360	568
Utilized/Paid	(149)	(59)	(360)	(568)
Balance at May 31, 2021	$ —	$ —	$ —	$ —

Expenses incurred under the 2020 Plan during the nine months ended May 31, 2021 are included within "Restructuring costs" in the condensed consolidated statement of operations.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

On March 30, 2021, the board of directors (the "Greenlane Board") of Greenlane Holdings, Inc. ("Greenlane"), upon the recommendation of the special committee of the Greenlane Board formed to review a potential transaction with KushCo (the "Greenlane Special Committee"), and the board of directors of KushCo Holdings, Inc. ("KushCo") approved a definitive agreement and plan of merger dated as of March 31, 2021 (the "Merger Agreement"), by and among Greenlane, Merger Sub Gotham 1, LLC, a wholly-owned subsidiary of Greenlane ("Merger Sub 1"), and Merger Sub Gotham 2, LLC, a wholly-owned subsidiary of Greenlane ("Merger Sub 2") and KushCo. Capitalized terms used in this section that are not otherwise defined are defined elsewhere in the joint proxy statement/prospectus filed by Greenlane and KushCo with the Securities and Exchange Commission on July 2, 2021.

Pursuant to the Merger Agreement, Greenlane and KushCo will combine through a merger of Merger Sub 1 with and into KushCo with KushCo as the surviving corporation and a wholly-owned subsidiary of Greenlane ("Initial Surviving Corporation") (such merger, "Merger 1") and a merger of the Initial Surviving Corporation with and into Merger Sub 2 with Merger Sub 2 as the surviving limited liability company and a wholly-owned subsidiary of Greenlane ("Merger 2," and together with Merger 1, the "Mergers"). If completed, the Mergers will create the leading ancillary cannabis products and service company. The combined company (the "Combined Company") will serve a premier group of customers, which includes many of the leading multi-state-operators and licensed producers, the top smoke shops in the United States, and millions of consumers.

Shares of Greenlane Class A common stock are currently listed on Nasdaq under the symbol "GNLN" and shares of KushCo common stock are currently traded on the OTCQX tier of the OTC Markets Group, LLC (the "OTCQX") under the symbol "KSHB." KushCo's corporate headquarters is currently based in Cypress, California, and Greenlane's corporate headquarters is based in Boca Raton, Florida. Following the completion of the Mergers, the Combined Company will retain the name "Greenlane Holdings, Inc." and will continue to trade on the Nasdaq Capital Market (the "Nasdaq") under the symbol "GNLN", and its corporate headquarters will be based in Boca Raton, Florida.

The completion of the Mergers is subject to conditions of the Merger Agreement, including obtaining the requisite approvals from stockholders of Greenlane and KushCo, as well as approvals from the Nasdaq Stock Market LLC and certain regulators. See "The Merger Agreement — Conditions to Completion of the Mergers" beginning on page 224 of the joint proxy statement/prospectus.

The following unaudited pro forma condensed combined financial information included herein presents the combination of the historical consolidated financial statements of Greenlane and KushCo, adjusted to give effect to the Mergers and related transactions, as further described in *Note 1 — Description of Transaction and Basis of Presentation*. The Mergers will be accounted for using the acquisition method of accounting with Greenlane as the accounting acquirer and KushCo as the accounting acquiree.

Greenlane's fiscal year ends on December 31 of each year, whereas KushCo's fiscal year ends on August 31 of each year. The unaudited pro forma condensed combined statements of operations are presented based on Greenlane's fiscal year and combine the historical results of fiscal periods of Greenlane and KushCo. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 and three months ended March 31, 2021, respectively, gives effect to the Mergers and related transactions as if they had occurred on January 1, 2020. The unaudited pro forma condensed combined balance sheet as of March 31, 2021 gives effect to the transaction as if it had occurred on March 31, 2021.

Pursuant to Rule 11-02(c)(3) of Regulation S-X, if the fiscal year end of an acquired entity differs from the acquirer's fiscal year end by more than 93 days, the acquired entity's statement of operations must be brought up within 93 days of the acquirer's fiscal year end. Therefore, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 was derived by combining financial information from Greenlane's audited consolidated statement of operations and comprehensive loss for the fiscal year ended December 31, 2020 with financial information of KushCo for the twelve months ended

November 30, 2020, which was constructed by subtracting (i) the financial information from KushCo's unaudited condensed consolidated statement of operations for the three months ended November 30, 2019 from (ii) the financial information from KushCo's audited consolidated statement of operations for the fiscal year ended August 31, 2020 and then adding (iii) the financial information from KushCo's unaudited condensed consolidated statement of operations for the three months ended November 30, 2020. The unaudited pro forma condensed statement of operations for the three months ended March 31, 2021 combines Greenlane's unaudited condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2021 and KushCo's unaudited condensed consolidated statement of operations for the three months ended May 31, 2021. The unaudited pro forma condensed combined balance sheet as of March 31, 2021 combines Greenlane's unaudited condensed consolidated balance sheet as of March 31, 2021 and KushCo's unaudited condensed consolidated balance sheet as of May 31, 2021.

The unaudited pro forma condensed combined financial information was derived from Greenlane's and KushCo's historical annual and interim consolidated financial statements, which were prepared in accordance with U.S. GAAP, and should be read in conjunction with the following:

- The accompanying notes to the unaudited pro forma condensed combined financial information;
- The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Greenlane's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021;
- The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in KushCo's Quarterly Report on Form 10-Q for the quarter ended May 31, 2021;
- Greenlane's audited consolidated financial statements as of and for the year ended December 31, 2020 filed included in its Annual Report on Form 10-K for the year ended December 31, 2021;
- Greenlane's unaudited condensed consolidated financial statements for the three months ended March 31, 2021 included in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021;
- KushCo's audited consolidated financial statements for the fiscal year ended August 31, 2020 included in its Annual Report on Form 10-K for the year ended August 31, 2020; and
- KushCo's unaudited condensed consolidated financial statements for quarterly period ended May 31, 2021 included in its Quarterly Report on Form 10-Q for the quarter ended May 31, 2021.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, SEC Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses." Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and to allow the presentation of reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("Management's Adjustments"). Greenlane and KushCo have elected not to present Management's Adjustments and have only presented Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily indicative of what the Combined Company's financial position or results of operations actually would have been had the proposed Mergers and related transactions been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the Combined Company.

