The registrant is submitting this draft Registration Statement confidentially as an "emerging growth company" pursuant to Section 6(e) of the Securities Act of 1933.
As submitted confidentially to the Securities and Exchange Commission on October 31, 2018 as Amendment No. 2 to the confidential submission originally submitted on August 14, 2018
Registration No. 333-

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

Form S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

Greenlane Holdings, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	5099	83-0806637
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

6501 Park of Commerce Blvd., Suite 200
Boca Raton, FL 33487
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Aaron LoCascio
Chief Executive Officer
6501 Park of Commerce Blvd., Suite 200
Boca Raton, FL 33487
(877) 292-7660
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

Eric M. Hellige, Esq. **Jeffrey C. Johnson, Esq.** **Pryor Cashman LLP** **7 Times Square** **New York, New York 10036** **(212) 421-4100**	**Larry W. Nishnick, Esq.** **Patrick J. O'Malley, Esq.** **DLA Piper LLP (US)** **4365 Executive Drive, Suite 1100** **San Diego, California 92121** **(858) 677-1400**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee
Class A Common Stock, $0.01 par value per share	$	$

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Includes additional shares that the underwriters have the option to purchase to cover over-allotments, if any.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

PRELIMINARY PROSPECTUS (Subject to Completion) Dated , 2018

Shares

Greenlane Holdings, Inc.

Class A Common Stock

This is the initial public offering of our Class A common stock. We are selling shares of our Class A common stock, and the selling stockholders named in this prospectus are selling shares of our Class A common stock. We currently expect the initial public offering price to be between $ and $ per share of our Class A common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Prior to this offering, there has been no public market for our Class A common stock. We have applied to list our Class A common stock on The Nasdaq Global Market (Nasdaq) under the symbol "GNLN."

Following this offering, we will have three classes of authorized common stock. Each share of our Class A common stock, our Class B common stock and our Class C common stock will have one vote per share. Adam Schoenfeld, our Chief Strategy Officer, and an affiliated entity of Mr. Schoenfeld and Aaron LoCascio, our Chief Executive Officer, will beneficially own all of our issued and outstanding Class C common stock after this offering and will hold in the aggregate approximately % of the combined voting power of our outstanding capital stock after this offering. As a result, Messrs. LoCascio and Schoenfeld will be able to control any action requiring the general approval of our stockholders, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws and the approval of any merger or sale of substantially all of our assets.

We are an "emerging growth company" as that term is used in the Jumpstart our Business Startups Act of 2012, and as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. See "Prospectus Summary — JOBS Act" and "Risk Factors — Risks Related to this Offering and Ownership of Our Class A Common Stock." We will also be a "controlled company" under the corporate governance rules for Nasdaq-listed companies and will be exempt from certain corporate governance requirements of the Nasdaq Marketplace Rules. See "Prospectus Summary — Controlled Company" and "Risk Factors — Risks Relating to this Offering and Ownership of Our Class A Common Stock."

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 22.

	Per Share	*Total*
Initial Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Proceeds to Us (before expenses)	$	$
Proceeds to the Selling Stockholders	$	$

The selling stockholders have granted the underwriters an option to purchase up to additional shares of our Class A common stock within 30 days of the closing date of this offering to cover any over-allotments, if any, and for market stabilization purposes. See "Underwriting".

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about , 2018 through the book-entry facilities of The Depository Trust Company.

Cowen **Canaccord Genuity**

Prospectus dated , 2018

Greenlane is a leading distributor of premium consumption accessories and vaporization products to wholesale and retail customers in the United States and Canada

Full Service Warranty
& Repair Center Servicing
The Industry's
Leading Brands

214 Employees
And Counting

Coupled With An Extensive
Network Of Design, Engineering,
Manufacturing, Marketing, Legal,
And Research Resources

6

Distribution Centers
Strategically Located
Throughout The
US & Canada

89

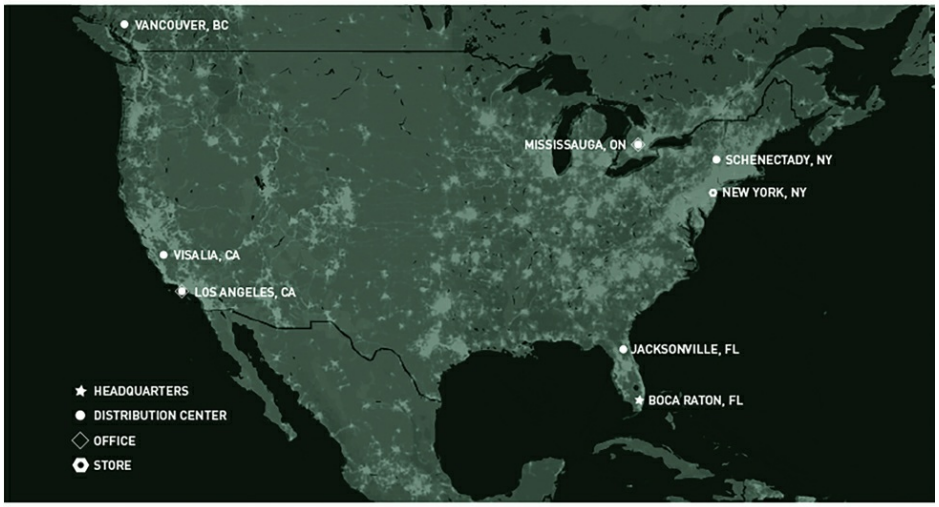
Marketing & Sales Staff
Servicing Approximately

8,000

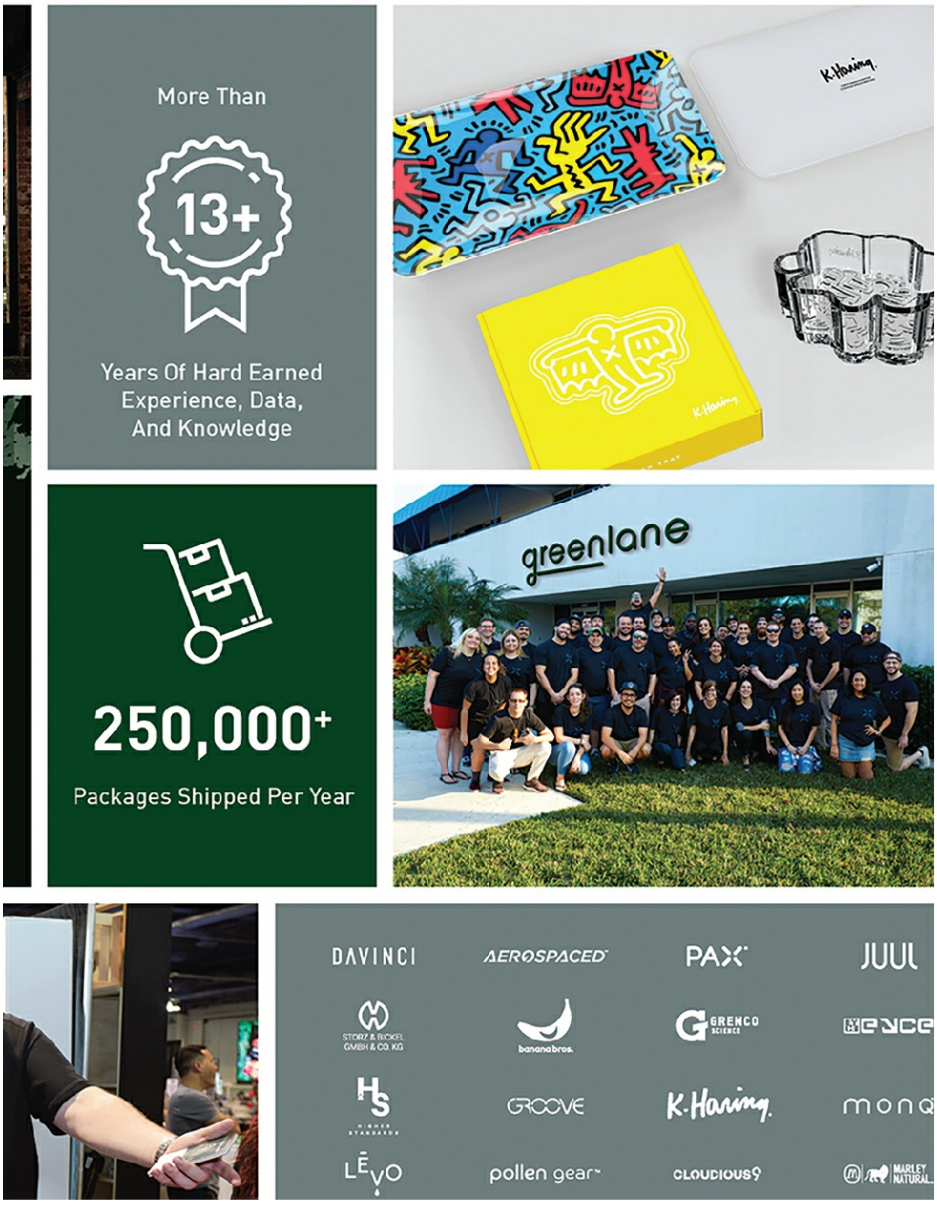
Retail Outlets


PAX
greenlane
HYDROLOGY
greenlane


HIGHER
STANDARDS

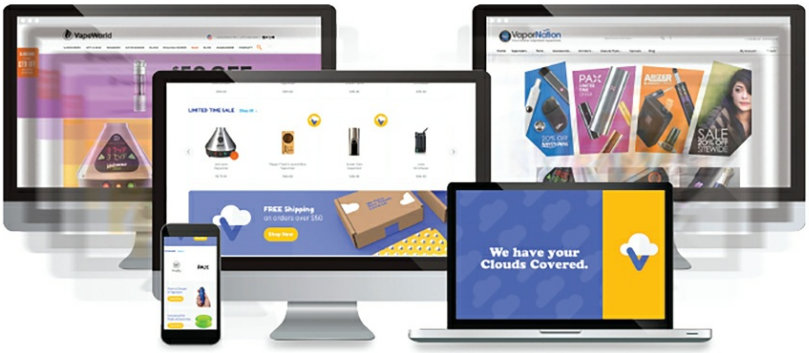

VANCOUVER, BC
MISSISSAUGA, ON
SCHENECTADY, NY
NEW YORK, NY
VISALIA, CA
LOS ANGELES, CA
JACKSONVILLE, FL
BOCA RATON, FL
HEADQUARTERS
DISTRIBUTION CENTER
OFFICE
STORE


greenlane


More Than
13+
Years Of Hard Earned
Experience, Data,
And Knowledge
250,000+
Packages Shipped Per Year
greenlane
DAVINCI
AEROSPACED
PAX
JUUL
STORZ & BICKEL GMBH & CO. KG
banana bros.
GRENCO SCIENCE
GROOVE
K-Haring
LEVO
pollen gear
CLOUDIOUS9
MARLEY NATURAL

The Greenlane Difference

The combination of efficient order fulfillment, effective inventory management, and merchandising expertise, comprise a difficult-to-develop skill-set. Greenlane has honed these capabilities since our inception.



Sophisticated Marketing Apparatus With Presence Across North America And Beyond

4,600+
SKUs

350,000+ Unique Monthly Visitors

6,000 Monthly Transactions

VaporNation + VapeWorld.com

greenlane SUPPLY & PACKAGING

The Greenlane Commitment

Our customers always come first. This guides us in everything we do. Our highly trained sales force works tirelessly to provide white glove customer service, building strong-as-steel relationships with retail accounts through thick and thin.

We are responsible for the information contained in this prospectus and in any free-writing prospectus we have authorized. Neither we, the selling stockholders nor the underwriters have authorized anyone to provide you with different information, and neither we, the selling stockholders nor the underwriters take responsibility for any other information others may give you. Neither we, the selling stockholders nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our Class A common stock. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.

TABLE OF CONTENTS

TRADEMARKS AND TRADE NAMES

This prospectus contains references to our trademarks and service marks, including without limitation, Greenlane®, Higher Standards®, VapeWorld®, VaporNation®, Aerospaced® and Groove®. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. In addition, this prospectus contains trade names, trademarks and service marks of other companies that we do not own. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

INDUSTRY, RANKING AND MARKET DATA

This prospectus includes industry data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent industry publications and surveys and other information available to us. We caution you not to give undue weight to such projections, assumptions and estimates. Some data contained in this prospectus is also based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable; however we have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. We believe that these independent services and our internal data are reliable as of their respective dates. In addition, statements as to our market position, ranking and projections, assumptions and estimates of our future performance and the future performance of our industry are based on data currently available to us, and such estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus.

GLOSSARY

Set forth below is a glossary of industry and other terms used in this prospectus:

- "we," "us," "our," the "Company," "Greenlane" and similar references refer: (i) following the completion of the Transactions (as defined below), including this offering, to Greenlane Holdings, Inc., and, unless otherwise stated, all of its subsidiaries, including Greenlane Holdings, LLC, and, unless otherwise stated, all of its subsidiaries, and (ii) prior to the completion of the Transactions, including this offering, to Greenlane Holdings, LLC and, unless otherwise stated, all of its subsidiaries.
- "Members" refers to the Founder Members and Non-Founder Members, as described below.
- "Founder Members" refers to Adam Schoenfeld, our Chief Strategy Officer, and Jacoby & Co. Inc., an affiliated entity of Mr. Schoenfeld and Aaron LoCascio, our Chief Executive Officer, each of which will continue to own Common Units (as defined below) after the Transactions and who may, following the completion of this offering, exchange their Common Units for shares of our Class A common stock as described in "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement." As the context requires in this prospectus, "Founder Members" also refers to the respective successors, assigns and transferees of such Founder Members permitted under the Greenlane Operating Agreement and our amended and restated certificate of incorporation.
- "Non-Founder Members" refers to those owners of membership interests in Greenlane Holdings, LLC prior to the Transactions, other than the Founder Members, including the holders of membership interests that are subject to vesting, each of which will continue to own Common Units after the Transactions and who may, subject to contractual stipulations following the completion of this offering, exchange their Common Units for shares of our Class A common stock as described in "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement." The Non-Founder Members will include (i) our named executive officers, other than the Founder Members, and (ii) each of our stockholders identified in the table under the caption "Principal and Selling Stockholders" as beneficially owning shares of our Class B common stock. As the context requires in this prospectus, "Non-Founder Members" also refers to the respective successors, assigns and

transferees of such Non-Founder Members permitted under the Greenlane Operating Agreement and our amended and restated certificate of incorporation.

- "Common Units" refer to the single class of issued common membership interests of Greenlane Holdings, LLC.
- "Greenlane Operating Agreement" refers to Greenlane Holdings, LLC's third amended and restated operating agreement, which will become effective on or immediately prior to the completion of this offering.
- "Transactions" refer, unless otherwise stated or the context otherwise requires, to this offering and the other organizational transactions described under the caption "The Transactions."

BASIS OF PRESENTATION

Organizational Structure

In connection with the completion of this offering, we will effect certain organizational transactions, which we refer to collectively as the "Transactions." See "Prospectus Summary — Reorganization Transactions" and "The Transactions" for a description of the Transactions and a diagram depicting our organizational structure after giving effect to the Transactions, including this offering.

Prior to the completion of this offering and the Transactions, Greenlane Holdings, LLC was owned entirely by the Members and operated its business through itself and various wholly-owned subsidiaries. Greenlane Holdings, Inc. was incorporated as a Delaware corporation on May 2, 2018 to serve as the issuer of the Class A common stock offered in this offering.

Following the Transactions, we will be a holding company and the sole manager of Greenlane Holdings, LLC, and upon completion of this offering and the application of proceeds therefrom, our principal asset will be Common Units. For financial reporting purposes, Greenlane Holdings, LLC is the predecessor of our company. We will be the financial reporting entity following this offering. Accordingly, this prospectus contains the following historical financial statements:

- **Greenlane Holdings, LLC**. As we will have no other interest in any operations other than those of Greenlane Holdings, LLC and its subsidiaries, the historical consolidated financial information included in this prospectus is that of Greenlane Holdings, LLC and its subsidiaries.
- **Better Life Holdings, LLC**. We acquired all of the outstanding securities of Better Life Holdings, LLC, a leading west coast distributor of like products, on February 20, 2018 and have included the historical financial information of Better Life Holdings, LLC.

The unaudited pro forma financial information of our company presented in this prospectus has been derived by the application of pro forma adjustments to the historical consolidated financial statements of Greenlane Holdings, LLC and its subsidiaries included elsewhere in this prospectus. These pro forma adjustments give effect to (i) the organizational transactions described under "The Transactions," (ii) this offering and the use of proceeds from this offering and (iii) the acquisition by Greenlane Holdings, LLC of Better Life Holdings, LLC on February 20, 2018 as if such acquisition occurred on January 1, 2017. See "Unaudited Pro Forma Consolidated Financial Information" for a complete description of the adjustments and assumptions underlying the pro forma financial information included in this prospectus.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before deciding to invest in our Class A common stock. You should read this entire prospectus carefully, including "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical and pro forma consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision.

Our Company

Overview

We are a leading distributor of premium vaporization products and consumption accessories in the United States and have a growing presence in Canada. Our customers include over 5,400 independent smoke shops and regional retail chain stores, which collectively operate an estimated 8,000 retail locations, and hundreds of licensed cannabis cultivators, processors and dispensaries. We also own and operate two of the most visited North American direct-to-consumer e-commerce websites in the vaporization products and consumption accessories industry, *VaporNation.com* and *VapeWorld.com*, which offer convenient, flexible shopping solutions directly to consumers. Through our expansive North American distribution network and e-commerce presence, we offer a comprehensive selection of more than 4,600 stock keeping units ("SKUs"), including premium vaporizers and parts, cleaning products, grinders and storage containers, pipes, rolling papers and customized lines of premium specialty packaging. We have cultivated a reputation for carrying the highest-quality products from large established manufacturers that offer leading brands, such as the Volcano vaporizers by Storz & Bickel, a leading, premium imported vaporizer brand; PAX 3 vaporizers by PAX Labs, a leading, premium hand-held vaporizer brand; and JUUL vaporizers by JUUL Labs, a nicotine vaporizer brand that had a market share of over 70% of the e-cigarette industry for the four weeks ended September 8, 2018, according to Nielsen data; and vaporizers by Firefly, a premium hand-held vaporizer brand, as well as promising start-up manufacturers that offer innovative, up-and-coming products, to which we extend the ability to grow and scale quickly. We provide value-added sales services to complement our product offerings and help our customers operate and grow their businesses. Recently, we have set out to develop a world class portfolio of our own proprietary brands which, over time, we believe will deliver higher margins and create long-term value. We believe our market leadership, distribution network, broad product selection and extensive technical expertise provide us with significant competitive advantages and create a compelling value proposition for both our customers and our suppliers.

Our Customers. We market and sell our products in both the business to business ("B2B") and business to consumer ("B2C") sectors of the marketplace. We believe our B2B customers choose us for a number of reasons, including the breadth and availability of the products we offer, our extensive expertise, the quality of our customer service, the convenience of our distribution centers and the consistency of our order fulfillment. Our ability to provide a "one-stop shop" experience allows us to be the preferred vendor to many of these customers by streamlining the supply chain. In addition, we believe that our customers find great value in the advice and recommendations provided by our knowledgeable sales and service associates, which further increases demand for our products.

We have a diverse base of more than 5,400 B2B customers. Our top ten customers accounted for 10.9% and 11.5% of our net sales in the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively, with no single customer accounting for more than 2.0% and 2.3% of our net sales in the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively. While we distribute our products to a growing number of large national and regional retailers in Canada, our typical B2B customer is an independent retailer operating in a single market. Our customer service teams interact regularly with our B2B customers as most of them have frequent restocking needs. We believe our high-touch customer service model strengthens relationships, builds loyalty and drives repeat business. In addition, we believe our premium product lines, broad product portfolio and strategically-located distribution centers position us well to meet our customers' needs and ensure timely delivery of products.

We also have a large base of B2C customers who we reach via our *VaporNation.com* and *VapeWorld.com* websites. While these customers are predominantly in North America, we also ship to Europe, Australia

and other select regions. Our websites are among the most visited within our segment according to Alexa Traffic Rankings, and as of June 30, 2018, we ranked first in over 90 Google key search terms and in the top five in over 300 Google key search terms. These websites currently attract over 350,000 unique monthly visitors and generate approximately 6,000 monthly transactions. We shipped more than 180,000 parcels to our B2C customers during the year ended December 31, 2017 and more than 146,000 parcels during the six-month period ended June 30, 2018. In addition to our e-commerce platform, in December 2017 we opened our first retail location in the high-traffic shopping center, Chelsea Market, in New York City under our proprietary Higher Standards brand.

In the six-month period ended June 30, 2018 and the year ended December 31, 2017, our B2B revenues represented approximately 80.8% and 81.6%, respectively, of our net sales, our B2C revenues represented approximately 11.9% and 10.6%, respectively, of our net sales, and 7.3% and 5.8%, respectively, of our net sales were comprised of revenues derived from the sale and shipment of our products to the customers of third-party website operators and providing other services to our customers.

Our Suppliers. Our strong supplier relationships allow us to distribute a broad selection of in-demand premium products at attractive prices. We are the lead distributor for many of our suppliers due to our scale, nationwide footprint, leading market positions, knowledgeable professionals, high service level and strong customer relationships. We offer suppliers feedback and support through all stages of the product sale cycle, including customer service and warranty support. We are often the largest or most visible exhibitor at industry trade shows where we work closely with our premium suppliers in presenting, demonstrating and exposing their products. We believe these value-added services foster an ongoing and lasting relationship with our suppliers, and they serve as a key element of our business strategy.

We believe many of our suppliers choose us because of our track record for successfully launching and growing brands in our trade channels. For example, since our inception in 2007, we have been working with Storz & Bickel, a manufacturer of specialty vaporization products based in Germany, to launch dozens of its products in the U.S. market and have helped Storz & Bickel to grow its U.S. presence to become one of the leading vaporizer brands in our industry. In addition, in 2016, we began working with LEVO, a start-up manufacturer, to assist it in launching a newly-developed premium kitchen appliance that was designed exclusively for infusing botanicals into oil and butter. By assuming responsibility for LEVO's distribution, wholesaling, trade marketing, warranty support, customer service and web fulfillment, we have helped LEVO scale its operations, introduce new products and become a leader in its market segment.

We source our products from more than 125 suppliers, including leading vaporizer equipment manufacturers, a wide range of smaller companies that are applying breakthrough innovations for up-and-coming products and a variety of suppliers that specialize in low or no-technology industry-staple products, such as rolling papers, cleaning supplies and child-resistant packaging. We have exclusive or lead distribution relationships with some of our largest suppliers, including PAX Labs, Storz & Bickel, Grenco Science, Da Vinci, Pollen Gear, Banana Bros, Eyce and others. We are also one of the largest distributors of products made by JUUL Labs. Additionally, we develop and sell innovative products under our proprietary brands, such as Higher Standards. Our portfolio of highly-regarded brands helps us to attract and retain our B2B and B2C customers, which allows us to generate incremental sales opportunities.

Our Distribution Facilities. In 2017, we shipped more than 250,000 parcels comprising more than 4.0 million product units. To facilitate these volumes and in anticipation of future growth, we have established a network of six strategically-located distribution centers that provide full coverage of the United States and Canada and ensure timely and cost-effective transportation and delivery of our products. We estimate that, as of June 30, 2018, approximately 90% of our North American customers could be reached within two days via FedEx Ground or similar ground delivery services. Due to our mature and continuously-evolving operational efficiencies, we provide our customers with accurate transaction fulfillment, logistics and customer support services.

Our Growth. In February 2018, we completed the acquisition of Better Life Holdings, LLC, a leading west coast distributor of like products that does business under the trade name VaporNation, to expand and grow our business and market leadership. We intend to pursue additional acquisitions to complement our organic growth and to achieve our strategic objectives. Since July 1, 2016, we have grown our employee count from 86 employees to 214 employees as of June 30, 2018, of which 66 were focused on sales. Our organic and acquisition-driven growth strategies have led to significant increases in consolidated net sales, gross profit and adjusted EBITDA. For the six-month period ended June 30, 2018, which included the results of Better Life Holdings, LLC only for the period commencing on

February 20, 2018, we generated consolidated net sales of $83.8 million, gross profit of $17.5 million and adjusted EBITDA of $3.3 million, compared to net sales of $38.1 million, gross profit of $8.8 million and adjusted EBITDA of $1.4 million for the six-month period ended June 30, 2017. For the year ended December 31, 2017, without any pro forma adjustment for our acquisition of Better Life Holdings, LLC, we generated consolidated net sales of $88.3 million, gross profit of $20.6 million and adjusted EBITDA of $3.5 million, compared to consolidated net sales of $66.7 million, gross profit of $15.0 million and adjusted EBITDA of $0.7 million for the year ended December 31, 2016. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measure - Adjusted EBITDA" for a reconciliation of our adjusted EBITDA to net income.

Investment Highlights

Leading Distributor of Premium Vaporization Products and Consumption Accessories in North America

We are a leading distributor of premium vaporization products and consumption accessories in the United States and have a growing presence in Canada. As of June 30, 2018, we carried more than 4,600 SKUs that were sourced from more than 125 suppliers. For the year ended December 31, 2017 and the six-month period ended June 30, 2018, we had consolidated net sales of $88.3 million and $83.8 million, respectively, and we believe we are positioned to grow substantially as the cannabis regulatory landscape evolves.

Strong and Loyal Customer Base with Robust Sales Infrastructure to Support Scale

Our B2B customers include over 5,400 independent smoke shops and regional retail chain stores, which collectively operate an estimated 8,000 retail locations, and hundreds of licensed cannabis producers, processors and dispensaries. We intend to further expand into new or recently-entered trade channels, including mass retail and big-box retail. We believe our highly-specialized sales force and robust infrastructure are well-positioned to support this growth. We invest in our talent by providing every sales representative with an extensive and ongoing education, including programs that provide comprehensive product knowledge, as well as the tools needed to have a unique understanding of our customers' personalities and decision-making processes.

A Significant E-Commerce Retailer Positioned to Become a Global Leader in Direct-to-Consumer

We own and operate two of the most visited North American direct-to-consumer e-commerce websites in our industry, *VaporNation.com* and *VapeWorld.com*. Our e-commerce properties increase our reach on a global scale and provide better gross profit margins than our B2B operations. With a database consisting of more than 250,000 B2C customers, we are able to continually expand our audience and business. In addition to our own fulfillment, we also fulfill web orders for many of the top industry suppliers, as well as for other leading e-commerce websites. We are developing a unique e-commerce platform, *Vapor.com*, that we believe will further increase our leadership position in the direct-to-consumer channel.

Strategically-Located Distribution Footprint

We have established our distribution network across the U.S. and Canada, including six distribution centers that allow us to deliver to approximately 90% of our customers within two days via FedEx Ground or similar ground delivery services. In the 12 months ended June 30, 2018, our expansive distribution network allowed us to ship over 325,000 parcels comprising over 8.8 million product units. Our infrastructure is built to support our company as it grows and scales. We believe our distribution network would be difficult and expensive for new entrants in our industry to replicate.

Demonstrated Strong Financial Performance and Future Growth Prospects

We have operated profitably since our inception in 2005. We believe our products are best-in-class and our "white glove" customer service, complemented by our prudent financial management, have driven strong growth and financial performance. We emphasize and incentivize profitability at the transaction level and foster relationships with customers to drive repeat purchasing. We have achieved revenue growth of 32.3% for the year ended December 31, 2017 ("fiscal 2017") compared to the prior year period.

- Total revenue increased from $66.7 million in the year ended December 31, 2016 ("fiscal 2016") to $88.3 million in fiscal 2017, representing an annual growth rate of 32.3%, or to $104.6 million in fiscal

2017 on a pro forma basis giving effect to our acquisition of Better Life Holdings, LLC in February 2018, representing a growth rate of 56.8%.

- Total revenue increased from $38.1 million in the six-month period ended June 30, 2017 to $83.8 million in the six-month period ended June 30, 2018, representing an increase of 119.8%.
- Net income was $87,000 for fiscal 2016 and $2.3 million for fiscal 2017.
- Adjusted EBITDA increased from $0.7 million in fiscal 2016 to $3.5 million in fiscal 2017, representing an annual growth rate of 400.0%.

We believe our results of operations for six months ended June 30, 2018 are a first look at our future growth prospects as we continue to rapidly scale and execute on new growth opportunities. We experienced revenue growth of 119.8% for the six month period ended June 30, 2018 compared to the corresponding period in fiscal 2017.

Passionate and Committed Executive Team with Proven Track Record of Delivering Strong Results

Our executive team has over 100 years of cumulative experience across various industries, including distribution, marketing, sales, financial services, public accounting, logistics, information technology, and luxury retail. Through steady brand discipline and strategic business planning, our executive team has transformed a small, single-product distributor into a leading multi-product, omni-channel distributor with a diverse and strategic portfolio mix of premium brands and products. Our executive team's passion and dedication to our company permeates across our employees and organizational culture, which fosters innovation, teamwork, passion for our products and personalized customer service.

Our Business Relating to the Cannabis Industry

While we do not cultivate, distribute or dispense cannabis or any cannabis derivatives, several of the products we distribute, such as vaporizers, pipes and rolling papers, can be used with cannabis or cannabis derivatives as well as nicotine and other substances.

We believe the global cannabis industry is experiencing a transformation from a state of prohibition toward a state of legalization. We expect the number of states, countries and other jurisdictions implementing legalization legislation to continue to increase, which will create numerous and sizable opportunities for market participants, including us. Further, we believe that the trend of users seeking to consume nicotine will continue to evolve from traditional cigarettes to e-cigarettes, vaporizers and heat-not-burn platforms a trend which we are well-positioned to capitalize on.

Global Landscape

The United Nations estimates that the global cannabis market, including the illicit market, is $150 billion annually.

A June 2018 report of Arcview Market Research, a leading market research firm in the cannabis industry, projects that spending in the global legal cannabis market will be approximately $12.9 billion in 2018, of which the United States, Canada and rest of the world are projected to comprise $11 billion, $1.3 billion and $0.6 billion, respectively, and projects that by 2022 spending in the global legal cannabis market will reach $32.0 billion, of which the United States, Canada and rest of the world comprises $23.4 billion, $5.5 billion and $3.1 billion, respectively.

Wells Fargo Securities, LLC believes the global e-cigarette and vapor market will generate $5.5 billion of revenue in 2018, of which vaporizers, tanks and mods are projected to comprise $3.5 billion.

Our experience and awareness of the markets in which we operate lead us to believe that demand for the types of products we distribute will grow in tandem with the industry.

The North American Cannabis Landscape

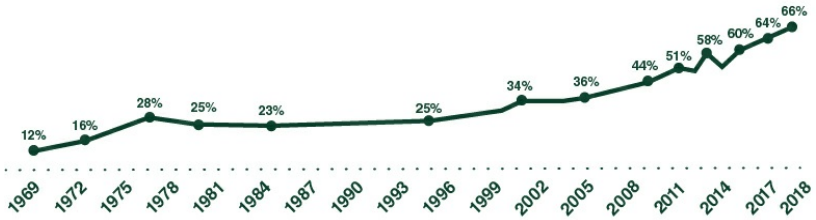
United States and Territories. Thirty-one states, the District of Columbia, Puerto Rico, Guam, and the Commonwealth of the Northern Mariana Islands have legalized medical cannabis in some form, although not all

of those jurisdictions have fully implemented their legalization programs. Nine of these states and the District of Columbia have legalized cannabis for non-medical adult use. Fifteen additional states have legalized high-cannabidiol (CBD), low tetrahydrocannabinol (THC) oils for a limited class of patients. Only four states continue to prohibit cannabis entirely. Notwithstanding the continued trend toward further state legalization, cannabis continues to be categorized as a Schedule I controlled substance under the Federal Controlled Substances Act (the "CSA") and, accordingly, the cultivation, processing, distribution, sale and possession of cannabis violate federal law in the United States as discussed further in "Risk Factors — Our business depends partly on continued purchases by businesses and individuals selling or using cannabis pursuant to state laws in the United States or Canadian and provincial laws."

We believe support for cannabis legalization in the United States is gaining momentum. According to a 2018 poll by Gallup, public support for the legalization of cannabis in the United States has increased from approximately 12% in 1969 to approximately 66% in 2018.

Americans' Support For Legalizing Marijuana

Survey Question: Do you think the use of Marijuana should be made legal?
(% of respondents who answered "Yes")

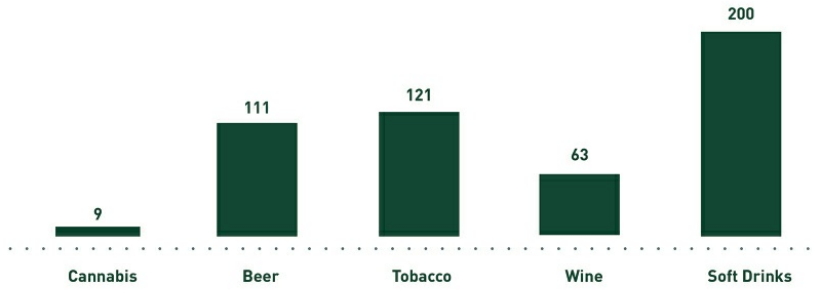


Source: 2018 Gallup Poll

The U.S. cannabis industry has experienced significant growth over the past 12 months fueled in part by increasing consumer acceptance and the legalization of medical and recreational cannabis across the United States. With increasing adult usage and further states expecting to legalize recreational cannabis use, some business participants in sectors such as wine, beer, spirits and tobacco have publicly expressed their views on the threats to their businesses from the growth of the cannabis industry.

Estimated Market Size (2017)

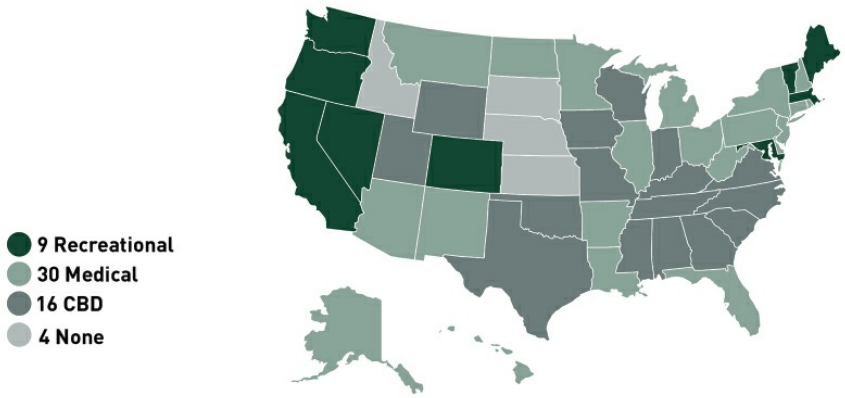
(Figures in $Billions)



Source: Brewers Association, Euromonitor, Wines & Vines

The following map illustrates states that have fully legalized cannabis (for medical and recreational purposes); have partially legalized cannabis (for medical purposes only); and have not legalized cannabis for medical or recreational purposes are outlined below (as of August 1, 2018).

Current State of Cannabis Legalization in the United States



Note: Recreational states are also included in the 30 medical states figure
Source: CNN

Canada. Legal access to dried cannabis for medical purposes was first allowed in Canada in 1999. The *Cannabis Act* (Canada) (the "Cannabis Act") currently governs is the production, sale and distribution of medical cannabis and related oil extracts in Canada. Health Canada recently reported over 330,758 client registrations for medical cannabis prescriptions as of June 2018.

On April 13, 2017, the Government of Canada introduced Bill C-45, *which proposed the enactment of the Cannabis Act to legalize and regulate access to cannabis. The Cannabis Act proposed a strict legal framework for controlling the production, distribution, sale and possession of medical and recreational adult-use cannabis in Canada. On June 21, 2018, the Government of Canada announced that Bill C-45, received Royal Assent. On July 11, 2018, the Government of Canada published the Cannabis Regulations under the Cannabis Act. The Cannabis Regulations provide more detail on the medical and recreational regulatory regimes for cannabis, including regarding licensing, security clearances and physical security requirements, product practices, outdoor growing, security, packaging and labelling, cannabis-containing drugs, document retention requirements, reporting and disclosure requirements, the new access to cannabis for medical purposes regime and industrial hemp. The majority of the Cannabis Act and the Cannabis Regulations came into force on October 17, 2018.*

While the Cannabis Act provides for the regulation by the federal government of, among other things, the commercial cultivation and processing of cannabis for recreational purposes, it provides the provinces and territories of Canada with the authority to regulate in respect of the other aspects of recreational cannabis, such as distribution, sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes. Most provinces and territories have announced a minimum age of 19 years old, except for Québec and Alberta, where the minimum age will be 18. Certain provinces, such as Ontario, have legislation in place that restricts the packaging of vapor products and the manner in which vapor products are displayed or promoted in stores.

In a 2018 publication by Deloitte, a leading professional services and consulting firm, the projected size of the Canadian adult-use market in 2019 ranged from C$1.8 billion to C$4.3 billion and in a 2018 research report, CIBC World Markets indicated that it expects the sector to grow to C$6.5 billion by 2020.

The outlook for the North American cannabis industry is largely positive. The industry is expected to continue benefiting from increasingly favorable attitudes toward both medical cannabis and recreational cannabis with expected significant consumer spending increases.

The International Cannabis Landscape

Europe. Europe's population is larger than that of the U.S. and Canadian markets combined, suggesting the potential of a very significant market. Prohibition Partners, a London-based strategic consultancy firm, estimated in 2018 that approximately 12% of the continent's adult population were "irregular" or "intensive" users of cannabis and a fully-regulated cannabis market would be worth more than $65 billion annually, with medical usage comprising $42 billion.

Currently, only Germany, Italy, Austria, Czech Republic, Finland, Portugal, Poland, Spain, the Netherlands, Denmark, Greece, Croatia, Macedonia, Poland and Turkey allow cannabis use for medicinal purposes, although it has been widely reported that other countries are considering following suit.

The progress of some key international markets is outlined below.

Germany. In January 2017, the German parliament legalized cannabis for medical consumption. In Germany, the cost of dried cannabis and cannabis extracts will be covered by health insurance for patients who have no other treatment options. Germany has created a "Cannabis Agency" to regulate the formation of a domestic cultivation and production of the medical cannabis supply chain. According to Rheinische Post, in the first 10 months of Germany's medical cannabis reform, over 13,000 applications for medical cannabis have been received by the largest three public health insurance companies in Germany.

United Kingdom. The U.K is a global leader in legal cannabis production according to the International Narcotics Control Board, and we believe the country has also positioned itself as being in the forefront of medical cannabis research and development. The "Legalisation of Cannabis (Medical Purposes) Bill" was proposed on October 10, 2017 to move cannabis from Schedule 1 (no therapeutic value) to Schedule 3 (has therapeutic value) and that bill is scheduled for a second reading on October 28, 2018.

Australia. In February 2016, Australia legalized medical cannabis at the federal level to allow for the manufacturing of medicinal cannabis products in Australia. In October 2016, the Australian regulatory authority released a detailed application process to license domestic cultivators and producers of medical cannabis. In the interim, until local licenses have been awarded and have reached production capacity, Australia is allowing medical cannabis to be imported from locally-authorized producers. In January 2018, the Australian government announced that it will now permit the export of medicinal cannabis products to provide increasing opportunities for domestic producers.

Israel. In February 2017, legislation was passed allowing Israeli cannabis companies to export cannabis internationally. According to the country's health minister, as of December 2017, there were 383 farmers that had applied for growing licenses in Israel, and 250 nurseries, 95 pharmacies and 60 processing facilities had applied for cannabis distribution and/or processing licenses. According to the European Journal of Internal Medicine, as of March 2018, there was estimated to be 32,000 registered users of medical cannabis in Israel. Recreational cannabis use is currently illegal in Israel, but it is expected to be decriminalized by late 2018.

Uruguay. In December 2013, Uruguay became the first country to legalize cannabis for both medicinal and recreational purposes. According to a news report published by The Independent, as of December 2017, there were over 16,000 government—registered cannabis users, a three-fold increase from approximately 5,000 registered users in July 2017.

Product Information

Consumers of cannabis, herbs, flavored compounds and nicotine are likely going to require the types of products we distribute, including vaporizers, pipes, rolling papers and packaging. We believe we distribute the "picks & shovels" for these rapidly-growing industries.

Inhalation Delivery Methods. There are two prevalent types of inhalation methods for cannabis and nicotine — combustion and vaporization. Recent advances in vaporization technology offer users a cleaner alternative to combustion with fewer health concerns.

Vaporizers are personal devices that heat materials to temperatures below the point of combustion, extracting the flavors, aromas and effects of dry herbs and concentrates in the form of vapor. Measured by revenue, vaporizers are our largest product category. During the six-month period ended June 30, 2018 and the year ended December 31, 2017, the vaporizers and components category, which is comprised of desktops, portables and pens, generated 80.6% and 79.9%, respectively, of our net sales.

The Science and Popularity of Vaporization

Vaporizers have elements that are designed to quickly heat combustible material, which generates a vapor that is immediately inhaled through the mouthpiece on the device itself, or a hose, pipe or an inflatable bag. Vaporizers can heat a variety of dry materials, viscous liquids and waxes and provides a convenient way for users to consume the active ingredients. Common ingredients used in vaporizers include tobacco, nicotine extracts, legal herbs, cannabis and propylene glycol and glycerin blends.

Vaporization Technology. Cannabis consumers have a wide array of vaporization devices at their disposal, which can be broadly categorized into two primary segments — desktop and portable vaporizers. Our vaporizer offering spans over 250 distinct products across 56 brands.

Desktop Vaporizers. Vaporizers were first developed as desktop models that were powered through traditional electric power sources. Desktop vaporizers are capable of heating the material to a more precise temperature choice determined by the consumer or as advised by a health practitioner. Some models dispense the vapor through a pipe or wand, and others into an inflatable bag in order to allow users to more accurately monitor their consumption.

Portable Vaporizers. With the development of lithium batteries, vaporizers have now become portable. Technological advances are resulting in lighter, sleeker and more visually-appealing units that are capable of quickly heating the material to the user's desired temperature setting. The temperature setting can be fixed by the manufacturer or set manually by the consumer or via a Bluetooth connection to the consumer's smartphone. Portable vaporizers, of which pens are a sub-set, are differentiated by many features, including output, battery life, recharge time, material, capacity and design.

Other Methods of Consumption. In addition to vaporizers, consumers have a wide array of methods of consumption at their disposal, including, among others, hand pipes, water pipes, rolling papers, and oral and topical delivery methods.

Hand and Water Pipes. We offer a diverse portfolio of approximately 114 products and seven brands, including our own proprietary Higher Standards brand. Many display iconic, licensed logos and artwork as pipes have grown into an artistic expression and are available in countless creative forms and functionality.

Hand pipes are small, portable and simple to use and function by trapping the smoke produced from burning materials, which is then inhaled by the user. Water pipes include large table-top models and bubblers and are more complex because they incorporate the cooling effects of water to the burning materials, before inhalation.

Rolling Papers. Rolling papers are a traditional consumption method used to smoke dried plant material in a "roll-your-own application". Our rolling papers category is comprised of approximately 50 products across six brands.

Edibles, Tinctures, Ingestible Oils and Topicals are additional methods of consumption. We do not sell or distribute any psychoactive products within these categories.

Our Competitive Strengths

We attribute our success to the following competitive strengths.

Clear Market Leader in an Attractive Industry. We are a leading North American distributor of premium vaporization products and consumption accessories, reaching over 8,000 estimated retail locations and hundreds of licensed cannabis cultivators, processors and dispensaries. We also own and operate two of the industry's most visited North American direct-to-consumer e-commerce websites, *VaporNation.com* and *VapeWorld.com*.

Market Knowledge and Understanding. Because of our experience and our extensive and long-term industry relationships, we believe we have a deep understanding of customer needs and desires in both our B2B and B2C channels. This allows us to influence customer demand and the pipeline between product manufacturers, suppliers, advertisers and the marketplace.

Broadest Product Offering. We believe we offer the industry's most comprehensive portfolio of vaporization products and consumption accessories with over 4,600 SKUs from more than 125 suppliers. This broad product offering creates a "one-stop" shop for our customers and positively distinguishes us from our competitors. In addition, we have carefully cultivated a portfolio of well-known brands and premium products and have helped many of the brands we distribute to become established names in the industry.

Entrepreneurial Culture. We believe our entrepreneurial, results-driven culture fosters highly-dedicated employees who provide our customers with superior service. We invest in our talent by providing every sales representative with an extensive and ongoing education and have successfully developed programs that provide comprehensive product knowledge and the tools needed to have a unique understanding of our customers' personalities and decision-making processes.

Unwavering Focus on Relationships and Superior Service. We aim to be the premier partner of choice for our customers, suppliers and employees.

- *Customers*. We believe we offer superior services and solutions due to our comprehensive product offering, proprietary industry data and analytics, product expertise and the quality of our service. We deliver products to our customers in a precise, safe and timely manner with complementary support from our dedicated sales and service teams.
- *Suppliers*. Our industry knowledge, market reach and resources allow us to establish trusted professional relationships with many of our product suppliers. We offer them a variety of value-added services, such as marketing support, supply chain management, customer feedback, market data and customer service to support the sale of their products.
- *Employees*. We provide our employees with an entrepreneurial culture, a safe work environment, financial incentives and career development opportunities.

Experienced and Proven Management Team Driving Organic and Acquisition Growth. We believe our management team is among the most experienced in the industry. Our senior management team brings experience in accounting, mergers and acquisitions, financial services, consumer packaged goods, retail operations, third-party logistics, information technology, product development and specialty retail and an understanding of the cultural nuances of the sectors that we serve.

Our Strategies

We intend to leverage our competitive strengths to increase shareholder value through the following core strategies:

Build Upon Strong Customer and Supplier Relationships to Expand Organically. Our North American footprint and broad supplier relationships, combined with our regular interaction with our large and diverse customer base, provides us key insights and positions us to be a critical link in the supply chain for premium vaporization products and consumption accessories. Our suppliers benefit from access to more than 5,400 B2B customers and more than 250,000 B2C customers as we are a single point of contact for improved production, planning and efficiency. Our customers, in turn, benefit from our market leadership, talented sales associates, broad product offering, high inventory availability, timely delivery and complementary value-added services. We believe our strong customer and supplier relationships will enable us to expand and broaden our market share in the premium vaporization products and consumption accessories marketplace.

Expand Our Operations Internationally. We currently focus our marketing and sales efforts on the United States and Canada, the two largest and most developed markets for our products. While we currently support and ship products to customers in Europe, Australia, and parts of South America on a limited basis, we are aware of the growth opportunities in these markets. As we continue to expand our marketing, supplier relationships, sales bandwidth and expertise, we anticipate capturing market share in those regions by opening our own distribution centers, acquiring existing international distributors and partnering with local operators.

Expand our E-Commerce Reach and Capabilities. We own and operate two of the leading direct-to-consumer e-commerce websites in our industry, *VaporNation.com* and *VapeWorld.com*. These sites are the most visited within our segment according to Alexa Traffic Rankings, a leading data analytics firm, and as of June 30, 2018, we ranked first

in over 90 Google key search terms and over 300 in the top five key search term positions. We intend to continue to optimize our e-commerce platforms to improve conversion rates, increase average order values, and grow our margins.

Pursue Value-Enhancing Strategic Acquisitions. Through our recently-completed acquisition of Better Life Holdings, LLC, we have added new markets within the United States, new product lines, talented employees and operational best practices. We intend to continue pursuing strategic acquisitions to grow our market share and enhance leadership positions by taking advantage of our scale, operational experience and acquisition know-how to pursue and integrate attractive targets. We believe we have significant opportunities to add product categories through our knowledge of our industry and possible acquisition targets.

Enhance Our Operating Margins. We expect to enhance our operating margins as our business expands through a combination of additional product purchasing discounts, reduced inbound and outbound shipping and handling rates, reduced transaction processing fees, increased operating efficiencies and realizing the benefits of leveraging our existing assets and distribution facilities. Additionally, we expect that our operating margins will increase as our product mix continues to evolve to include a greater portion of our proprietary branded products. We are committed to supporting our proprietary brands, such as Higher Standards, which offer better price points and significantly higher gross margins than supplier-branded products.

Developing A World-Class Portfolio of Proprietary Brands. We intend to develop a portfolio of our own proprietary brands, which over time should improve our blended margins and create long-term value. Our brand development will be based upon our proprietary industry intelligence that allows us to identify market opportunities for new brands and products. We plan to leverage our distribution infrastructure and customer relationships to penetrate the market quickly with our proprietary brands and to gain placement in thousands of stores. In addition, we plan to sell such products directly to consumers via the brand websites and our e-commerce properties. Our existing proprietary brands include our Higher Standards and Aerospaced brands. In May 2018, we entered into an exclusive license agreement with Keith Haring Studio to manufacture and sell consumption accessory products that will incorporate certain artwork images created by the iconic artist Keith Haring, and in July 2018, we entered into a joint venture with an affiliate of Gilbert Milam, one of the most influential celebrities in the industry today, to create, develop and market a line of consumer products to be sold under the "Vibes" brand name, including, potentially, clothing, backpacks, cases, and smoking and vaporizer accessories. In addition, we are absorbing the Marley Natural accessory line as a house brand. In creating our proprietary brands, we intend to stay mindful of our key supplier relationships and to identify opportunities within our product portfolio and in the market where we can introduce compelling products that do not directly compete with the products of our core suppliers. We believe that, over time, our proprietary brands will have a significant positive impact on our results of operations.

Execute on Identified Operational Initiatives. We continue to evaluate operational initiatives to improve our profitability, enhance our supply chain efficiency, strengthen our pricing and category management capabilities, streamline and refine our marketing process and invest in more sophisticated information technology systems and data analytics. In addition, we continue to further automate our distribution facilities and improve our logistical capabilities. We believe we will continue to benefit from these and other operational improvements.