The value of the merger consideration to be paid by Greenlane in shares of Greenlane Class A common stock upon the consummation of the Mergers will be determined based on the Exchange Ratio (as defined in Note 1 below) as determined immediately prior to the effective time of Merger 1, which Exchange Ratio may

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be adjusted based on, among other things, the stock price of Greenlane Class A common stock, the number of Greenlane Shares Outstanding, KushCo Fully Diluted Securities, Greenlane Net Diluted Securities and KushCo Net Diluted Securities (each as defined in the Merger Agreement), immediately prior to the effective time of Merger 1. For purposes of the unaudited pro forma condensed combined financial information included herein, Greenlane has made certain assumptions with respect to the Exchange Ratio as described in Note 1 below. The actual Exchange Ratio may differ from the assumed Exchange Ratio reflected in the unaudited pro forma condensed combined consolidated financial information due to changes in the market price of Greenlane Class A common stock prior to the effective time of Merger 1. A change in the market price of Greenlane Class A common stock may change the number Greenlane In-the-Money options and KushCo In-the-Money options (each as defined in the Merger Agreement) and warrants. An increase or decrease in the number of Greenlane In-the-Money options or KushCo In-the-Money options and warrants will change the number of Greenlane Net Diluted Securities, KushCo Fully Diluted Securities and KushCo Net Diluted Securities, respectively, which in turn will cause the Exchange Ratio to fluctuate.

Furthermore, Greenlane has not identified all adjustments that might be necessary to conform KushCo's accounting policies to Greenlane's accounting policies. Upon consummation of the Mergers, or as more information becomes available, Greenlane will perform a more detailed review of KushCo's accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the Combined Company's financial information following the consummation of the Mergers.

As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analyses are performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information. Greenlane estimated the fair value of certain KushCo assets and liabilities based on a preliminary valuation analysis, due diligence information, information presented in KushCo's SEC filings and other publicly available information. Until the transaction is completed, both companies are limited in their ability to share certain information with one another. Furthermore, as described above, Greenlane has made certain assumptions with respect to the Exchange Ratio.

Upon consummation of the Mergers, a final determination of the fair value of KushCo's assets acquired and liabilities assumed will be made. Any changes in the fair values of the net assets or total purchase consideration as compared with the information shown in the unaudited pro forma condensed combined financial information may change the amount of the total purchase consideration allocated to goodwill and other assets and liabilities and may impact the Combined Company's statement of operations following the consummation of the Mergers. The final purchase consideration allocation may be materially different than the preliminary purchase consideration allocation presented in the unaudited pro forma condensed combined financial information.

GREENLANE HOLDINGS, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
As of March 31, 2021
(in thousands, except par value per share amounts)

	As of March 31, 2021 Greenlane Holdings, Inc.	As of May 31, 2021 KushCo Holdings, Inc. After Reclassification (Note 3)	Transaction Accounting Adjustments (Notes 4 and 5)	Note	Pro Forma Combined Company
ASSETS					
Current assets:					
Cash	$ 12,309	$ 1,102	$ (2,413)	5(a)	$ 10,998
Accounts receivable, net	5,516	7,398	-		12,914
Inventories, net	34,694	52,370	-		87,064
Vendor deposits	10,856	6,752	-		17,608
Assets held for sale	896	-	-		896
Other current assets	10,596	8,587	-		19,183
Total current assets	74,867	76,209	(2,413)		148,663
Property and equipment, net	12,735	7,883	-		20,618
Intangible assets, net	8,824	631	100,169	5(b)	109,624
Goodwill	7,973	52,267	6,773	5(c)	67,013
Operating lease right-of-use assets	2,606	6,766	-		9,372
Other assets	2,038	6,614	(2,452)	5(d)	6,200
Total assets	$ 109,043	$ 150,370	$ 102,077		$ 361,490
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 8,241	$ 9,307	$ -		$ 17,548
Accrued expenses and other current liabilities	19,436	6,526	9,163	5(e)	35,125
Customer deposits	3,266	4,480	-		7,746
Line of credit	-	663	(663)	5(d)	-

Current portion of operating leases	713	1,710	-		2,423
Current portion of finance leases	216	-	-		216
Total current liabilities	31,872	22,686	8,500		63,058
Note payable, less current portion and debt issuance costs, net	9,395	-	-		9,395
Operating leases, less current portion	2,312	7,045	-		9,357
Finance leases, less current portion	246	-	-		246
Warrant liability	-	661	(661)	5(f)	-
Other liabilities	1,115	-	-		1,115
Total long-term liabilities	13,068	7,706	(661)		20,113
Total liabilities	44,940	30,392	7,839		83,171
Stockholders' Equity:					
Preferred stock, $0.0001 par value	-	-	-		-
Common stock, $0.001 par value per share	-	159	(159)	5(g)	-
Class A common stock, $0.01 par value per share	163	-	409	5(g)	572
Class B common stock, $0.0001 par value per share	1	-	2	5(g)	3
Class C Common stock, $0.0001 par value per share	7	-	(7)	5(g)	-
Additional paid-in capital	47,705	277,677	(49,479)	5(g)	275,903
Accumulated deficit	(29,104)	(158,118)	143,732	5(g)	(43,490)
Accumulated other comprehensive income (loss)	47	260	(260)	5(g)	47
Total stockholders' equity attributable to Greenlane Holdings, Inc.	18,819	119,978	94,238		233,035
Non-controlling interest	45,284	-	-		45,284
Total stockholders' equity	64,103	119,978	94,238		278,319
Total liabilities and stockholders' equity	$ 109,043	$ 150,370	$ 102,077		$ 361,490

See accompanying "Notes to Unaudited Pro Forma Condensed Combined Financial Information."

GREENLANE HOLDINGS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the three months ended March 31, 2021
(in thousands, except per share amounts)

	Three Months Ended March 31, 2021 Greenlane Holdings, Inc. After Reclassification (Note 3)	Three Months May 31, 2021 KushCo Holdings, Inc. After Reclassification (Note 3)	Transaction Accounting Adjustments (Notes 4 and 6)	Note	Pro Forma Combined Company
Net sales	$ 34,009	$ 28,319	$ -		$ 62,328
Cost of sales	26,696	24,194	-		50,890
Gross profit	7,313	4,125	-		11,438
Operating expenses:					
Salaries, benefits and payroll taxes	6,370	4,596	-		10,966
General and administrative	8,092	3,748	-		11,840
Depreciation and amortization	544	511	1,258	6(a)	2,313
Restructuring costs	247	274	-		521
Total operating expenses	15,253	9,129	1,258		25,640
Loss from operations	(7,940)	(5,004)	(1,258)		(14,202)
Other income (expense), net:					
Change in fair value of warrant liability	-	821	(821)	6(b)	-
Change in fair value of equity investment	-	(699)	-		(699)
Interest expense	(116)	(1,003)	-		(1,119)
Other income (expense), net	324	(1,936)	-		(1,612)
Total other income (expense), net	208	(2,817)	(821)		(3,430)
Loss before income taxes	(7,732)	(7,821)	(2,079)		(17,632)
(Benefit from) provision for income taxes	(18)	156	-		138
Net loss	(7,714)	(7,977)	(2,079)		(17,770)
Net loss attributable to non-controlling interest	(3,458)	-	-		(3,458)
Net loss attributable to Greenlane Holdings, Inc.	$ (4,256)	$ (7,977)	$ (2,079)		$ (14,312)
Net loss attributable to Class A common stock per share - basis and diluted	$ (0.28)			6(g)	$ (0.25)
Weighted-average shares of Class A common stock outstanding - basic and diluted	15,263			6(g)	56,154

See accompanying "Notes to Unaudited Pro Forma Condensed Combined Financial Information."