Be the Employer of Choice. We believe our employees are the key drivers of our success, and we aim to recruit, train, promote and retain the most talented and success-driven personnel in the industry. Our size and scale enable us to offer structured training and career path opportunities for our employees, while in our sales and marketing teams, we have built a vibrant and entrepreneurial culture that rewards performance. We are committed to being the employer of choice in our industry.

Reorganization Transactions

Prior to the completion of this offering and the Transactions described below, Greenlane Holdings, LLC was owned entirely by the Members and operated its business through itself and various wholly-owned subsidiaries. Greenlane Holdings, Inc. was incorporated as a Delaware corporation on May 2, 2018, to serve as the issuer of the Class A common stock offered in this offering.

In connection with the completion of this offering, we will consummate the following organizational transactions:

- we will amend and restate Greenlane Holdings, LLC's existing operating agreement effective as of the completion of this offering to, among other things, convert the Members' existing membership interests

in Greenlane Holdings, LLC into Common Units, including unvested membership interests into unvested Common Units, and appoint Greenlane Holdings, Inc. as the sole manager of Greenlane Holdings, LLC;

- we will amend and restate our certificate of incorporation to, among other things, provide for Class A common stock, Class B common stock and Class C common stock;
- we will issue shares of Class B common stock to the Non-Founder Members on a one-to-one basis with the number of Common Units they own, for nominal consideration, and shares of Class C common stock to the Founder Members on a three-to-one basis with the number of Common Units they own, for nominal consideration;
- we will issue shares of our Class A common stock, or shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus, to the Members upon exchange of an equal number of Common Units, which shares will be sold by the Members as selling stockholders in this offering;
- we will issue shares of our Class A common stock to the purchasers in this offering, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus, and will use all of the net proceeds received by us from such issuance to acquire Common Units from Greenlane Holdings, LLC at a purchase price per Common Unit equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions, which Common Units, when added to the Common Units we receive from the selling stockholders, will collectively represent % of Greenlane Holdings, LLC's outstanding Common Units following this offering, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders;
- Greenlane Holdings, LLC intends to use the proceeds from the sale of Common Units to Greenlane Holdings, Inc. as described in "Use of Proceeds," including to pay the expenses of this offering and for acquisitions of complementary businesses or assets, capital improvements to our warehouses and other facilities, capital expenditures relating to our information technology systems, and working capital and general corporate purposes;
- the Members will continue to own their Common Units not exchanged for the shares of Series A common stock to be sold by them in this offering and will have no economic interests in Greenlane Holdings, Inc. despite their ownership of Class B common stock and Class C common stock, where "economic interests" means the right to receive any distributions or dividends, whether cash or stock, nor any proceeds upon dissolution, winding up or liquidation; and
- Greenlane Holdings, Inc. will enter into (i) a Tax Receivable Agreement with Greenlane Holdings, LLC and the Members and (ii) a Registration Rights Agreement with the Members who, assuming that all of the Common Units of such Members are redeemed or exchanged for newly issued shares of Class A common stock on a one-to-one basis, will own shares of Greenlane Holdings, Inc.'s Class A common stock, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus, representing approximately % of the combined voting power of all of Greenlane Holdings, Inc.'s common stock, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders. Although the actual timing and amount of any payments that we make to the Members under the Tax Receivable Agreement will vary, we expect those payments will be significant.

Following this offering, Common Units will be redeemable subject to contractual restrictions at the election of such Members for newly-issued shares of Class A common stock on a one-to-one basis (and their shares of Class B common stock or Class C common stock, as the case may be, will be cancelled on a one-to-one basis in the case of Class B common stock or three-to-one basis in the case of Class C common stock upon any such issuance). We will have the option to instead make a cash payment equal to a volume weighted average market price of one share of Class A common stock for each Common Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Greenlane Operating Agreement.

Our decision to make a cash payment upon a Member's election will be made by our independent directors (within the meaning of the Nasdaq Marketplace Rules) who are disinterested.

Our corporate structure following this offering, as described above, is commonly referred to as an "Up-C" structure, which is often used by partnerships and limited liability companies when they undertake an initial public offering of their business. The Up-C structure will allow the Members to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "pass-through" entity, for income tax purposes following this offering. One of these benefits is that future taxable income of Greenlane Holdings, LLC that is allocated to the Members will be taxed on a flow-through basis and therefore will not be subject to corporate taxes at the entity level. Additionally, because the Members may redeem their Common Units for shares of our Class A common stock or, at our option, for cash, the Up-C structure also provides the Members with potential liquidity that holders of non-publicly-traded limited liability companies are not typically afforded. See "The Transactions" and "Description of Capital Stock."

Greenlane Holdings, Inc. will receive the same benefits as the Members on account of our ownership of Common Units in an entity treated as a partnership, or "pass-through" entity, for income tax purposes. As we redeem additional Common Units from the Members under the mechanism described above, we will obtain a step-up in tax basis in our share of Greenlane Holdings, LLC's assets. This step-up in tax basis will provide us with certain tax benefits, such as future depreciation and amortization deductions that can reduce the taxable income allocable to us. We expect to enter into the Tax Receivable Agreement with Greenlane Holdings, LLC and each of the Members that will provide for the payment by us to the Members of 85% of the amount of tax benefits, if any, that we actually realize (or in some cases are deemed to realize) as a result of (i) increases in tax basis resulting from the redemption of Common Units and (ii) certain other tax benefits attributable to payments made under the Tax Receivable Agreement.

We refer to the foregoing distribution and organizational transactions collectively as the "Transactions." For more information regarding our structure after the completion of the Transactions, including this offering, see "The Transactions."

Immediately following this offering, we will be a holding company and our principal asset will be the Common Units we purchase from Greenlane Holdings, LLC. As the sole manager of Greenlane Holdings, LLC, we will operate and control all of the business and affairs of Greenlane Holdings, LLC and, through Greenlane Holdings, LLC and its subsidiaries, conduct our business. Although we will have a minority economic interest in Greenlane Holdings, LLC, we will have the sole voting interest in, and control the management of, Greenlane Holdings, LLC, and will have the obligation to absorb losses of, and receive benefits from, Greenlane Holdings, LLC that could be significant. As a result, we have determined that, after the Transactions, Greenlane Holdings, LLC will be a variable

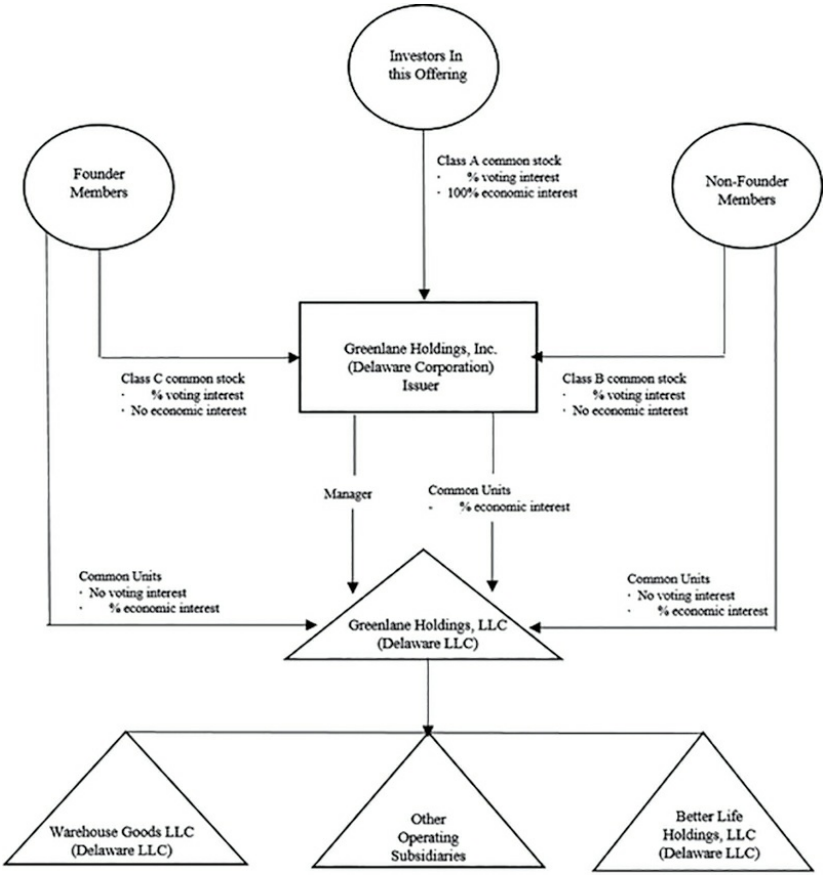
interest entity, or VIE, and that we will be the primary beneficiary of Greenlane Holdings, LLC. Accordingly, pursuant to the VIE accounting model, we will consolidate Greenlane Holdings, LLC in our consolidated financial statements and will report a non-controlling interest related to the Common Units held by the Members on our consolidated financial statements.

See "Description of Capital Stock" for more information about our amended and restated certificate of incorporation and the terms of the Class A common stock, Class B common stock and Class C common stock. See "Certain Relationships and Related Party Transactions" for more information about:

- the Greenlane Operating Agreement, including the terms of the Common Units and the redemption right of the Members;
- the Tax Receivable Agreement; and
- the Registration Rights Agreement.

Corporate Structure

The following diagram shows our organizational structure after giving effect to the Transactions, including this offering, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus and no exercise by the underwriters of their option to purchase additional shares of Class A common stock:



Controlled Company

We are presently a "controlled company" under the Nasdaq Marketplace Rules as a result of the Founder Member's ownership of a majority of our shares, which entitles us to rely on certain exemptions from Nasdaq's corporate government requirements. We expect to remain a "controlled company" following the completion of this offering.

JOBS Act

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least $1.07 billion or (c) in which we become a large accelerated filer, which means that we have been public for at least 12 months, have filed at least one annual report and the market value of our Class A common stock that is held by non-affiliates exceeds $700 million as of the last day of our then most recently completed second fiscal quarter

and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We refer to the Jumpstart Our Business Startups Act of 2012 as the "JOBS Act," and references to "emerging growth company" have the meaning given to such term in the JOBS Act.

An emerging growth company may take advantage of specified exemptions from various requirements that are otherwise generally applicable to public companies in the United States. These provisions include:

- an exemption to include in an initial public offering registration statement less than five years of selected financial data; and
- an exemption from the auditor attestation requirement in the assessment of the emerging growth company's internal control over financial reporting.

We have availed ourselves in this prospectus of the reduced reporting requirements described above with respect to selected financial data. As a result, the information that we are providing to you may be less comprehensive than what you might receive from other public companies.

In addition, the JOBS Act provides that an emerging growth company may delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"). Therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Corporate Information

We were incorporated as a Delaware corporation on May 2, 2018 for the purpose of issuing the Class A common stock in this offering and acquiring Common Units in Greenlane Holdings, LLC, our principal operating subsidiary, which was organized as Delaware limited liability company on September 1, 2015. Our principal executive offices are located at 6501 Park of Commerce Boulevard, Suite 200, Boca Raton, FL 33487, and our telephone number is (877) 292-7660. Our corporate website is *www.gnln.com*. Information contained on our website is not incorporated by reference into this prospectus, and such information should not be considered to be part of this prospectus.

The Offering

Issuer in this offering	Greenlane Holdings, Inc.
Class A common stock offered by us	shares
Class A common stock offered by the selling stockholders	shares
Underwriters' option to purchase additional shares of Class A common stock	The selling stockholders have granted the underwriters the right to purchase up to additional shares of Class A common stock within 30 days of the closing date of this offering. See "Underwriting."
Class A common stock to be outstanding immediately after this offering	shares, representing % of the voting interest and 100% of the economic interest in us, or shares, representing % voting interest and 100% of the economic interest in us if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Class B common stock to be outstanding immediately after this offering	shares, representing % of the voting interest and no economic interest in us, or shares, representing % voting interest and no economic interest if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Class C common stock to be outstanding immediately after this offering	shares, representing % of the voting interest and no economic interest in us, representing % voting interest and no economic interest if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Common Units of Greenlane Holdings, LLC to be held by us immediately after this offering	Common Units, representing a % economic interest in the business of Greenlane Holdings, LLC, or Common Units, representing a % economic interest in the business of Greenlane Holdings, LLC, if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Common Units of Greenlane Holdings, LLC to be held by the Members after this offering	Common Units, representing an % economic interest in the business of Greenlane Holdings, LLC, or Common Units, representing an % economic interest in the business of Greenlane Holdings, LLC, if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Ratio of shares of Class A common stock to Common Units	Our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that we and Greenlane Holdings, LLC at all times maintain a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of Common Units owned by us.

Ratio of shares of Class B common stock to Common Units	Our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that we and Greenlane Holdings, LLC at all times maintain a one-to-one ratio between the number of shares of Class B common stock owned by the Non-Founder Members and the number of Common Units owned by the Non-Founder Members.
Ratio of shares of Class C common stock to Common Units	Our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that we and Greenlane Holdings, LLC at all times maintain a three-to-one ratio between the number of shares of Class C common stock owned by the Founder Members and the number of Common Units owned by the Founder Members.
Permitted holders of shares of Class B common stock	Only the Non-Founder Members and their permitted transferees of Common Units as described herein will be permitted to hold shares of our Class B common stock. Shares of Class B common stock are transferable only together with an equal number of Common Units. See "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement."
Permitted holders of shares of Class C common stock	Only the Founder Members and their permitted transferees of Common Units as described herein will be permitted to hold shares of our Class C common stock. Shares of Class C common stock are transferable only together with the transfer of Common Units, and three shares of Class C Common Stock must be transferred for each Common Unit transferred. See "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement" and "Description of Capital Stock — Class C Common Stock — Conversion."
Voting rights	Each share of our Class A common stock entitles its holder to one vote per share, representing an aggregate of % of the combined voting power of our issued and outstanding common stock upon the completion of this offering, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock. Each share of our Class B common stock entitles its holder to one vote per share, representing an aggregate of % of the combined voting power of our issued and outstanding common stock upon the completion of this offering, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock. Each share of our Class C common stock entitles its holder to one vote per share, representing an aggregate of % of the combined voting power of our issued and outstanding common stock upon the completion of this offering, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock. All classes of our common stock generally vote together as a single class on all matters submitted to a vote of our stockholders, except as otherwise required by law or our amended and restated certificate of incorporation. Upon the completion of this offering, our Class B common stock will be held exclusively by the Non-Founder Members and, following the Class C Share Conversion, the Founder Members and our Class C common stock will be held exclusively by the Founder Members. See "Description of Capital Stock."

Voting power of the Members after this offering	%, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Voting power of our executive officers, directors and persons holding more than 5% of our Class A, Class B or Class C common stock (other than any purchasers in this offering) after this offering	%, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock.
Redemption rights of holders of Common Units	The Members, from time to time following the completion of this offering, may require Greenlane Holdings, LLC to redeem all or a portion of their Common Units for newly-issued shares of Class A common stock on a one-to-one basis or, at our option, a cash payment equal to a volume weighted average market price of one share of our Class A common stock for each Common Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Greenlane Operating Agreement. Our decision to make a cash payment upon a Member's redemption election will be made by our independent directors (within the meaning of the Nasdaq Marketplace Rules) who are disinterested. See "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement." Shares of our Class B common stock and Class C common stock, as the case may be, will be cancelled, without consideration, on a one-to-one basis in the case of our Class B common stock or a three-to-one basis in the case of our Class C common stock if we, at the election of a Member, redeem or exchange Common Units of such Member pursuant to the terms of the Greenlane Operating Agreement.
Use of proceeds	We intend to use the net proceeds received by us from this offering to purchase Common Units (assuming an initial offering price per share of Class A common stock in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus) directly from Greenlane Holdings, LLC at a price per Common Unit equal to the initial public offering price per share of Class A common stock in this offering, less underwriting discounts and commissions. We will not receive any proceeds from the sale of Class A common stock by the selling stockholders, including any shares sold to the underwriters upon exercise of their right to purchase additional shares of Class A common stock. We will receive Common Units from the selling stockholders in exchange for the shares of Class A common stock to be sold by the selling stockholders in this offering. We intend to cause Greenlane Holdings, LLC to use the proceeds from the sale of Common Units to us to pay the expenses of this offering and for acquisitions of complementary businesses or assets, capital improvement to our, warehouses and other facilities, capital expenditures relating to our information technology systems and working capital and general corporate purposes. See "Use of Proceeds."

Tax Receivable Agreement	We will enter into the Tax Receivable Agreement with Greenlane Holdings, LLC and each of the Members that will provide for the payment by us to the Members of 85% of the amount of tax benefits, if any, that we actually realize (or in some circumstances are deemed to realize) as a result of (i) increases in tax basis resulting from any future redemptions that are funded by us or exchanges of Common Units described above under "— Redemption rights of holders of Common Units" and (ii) certain other tax benefits attributable to payments made under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement" for a discussion of the Tax Receivable Agreement.
Registration Rights Agreement	Pursuant to the Registration Rights Agreement, we will, subject to the terms and conditions thereof, agree to register the resale of the shares of our Class A common stock that are issuable to the Members upon redemption or exchange of their Common Units. See "Certain Relationships and Related Party Transactions — The Transactions — Registration Rights Agreement."
Controlled Company	Upon completion of this offering, we will be a "controlled company" under the corporate governance rules for Nasdaq-listed companies and will be exempt from certain corporate governance requirements of the Nasdaq Marketplace Rules.
Proposed Nasdaq Symbol	We have applied to list our Class A common stock on Nasdaq under the symbol "GNLN."
Risk Factors	You should read the "Risk Factors" section of this prospectus for a discussion of facts to consider carefully before deciding to invest in shares of our Class A common stock.

The shares of Class A common stock to be outstanding following this offering excludes:

- shares of Class A common stock that may be issuable upon exercise of the Members' rights to redeem their Common Units, assuming an offering price of $, the midpoint of the price range set forth on the cover page of this prospectus; and
- shares of Class A common stock reserved for future issuance under our 2018 Equity Incentive Plan, including shares of Class A common stock (based on an assumed initial public offering price in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus) issuable upon the exercise of stock options our board of directors has approved in connection with this offering.

The shares of Class B common stock and Class C common stock to be outstanding following this offering is based on Common Units held by the Members as of June 30, 2018 after taking into account the assumptions set forth below, of which Common Units will be subject to certain vesting conditions. The shares of Class C common stock to be outstanding following this offering is based on Common Units held by the Founder Members as of June 30, 2018 after taking into account the assumptions set forth below.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

- gives effect to the Greenlane Operating Agreement, as well as the filing of our amended and restated certificate of incorporation;
- gives effect to the Transactions;
- assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock from the selling stockholders, assuming an offering price per share of the Class A common stock of $, the midpoint of the price range set forth on the cover page of this prospectus; and
- includes an aggregate of Common Units and shares of Class B common stock, assuming an offering price per share of the Class A common stock of $, the midpoint of the price range set forth on the cover page of this prospectus to be issued upon consummation of the Transactions to certain of our executive officers that are subject to certain vesting conditions and may not be redeemed for shares of Class A common stock until such vesting conditions are satisfied. See "Executive Compensation."

Summary Consolidated Financial and Other Data

The following tables present the summary historical consolidated financial and other data for Greenlane Holdings, LLC and its subsidiaries. Greenlane Holdings, LLC is our predecessor for financial reporting purposes. The summary consolidated statement of operations data for the years ended December 31, 2017 and 2016 and the summary balance sheet data at December 31, 2017 and 2016 were derived from the audited consolidated financial statements of Greenlane Holdings, LLC included elsewhere in this prospectus. The summary consolidated statement of operations data for the six-month periods ended June 30, 2018 and 2017 and the summary balance sheet data at June 30, 2018 were derived from the unaudited consolidated interim financial statements of Greenlane Holdings, LLC included elsewhere in this prospectus. The unaudited consolidated interim financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair statement of the financial information set forth in those statements. The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full year. The following summary consolidated financial and other data should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes of Greenlane Holdings, LLC included elsewhere in this prospectus.

The summary historical consolidated financial and other data of our company, Greenlane Holdings, Inc., has not been presented, as we are a newly-incorporated entity, have had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
	(unaudited)			
Statement of Operations Data:				
Net sales	$ 83,818,436	$ 38,138,585	$ 88,259,975	$ 66,689,944
Gross profit	17,465,324	8,835,690	20,570,397	14,954,003
Operating expenses	14,795,061	7,838,460	17,854,624	14,839,513
Income from operations	2,670,263	997,230	2,715,773	114,490
Other income (expense)	6,627	51,514	(241,683)	81,422
Income before income taxes	2,676,890	1,048,744	2,474,090	195,912
Net income	2,528,240	962,978	2,291,557	86,985
Other Data:				
Adjusted EBITDA[1]	$ 3,287,835	$ 1,413,545	$ 3,506,982	$ 686,645

(1) Adjusted EBITDA is equal to net income less other income, before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA eliminates the effects of items that we do not consider indicative of our core operating performance and that are not excluded in the calculation of net income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measure - Adjusted EBITDA" for a discussion of adjusted EBITDA and a reconciliation of adjusted EBITDA to net income, the most directly comparable measure under U.S. GAAP.

	June 30,	As of December 31,	
	2018	2017	2016
	(unaudited)		
Balance Sheet Data:			
Cash	$ 1,398,819	$ 2,080,397	$ 1,691,196
Accounts receivable, net	6,391,500	3,759,551	1,336,982
Inventories, net	22,504,097	14,159,693	5,618,328
Total current assets	36,715,578	23,288,456	10,003,631
Goodwill and intangible assets, net	9,756,319	4,769,957	4,748,092
Total assets	48,559,422	29,571,827	15,999,866
Total current liabilities	28,617,192	19,519,682	6,439,943
Total liabilities	28,785,184	20,175,994	8,551,227
Total redeemable Class B units (temporary equity)	8,890,000	—	—
Total members' equity	10,884,238	9,395,833	7,448,639
Total liabilities, redeemable Class B units, and members' equity	48,559,422	29,571,827	15,999,866

Summary Pro Forma Combined Condensed Financial Data

The following summary unaudited pro forma consolidated statement of operations data for the year ended December 31, 2017 and the six-month periods ended June 30, 2018 presents our consolidated results of operations after giving effect to (i) the organizational transactions described under "The Transactions," (ii) this offering and the use of proceeds from this offering, and (iii) the acquisition by Greenlane Holdings, LLC of Better Life Holdings, LLC, as if each had been completed as of January 1, 2017. The following pro forma consolidated balance sheet data presents our consolidated financial position as of June 30, 2018 after giving effect to (i) the organizational transactions described under "The Transactions," and (ii) this offering and the use of proceeds from this offering, as if each had been completed as of June 30, 2018. The summary unaudited pro forma combined condensed financial data has been prepared from, and should be read in conjunction with, the unaudited pro forma combined condensed financial information set forth under the caption "Unaudited Pro Forma Consolidated Financial Information" and the historical consolidated financial statements and notes thereto of Greenlane Holdings, LLC and the historical consolidated financial statements of Better Life Holdings, LLC, each included elsewhere in this prospectus.

The summary historical profit and loss accounts of each of these entities have been prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. The pro forma acquisition adjustments described in the summary unaudited pro forma combined condensed financial information are based on available information and certain assumptions made by us and may be revised as additional information becomes available as the purchase accounting for the acquisition is finalized. The pro forma adjustments are based on preliminary estimates of the fair values of assets acquired and information available as of the date of this prospectus. Certain valuations are currently in process. Actual results may differ from the amounts reflected in the unaudited pro forma combined condensed financial statements, and the differences may be material.

The unaudited pro forma combined condensed financial information included in this prospectus is not intended to represent what our results of operations would have been if the acquisition of Better Life Holdings, LLC, and the Transactions and this offering had occurred on January 1, 2017 or to project our results of operations for any future period. The acquisition of Better Life Holdings, LLC was completed on February 20, 2018. We and Better Life Holdings, LLC were not under common control or management for any period presented prior to the acquisition date. Therefore, the unaudited pro forma combined condensed financial results may not be comparable to, or indicative of, future performance.

	As of June 30, 2018 (unaudited)	
	Including the Transactions	Including the Transactions and this Offering
Balance Sheet Data:		
Cash	$ 1,398,819	
Accounts receivable, net	6,391,500	
Inventories, net	22,504,097	
Total current assets	36,715,578	
Intangible assets, net	4,310,628	
Goodwill	5,445,691	
Total assets	48,559,422	
Total current liabilities	28,617,192	
Total liabilities	28,785,184	
Total members'/stockholders' equity	19,744,238	
Total liabilities and members'/stockholders' equity	48,559,422	

	Including Acquisition of Better Life Holdings, LLC		Including Acquisition of Better Life Holdings, LLC, and the Transactions		Including Acquisition of Better Life Holdings, LLC, the Transactions, and this Offering	
	For the six months ended June 30, 2018	For the year ended December 31, 2017	For the six months ended June 30, 2018	For the year ended December 31, 2017	For the six months ended June 30, 2018	For the year ended December 31, 2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Statement of Operations Data:						
Net sales	$85,886,620	$104,588,530	$85,886,620	$104,588,530		
Gross profit	18,116,214	24,752,009	18,116,214	24,752,009		
Operating expenses	15,383,981	23,047,869	15,383,981	23,047,869		
Income from operations	2,732,233	1,704,140	2,732,233	1,704,140		
Other income (expense)	8,711	(234,395)	8,711	(234,395)		
Income before taxes	2,740,944	1,469,745	2,740,944	1,469,745		
Net income	2,592,294	1,287,212	2,592,294	1,287,212		
Net income attributable to non-controlling interests	—	—				
Net income attributable to Greenlane Holdings, Inc.	—	—				

RISK FACTORS

An investment in our Class A common stock involves a high degree of risk and many uncertainties. You should carefully consider the specific factors listed below together with the other information included in this prospectus before purchasing our Class A common stock in this offering. If any of the possibilities described as risks below actually occurs, our operating results and financial condition would likely suffer and the trading price of our Class A common stock could fall, causing you to lose some or all of your investment. The following is a description of what we consider the key challenges and material risks to our business and an investment in our Class A common stock.

Risks Related to Our Business and Industry

We have experienced rapid growth, both domestically and internationally, and expect continued future growth, including growth from additional acquisitions. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately. Furthermore, our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.

We have recently experienced a period of rapid growth in our business, operations, and employee headcount. Our net sales increased to $88.3 million in the year ended December 31, 2017 from $66.7 million in the year ended December 31, 2016, representing a 32.3% increase. We shipped over 3.5 million product units to our B2B customers in fiscal year 2017 compared to over 2.0 million product units in fiscal year 2016, representing a growth rate of approximately 53.8%. We grew our employee head count from 86 employees as of June 30, 2016 to 214 employees as of June 30, 2018.

We intend to continue to grow our business through the expansion of our product offerings, product shipments, our commercial, administrative and marketing operations and overall employee headcount. Our success will depend, in part, on our ability to manage this growth, both domestically and internationally. Any growth in, or expansion of, our business is likely to continue to place a strain on our management and administrative resources, infrastructure and systems. As with other growing businesses, we expect that we will need to further refine and expand our business development capabilities, our systems and processes and our access to financing sources. We will also need to hire, train, supervise, and manage new employees. These processes are time consuming and expensive and will increase management responsibilities and divert management attention. We cannot assure that we will be able to:

- expand our product offerings effectively or efficiently or in a timely manner, if at all;
- allocate our human resources optimally;
- meet our capital needs;
- identify and hire qualified employees or retain valued employees;
- effectively incorporate the components of any business or product line that we may acquire in our effort to achieve growth; or
- continue to grow our business rapidly.

Our inability or failure to manage our growth and expansion effectively could harm our business and materially adversely affect our operating results and financial condition. In addition, we believe that an important contributor to our success has been and will continue to be our corporate culture, which we believe fosters innovation, teamwork and a passion for our products and customers. As a result of our rapid growth, we may find it difficult to build and maintain our strong corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain current and recruit new personnel, continue to perform at current levels or execute on our business strategy.

The market for vaporizer products and related items is a niche market, subject to a great deal of uncertainty and is still evolving.

Vaporizer products comprise a significant portion of our product portfolio. Many of these products have only recently been introduced to the market and are at an early stage of development. These products represent core components of a niche market that is evolving rapidly, is characterized by a number of market participants and is subject to regulatory oversight and a potentially fluctuating regulatory framework. Rapid growth in the use of, and interest in, vaporizer products are recent, and may not continue on a lasting basis. The demand and market acceptance for these products is subject to a high level of uncertainty, including, but not limited to, changes in governmental regulation, developments in product technology, perceived safety and efficacy of our products, perceived advantages of competing products and sale and use of materials that can be vaporized, including in the expanding legal national and state cannabis markets. Therefore, we are subject to many of the business risks associated with a new enterprise in a niche market. Continued technical evolution, market uncertainty, evolving regulation and the resulting risk of failure of our new and existing product offerings in this market could have a material adverse effect on our ability to build and maintain market share and on our business, results of operations and financial condition. Further, there can be no assurance that we will be able to continue to effectively compete in this marketplace.

We depend on third-party suppliers for our products and may experience unexpected supply shortages.

We depend on third-party suppliers for our vaporization products and consumption accessories product offerings. Our customers associate certain characteristics of our products, including the weight, feel, draw, flavor, packaging and other unique attributes, to the brands we market, distribute and sell. In the future, we may have difficulty obtaining the products we need from our suppliers as a result of unexpected demand or production difficulties that might extend lead times. Also, products may not be available to us in quantities sufficient to meet our customer demand. Any interruption in supply and/or consistency of these products may adversely impact our ability to deliver products to our customers, may harm our relationships and reputation with our customers, and may have a material adverse effect on our business, results of operations and financial condition.

A significant percentage of our revenue is dependent on sales of products from a relatively small number of key suppliers, and a decline in sales of products from these suppliers could materially harm our business.

A significant percentage of our revenue is dependent on sales of products, primarily vaporizers and related components, that we purchase from a small number of key suppliers, including PAX Labs and JUUL Labs. For example, products manufactured by PAX Labs represented approximately 17.2% and 32.8% of our net sales in the six-month periods ended June 30, 2018 and 2017, respectively, and 29.4% and 29.0% of our net sales in the years ended December 31, 2017 and 2016, respectively, and products manufactured by JUUL Labs represented approximately 40.1% and 1.4% of our net sales in the six-month periods ended June 30, 2018 and 2017, respectively, and 11.4% and 4.5% of our net sales in the years ended December 31, 2017 and 2016, respectively. The FDA has recently expressed growing concern about the popularity of JUUL and other manufacturers' products among youths, and regulatory actions may impact our ability to sell these products in the U.S. or online. A decline in sales of any of our key suppliers' products, whether due to decreases in supply of, or demand for their products, termination of our agreements with them, regulatory actions or otherwise, could have a material adverse impact on our sales and earnings and adversely affect our business.

We may be unable to identify or contract with new suppliers in the event of a disruption to our supply.

In the event of a disruption to our supply of products, we would have to identify new suppliers that can meet our needs. Only a limited number of suppliers may have the ability to produce certain products we sell at the volumes we need, and it could be costly or time-consuming to locate and approve such alternative sources. Moreover, it may be difficult or costly to find suppliers to produce small volumes of products in the event we are looking only to supplement our current supply as suppliers may impose minimum order requirements. In addition, we may be unable to negotiate pricing or other terms with our existing or new suppliers as favorable as those we currently enjoy. We cannot guarantee that a failure to adequately replace or supplement our existing suppliers would not have a material adverse effect on our business, results of operations and financial condition.

Demand for the products we distribute could decrease if the suppliers of these products were to sell a substantial amount of goods directly to consumers in the sectors we serve.

Retailers and consumers of vaporization products and consumption accessories have historically purchased certain amounts of these products directly from suppliers. If our customers were to increase their purchases of

products directly from suppliers, or if suppliers seek to increase their efforts to sell such products directly to consumers, we could experience a significant decrease in our business, results of operations and financial condition. These, or other developments that remove us from, or limit our role in, the distribution chain, may harm our competitive position in the marketplace and reduce our sales and earnings and adversely affect our business.

We are vulnerable to third party transportation risks.

We depend on fast and efficient shipping services to distribute our products. Any prolonged disruption of these services may have a material adverse effect on our business, financial condition and results of operations. Rising costs associated with transportation services used by us to receive or deliver our products, including tariffs, may also have a material adverse effect on our business, financial condition and results of operations.

We do not have long-term agreements or guaranteed price or delivery arrangements with most of our suppliers. The loss of a significant supplier would require us to rely more heavily on our other existing suppliers or to develop relationships with new suppliers. Such a loss may have an adverse effect on our product offerings and our business.

While we have exclusive long-term distribution agreements with certain of our suppliers, consistent with industry practice, we do not have guaranteed price or delivery arrangements with most of our suppliers. We generally make our purchases through purchase orders. As a result, we have experienced and may in the future experience inventory shortages or price increases on certain products. Furthermore, our industry occasionally experiences significant product supply shortages, and we sometimes experience customer order backlogs due to the inability of certain suppliers to make available to us certain products as needed. We cannot assure you that suppliers will maintain an adequate inventory of products to fulfill our orders on a timely basis, or at all, or that we will be able to obtain particular products on favorable terms, or at all. Additionally, we cannot assure you that product lines currently offered by suppliers will continue to be available to us. A decline in the supply or continued availability of the products of our suppliers, or a significant increase in the price of those products, could reduce our sales and negatively affect our operating results.

In addition, some of our suppliers have the ability to terminate their relationships with us at any time, or to decide to sell, or increase their sales of, their products through other resellers or channels. Although we believe there are numerous suppliers with the capacity to supply the products we distribute, the loss of one or more of our major suppliers could have an adverse effect on our product offerings and our business. Such a loss would require us to rely more heavily on our other existing suppliers, develop relationships with new suppliers or undertake our own manufacturing, which may cause us to pay higher prices for products due to, among other things, a loss of volume discount benefits currently obtained from our major suppliers. Any termination, interruption or adverse modification of our relationship with a key supplier or a significant number of other suppliers would likely adversely affect our operating income, cash flow and future prospects.

Our payments system and the payment systems of our customers depend on third-party providers and are subject to evolving laws and regulations.

We and our retail customers have engaged third-party service providers to perform underlying credit and debit card processing, currency exchange, identity verification and fraud analysis services. If these service providers do not perform adequately or if our relationships, or the relationships of our retail customers with these service providers were to terminate, our ability or the ability of such retail customers to process payments could be adversely affected and our business would be harmed.

The laws and regulations related to payments are complex and are potentially impacted by tensions between federal and state treatment of the vaporization, tobacco, nicotine and cannabis industries. These laws and regulations also vary across different jurisdictions in the United States, Canada and globally. As a result, we are required to spend significant time and effort to comply with those laws and regulations. Any failure or claim of our failure to comply, or any failure by our third-party service providers to comply, could cost us substantial resources, could result in liabilities, or could force us to stop offering our customers the ability to pay with credit cards, debit cards and bank transfers. As we expand the availability of these payment methods or offer new payment methods to our customers in the future, we may become subject to additional regulations and compliance requirements.

Further, through our agreement with our third-party credit card processors, we are indirectly subject to payment card association operating rules and certification requirements, including restrictions on product mix and the Payment Card Industry Data Security Standard, 02 PCIDSS. We also are subject to rules governing electronic funds transfers. Any change in these rules and requirements could make it difficult or impossible for us to comply.

Due to our acceptance of credit cards in our e-commerce business, we are subject to the Payment Card Industry Data Security Standard, designed to protect the information of credit card users. We have had a security incident in the past which we do not believe reached the level of a breach which would be reportable under state laws or our other obligations, however there can be no assurance that our determination was correct. In the event our determination is challenged and found to have been incorrect, we may be subject to claims by one or more state attorneys general, federal regulators, or private plaintiffs and we may additional be subject to claims or fines from credit associations.

We are subject to certain U.S. federal regulations relating to cash reporting.

The U.S. Bank Secrecy Act, enforced by the Financial Crimes Enforcement Network ("FinCEN"), a division of the U.S. Department of the Treasury, requires a party in trade or business to file with the U.S. Internal Revenue Service (the "IRS") a Form 8300 report within 15 days of receiving a cash payment of over $10,000. While we receive very few cash payments for the products we sell, if we fail to comply with these laws and regulations, the imposition of a substantial penalty could have a material adverse effect on our business, results of operations and financial condition.

If we fail to maintain proper inventory levels, our business could be harmed.

We purchase key products from suppliers prior to the time we receive purchase orders from customers. We do this to minimize purchasing costs, the time necessary to fill customer orders, and the risk of non-delivery. However, we may be unable to sell the products we have purchased in advance. Inventory levels in excess of customer demand may result in inventory write-downs, and the sale of excess inventory at discounted prices could significantly impair our brand image and have a material adverse effect on our business, results of operations and financial condition. Conversely, if we underestimate demand for our products or if we fail to acquire the products that we require at the time we need them, we may experience inventory shortages. Inventory shortages might delay shipments to customers, reduce revenue, negatively impact customer relationships and diminish brand loyalty, which in turn could have a material adverse effect on our business, results of operations and financial condition.

Certain of our suppliers provide us with incentives and other assistance that reduce our operating costs, and any decline in these incentives and other assistance could materially harm our operating results.

Certain of our suppliers, including PAX Labs, provide us with trade credit or substantial incentives in the form of discounts, credits and cooperative advertising, among other benefits. We have agreements with many of our suppliers under which they provide us, or they have otherwise consistently provided us, with market price discounts to subsidize portions of our advertising, marketing and distribution costs based upon the amount of coverage we give to their respective products in our catalogs or other advertising and marketing mediums. Any termination or interruption of our relationships with one or more of these suppliers, or modification of the terms or discontinuance of our agreements or arrangements with these suppliers, could adversely affect our operating income and cash flow. For example, the incentives we receive from a particular supplier may be impacted by a number of events outside of our control, including acquisitions, divestitures, management changes or economic pressures affecting such supplier, any of which could materially affect or eliminate the incentives we receive from such supplier.

Our success is dependent in part upon our ability to distribute popular products from new suppliers, as well as the ability of our existing suppliers to develop and market products that meet changes in market demand or regulatory requirements.

Many of the products we sell are generally subject to rapid changes in marketplace demand or regulatory requirements. Our success is dependent, in part, upon the ability of our suppliers to develop and market products that meet these changes. Our success is also dependent on our ability to develop relationships with and sell products from new suppliers that address these changes in market demand or regulatory requirements. To the extent products that address recent changes are not available to us, or are not available to us in sufficient quantities or on acceptable terms, we could encounter increased competition, which would likely adversely affect our business, results of operations and financial condition.

We may not be able to maintain existing supplier relationships or exclusive distributor status with our suppliers, which may affect our ability to offer a broad selection of products at competitive prices and negatively impact our results of operations.

We purchase products for resale both directly from manufacturers and, on occasion, from other sources, all of whom we consider our suppliers. We also maintain certain exclusive relationships with several of our suppliers, which provide us with exclusive rights to distribute their products in certain geographic areas or sales channels, preferred pricing, training, support, preferred access and other significant benefits. In some cases, suppliers require us to meet certain minimum standards in order to retain these qualifications and our exclusive distributor status. If we do not maintain our existing relationships or exclusive distributor status, or if we fail to build new relationships with suppliers on acceptable terms, including our exclusive distribution rights, favorable pricing, manufacturer incentives or reseller qualifications, we may not be able to offer a broad selection of products or continue to offer products from these suppliers at competitive prices, or at all. From time to time, suppliers may be acquired by other companies, terminate our right to sell some or all of their products, modify or terminate our exclusive distributor or qualification status, change the applicable terms and conditions of sale or reduce or discontinue the incentives or supplier consideration that they offer us. Any termination or reduction of our exclusive distributor status with any of our major suppliers, or our failure to build new supplier relationships, could have a negative impact on our operating results. Further, some products may be subject to allocation by the supplier, which could limit the number of units of those products that are available to us and may adversely affect our operating results.

We do not have long-term contracts with most of our customers. The agreements that we do have generally do not commit our customers to any minimum purchase volume. The loss of a significant customer may have a material adverse effect on us.

Our customers generally place orders on an as-needed basis. Consistent with industry practice, we do not have long-term contracts with most of our customers, other than certain retail chains in Canada. In addition, our agreements generally do not commit our customers to any minimum purchase volume. Accordingly, we are exposed to risks from potential adverse financial conditions in the vaporization products and consumption accessories industry, a potentially shifting legal landscape, the general economy, a competitive landscape, a changing technological landscape or changing customer needs or any other change that may affect the demand for our products. We cannot assure you that our customers will continue to place orders with us in similar volumes, on the same terms, or at all. Our customers may terminate their relationships with us or reduce their purchasing volume at any time. Our ten largest customers, in the aggregate, represented approximately 11.5% and 8.4% of our net sales for the six-month periods ended June 30, 2018 and 2017, respectively, and 10.9% and 11.4% for the years ended December 31, 2017 and 2016, respectively. The loss of a significant number of customers, or a substantial decrease in a significant customer's orders, may have an adverse effect on our revenue.

Changes in our customer, product or competition mix could cause our product margin to fluctuate.

From time to time, we may experience changes in our customer mix, our product mix or our competition mix. Changes in our customer mix may result from geographic expansion or contractions, legislative or enforcement priority changes affecting the products we distribute, selling activities within current geographic markets and targeted selling activities to new customer sectors. Changes in our product mix may result from marketing activities to existing customers, the needs communicated to us from existing and prospective customers and from legislative changes. Changes in our competition mix may result from well-financed competitors entering into our business segment. If customer demand for lower-margin products increases and demand for higher-margin products decreases, our business, results of operations and financial condition may suffer.

Because a majority of our revenues are derived from sales to consumers indirectly through third-party retailers who operate traditional brick-and-mortar locations, the shift of sales to more online retail business could harm our market share and our revenues in certain sectors.

Our current B2B model includes selling our products through third-party retailers. These third-party retailers operate physical brick-and-mortar locations to sell our product to consumers. The current shift in purchasing demographics due to the changing preferences of consumers who are moving from in-store purchases of goods to online purchases creates the additional risks of our current revenue streams being impacted negatively and an overall decrease of market share.

Further, laws in some jurisdictions in which we operate could make collection of receivables difficult, time consuming or expensive. We generally do not require collateral in support of our trade receivables. While we maintain reserves for expected credit losses, we cannot assure these reserves will be sufficient to meet write-offs of uncollectible receivables or that our losses from such receivables will be consistent with our historical performance. Significant write-offs may affect our business, results of operations and financial condition. As we begin selling our products indirectly through large retailers, customer credit risks will expand.

Our ability to distribute certain licensed brands and to use or license certain trademarks may be terminated or not renewed.

We are reliant upon brand recognition in the markets in which we compete, as the industry is characterized by a high degree of brand loyalty and a reluctance of consumers to switch to substitute or unrecognizable brands. Some of the brands we distribute and the trademarks under which products are sold are licensed for a fixed period of time with regard to specified markets.

In the event that the licenses to use the brand names and trademarks for the products we distribute are terminated or are not renewed after the end of the term, there is no guarantee we or our suppliers will be able to find suitable replacement brands or trademarks, or that if a replacement is found, that it will be on favorable terms. Any loss in brand-name appeal to our existing customers as a result of the lapse or termination of our licenses or the licenses of our suppliers could have a material adverse effect on our business, results of operations and financial condition.

We may not be successful in maintaining the consumer brand recognition and loyalty of our products.

We compete in a market that relies on innovation and the ability to react to evolving consumer preferences. The vaporization products and consumption accessories industry, as well as the nicotine industries, are subject to changing consumer trends, demands and preferences. Therefore, products once favored may, over time, become disfavored by consumers or no longer perceived as the best option. Consumers in the vaporizer market have demonstrated a degree of brand loyalty, but suppliers must continue to adapt their products in order to maintain their status among customers as the market evolves. Our continued success depends in part on our ability and our supplier's ability to continue to differentiate the brand names we represent, own or license and maintain similarly high levels of recognition with target consumers. Trends within the vaporization products and consumption accessories industry change often and our failure to anticipate, identify or react to changes in these trends could, among other things, lead to reduced demand for our products. Factors that may affect consumer perception of our products include health trends and attention to health concerns associated with tobacco, nicotine, herbs, cannabis or other materials used with vaporizers, price-sensitivity in the presence of competitors' products or substitute products and trends in favor of new vaporization products or technology consumption accessories products that are currently being researched and produced by participants in our industry. For example, in recent years, we have witnessed a shift in consumer purchases from vaporizers designed for dry herbs to those utilizing cartridges containing liquids or wax type concentrates. A failure to react to similar trends in the future could enable our competitors to grow or establish their brands' market share in these categories before we have a chance to respond.

Regulations may be amended or enacted in the future that would make it more difficult to appeal to consumers or to leverage the brands that we distribute, own or license. Furthermore, even if we are able to continue to distinguish our products, there can be no assurance that the sales, marketing and distribution efforts of our competitors will not be successful in persuading consumers of our products to switch to their products. Some of our competitors have greater access to resources than we do, which better positions them to conduct market research in relation to branding strategies or costly marketing campaigns. Any loss of consumer brand loyalty to our products or in our ability to effectively brand our products in a recognizable way will have a material effect on our ability to continue to sell our products and maintain our market share, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to establish sustainable relationships with large retailers or national chains.

We expect to increase sales volume by establishing relationships with large retailers and national chains, particularly in Canada. In connection therewith, we may have to pay slotting fees based on the number of stores in which our products will be carried. We may not be able to develop these relationships or continue to maintain

relationships with large retailers or national chains. Our inability to develop and sustain relationships with large retailers and national chains may impede our ability to develop brand and product recognition and increase sales volume and, ultimately, require us to continue to rely on local and more fragmented sales channels, which may have a material adverse effect on our business, results of operations and financial condition. In addition, if we are unable to develop or maintain relationships with large retailers and national chains and such large retailers or national chains take market share from the smaller local and more fragmented sales channels, our business, results of operations and financial condition will be adversely impacted.

New products face intense media attention and public pressure.

Many of our vaporizers and other products are new to the marketplace. Since their introduction, certain members of the media, politicians, government regulators and advocacy groups, including independent doctors, have called for an outright ban of all electronic cigarettes pending regulatory review and a further demonstration of safety. A ban of this type would likely have the effect of terminating our sales and marketing efforts of certain products in jurisdictions in which we may currently market or have plans to market such products. Such a ban would also likely cause public confusion as to which vaporizer products are the subject of bans, which confusion could also have a material adverse effect on our business, results of operations and financial condition.

Our success depends, in part, on the quality and safety of our products, as well as the perception of quality and safety in the vaporization products and consumption accessories industry generally.

Our success depends, in part, on the quality and safety of the products we sell, including manufacturing issues and unforeseen product misuse. Even a single incident of product defect or misuse, whether relating to products sold by us or just to our industry generally, could result in significant harm to our reputation. If any of our products are found to be, or are perceived to be, defective or unsafe, or if they otherwise fail to meet our customers' standards, our relationship with our customers could suffer, our reputation or the appeal of our brands could be diminished, and we could lose market share and or become subject to liability claims, any of which could result in a material adverse effect on our business, results of operations and financial condition.

Damage to our reputation, or that of any of our key suppliers or their brands, could affect our business performance.

The success of our business depends in part upon the positive image that consumers have of the third-party brands we distribute. Incidents, publicity or events arising accidentally or through deliberate third-party action that harm the integrity or consumer support of our products could affect the demand for our products. Unfavorable media, whether accurate or not, related to our industry, to us, to our customers, or to the products we sell could negatively affect our corporate reputation, stock price, ability to attract high-quality talent, or the performance of our business. Negative publicity or commentary on social media outlets also could cause consumers to react rapidly by avoiding our products and brands or by choosing brands offered by our competitors, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to substantial and increasing regulation regarding the tobacco industry.

The tobacco industry, of which some of our vaporizer products are deemed to be a part, has been under public scrutiny for many years. Industry critics include special interest groups, the U.S. Surgeon General and many legislators and regulators at the state, federal and provincial levels. A wide variety of federal, state or provincial and local laws limit the advertising, sale and use of tobacco and these laws have proliferated in recent years. Together with changing public attitudes towards tobacco and nicotine consumption, the constant expansion of regulations has been a major cause of the overall decline in the consumption of tobacco products since the early 1970s. These regulations relate to, among other things, the importation of tobacco products and shipping throughout the North American market, increases in the minimum age to purchase tobacco products, imposition of taxes, sampling and advertising bans or restrictions, flavor bans or restrictions, ingredient and constituent disclosure requirements and media campaigns and restrictions on where tobacco can be consumed. Additional restrictions may be legislatively imposed or agreed to in the future. These limitations may make it difficult for us to maintain the sales levels of our regulated vaporizer products.

Moreover, the current trend is toward increasing regulation of the tobacco industry, which is likely to differ between the various U.S. states and Canadian provinces in which we currently conduct business. Extensive and inconsistent regulation by multiple states or provinces and at different governmental levels could prove to be particularly disruptive to our business as well, as we may be unable to accommodate such regulations in a cost-effective manner that will allow us to continue to compete in an economically-viable way. Tobacco regulations are often introduced without the tobacco industry's input and have been a significant reason behind reduced sales volumes and increased illicit trade in the tobacco industry. Such regulations also may impact our sales volumes to the extent they apply to the vaporizer products we sell.

On June 22, 2009, the Family Smoking Prevention and Tobacco Control Act (the "Tobacco Control Act") authorized the United States Food and Drug Administration (the "FDA") to regulate the tobacco industry and amended the Federal Cigarette Labeling and Advertising Act, which governs how cigarettes can be advertised and marketed. In addition to the FDA, we are subject to regulation by numerous other federal agencies, including the Federal Trade Commission, the Alcohol and Tobacco Tax and Trade Bureau, the Federal Communications Commission, the U.S. Environmental Protection Agency, the U.S. Department of Agriculture, U.S. Customs and Border Protection and the U.S. Center for Disease Control and Prevention's Office on Smoking and Health. There have also been adverse legislative and political decisions and other unfavorable developments concerning cigarette smoking and the tobacco industry, which have received widespread public attention. There can be no assurance as to the ultimate content, timing or effect of any regulation of tobacco or nicotine products by governmental bodies, nor can there be any assurance that potential corresponding declines in demand resulting from negative media attention would not have a material adverse effect on our business, results of operations and financial condition.