GREENLANE HOLDINGS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended December 31, 2020
(in thousands, except per share amounts)

	Year Ended December 31, 2020 Greenlane Holdings, Inc. After Reclassification (Note 3)	12 Months Ended November 30, 2020 KushCo Holdings, Inc. After Reclassification (Note 3)	Transaction Accounting Adjustments (Notes 4 and 6)	Note	Pro Forma Combined Company
Net sales	$ 138,304	$ 105,635	$ -		$ 243,939
Cost of sales	115,539	99,575	-		215,114
Gross profit	22,765	6,060	-		28,825
Operating expenses:					
Salaries, benefits and payroll taxes	24,909	26,577	6,016	6(c)	57,502
General and administrative	34,098	29,247	8,370	6(d)	71,715
Depreciation and amortization	2,520	3,247	4,587	6(a)	10,354
Goodwill impairment charge	8,996	-	-		8,996
Impairment loss on intangible assets	-	1,156	-		1,156
Restructuring costs	1,217	8,366	-		9,583
Total operating expenses	71,740	68,593	18,973		159,306
Loss from operations	(48,975)	(62,533)	(18,973)		(130,481)
Other income (expense), net:					
Change in fair value of warrant liability	-	1,692	-		1,692
Change in fair value of equity investment	-	(372)	-		(372)
Interest expense	(437)	(6,134)	(2,452)	6(e)	(9,023)
Loss on extinguishment of debt	-	(2,528)	(1,750)	6(f)	(4,278)
Other income (expense), net	1,902	246	-		2,148
Total other income (expense), net	1,465	(7,096)	(4,202)		(9,833)
Loss before income taxes	(47,510)	(69,629)	(23,175)		(140,314)
(Benefit from) provision for income taxes	194	(29)	-		165
Net loss	(47,704)	(69,600)	(23,175)		(140,479)
Net loss attributable to non-controlling interest	(33,187)	-	-		(33,187)
Net loss attributable to Greenlane Holdings, Inc.	$ (14,517)	$ (69,600)	$ (23,175)		$ (107,292)
Net loss attributable to Class A common stock per share - basis and diluted	$ (1.22)			6(g)	$ (2.03)
Weighted-average shares of Class A common stock outstanding - basic and diluted	11,947			6(g)	52,838

See accompanying "Notes to Unaudited Pro Forma Condensed Combined Financial Information."

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1. Description of Transaction and Basis of Presentation

At the effective time of Merger 1, each KushCo stockholder will receive a number of shares of Greenlane Class A common stock, $0.01 par value per share ("Greenlane Class A common stock"), as determined pursuant to the exchange ratio formula set forth in the Merger Agreement (the "Exchange Ratio") for each share of KushCo's common stock, $0.01 par value per share ("KushCo common stock"), issued and outstanding immediately prior to the effective time of Merger 1, with cash paid for any fractional shares that a KushCo stockholder would otherwise be entitled to receive. For purposes of the unaudited pro forma condensed combined financial information, Greenlane has assumed an Exchange Ratio of 0.2539 shares of Greenlane Class A common stock for each share of KushCo common stock based upon the Exchange Ratio calculated as June 29, 2021, which would result in existing KushCo stockholders owning approximately 49.9% of the common stock of the Combined Company (the "Combined Company's common stock") and existing Greenlane stockholders owning approximately 50.1% of the Combined Company's common stock after consummation of the Mergers. In accordance with the Merger Agreement, the Exchange Ratio is subject to adjustment prior to the effective time of the Mergers to reflect changes in the number of Greenlane Shares Outstanding, KushCo Fully Diluted Securities, Greenlane Net Diluted Securities and KushCo Net Diluted Securities, prior to the effective time of Merger 1. Based on the provisions of the Merger Agreement, the aggregate amount of Greenlane Class A common stock exchanged as merger consideration will in no case represent (i) more than 49.9% of the aggregate amount of all issued and outstanding shares of voting capital stock of Greenlane as of immediately following the Merger 1 effective time or (ii) less than 48.1% of the Greenlane net diluted securities (as defined in the Merger Agreement) as of immediately following the Merger 1 effective time.

Greenlane Class C Common Stock Conversion

Existing Greenlane stockholders will continue to hold their existing shares of Greenlane Class A common stock or Greenlane Class B common stock, $0.0001 par value per share ("Greenlane Class B common stock"), as applicable. Pursuant to the Merger Agreement, immediately prior to the consummation of Merger 1, holders of Greenlane Class C common stock, $0.0001 par value per share ("Greenlane Class C common stock") will receive one-third of a share of Greenlane Class B common stock for each share of Class C common stock they hold, and Greenlane will adopt an Amended and Restated Certificate of Incorporation, which will eliminate Greenlane's Class C common stock as a class of Greenlane's capital stock.

Treatment of Greenlane Equity Awards

At the Merger 1 effective time, options to purchase shares of Greenlane Class A common stock ("Greenlane options") and shares of Greenlane restricted stock will be treated as follows:

- Each unvested Greenlane option, other than Greenlane options held by non-employee directors of Greenlane, will accelerate and vest in full;
- Each Greenlane option held by non-employee directors of Greenlane, whether vested or unvested, will remain outstanding (and unvested, as applicable) in accordance with the terms of Greenlane's equity plan covering each such option;
- Each unvested share of Greenlane restricted stock each unvested common unit of Greenlane Holdings, LLC ("Greenlane restricted common units"), other than Greenlane restricted stock or Greenlane restricted common units held by non-employee directors of Greenlane, will accelerate and vest in full in accordance with the terms of Greenlane's equity plan covering each such award; and
- Each unvested share of Greenlane restricted stock or Greenlane restricted common units of Greenlane held by non-employee directors of Greenlane, whether vested or unvested, will remain outstanding (and unvested, as applicable) in accordance with the terms of Greenlane's equity plan covering each such award.

Treatment of KushCo Equity Awards

At the Merger 1 effective time, options to purchase shares of KushCo common stock ("KushCo options") will be treated as follows:

- Each KushCo option that is outstanding immediately prior to the Merger 1 effective time, whether or not then vested or exercisable (but after taking into account any acceleration or vesting as provided under the KushCo equity plan covering such option), will be converted into an option to purchase, on the same terms and conditions that applied to such KushCo option immediately prior to the Merger 1 effective time, (A) that number of shares of Greenlane Class A common stock, rounded down to the nearest whole share, determined by multiplying (1) the total number of KushCo shares subject to such KushCo option immediately prior to the Merger 1 effective time by (2) the Exchange Ratio, (B) at a per-share exercise price, rounded up to the nearest whole cent, determined by dividing (1) the exercise price per share covered by such KushCo option immediately prior to the Merger 1 effective time by (2) the Exchange Ratio;
- Greenlane will assume the sponsorship of each KushCo equity plan covering such KushCo options, provided that references to KushCo therein shall, after such assumption, be deemed references to Greenlane and references to shares of KushCo common stock therein shall, after such assumption, be deemed references to Greenlane Class A common stock; and

Each KushCo restricted stock unit (a "KushCo RSU") that is then held and remains outstanding immediately prior to the Merger 1 effective time will accelerate and vest in full in accordance with the terms of the KushCo equity plan covering such KushCo RSUs and each such KushCo RSU will be immediately settled and treated in the same manner as shares of KushCo common stock in the Mergers.

Effect of Merger 1 on KushCo Warrants

Additionally, each warrant to purchase one or more shares of KushCo common stock (a "KushCo warrant"), whether exercisable or not, will be converted into a warrant to purchase Greenlane Class A common stock. Greenlane will assume each such KushCo warrant in accordance with its terms (the "Assumed Warrants"). With respect to the Assumed Warrants: (i) the Assumed Warrants will be exercisable solely for shares of Greenlane Class A common stock; (ii) the number of shares of Greenlane Class A common stock subject to such Assumed Warrant will be equal to the number of shares of KushCo common stock subject to such Assumed Warrants as of immediately prior to the effective time of Merger 1 multiplied by the Exchange Ratio, rounded up to the nearest whole share; and (iii) the per share exercise price under each such Assumed Warrant will be adjusted by dividing the per share exercise price under such Assumed Warrant by the Exchange Ratio and rounding up to the nearest cent.

Basis of Presentation

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 805, *Business Combinations* ("ASC 805"), where Greenlane is the accounting acquirer and KushCo is the accounting acquiree. The purchase price will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, and any excess value of the consideration transferred over the net assets will be recognized as goodwill. Greenlane has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed as of the acquisition date based on management's preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed using information currently available. The final allocation of the purchase price will be determined after completion of the Mergers and conclusion of the necessary valuation work. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the Combined Company's future results of operations and financial position.

The unaudited pro forma condensed combined financial information was derived from Greenlane's and KushCo's historical annual and interim consolidated financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The unaudited pro forma condensed combined financial information was prepared on a combined basis using Greenlane's significant accounting policies as set forth in Greenlane's audited consolidated financial statements for the fiscal year ended December 31, 2020. Certain reclassifications have been made in order to conform KushCo's financial statement presentation to Greenlane's financial statement presentation. There were no material transactions between Greenlane and KushCo during the periods presented that would require elimination in the unaudited pro forma condensed combined financial information. KushCo's revenue and net loss for the three months ended February 28, 2021, which are excluded from the historical results presented in this unaudited pro forma combined condensed financial information, were as follows:

(in thousands)	**Three months ended February 28, 2021**
Net revenue	$ 32,884
Net loss	$ (5,042)

Note 2. Accounting Policy Adjustments

The unaudited pro forma condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by Greenlane.

The pro forma financial information reflects the impact of conforming KushCo's date of adoption for Accounting Standards Update No. 2020-06,*Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)* to Greenlane's adoption date of January 1, 2021. ASU 2020-06 removes certain conditions for equity classification of contracts on an entity's own equity. Accordingly, based on the new guidance, Greenlane expects that the warrant liability of $0.7 million reflected on KushCo's historical balance sheet as of May 31, 2021 would have been reclassified to equity upon adoption of ASU 2020-06 on January 1, 2021. Similarly, the unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2021 reflects the adjustment of the change in fair value of the warrant liability recorded on KushCo's historical unaudited condensed consolidated statement of operations for the period then ended. Also see Note 5(f) and 6(b) below.

Upon completion of the Mergers, Greenlane will perform a detailed review of KushCo's accounting policies and, as a result of that review, Greenlane may identify additional differences in accounting policies that could materially impact the presentation of the consolidated financial statements of the Combined Company.

Note 3. Reclassification Adjustments

Certain reclassifications have been made to the historical presentation of KushCo's financial information to conform to the financial statement presentation of Greenlane for purposes of the unaudited pro forma condensed combined financial information. Such reclassifications are as follows:

KushCo Balance Sheet Reclassifications:

(in thousands)	As of May 31, 2021 KushCo Holdings, Inc.	Reclassification	As of May 31, 2021 KushCo Holdings, Inc. After Reclassification	Note
Vendor deposits	$ -	$ 6,752	$ 6,752	(a)
Other current assets	15,339	(6,752)	8,587	(a)
Operating lease right-of-use assets	-	6,766	6,766	(b)
Other assets	13,380	(6,766)	6,614	(b)
Accrued expenses and other current liabilities	8,236	(1,710)	6,526	(c)
Current portion of operating leases	-	1,710	1,710	(c)
Operating leases, less current portion	-	7,045	7,045	(d)
Other liabilities	7,045	(7,045)	-	(d)

(a) Reclassification of $6.8 million reported as other current assets to vendor deposits.

(b) Reclassification of $6.8 million reported as other assets to operating lease right-of-use-assets.

(c) Reclassification of $1.7 million reported as accrued expenses and other current liabilities to current portion of operating leases.

(d) Reclassification of $7.0 million reported as other liabilities to operating leases, less current portion.