There is uncertainty related to the regulation of vaporization products and certain other consumption accessories. Increased regulatory compliance burdens could have a material adverse impact on our business development efforts and our operations.

United States

There is uncertainty regarding whether, in what circumstances, how and when the FDA will seek to enforce regulations under the Tobacco Control Act relative to vaporizer hardware and accessories that can be used to vaporize cannabis and other material, including electronic cigarettes, rolling papers and glassware, in light of the potential for dual use with tobacco.

The Tobacco Control Act, enacted in 2009, established, by statute, that the FDA has oversight over specific types of tobacco products (cigarettes, cigarette tobacco, roll-your-own ("RYO") tobacco, and smokeless tobacco) and granted the FDA the authority to "deem" other types of tobacco products as subject to the statutory requirements. In addition to establishing authority, defining key terminology, and setting adulteration and misbranding standards, the Tobacco Control Act established authority over tobacco products in a number of areas such as: submission of health information to the FDA; registration with the FDA; requirements prior to marketing products; good manufacturing practice requirements; tobacco product standards; notification, recall, corrections, and removals; records and reports; marketing considerations and restrictions; post-market surveillance and studies; labeling and warnings; and recordkeeping and tracking.

In December 2010, the U.S. Court of Appeals for the D.C. Circuit held that the FDA is permitted to regulate vaporizer devices containing tobacco-derived nicotine as "tobacco products" under the Tobacco Control Act.

In a final rule effective August 8, 2016, the FDA "deemed" all products that meet the Tobacco Control Act's definition of "tobacco product," including components and parts but excluding accessories of the newly deemed products, to be subjected to the tobacco control requirements of the Food, Drug, and Cosmetic Act and the FDA's implementing regulations. This includes among other things: products such as electronic cigarettes, electronic cigars, electronic hookahs, vape pens, vaporizers and e-liquids and their components or parts (such as tanks, coils and batteries) (Electronic Nicotine Delivery Systems or "ENDS").

The FDA's interpretation of components and parts of a tobacco product includes any assembly of materials intended or reasonably expected to be used with or for the human consumption of a tobacco product.

In a 2017 decision of the D.C. Circuit court, the court upheld the FDA's authority to regulate ENDS even though they do not actually contain tobacco, and even if the products could be used with nicotine-free e-liquids.

The Tobacco Control Act and implementing regulations restrict the way tobacco product manufacturers, retailers, and distributors can advertise and promote tobacco products, including a prohibition against free samples or the use of vending machines, requirements for presentation of warning information, and age verification of purchasers.

Newly-deemed tobacco products are also subject to the other requirements of the Tobacco Control Act, such as that they not be adulterated or misbranded. The FDA has been directed under the Tobacco Control Act to establish specific good manufacturing practice ("GMP") regulations for tobacco products, and could do so in the future, which could have a material adverse impact on the ability of some of our suppliers to manufacture, and the cost to manufacture, certain of our products. Even in the absence of specific GMP regulations, a facility's failure to maintain sanitary conditions or to prevent contamination of products could result in the FDA deeming the products produced there adulterated.

In light of the laws noted above, we anticipate that authorizations will be necessary in order for us to continue our distribution of certain vaporizer hardware and accessories that can be used to vaporize cannabis and other material. Tobacco Control Act compliance dates vary depending upon type of application submitted, but all newly-deemed products that were marketed before August 8, 2016 will require an application no later than August 8, 2021, for "combustible" products (e.g. cigar and pipe) and August 8, 2022, for "non-combustible" products (e.g. vapor products) with the exception of "grandfathered" products (products in commerce as of February 15, 2007) that are already authorized, unless the FDA grants extensions to these compliance periods. Since there were virtually no e-liquid, e-cigarettes or other vaping products on the market as of February 15, 2007, there is no way to utilize the less onerous substantial equivalence or substantial equivalence exemption pathways that traditional tobacco corporations can utilize. Products entering the market after August 8, 2016 are not covered by the FDA compliance policy described above, and will be subject to enforcement if marketed without authorization.

We expect our suppliers to timely file for the appropriate authorizations to allow us to sell their products in the U.S. We have no assurances that the outcome of such processes will result in these products receiving marketing authorizations from the FDA. If the FDA establishes regulatory processes that our suppliers are unable or unwilling to comply with, our business, results of operations, financial condition and prospects could be adversely affected.

The anticipated costs to our suppliers of complying with future FDA regulations will be dependent on the rules issued by the FDA, the timing and clarity of any new rules or guidance documents accompanying these rules, the reliability and simplicity (or complexity) of the electronic systems utilized by the FDA for information and reports to be submitted, and the details required by the FDA for such information and reports with respect to each regulated product (which have yet to be issued by the FDA). Any failure to comply with existing or new FDA regulatory requirements could result in significant financial penalties to us or our suppliers, which could ultimately have a material adverse effect on our business, results of operations, financial condition and ability to market and sell our products. Compliance and related costs could be substantial and could significantly increase the costs of operating in the vaporization products and certain other consumption accessories markets.

In addition, failure to comply with the Tobacco Control Act and with FDA regulatory requirements could result in litigation, criminal convictions or significant financial penalties and could impair our ability to market and sell some of our vaporizer products. At present, we are not able to predict whether the Tobacco Control Act will impact our business to a greater degree than competitors in the industry, thus affecting our competitive position.

It has not been conclusively determined whether the Prevent All Cigarette Trafficking Act or the Federal Cigarette Labeling and Advertising Act currently apply to vaporization products and certain other consumption accessories. At the state level, over 25 states have implemented statewide regulations that prohibit vaping in public places. Some cities have also implemented more restrictive measures than their state counterparts, such as San Francisco, which in June 2018, approved a new ban on the sale of flavored tobacco products, including vaping liquids and menthol cigarettes. There may, in the future, also be increased regulation of additives in smokeless products and internet sales of vaporization products and certain other consumption accessories. The application of either or both of these federal laws, and of any new laws or regulations which may be adopted in the future at a state, provincial or local level, to vaporization products, consumption accessories or such additives could result in additional expenses and require us to change our advertising and labeling, and methods of marketing and distribution of our products, any of which could have a material adverse effect on our business, results of operations and financial condition.

Canada

On May 23, 2018, the Tobacco and Vaping Products Act ("TVPA") became effective, and now governs the manufacture, sale, labeling and promotion of vaping products sold in Canada. The TVPA replaced the former Tobacco Act (Canada) and establishes a legislative framework that applies to vaping products, whether or not they contain nicotine. While the TVPA prescribes high-level requirements in relation to vaping products, the Government of Canada has yet to implement regulations that will ultimately address the standards, testing methods, reporting requirements, packaging and labeling requirements, and other obligations with which vaping products will be required to comply. Accordingly, absent any such regulations, there is a lack of visibility as to the specific compliance regime that will apply to vaping products in the future. As such, there can be no assurance that we will initially be in total compliance, remain competitive, or financially able to meet future requirements administered pursuant to the TVPA.

Prior to the TVPA becoming effective, Health Canada had taken the position that electronic smoking products (i.e., electronic products for the vaporization and administration of inhaled doses of nicotine, including electronic cigarettes, cigars, cigarillos and pipes, as well as cartridges of nicotine solutions and related products) fell within the scope of the Food and Drugs Act (Canada) ("Food and Drugs Act").

It is not presently clear what implications the enactment of the TVPA will have for Health Canada's role in authorizing vaping products, or on the degree to which it will remain subject to the provisions of Food and Drugs Act. Currently, vaping products with therapeutic or health-related claims are subject to the Food and Drugs Act and related regulations. Until regulations are published and enacted pursuant to the TVPA, a significant degree of uncertainty will remain with respect to compliance landscape for vaping products.

Some of the products we sell contain nicotine, which is considered to be a highly-addictive substance, or other chemicals that some jurisdictions have determined to cause cancer and birth defects or other reproductive harm.

Some of our products, like the JUUL nicotine vaporizers, contain nicotine, a chemical that is considered to be highly addictive. The Tobacco Control Act empowers the FDA to regulate the amount of nicotine found in tobacco products, but not to require the reduction of nicotine yields of a tobacco product to zero. In addition, the State of California has determined that some chemicals found in certain vaporizers cause cancer and birth defects or other reproductive harm. Federal, state or provincial regulations, whether of nicotine levels or other product attributes, may require us to reformulate, recall and/or discontinue certain of the products we may sell from time to time, which may have a material adverse effect on our ability to market our products and have a material adverse effect on our business, results of operations and financial condition.

The FDA has recently expressed growing concern about the popularity of JUUL products among youth, and regulatory actions may impact our ability to sell these products in the U.S. or online.

On April 24, 2018, the FDA issued a letter to JUUL Labs requesting documents relating to marketing practices and research on marketing, effects of product design, public health impact, and adverse experiences and complaints related to JUUL products. All information for this request was to be received by the FDA no later than June 19, 2018. FDA Commissioner Scott Gottlieb, M.D. issued an FDA statement on April 24, 2018 announcing that the FDA has been conducting a large-scale, undercover nationwide action to crack down on the sale of e-cigarettes, specifically JUUL products, to minors at both brick-and-mortar and online retailers. The FDA indicated that this action had already revealed numerous violations of the law, and that as a result of these and other identified instances of the sale of JUUL products to minors, the FDA was issuing warning letters and civil penalties and fines. The FDA also advised that it had contacted retailers such as 7-Eleven, Circle K, AM/PM Arco, Walgreens and other national or regional stores regarding concerns about the sale of these products to minors and to online retailers, such as eBay, regarding concerns over listings of JUUL products on its website.

In the largest coordinated enforcement effort in the FDA's history, the agency subsequently issued more than 1,300 warning letters and civil fines to retailers who illegally sold JUUL and other e-cigarettes to minors during a nationwide, undercover blitz of brick-and-mortar and online stores. It has been widely reported that in October 2018, the FDA seized more than a thousand pages of documents from JUUL Labs related to its sales and marketing practices. The FDA also stated that it could remove their products from the market if JUUL Labs and its manufacturers fail to halt sales to minors. It also raised the possibility of civil or criminal charges if companies, such as JUUL Labs or its distributors and re-sellers, are allowing bulk sales through websites and other online purchases.

As JUUL Labs is one of our key suppliers, any regulatory action by the FDA that affects the sale or distribution of such products may have a material adverse effect on our business, results of operations and financial condition.

Significant increases in state and local regulation of our vaporizer products have been proposed or enacted and are likely to continue to be proposed or enacted in numerous jurisdictions.

There has been increasing activity on the state, provincial and local levels with respect to scrutiny of vaporizer products. State and local governmental bodies across the U.S. have indicated that vaporization products and certain other consumption accessories may become subject to new laws and regulations at the state and local levels. For example, in January 2015, the California Department of Health declared electronic cigarettes and certain other vaporizer products a health threat that should be strictly regulated like tobacco products. Further, some states and cities, including the State of Iowa, have enacted regulations that require retailers to obtain a tobacco retail license in order to sell electronic cigarettes and vaporizer products. Many states, provinces and some cities have passed laws restricting the sale of electronic cigarettes and certain other vaporizer products. If one or more states or provinces from which we generate or anticipate generating significant sales of vaporizer products bring actions to prevent us from selling our vaporizer products unless we obtain certain licenses, approvals or permits, and if we are not able to obtain the necessary licenses, approvals or permits for financial reasons or otherwise and/or any such license, approval or permit is determined to be overly burdensome to us, then we may be required to cease sales and distribution of our products to those states, which could have a material adverse effect on our business, results of operations and financial condition.

Certain states, provinces and cities have already restricted the use of electronic cigarettes and vaporizer products in smoke-free venues. Additional city, state, provincial or federal regulators, municipalities, local governments and private industry may enact rules and regulations restricting the use of electronic cigarettes and vaporizer products in those same places where cigarettes cannot be smoked. Because of these restrictions, our customers may reduce or otherwise cease using our vaporization products or certain other consumption accessories, which could have a material adverse effect on our business, results of operations and financial condition.

Certain provinces of Canada have passed or propose to pass legislation which will restrict the extent to which e-cigarettes, e-liquid and other vaping products may be displayed or sold. The Electronic Cigarettes Act (Ontario), for example, restricts the sale of e-cigarettes, e-liquid and other vaping products in stores that sell tobacco products. Additionally, the Electronic Cigarettes Act (Ontario) restricts the display of e-cigarettes, e-liquid and other vaping products from outside a place in which such products are sold. These regulations and future regulations could have a material adverse effect on our business, results of operations and financial condition.

Based on regulations surrounding health-related concerns related to the use of some of our vaporizer products, especially e-cigarettes and those used for tobacco and nicotine intake, possible new or increased taxes by government entities to reduce use of our products or to raise revenue, additional governmental regulations concerning the marketing, labeling, packaging or sale of some of our products, negative publicity resulting from actual or threatened legal actions against us or other companies in our industry, all may reduce demand for, or increase the cost of, certain of our products, which could adversely affect our profitability and ultimate success.

Our business depends partly on continued purchases by businesses and individuals selling or using cannabis pursuant to state laws in the United States or Canadian and provincial laws.

Because some of our B2C customers use some of the items that we sell to consume cannabis and some of our B2B customers operate in the legal national and state cannabis industry, our business depends partly on federal, state, provincial and local laws, regulations, guidelines and enforcement pertaining to cannabis. In both the United States and Canada, those factors are in flux.

United States

Currently, in the United States, 31 states and the District of Columbia permit some form of whole-plant cannabis cultivation, sales, and use for certain medical purposes ("medical states"). Nine of those states and the District of Columbia have also legalized cannabis for adults for non-medical purposes (sometime referred to as recreational use). Fifteen additional states have legalized low-tetrahydrocannabinol ("THC")/high-cannabidiol ("CBD") extracts for select medical conditions ("CBD states"). Several CBD states are considering legalizing medical cannabis, and several medical states may extend legalization to adult use.

The states' cannabis programs have proliferated and grown even though the cultivation, sale and possession of cannabis is considered illegal under U.S. federal law. Under the CSA, cannabis is a Schedule I drug, meaning that the Drug Enforcement Administration recognizes no accepted medical use for cannabis, and the substance is considered illegal under federal law.

In an effort to provide guidance to U.S. Attorneys' offices regarding the enforcement priorities associated with cannabis in the U.S., the U.S. Department of Justice (the "DOJ") has issued a series of memoranda detailing its suggested enforcement approach. During the administration of former President Obama, each memorandum acknowledged the DOJ's authority to enforce the CSA in the face of state laws, but noted that the DOJ was more committed to using its limited investigative and prosecutorial resources to address the most significant threats associated with cannabis in the most effective, consistent, and rational way.

On August 29, 2013, the DOJ issued what came to be called the "Cole Memorandum," which gave U.S. Attorneys the discretion not to prosecute federal cannabis cases that were otherwise compliant with applicable state law that had legalized medical or adult-use cannabis and that have implemented strong regulatory systems to control the cultivation, production, and distribution of cannabis. The eight federal priorities were preventing:

- The distribution of cannabis to minors;
- Revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels;
- The diversion of cannabis from states where it is legal under state law in some form to other states;
- State-authorized cannabis activities from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Violence and the use of firearms in the cultivation and distribution of cannabis;
- Drugged driving and exacerbation of other adverse public health consequences associated with cannabis use;
- Growing cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and
- Cannabis possession or use on federal property.

Accordingly, the Cole Memorandum provided lawful cannabis-related enterprises a tacit federal go-ahead in states with legal cannabis programs, provided that the state had adopted and was enforcing strict regulations and oversight of the medical or adult-use cannabis program in.

In March 2017, the newly-appointed Attorney General Jeff Sessions, while acknowledging limited federal resources and that much of the Cole Memorandum had merit, asserted that the previous administration had not implemented enforcement of the Cole Memorandum effectively. On January 4, 2018, however, Attorney General Jeff Sessions issued a memorandum (the "Sessions Memorandum") that rescinded previous DOJ guidance on the state-legal cannabis industry, including the Cole Memorandum. Attorney General Sessions wrote that the previous guidance on cannabis law enforcement was unnecessary and that U.S. federal prosecutors should adhere to traditional principles of federal prosecution in determining whether to pursue or decline to pursue the cannabis-related industry. In particular, he referred to the U.S. Attorneys' Manual, section 9-27.230, "Initiating and Declining Charges," which directs each individual U.S. Attorney to focus on factors such as (1) the nature and seriousness of the offense, (2) the deterrent effect of prosecution, and (3) the personal culpability and history of the target. Similar to the principles outlined in the Cole Memorandum, in recognition of the limited resources of the

U.S. federal government, current guidance directs federal prosecutors to focus on those enforcement efforts that are both most deserving of federal attention and are most likely to be handled most effectively at the federal, as opposed to the state level. As a result of the Sessions Memorandum, federal prosecutors may now be free to utilize their prosecutorial discretion to decide whether to prosecute even state-legal adult-use cannabis activities. Most U.S. Attorneys issued no response to the change in guidance. A few U.S. Attorneys have stated that the change will not lead them to prosecute persons or entities acting in compliance with state cannabis laws. While a few originally refused to assure states that they would not pursue such prosecution, most of those clarified that they will not pursue licensed entities that operate in compliance with state law, but may prosecute non-compliant entities.

Most recently, President Trump promised to support federal legislation that would defer to states that have legalized cannabis (in other words, if a state legalized cannabis, cannabis in that state would not be federally illegal). Although bills that would accomplish that are pending, there is no way to determine if they will pass in Congress or ultimately receive the President's support.

Companies strictly complying with state medical cannabis law are more formally protected against federal enforcement against those activities. Specifically, the Rohrabacher-Blumenauer Amendment to the Omnibus Spending Bill prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level. Courts have interpreted the provision to mean that federal prosecutors may not prosecute entities or individuals strictly complying with state medical cannabis laws. Without further legislative activity, that protection expires on December 7, 2018, although industry observers expect Congress to extend the provision beyond that date. If the protection expired, prosecutors could prosecute illegal activity that occurred during the statute of limitations, even if the protection was pending at the time of the activity. Over the last several years, including during the administration of President Trump, federal prosecutors have not brought cases against entities or persons complying with state medical or adult use laws.

Until Congress amends the CSA or the executive branch de-schedules or reschedules cannabis under it, or Congress otherwise enacts laws or regulations that legalize or decriminalize cannabis or at least conduct that is legal under state laws, there is a risk that U.S. federal authorities may enforce current U.S. federal law even in the face of otherwise compliant businesses at the state level. Enforcement of the CSA by U.S. federal authorities could have a direct and adverse impact on our revenue and earnings, and could adversely affect our business, financial condition and results of operations. The risk of strict U.S. federal enforcement of the CSA in light of congressional activity, judicial holdings and stated U.S. federal policy, including enforcement priorities, remains uncertain.

Canada

On December 13, 2016, the Task Force on Cannabis Legalization and Regulation, which was established by the Canadian Federal Government to seek input on the design of a new system to legalize, strictly regulate and restrict access to cannabis, published its report outlining its recommendations. On April 13, 2017, the Government of Canada introduced Bill C-45, *which proposed the enactment of the Cannabis Act to legalize and regulate access to cannabis. The Cannabis Act proposed a strict legal framework for controlling the production, distribution, sale and possession of medical and recreational adult-use cannabis in Canada. On June 21, 2018, the Government of Canada announced that Bill C-45, received Royal Assent. On July 11, 2018, the Government of Canada published the Cannabis Regulations under the Cannabis Act. The Cannabis Regulations provide more detail on the medical and recreational regulatory regimes for cannabis, including regarding licensing, security clearances and physical security requirements, product practices, outdoor growing, security, packaging and labelling, cannabis-containing drugs, document retention requirements, reporting and disclosure requirements, the new access to cannabis for medical purposes regime and industrial hemp. The majority of the Cannabis Act and the Cannabis Regulations came into force on October 17, 2018.*

While the Cannabis Act provides for the regulation by the federal government of, among other things, the commercial cultivation and processing of cannabis for recreational purposes, it provides the provinces and territories of Canada with the authority to regulate in respect of the other aspects of recreational cannabis, such as distribution, sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes. Most provinces and territories have announced a minimum age of 19 years old, except for Québec and Alberta, where the minimum age will be 18. Certain provinces,

such as Ontario, have legislation in place that restricts the packaging of vapor products and the manner in which vapor products are displayed or promoted in stores.

The Cannabis Act is a new regime that has no close precedent in Canadian law. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition and results of operations.

We are subject to legislative uncertainty which could slow or halt the legalization and use of cannabis, which could negatively affect our business.

Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level, as well as the U.S. government's continued non-enforcement of federal cannabis laws against state law compliant cannabis businesses. Any number of factors could slow or halt progress in this area. Further, progress, while generally expected, is not assured. Some industry observers believe that well-funded interests, including businesses in the alcohol beverage and the pharmaceutical industries, may have a strong economic opposition to the continued legalization of cannabis. The pharmaceutical industry, for example, is well funded with a strong and experienced lobby that eclipses the funding of the medical cannabis movement. Any inroads legalization opponents could make in halting the impending cannabis industry could have a detrimental impact on our business. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of those factors could slow or halt the continued legalization and use of cannabis, which would negatively impact our business.

While we believe that our business and sales do not violate the Federal Paraphernalia Law, legal proceedings alleging violations of such law or changes in such law or interpretations thereof could adversely affect our business, financial condition or results of operations.

Under U.S. Code Title 21 Section 863 (the "Federal Paraphernalia Law"), the term "drug paraphernalia" means "any equipment, product or material of any kind which is primarily intended or designed for use in manufacturing, compounding, converting, concealing, producing, processing, preparing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance." That law exempts "(1) any person authorized by local, State, or Federal law to manufacture, possess, or distribute such items" and "(2) any item that, in the normal lawful course of business, is imported, exported, transported, or sold through the mail or by any other means, and traditionally intended for use with tobacco products, including any pipe, paper, or accessory." Any non-exempt drug paraphernalia offered or sold by any person in violation of the Federal Paraphernalia Law can be subject to seizure and forfeiture upon the conviction of such person for such violation, and a convicted person can be subject to fines under the Federal Paraphernalia Law and even imprisonment.

We believe our sales do not violate the Federal Paraphernalia Law in any material respect. First, we understand that substantially all of the products we offer and sell were and are not primarily intended or designed for any purpose not permitted by the Federal Paraphernalia Law. Indeed, most of the manufacturers whose products we sell disclaim that the products are for use with cannabis. Second, we restrict the sale of certain products – those that may have been primarily intended or designed for use with cannabis, are not normally and lawfully used with or as tobacco or nicotine products, but seem to have grown in popularity by consumers of cannabis sold in the state regulated industry — to comply with the Federal Paraphernalia Law's exemption for sales authorized by state law. In particular, we (a) do not sell those products at all into the six states that have maintained complete or near complete cannabis prohibition and (b) limit the sale of those products to licensed dispensaries and entities, such as licensed cultivators or manufacturers, and sell only to licensed dispensaries in the 12 states, and Washington, D.C., that authorize sales of cannabis paraphernalia only through state-licensed dispensaries. Third, we have been in business for many years without facing even threatened legal action under the Federal Paraphernalia Law.

While we believe that our business and sales are legally compliant with the Federal Paraphernalia Law in all material respects, any legal action commenced against us under such law could result in substantial costs and could have an adverse impact on our business, financial condition or results of operations. In addition, changes in cannabis laws or interpretations of such laws are difficult to predict, and could significantly affect our business.

Because our business is dependent, in part, upon continued market acceptance of cannabis by consumers, any negative trends will adversely affect our business operations.

We are dependent on public support, continued market acceptance and the proliferation of consumers in the legal cannabis markets. While we believe that the market and opportunity in the space continue to grow, we cannot predict the future growth rate or size of the market. Any downturns in, or negative outlooks on, the cannabis industry may adversely affect our business and financial condition.

We may become involved in regulatory or agency proceedings, investigations and audits.

Our business, and the business of the suppliers from which we acquire the products we sell, requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject us or such suppliers to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. We or such suppliers may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm our reputation or the reputations of the brands that we sell, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on our business, financial condition and results of operations.

There can be no assurance that the legalization of recreational cannabis by the Government of Canada will occur and the legislative framework pertaining to the Canadian adult-use cannabis market is uncertain.

On December 13, 2016, the Task Force that was established by the Canadian Federal Government to seek input on the design of a new system to legalize, strictly regulate and restrict access to cannabis, published its report outlining its recommendations. On April 13, 2017, the Government of Canada introduced Bill C-45, which proposed the enactment of the Cannabis Act to legalize and regulate access to cannabis. The Cannabis Act proposed a strict legal framework for controlling the production, distribution, sale and possession of medical and recreational adult-use cannabis in Canada. On June 21, 2018, the Government of Canada announced that Bill C-45, received Royal Assent. On July 11, 2018, the Government of Canada published the Cannabis Regulations under the Cannabis Act. The Cannabis Regulations provide more detail on the medical and recreational regulatory regimes for cannabis, including regarding licensing, security clearances and physical security requirements, product practices, outdoor growing, security, packaging and labelling, cannabis-containing drugs, document retention requirements, reporting and disclosure requirements, the new access to cannabis for medical purposes regime and industrial hemp. The majority of the Cannabis Act and the Cannabis Regulations came into force on October 17, 2018.