KushCo Statement of Operations Reclassifications:

(in thousands)	12 Months Ended November 30, 2020 KushCo Holdings, Inc.	Reclassification	12 Months Ended November 30, 2020 KushCo Holdings, Inc. After Reclassification	Note
Cost of sales	$ 99,595	$ (20)	$ 99,575	(e)(g)(h)
Salaries, benefits and payroll taxes	—	26,577	26,577	(f)(g)
General and administrative	59,051	(29,804)	29,247	(e)(f)(h)(i)
Depreciation and amortization	—	3,247	3,247	(i)

(e) Reclassification of $3.6 million reported as general and administrative expenses to costs of sales. Greenlane recognizes outbound freight costs in cost of sales, while KushCo recognizes these costs in general and administrative expenses.

(f) Reclassification of $24.9 million reported as general and administrative expenses to salaries, benefits and payroll taxes.

(g) Reclassification of $1.7 million reported as costs of sales to salaries, benefits and payroll taxes. Greenlane recognizes costs incurred in staffing fulfillment centers in salaries, benefits and payroll taxes.

(h) Reclassification of $1.9 million reported as costs of sales to general and administrative expenses. Greenlane recognizes costs incurred in operating fulfillment centers, including contract labor, in general and administrative expenses.

(i) Reclassification of $3.2 million reported as general and administrative expenses to depreciation and amortization expense.

(in thousands)	Three Months Ended May 31 2021 KushCo Holdings, Inc.	Reclassification	Three Months Ended May 31, 2021 KushCo Holdings, Inc. After Reclassification	Note
Cost of sales	$ 23,950	$ 244	$ 24,194	(j)(l)(m)
Salaries, benefits and payroll taxes	-	4,596	4,596	(k)(l)
General and administrative	9,099	(5,351)	3,748	(j)(k)(m)(n)
Depreciation and amortization	-	511	511	(n)

(j) Reclassification of $0.9 million reported as general and administrative expenses to costs of sales. Greenlane recognizes outbound freight costs in cost of sales, while KushCo recognizes these costs in general and administrative expenses.

(k) Reclassification of $4.3 million reported as general and administrative expenses to salaries, benefits and payroll taxes.

(l) Reclassification of $0.3 million reported as costs of sales to salaries, benefits and payroll taxes. Greenlane recognizes costs incurred in staffing fulfillment centers in salaries, benefits and payroll taxes.

(m) Reclassification of $0.4 million reported as costs of sales to general and administrative expenses. Greenlane recognizes costs incurred in operating fulfillment centers, including contract labor, in general and administrative expenses.

(n) Reclassification of $0.5 million reported as general and administrative expenses to depreciation and amortization expense.

Greenlane Statement of Operations Reclassifications:

In order to align the presentation of expenses as they are expected to be presented by the Combined Company, Greenlane has elected to disaggregate restructuring expenses that were previously recognized in the “general and administrative expenses” line item in Greenlane’s historical consolidated statements of operations. This presentation is consistent with the presentation of similar expenses in KushCo’s historical statements of operations.

The reclassification of these expenses is as follows:

(in thousands)	Year Ended December 31, 2020 Greenlane Holdings, Inc.	Reclassification	Year Ended December 31, 2020 Greenlane Holdings, Inc. After Reclassification	Notes
General and administrative	$ 35,315	$ (1,217)	$ 34,098	(o)
Restructuring costs	—	1,217	1,217	(o)

(in thousands)	Three Months Ended March 31, 2021 Greenlane Holdings, Inc.	Reclassification	Three Months Ended March 31, 2021 Greenlane Holdings, Inc. After Reclassification	Notes
General and administrative	$ 8,339	$ (247)	$ 8,092	(o)
Restructuring costs	—	247	247	(o)

(o) Reclassification of restructuring charges reported as general and administrative expenses to restructuring costs.

Note 4. Estimated Merger Consideration and Allocation

Estimated Merger Consideration

The preliminary value of the estimated merger consideration is approximately $223.4 million, based on the closing price of Greenlane Class A common stock on the Nasdaq of $4.82 on June 29, 2021 and the assumed Exchange Ratio of 0.2539 shares of Greenlane Class A common stock for each share of KushCo common stock. The aggregate value of the merger consideration will fluctuate based upon changes in the price of Greenlane Class A common stock and the number of shares of KushCo common stock outstanding immediately prior to the effective time of the Mergers, as well as any adjustments to the Exchange Ratio provided in the Merger Agreement. The preliminary estimated value of the merger consideration is as follows:

(in thousands, except share and per share amounts)		
KushCo Common Shares Outstanding	159,380,529	
KushCo RSUs settled to Common Shares	1,671,164	
Estimated KushCo common shares outstanding (1)	161,051,693	
Exchange Ratio (2)	0.2539	
Estimated Greenlane Class A shares to be issued in exchange (2)	40,891,025	
Greenlane Class A common stock closing share price (3)	$ 4.82	
Total estimated merger consideration to be paid at closing		**$ 197,095**
Estimated fair value of assumed warrants (4)		17,638
Estimated fair value of replaced equity awards attributable to precombination service (5)		8,646
Total estimated merger consideration		**$ 223,379**

(1) Pursuant to the Merger Agreement, each share of KushCo common stock issued and outstanding immediately prior to the effective time of Merger 1 will be cancelled and converted into a number of shares of Greenlane Class A common stock based on the Exchange Ratio, as described further in *Note 1 — Description of Transaction and Basis of Presentation*. Includes 159,380,529 shares of KushCo common stock and 1,671,164 KushCo RSUs outstanding as of June 29, 2021, which KushCo RSUs will be settled to KushCo common stock immediately prior to the Merger 1 effective time.

(2) For purposes of the unaudited pro forma condensed combined financial statements, Greenlane has assumed that the Exchange Ratio is equal to 0.2539 in accordance with the Merger Agreement, and is subject to adjustment as described in *Note 1 — Description of Transaction and Basis of Presentation*.

(3) Represents the closing price of Greenlane Class A common stock on Nasdaq on June 29, 2021.

(4) Each Assumed Warrant will be converted into a warrant to purchase shares of Greenlane Class A common stock, as described in *Note 1 — Description of Transaction and Basis of Presentation*.

(5) As described in in further detail in *Note 1 — Description of Transaction and Basis of Presentation*, each KushCo option that is outstanding immediately prior to the effective time of Merger 1, whether or not then vested or exercisable (but after taking into account any acceleration or vesting as provided under the KushCo equity plan covering such option), will be converted into an option to purchase Greenlane Class A common stock, which have no additional vesting conditions. All KushCo stock options will be accelerated immediately prior to the effective time of Merger 1 based on pre-existing change in control acceleration provisions of KushCo's equity compensation plan. Accordingly, this amount represents the entire fair-value-based measure of KushCo's stock options outstanding.