The governments of every Canadian province and territory have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes. Most provinces and territories have announced a minimum age of 19 years old, except for Québec and Alberta, where the minimum age will be 18. Certain provinces, such as Ontario, have legislation in place that restricts the packaging of vapor products and the manner in which vapor products are displayed or promoted in stores.

The Cannabis Act is a new regime that has no close precedent in Canadian law. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition and results of operations. There is no guarantee that the Cannabis Act or provincial legislation regulating the distribution and sale of cannabis for recreational purposes will not be amended or revoked, or that any such legislation, will create the growth opportunities that we currently anticipate.

Laws and regulations affecting the cannabis industry are constantly changing.

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect our operations. As a newer industry, local, state, provincial and federal laws regarding medical and non-medical cannabis are frequently changing to adapt to and address issues as they arise in the industry. Local, state, provincial and federal medical cannabis laws and regulations are broad in scope and subject to substantive change as well as changing interpretations. These changes may require us to incur substantial costs associated with legal and compliance fees and ultimately require us to alter our business plan. Furthermore, violations of these laws, or alleged violations, could disrupt our business and result in a material adverse effect on our operations. In addition, we cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to our business.

We and our customers may have difficulty accessing the service of banks, which may make it difficult for us and for them to sell our products.

Financial transactions involving proceeds generated by cannabis-related activities can form the basis for prosecution under the U.S. federal money laundering statutes, unlicensed money transmitter statutes and the U.S. Bank Secrecy Act. Guidance issued by FinCEN clarifies how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. Furthermore, since the rescission by U.S. Attorney General Jeff Sessions on January 4, 2018 of the Cole Memorandum, U.S. federal prosecutors have had greater discretion when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. As a result, given these risks and their own related disclosure requirements, some banks remain hesitant to offer banking services to cannabis-related businesses. Consequently, those businesses involved in the cannabis industry continue to encounter difficulty establishing banking relationships. While we do not presently have challenges with our banking relationships, should we have an inability to maintain our current bank accounts, or the inability of our more significant customers to maintain their current banking relationships, it would be difficult for us to operate our business, may increase our operating costs, could pose additional operational, logistical and security challenges and could result in our inability to implement our business plan.

Increases in tobacco-related taxes have been proposed or enacted and are likely to continue to be proposed or enacted in numerous jurisdictions.

Tobacco products, premium cigarette papers and tubes have long been subject to substantial federal, state, provincial and local excise taxes. Such taxes have frequently been increased or proposed to be increased, in some cases significantly, to fund various legislative initiatives or further disincentivize smoking. Since 1986, smokeless products have been subject to federal excise tax. Smokeless products are taxed by weight (in pounds or fractional parts thereof) manufactured or imported.

Since the State Children's Health Insurance Program ("S-CHIP") reauthorization in early 2009, which utilizes, among other things, taxes on tobacco products to fund health insurance coverage for children, the federal excise tax increases adopted have been substantial and have materially reduced sales in the RYO/make your own ("MYO") cigarette smoking products market, and also caused volume declines in other markets. Although the RYO/MYO cigarette smoking tobacco and related products market had been one of the fastest growing markets in the tobacco industry in the five years prior to 2009, the reauthorization of S-CHIP increased the federal excise tax on RYO tobacco from $1.10 to $24.78 per pound, and materially reduced the MYO cigarette smoking tobacco market in the U.S. There have not been any increases announced since 2009, but we cannot guarantee that we will not be subject to further increases, nor whether any such increases will affect prices in a way that further deters consumers from purchasing certain of our products and/or affects our net revenues in a way that renders us unable to compete effectively.

In addition to federal excise taxes, every state and certain city and county governments have imposed substantial excise taxes on sales of tobacco products, and many have raised or proposed to raise excise taxes in recent years, including Arkansas, Kansas, Louisiana, Minnesota, Nevada, Ohio, Vermont, Oregon, Indiana, Kentucky and Rhode Island. Tax increases, depending on their parameters, may result in consumers switching between tobacco products or depress overall tobacco consumption, which is likely to result in declines in overall sales volumes in certain of our products.

Any future enactment of increases in federal, provincial or state excise taxes on our tobacco products or rulings that certain of our products should be categorized differently for excise tax purposes could adversely affect demand for our products and may result in consumers switching between tobacco products or a depression in overall tobacco consumption, which would have a material adverse effect on our business, results of operations and financial condition.

If our vaporizer products become subject to increased taxes it could adversely affect our business.

Supply to our customers is sensitive to increased sales taxes and economic conditions affecting their disposable income. Discretionary consumer purchases, such as of vaporization products and consumption accessories, may decline during recessionary periods or at other times when disposable income is lower and taxes may be higher.

Presently, the sale of vaporization products and certain other consumption accessories is, in certain jurisdictions, subject to federal, state, provincial and local excise taxes like the sale of conventional cigarettes or other tobacco products, all of which generally have high tax rates and have faced significant increases in the amount of taxes collected on their sales. Other jurisdictions are contemplating similar legislation and other restrictions on electronic cigarettes and certain other vaporizer products. Should federal, state, provincial and local governments and/or other taxing authorities begin or continue to impose excise taxes similar to those levied against conventional cigarettes and tobacco products on vaporization products or consumption accessories, it may have a material adverse effect on the demand for those products, as consumers may be unwilling to pay the increased costs, which in turn could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to increasing international control and regulation.

The World Health Organization's Framework Convention on Tobacco Control ("FCTC") is the first international public health treaty that establishes a global agenda to reduce initiation of tobacco use and regulate tobacco in an effort to encourage tobacco cessation. Over 170 governments worldwide have ratified the FCTC, including Canada. The FCTC has led to increased efforts to reduce the supply of and demand for tobacco products and to encourage governments to further regulate the tobacco industry. The tobacco industry and others expect significant regulatory developments to take place over the next few years, driven principally by the FCTC.

If the U.S. becomes a signatory to the FCTC and/or national laws are enacted in the U.S. that reflect the major elements of the FCTC, our business, results of operations and financial condition could be materially and adversely affected. In addition, if any of our vaporization products or consumption accessories become subject to one or more of the significant regulatory initiatives proposed under the FCTC or any other international treaty, our business, results of operations and financial condition may also be materially adversely affected.

We currently distribute in select international markets and as part of our strategy, we anticipate further international expansions. Future expansions may subject us to additional or increasing international regulation, either by that country's legal requirements or through international regulatory regimes, such as the FCTC, to which those countries may be signatories.

Some Canadian provinces have restricted sales and marketing of electronic cigarettes, and other provinces are in the process of passing similar legislation. Furthermore, some Canadian provinces have limited the use of vaporizer products and electronic cigarettes in public places. As a result, we are unable to market these products in the relevant parts of Canada. These measures, and any future measures taken to limit the marketing, sale and use of vaporization products or other consumption accessories may have a material adverse effect on our business, results of operations and financial condition.

To the extent our existing or future products become subject to international regulatory regimes that we are unable to comply with or fail to comply with, they may have a material adverse effect on our business, results of operations and financial condition.

We face intense competition and may fail to compete effectively.

The vaporization products and consumption accessories industry is characterized by brand recognition and loyalty, with product quality features, price, marketing and packaging constituting the primary methods of

competition. Substantial marketing support, merchandising display, competitive pricing and other financial incentives generally are required to introduce a new brand or to improve or maintain a brand's market position. Our principal competitors may be significantly larger than us and aggressively seek to limit the distribution or sale of our products.

Competition in the vaporization products and consumption accessories industry is particularly intense, and the market is highly fragmented. In addition, some competitors still have the ability to access sales channels through the mail, which is no longer available to us and may place us at a competitive disadvantage.

"Big tobacco" is continuing to establish its presence in the vaporization products and consumption accessories market. There can be no assurance that our products will be able to compete successfully against these companies or any of our other competitors, some of which have far greater resources, capital, experience, market penetration, sales and distribution channels than us. In addition, if large online retailers such as Amazon establish their presence in the vaporization products and consumption accessories market, our B2C internet business may be harmed. Competitors, including "big tobacco" and large online retailers, may also have more resources than us for advertising, which could have a material adverse effect on our ability to build and maintain market share, and thus have a material adverse effect on our business, results of operations and financial condition.

Our narrow margins may magnify the impact of variations in operating costs and of adverse or unforeseen events on operating results.

We are subject to intense price competition. As a result, our gross and operating margins have historically been narrow, and we expect them to continue to be narrow. Narrow margins magnify the impact of variations in operating costs and of gross margin and of unforeseen adverse events on operating results. Future increases in costs, such as the cost of merchandise, wage levels, shipping rates, import duties and fuel costs, may negatively impact our margins and profitability. We are not always able to raise the sales price to offset cost increases or to effect increased operating efficiencies in response to increasing costs. If we are unable to maintain our margins in the future, it could have a material adverse effect on our business, results of operations and financial condition. If we become subject to increased price competition in the future, we cannot assure you that we will not lose market share, that we will not be forced to reduce our prices and further reduce our margins, or that we will be able to compete effectively.

Additionally, promotional activities can significantly increase net sales in the periods in which it is initiated and net sales can be adversely impacted in the periods after a promotion. Accordingly, based upon the timing of our marketing and promotional initiatives, we have and may continue to experience significant variability in our month-to-month results, which could affect our ability to formulate strategies that allow us to maintain our market presence across volatile months. If our monthly sales fluctuations obscure our ability to track important trends in our key markets, it may have a material adverse effect on our business, results of operations and financial condition.

We experience variability in our net sales and net income on a quarterly basis as a result of many factors.

We experience variability in our net sales and net income on a quarterly basis as a result of many factors. These factors include:

- the relative mix of vaporization products and consumption accessories sold during the period;
- the general economic environment and competitive conditions, such as pricing;
- the timing of procurement cycles by our customers;
- seasonality in customer spending and demand for products we provide;
- variability in supplier programs;
- the introduction of new and upgraded products;
- changes in prices from our suppliers;
- trade show attendance;
- promotions;
- the loss or consolidation of significant suppliers or customers;

- our ability to control costs;
- the timing of our capital expenditures;
- the condition of our industry in general;
- any inability on our part to obtain adequate quantities of products;
- delays in the release by suppliers of new products and inventory adjustments;
- delays in the release of imported products by customs authorities;
- our expenditures on new business ventures and acquisitions;
- performance of acquired businesses;
- adverse weather conditions that affect supply or customer response;
- distribution or shipping to our customers; and
- geopolitical events.

Our planned operating expenditures each quarter are based on sales forecasts for the quarter. If our sales do not meet expectations in any given quarter, our operating results for the quarter may be materially adversely affected. Our narrow margins may magnify the impact of these factors on our operating results. We believe that period-to-period comparisons of our operating results are not necessarily a good indication of our future performance. In addition, our results in any quarterly period are not necessarily indicative of results to be expected for a full fiscal year. In future quarters, our operating results may be below the expectations of public market analysts or investors and, as a result, the market price of our Class A common stock could be materially adversely affected.

Product defects could increase our expenses, damage our reputation or expose us to liability.

We may not be able to adequately address product defects. Product defects in vaporizers and other accessories may harm the health or safety of our end-consumers. In addition, remedial efforts could be particularly time-consuming and expensive if product defects are only found after we have sold the defective product in volume. Any actual or perceived defects in our products could result in unsold inventory, product recalls, repairs or replacements, damage to our reputation, increased customer service costs and other expenses, as well as divert management attention and expose us to liabilities. Furthermore, a product liability claim brought against us by our customers or end-consumers could be time-consuming and costly to defend and, if successful, could require us to make significant payments.

Contamination of, or damage to, our products could adversely impact sales volume, market share and profitability.

Our market position may be affected through the contamination of our products, as well as the material used during the manufacturing processes of the products we sell, or at different points in the entire supply chain. We keep significant amounts of inventory of our products in warehouses and it is possible that this inventory could become contaminated prior to arrival at our premises or during the storage period. If contamination of our inventory or packaged products occurs, whether as a result of a failure in quality control by us or by one of our suppliers, we may incur significant costs in replacing the inventory and recalling products. We may be unable to meet customer demand and may lose customers who purchase alternative brands or products. In addition, consumers may lose confidence in the affected product.

Under the terms of our contracts, we generally impose requirements on our suppliers to maintain quality and comply with product specifications and requirements, and with all federal, state and local laws. Our suppliers, however, may not continue to produce products that are consistent with our standards or that are in compliance with applicable laws, and we cannot guarantee that we will be able to identify instances in which our suppliers fail to comply with our standards or applicable laws. A loss of sales volume from a contamination event may occur, and such a loss may affect our ability to supply our current customers and to recapture their business in the event they are forced to switch products or brands, even if on a temporary basis. We may also be subject to legal action as a result of a contamination, which could result in negative publicity and affect our sales. During this time, our competitors may benefit from an increased market share that could be difficult and costly to regain. Such a contamination event could have a material adverse effect on our business, results of operations and financial condition.

We may not have adequate insurance for potential liabilities, including liabilities arising from litigation.

In the ordinary course of business, we have and in the future may become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, the products we distribute, our employees and other matters, including potential claims by individuals alleging exposure to hazardous materials as a result of the products we distribute. Some of these claims may relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of the businesses. The products we distribute may contain lithium ion or similar type batteries that can explode or release hazardous substances. In addition, defects in the products we distribute could result in death, personal

injury, property damage, pollution, release of hazardous substances or damage to equipment and facilities. Actual or claimed defects in the products we distribute may give rise to claims against us for losses and expose us to claims for damages.

We maintain insurance to cover certain of our potential losses, and we are subject to various self-retentions, deductibles and caps under our insurance. We face the following risks with respect to our insurance coverage:

- we may not be able to continue to obtain insurance on commercially reasonable terms;
- we may incur losses from interruption of our business that exceed our insurance coverage;
- we may be faced with types of liabilities that will not be covered by our insurance;
- our insurance carriers may not be able to meet their obligations under the policies; or
- the dollar amount of any liabilities may exceed our policy limits.

Even a partially uninsured claim, if successful and of significant size, could have a material adverse effect on us. Finally, even in cases where we maintain insurance coverage, our insurers may raise various objections and exceptions to coverage that could make uncertain the timing and amount of any possible insurance recovery.

Due to our position in the supply chain of vaporization products and consumption accessories, we are subject to personal injury, product liability and environmental claims involving allegedly defective products.

Our customers use certain products we distribute in potentially hazardous applications that can result in personal injury, product liability and environmental claims. A catastrophic occurrence at a location at which consumers use the products we distribute may result in our company being named as a defendant in lawsuits asserting potentially large claims, even though we did not manufacture such products or even if such products were not used in the manner recommended by the manufacturer. Applicable law may render us liable for damages without regard to negligence or fault. Certain of these risks are reduced by the fact that we are a distributor of products that third-party manufacturers produce, and, thus, in certain circumstances, we may have third-party warranty or other claims against the manufacturer of products alleged to have been defective. However, there is no assurance that these claims could fully protect us or that the manufacturer would be financially able to provide protection. There is no assurance that our insurance coverage will be adequate to cover the underlying claims. Our insurance does not provide coverage for all liabilities (including liability for certain events involving pollution or other environmental claims).

We may become subject to significant product liability litigation.

The tobacco industry has experienced and continues to experience significant product liability litigation. As a result of their relative novelty, electronic cigarette, vaporizer product and other consumption product manufacturers, suppliers, distributors and sellers have only recently become subject to litigation. While we have not been a party to any product liability litigation, several lawsuits have been brought against other manufacturers and sellers of smokeless products for injuries to health allegedly caused by use of smokeless products. We may be subject to similar claims in the future relating to our vaporizer products. We may also be named as a defendant in product liability litigation against one of our suppliers by association, including in class action lawsuits. In addition, we may see increasing litigation over our vaporizer products or the regulation of our products as the regulatory regimes surrounding these products develop. In February 2015, for example, the Center for Environmental Health, a public interest group in California, filed an action against vaporizer marketers alleging a violation of California's Proposition 65 ("Prop 65"). Prop 65 requires the State of California to identify chemicals that could cause cancer,

birth defects, or reproductive harm, and businesses selling products in California are then required to warn consumers of any possible exposure to the chemicals on the list. The basis for the action brought by the Center for Environmental Health is the reproductive harm associated with nicotine. Although we are not aware of an instance in which we have sold nicotine-containing electronic cigarette products that did not carry the appropriate Prop 65 warning, the Center for Environmental Health has asserted in its complaint that even electronic cigarette products that do not contain nicotine, but could potentially be used with nicotine-containing products (such as open-system vaporizers or blank cartridges), should also carry a Prop 65 warning. As a result of other similar suits that may be filed in the future, we may face substantial costs due to increased product liability litigation relating to new regulations or other potential defects associated with our vaporizer and other consumption products, including litigation arising out of faulty devices or improper usage, which could have a material adverse effect on our business, results of operations and financial condition.

There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

The scientific community has not yet extensively studied the long-term health effects of the use of vaporizers, electronic cigarettes or e-liquids products.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific community has not had a sufficient period of time to study the long-term health effects of their use. Currently, there is no way of knowing whether these products are safe for their intended use. If the scientific community were to determine conclusively that use of any or all of these products poses long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on these products could have a material adverse effect on our business, results of operations and financial condition.

Reliance on information technology means a significant disruption could affect our communications and operations.

We increasingly rely on information technology systems for our internal communications, controls, reporting and relations with customers, vendors and suppliers, and information technology is becoming a significantly important tool for our sales staff. Our marketing and distribution strategy is dependent upon our ability to closely monitor consumer and market trends on a highly-specified level, for which we are reliant on our sophisticated data tracking systems, which are susceptible to disruption or failure. In addition, our reliance on information technology exposes us to cyber-security risks, which could have a material adverse effect on our ability to compete. Security and privacy breaches may expose us to liability and cause us to lose customers, or may disrupt our relationships and ongoing transactions with other entities with whom we contract throughout our supply chain. The failure of our information systems to function as intended, or the penetration by outside parties intent on disrupting business processes, could result in significant costs, loss of revenue, assets or personal or other sensitive data and reputational harm.

Internet security poses a risk to our e-commerce sales.

At present we generate a portion of our sales through e-commerce sales on our own websites and fulfillment activities through third-party websites. We manage our websites and e-commerce platform internally and, as a result, any compromise of our security or misappropriation of proprietary information could have a material adverse effect on our business, results of operations and financial condition. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure Internet transmission of confidential information, such as credit and other proprietary information. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the technology used by us to protect client transaction data. Anyone who is able to circumvent our security measures could misappropriate proprietary information or cause material interruptions in our operations. We may be required to expend significant capital and other resources to protect against security breaches or to minimize problems caused by security breaches. To the extent that our activities or the activities of others involve the storage and transmission

of proprietary information, security breaches could damage our reputation and expose us to a risk of loss and/or litigation. Our security measures may not prevent security breaches. Our failure to prevent these security breaches may result in consumer distrust and may adversely affect our business, results of operations and financial condition.

If the methodologies of Internet search engines are modified, traffic to our websites and corresponding consumer origination volumes could decline.

We depend in part on various Internet search engines, including Google®, Bing®, and Yahoo!®, to direct a significant amount of traffic to our websites. Our ability to maintain the number of visitors directed to our websites by search engines through which we distribute our content is not entirely within our control. Our competitors' search engine optimization ("SEO") efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies, which could adversely affect the placement of our search result page ranking. If search engine companies modify their search algorithms in ways that are detrimental to our consumer growth or in ways that make it harder for our customers to access or use our websites, or if our competitors' SEO efforts are more successful than ours, our consumer engagement and number of consumers could decline. Any reduction in the number of consumers directed to our websites could negatively affect our ability to earn revenue. If traffic on our websites declines, we may need to employ more costly resources to replace lost traffic, and such increased expense could adversely affect our business, results of operations and financial condition.

Security and privacy breaches may expose us to liability and cause us to lose customers.

Federal, provincial and state laws require us to safeguard our customers' financial information, including credit information. Although we have established security procedures to protect against identity theft and the theft of financial information of our customers, distributors or consumers, our security and testing measures may not prevent security breaches and breaches of privacy may occur, which would harm our business. Typically, we rely on encryption and authentication technology licensed from third parties to enhance transmission security of confidential information in relation to financial and other sensitive information that we have on file. Advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security or other developments may result in a compromise or breach of the technology used by us to protect customer data. Any compromise of our security could harm our reputation or financial condition and therefore, our business. In addition, a party who is able to circumvent our security measures or exploit inadequacies in our security measures, could, among other effects, misappropriate proprietary information, cause interruptions in our operations or expose customers and other entities with which we interact to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against us. To the extent the measures we have taken prove to be insufficient or inadequate, we may become subject to litigation or administrative sanctions, which could result in significant fines, penalties or damages and harm to our reputation.

We are a holding company and depend upon our subsidiaries for our cash flow.

We are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our tangible assets. Consequently, our cash flow and our ability to meet our obligations or to make other distributions in the future will depend upon the cash flow of our subsidiaries and our subsidiaries' payment of funds to us in the form of distributions, dividends, tax sharing payments or otherwise.

The ability of our subsidiaries to make any payments to us will depend on their earnings and cash flow, the terms of their current and future indebtedness, tax considerations and legal and contractual restrictions on their ability to make distributions.

Our subsidiaries are separate and distinct legal entities. Any right that we have to receive any assets of or distributions from any of our subsidiaries upon the bankruptcy, dissolution, liquidation or reorganization, or to realize proceeds from the sale of their assets, will be junior to the claims of that subsidiary's creditors, including trade creditors and holders of debt that the subsidiary issued.

Changes in our credit profile may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity.

Changes in our credit profile may affect the way our suppliers view our ability to make payments and may induce them to shorten the payment terms of their invoices. Given the large dollar amounts and volume of our

purchases from suppliers, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers and, consequently, may have a material adverse effect on us.

Our intellectual property may be infringed.

We currently rely on trademark and other intellectual property rights to establish and protect the brand names and logos we own or license on the products we distribute. Third parties have in the past infringed, and may in the future infringe, on these trademarks and our other intellectual property rights. Our ability to maintain and further build brand recognition is dependent on the continued use of these trademarks, service marks and other proprietary intellectual property, including the names and logos we own or license. Despite our attempts to ensure these intellectual property rights are protected, third parties may take actions that could materially and adversely affect our rights or the value of this intellectual property. Any litigation concerning our intellectual property rights or the intellectual property rights of our suppliers, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources. Expenses related to protecting our intellectual property rights or the intellectual property rights of our suppliers, the loss or compromise of any of these rights or the loss of revenues as a result of infringement could have a material adverse effect on our business, results of operations and financial condition, and may prevent the brands we own or license, or are owned or licensed by our suppliers, from growing or maintaining market share. There can be no assurance that any trademarks or common marks that we own or license, or are owned or licensed by our suppliers, will not be challenged in the future, invalidated or circumvented or that the rights granted thereunder or under licensing agreements will provide us or our suppliers competitive advantages. We are dependent on the validity, integrity and intellectual property of our suppliers and their efforts to appropriately register, maintain and enforce intellectual property in all jurisdictions in which their products are sold.

We devote significant resources to the registration and protection of our trademarks and to anti-counterfeiting efforts. Despite these efforts, we regularly discover products that infringe on our proprietary rights or that otherwise seek to mimic or leverage our intellectual property or the intellectual property of our suppliers. Counterfeiting and other infringing activities typically increase as brand recognition increases, especially in markets outside the United States and Canada. Counterfeiting and other infringement of our intellectual property could divert away sales, and association of our brands with inferior counterfeit reproductions or third party labels could adversely affect the integrity and reputation of our brands.

Although we currently hold a limited number of patents on our products, we generally rely on patents on the products of our suppliers as well as their efforts in successfully defending third-party challenges to such products. The ability of our suppliers, licensors, collaborators and manufacturers to maintain and enforce their patent rights against third-party challenges to their validity, scope or enforceability plays an important role in determining our future. There can be no assurances that we will ever successfully file or receive any patents in the future, and changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of the intellectual property rights of the products we distribute, license or own. Accordingly, we cannot predict with any certainty the range of claims that may be allowed or enforced concerning the products that we sell.

In addition, there can be no assurance that standard intellectual property confidentiality and assignment agreement with employees, consultants and other advisors will not be breached, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known to or independently developed by competitors. Furthermore, there can be no assurance that our efforts to protect our intellectual property will prevent others from unlawfully using our trademarks, trade secrets, copyrights and other intellectual property. Our success depends in part, on our continued ability to maintain our intellectual property and those of our suppliers, and to protect our trade secrets. An inability to continue to preserve and protect our intellectual property would likely have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risks of exchange rate fluctuations.

Currency movements and suppliers' price increases relating to currency exchange rates are significant factors affecting our cost of sales. Many of our products are purchased from suppliers located in foreign countries and we make payments for our products in numerous currencies. Thus, we bear certain foreign exchange rate risk for certain of our inventory purchases. In addition, we recently expanded into Canada, and as part of our strategy, we may undertake further international expansion. As a result, in the future, we may be more sensitive to the risks of exchange rate fluctuations, which may have a material adverse effect on our business, results of operations and financial condition.

Adverse U.S., Canadian and global economic conditions could negatively impact our business, prospects, results of operations, financial condition or cash flows.

Our business and operations are sensitive to global economic conditions. These conditions include interest rates, energy costs, inflation, international trade relationships, recession, fluctuations in debt and equity capital markets and the general condition of the U.S., Canadian and world economy. A material decline in the economic conditions affecting consumers, which cause a reduction in disposable income for the average consumer, may change consumption patterns, and may result in a reduction in spending on vaporization products and consumption accessories or a switch to cheaper products or products obtained through illicit channels. Vaporizer, electronic cigarette and e-liquid products are relatively new to market and may be regarded by consumers as a novelty item and expendable. As such, demand for our vaporizer products may be particularly sensitive to economic conditions such as inflation, recession, high energy costs, unemployment, changes in interest rates and money supply, changes in the political environment and other factors beyond our control, any combination of which could result in a material adverse effect on our business, results of operations and financial condition.

We are required to comply with laws and regulations in other countries and are exposed to business risks associated with our international operations.

For the six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017 and 2016, we derived 6.5%, 9.3%, 9.4% and 10.8%, respectively, of our net sales from outside the United States, primarily in Canada. We intend to increase our Canadian and other international sales, both as to the dollar amount and as a percentage of our net sales and operations in the future. As a result, we are subject to numerous evolving and complex laws and regulations which apply, among other things, to financial reporting standards, corporate governance, data privacy, tax, trade regulations, export controls, competitive practices, labor, health and safety laws, and regulations in each jurisdiction in which we operate. We are also required to obtain permits and other authorizations or licenses from governmental authorities for certain of our operations and we or our suppliers' must protect our intellectual property worldwide. In the jurisdictions in which we operate, we need to comply with various standards and practices of different regulatory, tax, judicial and administrative bodies.

There are a number of risks associated with international business operations, including political instability (e.g., the threat of war, terrorist attacks or civil unrest), inconsistent regulations across jurisdictions, unanticipated changes in the regulatory environment, and import and export restrictions. Any of these events may affect our employees, reputation, business or financial results as well as our ability to meet our objectives, including the following international business risks:

- negative economic developments in economies around the world and the instability of governments, or the downgrades in the debt ratings of certain major economies;
- social and political instability;
- complex regulations governing certain of our products;
- potential terrorist attacks;
- adverse changes in governmental policies, especially those affecting trade, tariffs and investment;
- foreign currency exchange, particularly with respect to the Canadian Dollar, Euro, British Pound Sterling and Australian dollar; and
- threats that our operations or property could be subject to nationalization and expropriation.

We may not be in full compliance at all times with the laws and regulations to which we are subject. Likewise, we may not have obtained or may not be able to obtain the permits and other authorizations or licenses that we need. If we violate or fail to comply with laws, regulations, permits, labor, health and safety regulations or other authorizations or licenses, we could be fined or otherwise sanctioned by regulators. In such a case, or if any of these international business risks were to materialize, our business, results of operations and financial condition could be adversely affected.

New tariffs and the evolving trade policy dispute between the United States and China may adversely affect our business.

On August 14, 2017, President Trump instructed the U.S. Trade Representative ("USTR") to determine under Section 301 of the U.S. Trade Act of 1974 (the "Trade Act") whether to investigate China's law, policies, practices or actions that may be unreasonable or discriminatory and that may be harming American intellectual property rights, innovation or technology development. On March 22, 2018, based upon the results of its investigation, the USTR published a report finding that the acts, policies and practices of the Chinese government are unreasonable or discriminatory and burden or restrict U.S. commerce.

On March 8, 2018, President Trump imposed significant tariffs on steel and aluminum imports from a number of countries, including China. Subsequently, the USTR announced an initial proposed list of 1,300 goods imported from China that could be subject to additional tariffs and initiated a dispute with the World Trade Organization against China for alleged unfair trade practices.

On June 15, 2018, the USTR announced a list of products subject to additional tariffs. The list focused on products from industrial sectors that contribute to or benefit from the "Made in China 2025" industrial policy. The list of products consists of two sets of tariff lines. The first set contains 818 tariff lines for which Customs and Border Protection began collecting the additional duties on July 6, 2018. This list includes some of the products we distribute. The second set contains 284 proposed tariff lines that remain subject to further review. On July 10, 2018, the USTR announced that, as a result of China's retaliation and failure to change its practices, President Trump has ordered the USTR to begin the process of imposing tariffs of 10 percent on an additional $200 billion of Chinese imports, and on September 17, 2018, President Trump announced that such tariffs would go into effect on September 24, 2018 and would increase to 25 percent on January 1, 2019.

These new tariffs and the evolving trade policy dispute between the United States and China may have a significant impact on the industries in which we participate. A "trade war" between the United States and China or other governmental action related to tariffs or international trade agreements or policies has the potential to adversely impact demand for our products, our costs, customers, suppliers and/or the United States economy or certain sectors thereof and, thus, to adversely impact our businesses and results of operations.

Our failure to comply with certain environmental, health and safety regulations could adversely affect our business.

The storage, distribution and transportation of some of the products that we sell are subject to a variety of federal, state, provincial and local environmental regulations. We are also subject to operational, health and safety laws and regulations. Our failure to comply with these laws and regulations could cause a disruption in our business, an inability to maintain our warehousing resources, additional and potentially significant remedial costs and damages, fines, sanctions or other legal consequences that could have a material adverse effect on our business, results of operations and financial condition. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition and results of operations.

Our business depends substantially on the continued efforts of our executive officers and key employees, and our business may be severely disrupted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers, especially our Chief Executive Officer, Aaron LoCascio, and our Chief Strategy Officer, Adam Schoenfeld, as well as our key employees. If one or more of our executive officers or key employees were unable or unwilling to continue in their present positions, we may not be able to replace them in a timely manner, or at all. Our business may be severely disrupted, our financial conditions and results of operations may be materially adversely affected and we may incur additional expenses to recruit, train and retain personnel. In addition, if any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, suppliers, know-how, key professionals and staff members.

In the future, we may pursue selective acquisitions to complement our organic growth, which may not be successful and may divert financial and management resources.

If we identify appropriate opportunities, we may acquire or invest in technologies, businesses or assets that are strategically important to our business or form alliances with key participants in the vaporization products and consumption accessories industry to further expand our business. If we decide to pursue a strategy of selective acquisitions, we may not be successful in identifying suitable acquisition opportunities or completing such transactions. Our competitors may be more effective in executing and closing acquisitions in competitive auctions than us. Our ability to enter into and complete acquisitions may be restricted by, or subject to, various approvals under U.S., Canadian or other applicable law or may not otherwise be possible, may result in a possible dilutive issuance of our securities, or may require us to seek additional financing. We also may experience difficulties integrating acquired operations, technology, and personnel into our existing business and operations. Completed acquisitions may also expose us to potential risks, including risks associated with unforeseen or hidden liabilities, impact to our corporate culture, the diversion of resources from our existing business, and the potential loss of, or harm to, relationships with our suppliers, business relationships or employees as a result of our integration of new businesses. In addition, following completion of an acquisition, our management and resources may be diverted from their core business activities due to the integration process, which diversion may harm the effective management of our business. Furthermore, it may not be possible to achieve the expected synergies or the actual cost of delivering such benefits may exceed the anticipated cost. Any of these factors may have an adverse effect on our business, results of operations and financial condition.

Our operations are subject to natural disasters, adverse weather conditions, operating hazards, environmental incidents and labor disputes.

We may experience earthquakes, floods, typhoons, power outages, labor and trade disputes or similar events beyond our control that would affect our warehousing and distribution operations. The occurrences of such events could result in shutdowns or periods of reduced operations, which could significantly disrupt our business operations, cause us to incur additional costs and affect our ability to deliver our products to our customers as scheduled, which may adversely affect our business, results of operations and financial condition. Moreover, such events could result in severe damage to property, personal injuries, fatalities, regulatory enforcement proceedings or in us being named as a defendant in lawsuits asserting claims for large amounts of damages, which in turn could lead to significant liabilities.

Risks Related to Our Organizational Structure

Our principal asset after the completion of this offering will be our interest in Greenlane Holdings, LLC, and, accordingly, we will depend on distributions from Greenlane Holdings, LLC to pay our taxes and expenses, including payments under the Tax Receivable Agreement. Greenlane Holdings, LLC's ability to make such distributions may be subject to various limitations and restrictions.

Upon the completion of this offering, we will be a holding company and will have no material assets other than our ownership of Common Units of Greenlane Holdings, LLC. As such, we will have no independent means of generating revenue or cash flow. We have determined that Greenlane Holdings, LLC will be a variable interest entity, or VIE, and that we will be the primary beneficiary of Greenlane Holdings, LLC. Accordingly, pursuant to the VIE accounting model, we will consolidate Greenlane Holdings, LLC in our consolidated financial statements. In the event of a change in accounting guidance or amendments to the Greenlane Operating Agreement resulting in us no longer having a controlling interest in Greenlane Holdings, LLC, we may not be able to consolidate its results of operations with our own, which would have a material adverse effect on our results of operations. Moreover, our ability to pay our taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the financial results and cash flows of Greenlane Holdings, LLC and its subsidiaries and distributions we receive from Greenlane Holdings, LLC. There can be no assurance that Greenlane Holdings, LLC and its subsidiaries will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants in our debt instruments, will permit such distributions.

Greenlane Holdings, LLC will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to holders of Common Units, including us. Accordingly, we will incur income taxes on our allocable share of any net taxable

income of Greenlane Holdings, LLC. Under the terms of the Greenlane Operating Agreement, Greenlane Holdings, LLC will be obligated to make tax distributions to holders of Common Units, including us. In addition to tax expenses, we will also incur expenses related to our operations, including payments under the Tax Receivable Agreement, which we expect could be significant. See ?Certain Relationships and Related Party Transactions ? The Transactions ? Tax Receivable Agreement.? We intend, as its manager, to cause Greenlane Holdings, LLC to make cash distributions to the owners of Common Units in an amount sufficient to (i) fund their tax obligations in respect of taxable income allocated to them and (ii) cover our operating expenses, including payments under the Tax Receivable Agreement. However, Greenlane Holdings, LLC?s ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which Greenlane Holdings, LLC is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering Greenlane Holdings, LLC insolvent. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments generally will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement. See “Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement” and “Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement — Distributions.” In addition, if Greenlane Holdings, LLC does not have sufficient funds to make distributions, our ability to declare and pay cash dividends will also be restricted or impaired. See “— Risks Related to This Offering and Ownership of Our Class A Common Stock” and “Dividend Policy.”

The Tax Receivable Agreement with the Members requires us to make cash payments to them in respect of certain tax benefits to which we may become entitled, and we expect that the payments we will be required to make will be substantial.

Upon the closing of this offering, we will be a party to the Tax Receivable Agreement with Greenlane Holdings, LLC and the Members. Under the Tax Receivable Agreement, we will be required to make cash payments to the Members equal to 85% of the tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (i) the increases in the tax basis of assets of Greenlane Holdings, LLC resulting from any redemptions or exchanges of Common Units from the Members as described under “Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement — Common Unit Redemption Right” and (ii) certain other tax benefits related to our making payments under the Tax Receivable Agreement. Although the actual timing and amount of any payments that we make to the Members under the Tax Receivable Agreement will vary, we expect those payments will be significant. Any payments made by us to the Members under the Tax Receivable Agreement may generally reduce the amount of overall cash flow that might have otherwise been available to us. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement. For more information, see “Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement.” Payments under the Tax Receivable Agreement are not conditioned on any Member’s continued ownership of Common Units or our Class A common stock after this offering.

The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of redemptions or exchanges by the holders of Common Units, the amount of gain recognized by such holders of Common Units, the amount and timing of the taxable income we generate in the future, and the federal tax rates then applicable.

Two of our senior executives, Aaron LoCascio and Adam Schoenfeld, have control over all stockholder decisions because collectively they control a substantial majority of the combined voting power of our common stock. This will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.

Our Chief Executive Officer, Aaron LoCascio, and our Chief Strategy Officer, Adam Schoenfeld, are senior executives and board members, and they and their affiliates will beneficially own 100% of our Class C common stock and thereby collectively control approximately % of the combined voting power of our common

stock (or % if the underwriters exercise their option to purchase additional shares in full from the selling stockholders) after the completion of this offering and the application of the net proceeds from this offering.

As a result, Messrs. LoCascio and Schoenfeld will have the ability to substantially control us, including the ability to control any action requiring the general approval of our stockholders, including the election of our board of directors, the adoption of amendments to our amended and restated certificate of incorporation and bylaws and the approval of any merger or sale of substantially all of our assets. This concentration of ownership and voting power may also delay, defer or even prevent an acquisition by a third party or other change of control of us and may make some transactions more difficult or impossible without their support, even if such events are in the best interests of minority stockholders. This concentration of voting power with Messrs. LoCascio and Schoenfeld may have a negative impact on the price of our Class A common stock.

As our Chief Executive Officer, Mr. LoCascio has control over our day-to-day management and the implementation of major strategic investments of our company, subject to authorization and oversight by our board of directors. As members of our board of directors, Messrs. LoCascio and Schoenfeld owe fiduciary duties to our company, including those of care and loyalty, and must act in good faith and with a view to the interests of the corporation. However, Delaware law provides that a director or officer shall not be personally liable to a corporation for a breach of fiduciary duty except for an act or omission constituting a breach and which involves intentional misconduct, fraud or a knowing violation of law. In addition, a director or officer is entitled to a presumption that he or she acted in good faith, on an informed basis and with a view to the interests of the corporation, and is not individually liable unless that presumption is found by a trier of fact to have been rebutted. As a stockholder, even a controlling stockholder, each of Messrs. LoCascio and Schoenfeld is entitled to vote his shares, and shares over which he has voting control, in his own interests, which may not always be in the interests of our stockholders generally. Because Messrs. LoCascio and Schoenfeld hold their economic interest in our business through Greenlane Holdings, LLC, rather than through the public company, they may have conflicting interests with holders of shares of our Class A common stock. For example, Messrs. LoCascio and Schoenfeld may have different tax positions from us, which could influence their decisions regarding whether and when we should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement, and whether and when we should undergo certain changes of control within the meaning of the Tax Receivable Agreement or terminate the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. See “Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement.” In addition, the significant ownership of Messrs. LoCascio and Schoenfeld in us and their resulting ability to effectively control us may discourage someone from making a significant equity investment in us, or could discourage transactions involving a change in control, including transactions in which you as a holder of shares of our Class A common stock might otherwise receive a premium for your shares over the then-current market price.

Under certain circumstances, redemptions of Common Units by Members will result in dilution to the holders of our Class A common stock.

Redemptions of Common Units by Members in accordance with the terms of the Greenlane Operating Agreement will result in a corresponding increase in our membership interest in Greenlane Holdings, LLC, increase in the number of shares of Class A common stock outstanding and decrease in the number of shares of Class B common stock or Class C common stock outstanding. In the event that Common Units are exchanged at a time when Greenlane Holdings, LLC has made cash distributions to Members, including our company, and we have accumulated such distributions and neither reinvested them in Greenlane Holdings, LLC in exchange for additional Common Units nor distributed them as dividends to the holders of our Class A common stock, the holders of our Class A common stock would experience dilution with respect to such accumulated distributions.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Members that will not benefit Class A common stockholders to the same extent as it will benefit the Members.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Members that will not benefit the holders of our Class A common stock to the same extent as it will benefit the Members. We will enter into the Tax Receivable Agreement with Greenlane Holdings, LLC and the Members and it will provide for the payment by us to the Members of 85% of the amount of tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, as a result of (1) the increases in the tax basis of assets of Greenlane Holdings, LLC resulting from any redemptions or exchanges of Common Units from the Members as

described under "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement — Common Unit Redemption Right" and (2) certain other tax benefits related to our making payments under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement." Although we will retain 15% of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

In certain cases, payments under the Tax Receivable Agreement to the Members may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

The Tax Receivable Agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control or if, at any time, we elect an early termination of the Tax Receivable Agreement, then our obligations, or our successor's obligations, under the Tax Receivable Agreement to make payments thereunder would be based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result of the foregoing, (i) we could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement, and (ii) if we elect to terminate the Tax Receivable Agreement early, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to fund or finance our obligations under the Tax Receivable Agreement.

We will not be reimbursed for any payments made to the Members under the Tax Receivable Agreement in the event that any tax benefits are disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, and the IRS or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions we take, and a court could sustain such challenge. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of each Member that directly or indirectly owns at least 10% of the outstanding Common Units. We will not be reimbursed for any cash payments previously made to the Members under the Tax Receivable Agreement in the event that any tax benefits initially claimed by us and for which payment has been made to a Member are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to a Member will be netted against any future cash payments that we might otherwise be required to make to such Member under the terms of the Tax Receivable Agreement. However, we might not determine that we have effectively made an excess cash payment to a Member for a number of years following the initial time of such payment and, if any of our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that we realize in respect of the tax attributes with respect to a Member that are the subject of the Tax Receivable Agreement.

Fluctuations in our tax obligations and effective tax rate and realization of our deferred tax assets may result in volatility of our operating results.

We are subject to taxes by the U.S. federal, state, local and foreign tax authorities, and our tax liabilities will be affected by the allocation of expenses to differing jurisdictions. We record tax expense based on our estimates of future earnings, which may include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances related to certain net deferred tax assets. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these matters. We expect that throughout the year there could be ongoing variability in our

quarterly tax rates as events occur and exposures are evaluated. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates.

In addition, our effective tax rate in a given financial statement period may be materially impacted by a variety of factors including but not limited to changes in the mix and level of earnings, varying tax rates in the different jurisdictions in which we operate, fluctuations in valuation allowances, deductibility of certain items, or by changes to existing accounting rules or regulations. Further, tax legislation may be enacted in the future which could negatively impact our current or future tax structure and effective tax rates. We may be subject to audits of our income, sales, and other transaction taxes by U.S. federal, state, local, and foreign taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

If we were deemed to be an investment company under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), as a result of our ownership of Greenlane Holdings, LLC, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the 1940 Act.

As the sole manager of Greenlane Holdings, LLC, we will control and operate Greenlane Holdings, LLC. On that basis, we believe that our interest in Greenlane Holdings, LLC is not an "investment security" as that term is used in the 1940 Act. However, if we were to cease participation in the management of Greenlane Holdings, LLC, our interest in Greenlane Holdings, LLC could be deemed an "investment security" for purposes of the 1940 Act.

We and Greenlane Holdings, LLC intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

We will be a controlled company within the meaning of the Nasdaq Marketplace Rules, and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Upon completion of this offering, the Founder Members will control more than 50% of our combined voting power. As a result, we will be considered a "controlled company" within the meaning of the Nasdaq Marketplace Rules. As a controlled company, we will be exempt from certain Nasdaq Marketplace Rules, including those that would otherwise require our board of directors to have a majority of independent directors and require that we either establish a Compensation and Nominating and Corporate Governance Committees, each comprised entirely of independent directors, or otherwise ensure that the compensation of our executive officers and nominees for directors are determined or recommended to the board of directors by the independent members of the board of directors. While we intend on having a majority of independent directors, our compensation and nominating and corporate governance committees may not consist entirely of independent directors. Accordingly, holders of our Class A common stock will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq Marketplace Rules.

Our failure to meet the continued listing requirements of Nasdaq could result in a de-listing of our common stock.

If, after listing, we fail to satisfy the continued listing requirements of Nasdaq, such as the corporate governance requirements or the minimum closing bid price requirement, Nasdaq may take steps to de-list our Class A common stock. Such a de-listing would likely have a negative effect on the price of our Class A common stock and would impair your ability to sell or purchase our Class A common stock when you wish to do so. In the event of a de-listing, we would take actions to restore our compliance with Nasdaq Marketplace Rules, but our Class A common stock may not be listed again, stabilize the market price or improve the liquidity of our Class A common stock, prevent our Class A common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with the Nasdaq Marketplace Rules.

Risks Related to this Offering and Ownership of Our Class A Common Stock

The initial public offering price of our Class A common stock may not be indicative of the market price of our Class A common stock after this offering. In addition, an active trading market for our Class A common stock may not develop or be maintained, and our stock price may be volatile.

Prior to this offering, our Class A common stock was not traded on any market. While we have applied to list our Class A common stock on Nasdaq, an active trading market for our Class A common stock may not develop or be maintained. Active trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our Class A common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A common stock, you could lose a substantial part or all of your investment in our Class A common stock. The initial public offering price will be negotiated between us and representatives of the underwriters, based on numerous factors which we discuss in "Underwriting," and may not be indicative of the market price of our Class A common stock after this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price paid by you in this offering. The following factors could affect our stock price:

- our operating and financial performance;
- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues;
- strategic actions by our competitors or our suppliers;
- product recalls or product liability claims;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- liquidity and activity in the market for our Class A common stock;
- speculation in the press or investment community;
- sales of our Class A common stock by us or other stockholders, or the perception that such sales may occur;
- changes in accounting principles;
- additions or departures of key management personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by our stockholders; and
- domestic and international economic, legal and regulatory factors.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

The reduced disclosure requirements applicable to "emerging growth companies" may make our Class A common stock less attractive to investors, potentially decreasing our stock price.

For as long as we continue to be an "emerging growth company", we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." Investors may find our Class A common stock less attractive because we may rely on these exemptions, which include but are not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act ("Section 404"), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") enacted on April 5, 2012 provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. We have elected not to use the extended transition period for complying with any new or revised financial accounting standards. Therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

If investors find our Class A common stock less attractive as a result of exemptions and reduced disclosure requirements, there may be a less active trading market for our Class A common stock and our stock price may be more volatile or decrease.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an "emerging growth company."

As a public company, we will be required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements is time-consuming and expensive and could have a negative effect on our business, results of operations and financial condition. As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the requirements of the Sarbanes-Oxley Act ("SOX"). The cost of complying with these requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. SOX requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we must commit significant resources, will be required to hire additional staff and need to continue to provide effective management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our company and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

In connection with becoming a public company, we will obtain at or prior to the closing of this offering directors' and officers' insurance coverage, which will increase our annual insurance costs. In the future, it may be more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members to our board of directors in the future, particularly to serve on our audit committee, and qualified executive officers.

As an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain temporary exemptions from various reporting requirements, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of SOX (and rules and regulations of the SEC thereunder, which we

refer to as Section 404) and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

When these exemptions cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. We will remain an "emerging growth company" for up to five years, although we may cease to be an "emerging growth company" earlier under certain circumstances. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

New investors purchasing our Class A common stock will experience immediate and substantial dilution.

Our initial public offering price is substantially higher than the book value per share of our Class A common stock. If you purchase Class A common stock in this offering, you will incur immediate dilution of approximately $ in net tangible book value per share of Class A common stock, based on the initial public offering price of $ per share. In addition, the number of shares available for issuance under our 2018 Equity Incentive Plan will increase annually without further board of directors or stockholder approval. Investors will incur additional dilution upon the exercise of stock options and warrants. See "Dilution."

We have not paid dividends in the past and do not expect to pay dividends in the future, and any return on investment may be limited to the value of our stock.

While our predecessor, Greenlane Holdings, LLC, as a pass-through entity for tax purposes, has historically made distributions to members for tax purposes, we do not anticipate paying cash dividends in the foreseeable future. The payment of dividends will depend on our earnings, capital requirements, financial condition, prospects and other factors our board of directors may deem relevant. If we do not pay dividends, our stock may be less valuable because a return on your investment will only occur if you sell our Class A common stock after our stock price appreciates.

Future sales of our Class A common stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

Subject to certain limitations and exceptions, the Members of Greenlane Holdings, LLC may redeem their Common Units for shares of Class A common stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions) and then sell those shares of Class A common stock. Additionally, we may issue additional shares of Class A common stock or convertible securities in subsequent public offerings. After the completion of this offering, we will have outstanding shares of Class A common stock, outstanding shares of Class B common stock and outstanding shares of Class C common stock, assuming an initial offering price at the midpoint of the price range set forth on the cover page of this prospectus. This number includes shares of Class A common stock that the selling stockholders are selling in this offering if the underwriters' option to purchase additional shares is fully exercised, which may be resold immediately in the public market. Following the completion of this offering, the Founder Members will own shares of Class C common stock, which will be exchangeable for shares of Class A common stock, assuming an initial offering price at the midpoint of the price range set forth on the cover page of this prospectus in connection with a redemption of the corresponding Common Units, representing approximately % of our total outstanding common stock (or shares of Class C common stock, which will be exchangeable for shares of Class A common stock in connection with a redemption of the corresponding Common Units, assuming an initial offering price at the midpoint of the price range set forth on the cover page of this prospectus representing approximately % of our total outstanding common stock if the underwriters' option to purchase additional shares is exercised in full). In addition, following the completion of this offering, the Non-Founder Members will own shares of Class B common stock (including shares subject to vesting), assuming an initial offering price at the midpoint of the price range set forth on the cover page of this prospectus, which will be exchangeable for shares of Class A common stock in connection with a redemption of the corresponding Common Units, representing approximately % of our total outstanding Class A common stock (or shares of Class B common stock, which will be exchangeable for shares of Class A common stock, assuming an initial offering price at the midpoint of the price range set forth on the cover page of this prospectus in connection with a redemption of the corresponding Common Units, representing approximately % of our total outstanding Class A common stock if the underwriters' option to purchase additional shares from the selling stockholders is exercised in full). All such shares

are restricted from immediate resale under the federal securities laws and are subject to the lock-up agreements between such parties and the underwriters described in "Underwriting," but may be sold into the market in the future. We will be party to a registration rights agreement between us and the Members, which will require us to effect the registration of their shares in certain circumstances no earlier than the expiration of the lock-up period contained in the Underwriting Agreement entered into in connection with this offering. See "Shares Eligible for Future Sale" and "Certain Relationships and Related Party Transactions — The Transactions — Registration Rights Agreement."