The aggregate amount of cash consideration to be paid in lieu of the issuance of fractional shares of Greenlane Class A common stock that may become payable in respect of shares of KushCo common stock outstanding immediately prior to the effective time has not been estimated nor included in the preliminary purchase price presented for pro forma purposes.

The final merger consideration could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements as a result of changes to the Exchange Ratio, which will be primarily driven by changes in the price of Greenlane Class A common stock and the number of shares of KushCo common stock outstanding immediately prior to the effective time of the Mergers. A 25% increase or decrease in the market price of Greenlane Class A common stock would affect the value of the preliminary merger consideration reflected in the unaudited pro forma condensed combined financial information as illustrated in the table below:

Change in Greenlane Class A Stock Price	**Stock Price**	**Estimated Merger Consideration (in thousands)**
25% increase in stock price	$ 6.03	$ 279,130
25% decrease in stock price	$ 3.62	$ 168,117

Preliminary Purchase Price Allocation

The unaudited pro forma condensed combined balance sheet has been adjusted to reflect preliminary allocation of the estimated purchase price to acquire KushCo's identifiable assets and assume its liabilities, with the excess recorded as goodwill. The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by Greenlane, as if the Mergers had occurred on March 31, 2021:

	Amount (in thousands)
Estimated merger consideration	**$ 223,379**
Assets acquired	
Accounts receivable	7,398
Inventories	52,370
Vendor deposits	6,752
Other current assets	8,587
Property and equipment	7,883
Intangible assets	100,800
Operating lease right-of-use assets	6,766
Other assets	4,162
Total estimated assets acquired	**$ 194,718**
Liabilities assumed	
Accounts payable	$ 10,618
Accrued expenses and other current liabilities	6,526
Customer deposits	4,480
Current portion of operating leases	1,710
Operating leases, less current portion	7,045
Total estimated liabilities assumed	**$ 30,379**
Total estimated fair value of net assets acquired	**$ 164,339**
Goodwill	**$ 59,040**

The final allocation of the purchase price will be determined after completion of the Mergers and conclusion of the necessary valuation work. The final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments included herein.

Note 5. Transaction Accounting Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

a) Reflects the net adjustment to cash, which consists of (i) the payoff of the KushCo line of credit balance of $0.7 million, as required by the Merger Agreement; and (ii) the related estimated prepayment penalty costs of approximately $1.8 million, which is expected to be incurred in conjunction with the termination of the line of credit. See Note 5(d).

(in thousands)	**As of March 31, 2021**
KushCo line of credit payoff	$ (663)
KushCo line of credit estimated termination penalties	(1,750)
Net adjustment to cash	**$ (2,413)**

b) Reflects the net adjustment to intangible assets based on the preliminary estimated fair value of intangibles assets of approximately $100.1 million. The estimated fair values of identifiable intangible assets are preliminary and are determined based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The final fair value determinations for identifiable intangible assets may differ from this preliminary determination, and such differences could be material. The identifiable intangible assets acquired and the net adjustment to intangible assets consist of the following:

(in thousands)	Estimated useful life (in years)	As of March 31, 2021
Customer relationships	12	$ 60,100
Trademarks portfolio	Indefinite	37,400
Proprietary Design Library	7	3,300
Estimated fair value of intangible assets acquired		100,800
Less: Elimination of KushCo's historical intangible assets, net		(631)
Net adjustment to intangible assets, net		**$ 100,169**

c) Reflects the net adjustment to goodwill to reflect the preliminary goodwill resulting from the Mergers:

(in thousands)	As of March 31, 2021
Elimination of KushCo's historical goodwill	$ (52,267)
Preliminary goodwill based on estimated preliminary purchase price allocation	59,040
Net adjustment to goodwill	**$ 6,773**

Goodwill resulting from the Mergers represents the excess of estimated merger consideration over the preliminary fair value of the underlying tangible and identifiable intangible assets acquired and liabilities assumed. The preliminary goodwill presented herein is subject to material revision as the purchase price allocation is completed, which will not occur until after the closing of the Mergers.

d) Reflects an adjustment to other assets of $2.5 million, which represents the write-off of unamortized deferred debt issuance costs related to the repayment of the KushCo line of credit as required under the Merger Agreement, and an adjustment to the line of credit balance to reflect the payoff of the balance as required by the Merger Agreement. See Note 5(a).

e) Reflects an adjustment to accrued expenses and other current liabilities consisting of (i) compensation expense related to a retention bonus and severance benefits resulting from preexisting severance arrangements with KushCo employees that will be payable in connection with the consummation of the Mergers, and (ii) accrual of estimated transaction costs, which are expected to be incurred in connection with the Mergers, such as legal, advisory, financial advisory, accounting and consulting costs, and directors and officers liability insurance premiums.

(in thousands)	As of March 31, 2021
Estimated transaction costs	$ 8,370
Estimated severance and bonus accrual	793
Net adjustment to accrued expenses and other current liabilities	**$ 9,163**

f) Represents an adjustment to reflect the reclassification of KushCo's warrant liability included on the historical balance sheet as of February 28, 2021 to equity to conform the classification of the warrant based on Greenlane's accounting policy in effect as of January 1, 2021. See Note 2.

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g) Reflects the adjustment to total stockholders' equity, which consists of the following:

(in thousands)	KushCo Common Stock	Greenlane Class A Common Stock	Greenlane Class B Common Stock	Greenlane Class C Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated other comprehensive income
Elimination of KushCo historical stockholders' equity (1)	$ (159)	$ -	$ -	$ -	$ (277,677)	$ 158,118	$ (260)
Conversion of Greenlane Class C to ClassB Common Stock (2)	-	-	2	(7)	5	-	-
Estimated value of Greenlane Class A stock and equity awards issued as consideration (3)	-	409	-	-	222,970	-	-
Transaction costs (4)	-	-	-	-	-	(8,370)	-
Severance benefits and retention bonus (5)	-	-	-	-	-	(793)	-
Acceleration of Greenlane's stock compensation awards (6)	-	-	-	-	5,194	(5,194)	-
Excess fair value of Greenlane Class A stock replacement equity awards over KushCo replaced awards (7)					29	(29)	-
Net adjustment to stockholders' equity	**$ (159)**	**$ 409**	**$ 2**	**$ (7)**	**$ (49,479)**	**$ 143,732**	**$ (260)**

(1) Reflects the elimination of KushCo's historical stockholders' equity.

(2) Reflects the conversion of Greenlane's Class C common stock for Class B common stock. Pursuant to the Merger Agreement, immediately prior to the consummation of Merger 1, holders of Greenlane Class C common stock will receive one-third of a share of Greenlane Class B common stock for each share of Class C common stock they hold, and Greenlane will adopt an Amended and Restated Certificate of Incorporation, which will eliminate Greenlane's Class C common stock as a class of Greenlane's capital stock. See Note 1.

(3) Reflects the increase to Greenlane Class A common stock par value and additional paid-in capital based on the total estimated purchase consideration to the issued to KushCo equity holders in connection with the Mergers.

(4) Adjustment for $8.4 million of anticipated transaction costs that are directly attributable to the Mergers but that were not incurred by Greenlane and KushCo during the three-month periods ended March 31, 2021 and May 31, 2021, respectively. See Note 5(e).

(5) Adjustment for $0.8 million of estimated retention bonus and severance benefits, which will become payable in conjunction with the consummation of the Mergers. See Note 5(e).

(6) Reflects additional compensation expense recognized upon the acceleration of Greenlane's stock compensation awards in conjunction with the consummation of the Mergers.

(7) Reflects additional compensation expense recognized related to the excess of the fair-value-based measure of Greenlane replacement equity awards issued to KushCo over the fair-value-based measure of the Assumed Awards.

Note 6. Transaction Accounting Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations

a) Reflects the adjustment to depreciation and amortization for the removal of historical KushCo amortization of intangible assets and recognition of preliminary estimated amortization expense related to acquired intangible assets.

Pro forma amortization expense was recognized using the straight-line amortization method, assuming the Mergers had been completed on January 1, 2020. The fair value estimates for identifiable intangible assets are preliminary and are based upon assumptions that market participants would use in pricing an asset. The calculated value is preliminary and subject to change and could vary materially from the final purchase price allocation.

(in thousands)	Year ended December 31, 2020	Three months ended March 31, 2021
Elimination of KushCo's historical intangible assets amortization	$ (893)	$ (112)
Amortization of purchased identifiable intangible assets	5,480	$ 1,370
Net adjustment to intangible asset amortization expense	**$ 4,587**	**$ 1,258**

b) Reflects the adjustment to remove the change in fair value of warrant liability, based upon Greenlane's application of accounting policies adopted as of January 1, 2021. See Note 2.

c) Reflects adjustments to salaries, benefits and payroll taxes comprised of (i) severance benefits to KushCo employees and a retention bonus, totaling $0.8 million, (ii) compensation cost related to the acceleration of Greenlane equity awards of $5.2 million, and (iii) $29,000 representing the excess of the fair-value-based measure of Greenlane replacement equity awards issued to KushCo over the fair-value-based measure of the Assumed Awards. These costs are nonrecurring in nature and not anticipated to affect the condensed combined statements of operations beyond twelve months after the acquisition date, and as a result, such adjustments only affect the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020.

d) Reflects adjustments to general and administrative expenses comprised of Greenlane and KushCo transaction costs related to the Mergers of $8.4 million, consisting of legal advisory, financial advisory, accounting and consulting costs, and directors' and officers' liability insurance premiums. Transaction costs are nonrecurring in nature and will not affect the condensed combined statements of operations beyond twelve months after the closing date of the Mergers, and, as a result, such adjustments only affect the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020.

e) Reflects an adjustment to interest expense for the write off of $2.5 million of unamortized debt issuance costs related to the repayment of KushCo's line of credit, which is expected to be extinguished prior to or upon consummation of the Mergers, as required by the Merger Agreement. This charge is nonrecurring in nature and is not anticipated to affect the condensed combined statements of operations beyond twelve months after the acquisition date, and, as a result, this adjustment only affects the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020.

f) Reflects an adjustment to loss on extinguishment, which represents a $1.8 million penalty termination fee expected to be incurred upon termination of the KushCo line of credit. This charge is nonrecurring in nature and is not anticipated to affect the condensed combined statements of operations beyond twelve months after the acquisition date, and, as a result, this adjustment only affects the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020.

g) The pro forma combined basic and diluted net loss per share have been adjusted to reflect the pro forma net loss for the three months ended March 31, 2021 and the year ended December 31, 2020. In addition, the weighted average shares outstanding for the period have been adjusted to give effect to the issuance of Greenlane's Class A common stock in connection with the Mergers calculated as of June 29, 2021. As the Combined Company is in a net loss position, any adjustment for potentially dilutive shares would be anti-dilutive, and as such, basic and diluted net loss per share are the same. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net loss per share (in thousands, except per share data):

	Three months ended March 31, 2021	Year ended December 31, 2020
Numerator:		
Pro forma net loss attributable to Greenlane Holdings,Inc.	$ (14,312)	$ (107,292)
Denominator:		
Greenlane's historical weighted average shares of ClassA common stock outstanding - basic and diluted	15,263	11,947
Issuance of shares Greenlane ClassA common stock to KushCo common stock shareholders as consideration	40,891	40,891
Pro forma weighted average shares outstanding - basic and diluted	56,154	52,838
Pro forma net loss per share of ClassA common stock - basic and diluted	$ (0.25)	$ (2.03)

Exhibit 99.4

INFORMATION ABOUT KUSHCO

Description of the Business

KushCo Holdings, Inc.

KushCo Holdings, Inc. ("KushCo") (formerly known as Kush Bottles, Inc.) specialize in marketing and selling a wide variety of ancillary products and services to customers operating in the regulated medical and recreational cannabis and CBD industries.

KushCo's products primarily consist of bottles, jars, bags, tubes, containers, vape cartridges, vape batteries and accessories, labels and processing supplies, solvents, natural products and stainless-steel tanks. The company maintains relationships with a broad range of domestic and international manufacturers, which enables it to source a wide variety of products in a cost-effective manner and to pass such cost savings on to its customers. In addition to a complete product line, KushCo has sophisticated labeling and customization capabilities, which allow it to add significant value to its customers' packaging and vape hardware design processes, enabling them to turn their packaging and branding into an effective marketing tool. As more multi-state operators ("MSOs"), licensed producers ("LPs"), and leading brands seek ways to further differentiate their brands and product lines, KushCo's customization capabilities and premium customer service help it win new product opportunities with both existing and new customers. KushCo's products are relied upon by brand owners, growers, processors, producers, distributors, and licensed medical and adult recreational cannabis retailers.

KushCo's services division focuses on building distribution networks of compliant hemp-derived CBD brands across conventional and other retail channels, including convenience, pet care, and beauty channels.

As a leader in custom and child-resistant compatible packaging, exclusive vape products, and unique product and service offerings, such as its stainless steel tanks and retail services, KushCo serves as a "one-stop-shop" for its customers, combining creativity with compliance knowledge and experience to provide solutions in various stages of the cannabis and CBD supply chain.

Due to the complementary nature of its product and service ecosystem, KushCo is able to successfully cross-sell into its existing customer base, while attracting new customers who are looking to consolidate their vendors and partner with a trusted and established source for nearly all of their ancillary cannabis and CBD needs.

Packaging, Papers, and Supplies: KushCo offers a wide variety of child-resistant compatible, customizable, and sustainable packaging solutions, including bottles, bags, tubes, and containers, which come in a variety of sizes and colors. Representing the company's founding segment, its packaging, papers, and supplies segment is not a commodity, and often requires a significant degree of customization and modification in order to adhere to each jurisdiction's regulatory requirements. KushCo believes it has a leading position in fully customizable labeling and packaging solutions to address the different state-by-state and national regulatory requirements. The company's focus and investments on printing, molding, and other equipment help ensure that it continues to meet the evolving needs of its customers with respect to a variety of form factors and unique markets.

Vaporizer Hardware and Technology: KushCo offers a wide selection of vaporizer cartridges in a variety of form factors (510 thread cartridge, pod systems, disposables, etc.) with reservoir materials including polyamide 12 or glass, internal materials consisting of brass or stainless-steel, and porous ceramic heating core technology. The company also offers a wide selection of batteries to accommodate the vape cartridges. All vaporizer cartridges, batteries, and disposable units can be customized for clients, including adjusting colors/finishes, materials, and adding logos and branding as directed by its clients'. KushCo delivers the vaporizer products directly to clients, unassembled and empty, where the product is subsequently filled and assembled at the client's place of business by their qualified staff. KushCo entered this segment in 2017 in response to customer demand and trends indicating vape as the fastest growing cannabis category for the

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foreseeable future. KushCo is a leading distributor for CCELL, a dominant vape device supplier, which specializes in premium and high-quality vape hardware.

Energy and Natural Products: KushCo provides ultra-pure solvents, including but not limited to isobutane, n-butane, propane, ethanol, pre-mixes, custom blends, and dry ice. These substances are essential in the extraction process, which produces products that supply the vaping and concentrate sector of the market. The company ships these products to customers from various distribution hubs and strategic vendor partnerships in key markets across the country. KushCo believes that it is the only cannabis industry supplier to offer stainless steel tanks, which have been shown through independent studies to be significantly cleaner than traditional carbon steel tanks that often leave a trail of contaminants in the cannabis or CBD oil. The company's new stainless steel tanks are available in standard LP239 cylinder sizes and are resistant to rust and degradation, are less brittle compared to carbon steel tanks, do not react from exposure to air or moisture, and are pre-cleaned before being filled, providing a cleaner vessel during the extraction process and resulting in a higher quality end product. In addition, KushCo is a distribution platform for products manufactured by Abstrax Tech. Abstrax Tech specializes in botanically-derived terpene blends, terpene isolates, water-soluble terpene blends, and diluents, with all products consisting of ingredients from non-cannabis sources. These products are utilized by KushCo's customers for a wide variety of applications. These products are ordered through KushCo and drop shipped to its customers by the vendor, where they are then incorporated into finished products by the customer.

CBD Services: KushCo's CBD services division focuses on mass retail execution, merchandising, and sales management for compliant hemp-derived CBD products. The company's retail services business focuses on industry education and compliance, as well as building distribution networks of compliant hemp-derived CBD brands across conventional and other retail channels. Through strategic partnerships with best-in-class sales agencies, this business unit provides comprehensive retail solutions to leading CBD brands. KushCo believes that its partnerships with leading CPG sales agencies is the first large scale go-to-market operation focused on helping compliant CBD brands achieve mass distribution across all consumer channels in legal U.S. markets.

Sales and Marketing

KushCo sells primarily into the business-to-business market, which includes brand owners, growers, processors, producers, distributors, and licensed retailers in states with legal medical and/or adult recreational use cannabis programs and legal CBD programs. KushCo reaches its large and diversified customer base through its direct sales force and its e-commerce website. KushCo's operational personnel work closely with its sales personnel and customer service representatives to satisfy its customers' needs through the distribution of high-quality products, on-time deliveries, value-added regulatory insight, and customized branding solutions and other services.

KushCo's dedicated sales professionals maintain contact with existing clients and secure on-going orders, but also target new customers. KushCo believes that its "boots-on-the-ground" approach allows it to develop deep relationships with the key players in each major market and is vital in new emerging markets where value-add can be provided through educational and consultative sales messaging.

KushCo is able to dedicate certain sales and marketing efforts to particular products, customers and/or geographic regions, as needed, which enables it to develop expertise that is highly valued by its customers.

KushCo's marketing activities include brand and logo development, advertising and marketing through trade shows, trade publications, social media, websites, public relations, other promotional materials, and all other points of contact with customers and prospective customers.

Brand and Logo Development. KushCo believes that it has built one of the strongest and most recognizable brands in the legal cannabis and CBD industries. The company recognized early on the importance of creating a strong, identifiable and lasting brand that would separate it from the competition and resonate with customers. KushCo's logo, its name, the style of its ads, and all collateral material reflect the company's "brand image."

Advertising & Marketing. KushCo runs ads periodically in certain trade publications and on specific websites that reach its target audience. The company believes that providing ongoing exposure to its brand and product offering enhances the value of its corporate brand. KushCo maintains a list of its customers and prospects, and emails them regularly. These campaigns may be seasonally-based (such as holiday promotions) or may be "news" based to communicate important information to the company's customers and potential customers. Staying in touch with its customers and prospects is a key component in KushCo's marketing program.

Public Relations. KushCo has an active public relations program, which has helped it build the KushCo brand and position the company not only as a leader in the industry, but as a company with an in-depth understanding of the various state and local regulations that govern the legal cannabis and CBD industries. KushCo has appeared in numerous newspaper articles, online videos, digital media outlets, and television reports.

Other Promotional Materials. KushCo's marketing personnel regularly design highly targeted brochures, sales sheets, and catalogs that the company uses in its sales and marketing programs. These professionally designed and quality-printed pieces help promote KushCo while serving as useful sales tools.

Customers

The table below breaks down full year 2020 and 2019 revenue (in thousands) by product category.

PRODUCT CATEGORY	2020 Revenue	% of 2020 Revenue	2019 Revenue	% of 2019 Revenue
Vape	$ 73,712	64.8%	$ 101,704	68.3%
Packaging, Papers & Supplies	27,125	23.8	28,231	19.0
Energy and Natural Products	9,345	8.2	14,502	9.7
Services	3,655	3.2	4,517	3.0
	$ 113,837	100.0%	$ 148,954	100.0%