We cannot predict the size of future issuances of our Class A common stock or securities convertible into Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock will have on the market price of our Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock.

The underwriters of this offering may waive or release parties to the lock-up agreements entered into in connection with this offering, which could adversely affect the price of our Class A common stock.

Our executive officers and directors and our significant stockholders, including all of the Members, have entered into lock-up agreements with respect to their Class A common stock, pursuant to which they are subject to certain resale restrictions for a period of 180 days following the effective date of the registration statement of which this prospectus forms a part, subject to certain exceptions. The underwriters at any time and without notice, may release all or any portion of the Class A common stock subject to the foregoing lock-up agreements. If the restrictions under the lock-up agreement are waived, then Class A common stock will be available for sale into the public markets, which could cause the market price of our Class A common stock to decline and impair our ability to raise capital.

If securities analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our stock will depend in part on the research and reports that securities or industry analysts publish about us or our industry. We currently do not, and in the future may not, have research coverage by securities analysts. If no securities analysts commence coverage of our company, the trading price for our stock could be negatively impacted. In the event we obtain securities analyst coverage, if one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price could decline as a result. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

The terms and covenants relating to our existing credit facility could adversely impact our financial performance and liquidity.

Our existing credit facility contains covenants requiring us to, among other things, provide financial and other information reporting and to provide notice upon the occurrence of certain events affecting our company or our business. These covenants also place restrictions on our ability to incur additional indebtedness, make investments and loans, and enter into certain transactions, including selling assets, engaging in mergers or acquisitions, or engaging in transactions with affiliates. If we fail to satisfy one or more of the covenants under our credit facility, we would be in default thereunder, and may be required to repay such debt with capital from other sources or otherwise not be able to draw down against our line of credit. Under such circumstances, due to the industry in which we operate, we may have difficulty in locating another commercial lender that would be willing to extend credit to our company, and other sources of capital may not be available to us on reasonable terms or at all.

Our internal controls over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation.

As a public company, we will be required to evaluate our internal controls over financial reporting. Furthermore, at such time as we cease to be an "emerging growth company," as more fully described in these Risk Factors, we shall also be required to comply with Section 404. At such time we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with

the requirements of Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

We have broad discretion in the use of proceeds from this offering.

The net proceeds of this offering will be allocated to the potential acquisitions of complementary products, technologies and businesses, the purchase of additional inventory, additions and improvements to our internal infrastructure, the implementation of various sales and marketing initiatives, and to general corporate purposes. Within those categories, our board of directors and management will have broad discretion over the use and investment of the net proceeds of this offering, and accordingly investors in this offering will need to rely upon the judgment of our board of directors and our management with respect to the use of proceeds with only limited information concerning our specific intentions.

Anti-takeover provisions in our certificate of incorporation and amended and restated bylaws and Delaware law could discourage a takeover.

Our amended and restated certificate of incorporation and amended and restated bylaws, as adopted in connection with this offering, will contain provisions that might enable our management to resist a takeover. These provisions include:

- advance notice requirements applicable to stockholders for matters to be brought before a meeting of stockholders and requirements as to the form and content of a stockholder's notice;
- restrictions on the transfer of our outstanding shares of Class B common stock and Class C common stock, which shares will represent % of the voting rights of our capital stock following this offering, or % of the voting rights if the underwriters exercise in full their option to purchase additional shares of Class A common stock;
- a supermajority stockholder vote requirement for amending certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws;
- the inability of our stockholders to act by written consent;
- a requirement that the authorized number of directors may be changed only by resolution of the board of directors;
- allowing all vacancies, including newly created directorships, to be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum, except as otherwise required by law;
- limiting the forum for certain litigation against us to Delaware; and
- limiting the persons that can call special meetings of our stockholders to our board of directors or the chairperson of our board of directors.

These provisions might discourage, delay or prevent a change in control of our company or a change in our board of directors or management. The existence of these provisions could adversely affect the voting power of holders of Class A common stock and limit the price that investors might be willing to pay in the future for shares of our Class A common stock. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. See "Description of Capital Stock."

Our amended and restated certificate of incorporation and bylaws will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation and bylaws, which will become effective prior to the completion of this offering, provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law or our amended and restated certificate of incorporation or bylaws (iv) any action to interpret apply, enforce or determine the validity of our amended and restated certificate of incorporation or bylaws or (v) any action asserting a claim governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Examples of forward-looking statements include, without limitation:

- statements regarding our growth and other strategies, results of operations or liquidity;
- statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance;
- statements regarding our industry;
- statements of management's goals and objectives;
- projections of revenue, earnings, capital structure and other financial items;
- assumptions underlying statements regarding us or our business; and
- other similar expressions concerning matters that are not historical facts.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, factors discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, those listed below and those discussed in greater detail under the heading "Risk Factors" above:

- our strategy, outlook and growth prospects;
- general economic trends and trends in the industry and markets;
- our dependence on third-party suppliers;
- the competitive environment in which we operate;
- our vulnerability to third-party transportation risks;
- the impact of governmental laws and regulations and the outcomes of regulatory or agency proceedings;
- our ability to accurately estimate demand for our products and maintain our levels of inventory;
- our ability to maintain our operating margins and meet sales expectations;
- our ability to adapt to changes in consumer spending and general economic conditions;
- our ability to use or license certain trademarks;
- our ability to maintain a consumer brand recognition and loyalty of our products;
- our and our customers' ability to establish or maintain banking relationships;
- fluctuations in U.S. federal, state, local and foreign tax obligation and changes in tariffs;
- our ability to address product defects;

- our exposure to potential various claims, lawsuits and administrative proceedings;
- contamination of, or damage to, our products;
- any unfavorable scientific studies on the long-term health risks of vaporizers, electronic cigarettes or e-liquids products;
- failure of our information technology systems to support our current and growing business;
- our ability to prevent and recover from Internet security breaches;
- our ability to generate adequate cash from our existing business to support our growth;
- our ability to protect our intellectual property rights;
- our dependence on continued market acceptance by consumers;
- our sensitivity to global economic conditions and international trade issues;
- our ability to comply with certain environmental, health and safety regulations;
- our ability to successfully identify and complete strategic acquisitions;
- natural disasters, adverse weather conditions, operating hazards, environmental incidents and labor disputes;
- increased costs as a result of being a public company;
- our failure to maintain adequate internal controls over financial reporting; and
- other risks, uncertainties and factors set forth in this prospectus, including those set forth under “Risk Factors.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Consequently, you should not place undue reliance on forward-looking statements.

Existing Organization

Prior to the completion of this offering and the organizational transactions described below, the Members are the only members of Greenlane Holdings, LLC. Greenlane Holdings, LLC is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to any U.S. federal entity-level income taxes. Rather, taxable income or loss is included in the U.S. federal income tax returns of Greenlane Holdings, LLC's members.

Greenlane Holdings, Inc. was incorporated as a Delaware corporation on May 2, 2018 to serve as the issuer of the Class A common stock offered hereby.

Transactions

In connection with the completion of this offering, we will consummate the following organizational transactions:

- we will amend and restate Greenlane Holdings, LLC's existing operating agreement effective as of the completion of this offering to, among other things, convert the Members' existing membership interests in Greenlane Holdings, LLC into Common Units, including unvested membership interests into unvested Common Units, and appoint Greenlane Holdings, Inc. as the sole manager of Greenlane Holdings, LLC;
- we will amend and restate our certificate of incorporation to, among other things, provide for Class A common stock, Class B common stock and Class C common stock;
- we will issue shares of Class B common stock to the Non-Founder Members on a one-to-one basis with the number of Common Units they own, for nominal consideration, and shares of Class C common stock to the Founder Members on a three-to-one basis with the number of Common Units they own, for nominal consideration;
- we will issue shares of our Class A common stock, or shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus, to the Members upon exchange of an equal number of Common Units, which shares will be sold by the Members as selling stockholders in this offering;
- we will issue shares of our Class A common stock to the purchasers in this offering, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus, and will use all of the net proceeds received by us from such issuance to acquire Common Units from Greenlane Holdings, LLC at a purchase price per Common Unit equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions, which Common Units, when added to the Common Units we receive from the selling stockholders, will collectively represent % of Greenlane Holdings, LLC's outstanding Common Units following this offering, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders;
- Greenlane Holdings, LLC intends to use the proceeds from the sale of Common Units to Greenlane Holdings, Inc. as described in "Use of Proceeds," including to pay the expenses of this offering and for acquisitions of complementary businesses or assets, capital improvements to our warehouses and other facilities, capital expenditures relating to our information technology systems, and working capital and general corporate purposes;
- the Members will continue to own their Common Units not exchanged for the shares of Series A common stock to be sold by them in this offering and will have no economic interests in Greenlane Holdings, Inc. despite their ownership of Class B common stock and Class C common stock, where "economic interests" means the right to receive any distributions or dividends, whether cash or stock, in connection with their common stock; and

- Greenlane Holdings, Inc. will enter into (i) a Tax Receivable Agreement with Greenlane Holdings, LLC and the Members and (ii) a Registration Rights Agreement with the Members who, assuming that all of the Common Units of such Members are redeemed or exchanged for newly-issued shares of Class A common stock on a one-to-one basis, will own shares of Greenlane Holdings, Inc.'s Class A common stock, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus, representing approximately % of the combined voting power of all of Greenlane Holdings, Inc.'s common stock, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders. Although the actual timing and amount of any payments that we make to the Members under the Tax Receivable Agreement will vary, we expect those payments will be significant.

Following this offering, Common Units will be redeemable at the election of such Members for newly-issued shares of Class A common stock on a one-to-one basis (and their shares of Class B common stock or Class C common stock, as the case may be, will be cancelled on a one-to-one basis in the case of Class B common stock or three-to-one basis in the case of Class C common stock upon any such issuance). We will have the option to instead make a cash payment equal to a volume weighted average market price of one share of Class A common stock for each Common Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Greenlane Operating Agreement. Our decision to make a cash payment upon a Member's election will be made by our independent directors (within the meaning of the Nasdaq Marketplace Rules) who are disinterested.

Our corporate structure following this offering, as described above, is commonly referred to as an "Up-C" structure, which is often used by partnerships and limited liability companies when they undertake an initial public offering of their business. The Up-C structure will allow the Members to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "pass-through" entity, for income tax purposes following this offering. One of these benefits is that future taxable income of Greenlane Holdings, LLC that is allocated to the Members will be taxed on a flow-through basis and therefore will not be subject to corporate taxes at the entity level. Additionally, because the Members may redeem their Common Units for shares of our Class A common stock or, at our option, for cash, the Up-C structure also provides the Members with potential liquidity that holders of non-publicly-traded limited liability companies are not typically afforded. See "Description of Capital Stock."

Greenlane Holdings, Inc. will receive the same benefits as the Members because of our ownership of Common Units in an entity treated as a partnership, or "pass-through" entity, for income tax purposes. As we redeem additional Common Units from the Members under the mechanism described above, we will obtain a step-up in tax basis in our share of Greenlane Holdings, LLC's assets. This step-up in tax basis will provide us with certain tax benefits, such as future depreciation and amortization deductions that can reduce the taxable income allocable to us. We expect to enter into the Tax Receivable Agreement with Greenlane Holdings, LLC and each of the Members that will provide for the payment by us to the Members of 85% of the amount of tax benefits, if any, that we actually realize (or in some cases are deemed to realize) as a result of (i) increases in tax basis resulting from the redemption of Common Units and (ii) certain other tax benefits attributable to payments made under the Tax Receivable Agreement.

For a description of the terms of the Registration Rights Agreement and the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions."

Organizational Structure Following this Offering

Immediately following the completion of the Transactions, including this offering and assuming an offering price of $, the midpoint of the price range set forth on the cover page of this prospectus:

- we will be a holding company and our principal asset will be Common Units;
- we will be the sole manager of Greenlane Holdings, LLC and will control the business and affairs of Greenlane Holdings, LLC and its subsidiaries;
- our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that (i) we at all times maintain a ratio of one Common Unit owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying

certain convertible or exchangeable securities), and (ii) Greenlane Holdings, LLC at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of Common Units owned by us, (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Non-Founder Members and the number of Common Units owned by the Non-Founder Members, and (z) a three-to-one ratio between the number of shares of Class C common stock owned by the Founder Members and their affiliates and the number of Common Units owned by the Founder Members and their affiliates;

- we will own Common Units representing % of the economic interest in Greenlane Holdings, LLC, or Common Units representing % of the economic interest in Greenlane Holdings, LLC if the underwriters exercise in full their option to purchase additional shares of Class A common stock, where "economic interests" means the right to receive any distributions, whether cash, property or securities of Greenlane Holdings, LLC, in connection with Common Units;

- the purchasers in this offering (i) will own shares of Class A common stock, representing approximately % of the combined voting power of all of our common stock, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock, (ii) will own 100% of the economic interest in us, and (iii) through our ownership of Common Units, indirectly will hold approximately % of the economic interest in Greenlane Holdings, LLC, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock;

- the Non-Founder Members will own (i) Common Units, of which Common Units will be subject to certain vesting conditions (the "Non-Vested Common Units"), representing % of the economic interest in Greenlane Holdings, LLC, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock, and (ii) through their ownership of Class B common stock, approximately % of the voting power in Greenlane Holdings, Inc., or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock;

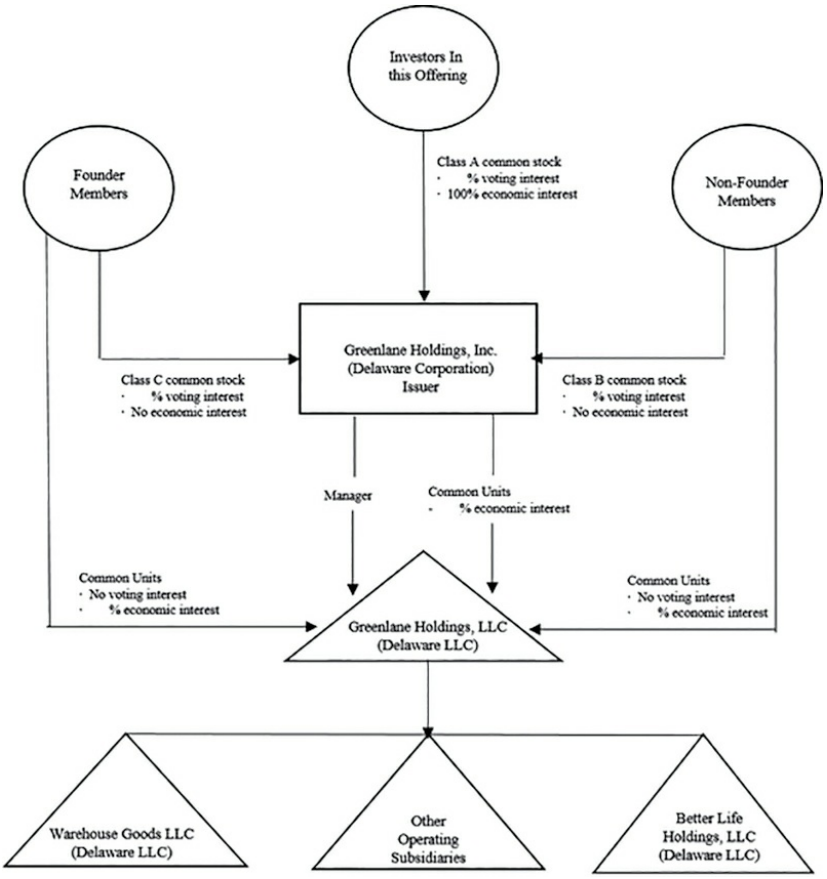
- the Founder Members will own (i) Common Units, representing % of the economic interest in Greenlane Holdings, LLC, or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock, and (ii) through their ownership of Class C common stock, approximately % of the voting power in Greenlane Holdings, Inc., or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock;

- following the offering, each Common Unit, other than the Non-Vested Common Units, held by the Members will be immediately redeemable, at the election of such Members, for newly-issued shares of Class A common stock on a one-for-one basis or, at our option, a cash payment equal to a volume weighted average market price of one share of Class A common stock for each Common Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Greenlane Operating Agreement. See "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement." Our decision to make a cash payment upon a Member's election will be made by our independent directors (within the meaning of the Nasdaq Marketplace Rules) who are disinterested. Shares of our Class B common stock and Class C common stock, as the case may be, will be cancelled on a one-to-one or a three-to-one basis, respectively, if we, at the election of a Member, redeem or exchange Common Units of such Member pursuant to the terms of the Greenlane Operating Agreement; and

- the Members collectively (i) will own Class B common stock and Class C common stock representing approximately % of the combined voting power of all of our common stock, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock, and (ii) will own % of the economic interest in Greenlane Holdings, LLC, or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock, representing a direct interest through the Members' ownership of Common Units.

As the sole manager of Greenlane Holdings, LLC, we will operate and control all of the business and affairs of Greenlane Holdings, LLC, and, through Greenlane Holdings, LLC, and its subsidiaries, conduct our business. Although we will have a minority economic interest in Greenlane Holdings, LLC, we will have the sole voting interest in, and control the management of, Greenlane Holdings, LLC, and will have the obligation to absorb losses of, and receive benefits from, Greenlane Holdings, LLC, that could be significant. As a result, we have determined that, after the Transactions, Greenlane Holdings, LLC will be a variable interest entity, or VIE, and that we will be the primary beneficiary of Greenlane Holdings, LLC. Accordingly, pursuant to the VIE accounting model, we will consolidate Greenlane Holdings, LLC in our consolidated financial statements and will report a non-controlling interest related to the Common Units held by the Members on our consolidated financial statements. We will have a board of directors and executive officers, but will have no employees. The business operating functions of all of our employees are expected to reside at Greenlane Holdings, LLC or its subsidiaries.

The following diagram shows our organizational structure after giving effect to the Transactions, including this offering, assuming an initial public offering price at the midpoint of the price range set forth on the cover page of this prospectus and no exercise by the underwriters of their option to purchase additional shares of Class A common stock:



USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of Class A common stock in this offering will be approximately $, assuming an initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses of approximately $ payable by us.

The selling stockholders expect to receive net proceeds of approximately $ from the sale of shares of Class A common stock in this offering, assuming an initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, and after deducting underwriting discounts and commissions payable by the selling stockholders (or if the underwriters exercise in full their over-allotment option, we estimate that the selling stockholders will receive net proceeds of approximately $ million). We will not receive any proceeds from the sale of shares by the selling stockholders, including any shares sold to the underwriters upon exercise of their right to purchase additional shares of Class A common stock. See "Principal and Selling Stockholders."

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the net proceeds to us by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and the estimated offering expenses.

We intend to use the net proceeds to us from this offering to purchase Common Units (assuming an initial offering price per share of Class A common stock in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus) directly from Greenlane Holdings, LLC at a purchase price per Common Unit equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions.

We intend to cause Greenlane Holdings, LLC to use the proceeds it receives to pay the expenses of this offering, which are estimated to be approximately $. We also intend to cause Greenlane Holdings, LLC to use approximately $ of the net proceeds from this offering for capital improvements to our warehouses and other facilities and for capital expenditures relating to our information technology systems. In addition, we intend to cause Greenlane Holdings, LLC to use approximately $ of the net proceeds from this offering to fund possible investments in, and acquisitions of, complementary companies or their assets, businesses, partnerships, minority investments, products or technologies. However, we currently have no commitments or agreements regarding any such acquisitions or investments. The balance of the net proceeds, and if no suitable acquisitions or investments are identified, the portion of the net proceeds we have allocated for such purposes, will be used for working capital and other general corporate purposes.

While we intend to allocate the net funds available to Greenlane Holdings, LLC for the purposes outlined above, there may be circumstances under which, for sound business reasons, a reallocation of funds may be necessary. As a result, our board of directors and management will retain broad discretion over the allocation of the net proceeds of this offering. See "Risk Factors."

Until we use the net proceeds of this offering in our business, such funds will be managed through a treasury management program under the supervision of our Chief Financial Officer and invested in short-term, interest-bearing investments, which may include interest-bearing bank accounts, money market funds, certificates of deposit and U.S. government securities.

In addition, in an effort to reduce our interest expense on our bank line of credit, we may use such net proceeds to repay all or a portion of our borrowings under our line of credit, but only if we will be permitted under our line of credit to re-borrow such amounts, and to use such funds when required for one or more of the purposes outlined above.

DIVIDEND POLICY

We currently do not plan to declare cash dividends on shares of our Class A common stock in the foreseeable future. Holders of our Class B common stock and our Class C common stock are not entitled to participate in any dividends declared by our board of directors. No decision has been made with respect to the amount and timing of dividend payments, if any. However, we expect that we will retain all of our future earnings for use in the operation and expansion of our business. Subject to the foregoing, the payment of cash dividends in the future, if any, to holders of Class A common stock will be at the discretion of our board of directors and will depend upon, among other things, our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions, including restrictions in Greenlane Holdings, LLC's debt agreements, number of shares of Class A common stock outstanding and other factors our board of directors may deem relevant.

As a holding company, substantially all of our operations are carried out by Greenlane Holdings, LLC and its subsidiaries. As a result, our ability to pay dividends depends on our receipt of loans, distributions or dividends and other payments from our operating subsidiaries, which may further restrict our ability to make distributions or pay dividends as a result of restrictions on their ability to pay dividends to us under future indebtedness that we or they may incur. Under its current credit agreement, Greenlane Holdings, LLC is restricted from making distributions or paying cash dividends or making certain other restricted payments, and we expect these restrictions to continue in the future, which may in turn limit our ability to pay dividends on our Class A common stock. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or our subsidiaries. See "Risk Factors — Risks Related to this Offering and Ownership of Our Class A Common Stock" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Line of Credit."

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization as of June 30, 2018 of:

- Greenlane Holdings, LLC and its subsidiaries on an actual basis;
- Greenlane Holdings, Inc. and its subsidiaries on a pro forma basis after giving effect to the organizational transactions described under "The Transactions", excluding this offering, and
- Greenlane Holdings, Inc. and its subsidiaries on a pro forma after giving effect to the organizational transactions described under "The Transactions", and further adjusted to include the sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay, and the application of the net proceeds from this offering as described under "Use of Proceeds."

This table should be read in conjunction with "Use of Proceeds", "Selected Historical Consolidated Financial and Other Data", "Unaudited Pro Forma Consolidated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

	As of June 30, 2018		
	Greenlane Holdings, LLC Actual	Pro Forma Greenlane Holdings, Inc.	Pro Forma As Adjusted Greenlane Holdings, Inc.[3]
		(unaudited)	
Cash	$ 1,398,819	$	$
Debt, including current portion			
Note payable	157,167	157,167	157,167
Due to parent – line of credit[1]	7,350,000	7,350,000	7,350,000
Total long term debt, including current portion	7,507,167	7,507,167	7,507,167
Redeemable Class B units	8,890,000	—	—
Total members/stockholders' equity:			
Members' equity			
Class A units	6,449,921	—	—
Common units	—		
Profits interest units	—	—	—
Stockholders' equity			
Class A common stock, par value $0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—		
Class B common stock, par value $0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—		
Class C common stock, par value $0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis			
Additional paid-in-capital	—		
Retained earnings	4,675,688		
Accumulated other comprehensive loss	(241,371)	(241,371)	(241,371)
Total members'/stockholders' equity	10,844,238		
Non-controlling interest[2]	—		
Total capitalization	$ 27,241,405	$	$

(1) Our revolving credit facility provides for up to $15.0 million in revolving loans. As of June 30, 2018, we had $7.6 million of available borrowing capacity under our revolving credit facility.

(2) On a pro forma basis and a pro forma as adjusted basis, includes the ownership interests not owned by Greenlane Holdings, Inc., which represents % of the outstanding Common Units of Greenlane Holdings, LLC held by the Members.

(3) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would increase or decrease each of additional paid-in capital, total members'/stockholders' equity and total capitalization on a pro forma as adjusted basis by approximately $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions.

In the table above, the number of shares of Class A common stock outstanding as of June 30, 2018 on a pro forma as adjusted basis excludes:

- shares of our Class A common stock that may be issuable upon exercise of the Members' rights to redeem their Common Units, assuming an offering price per share of $, the midpoint of the price range set forth on the cover page of this prospectus; and
- shares of our Class A common stock reserved for future issuance under our 2018 Equity Incentive Plan, including shares of Class A common stock (based on an assumed initial public offering price in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus) issuable upon the exercise of stock options our board of directors has approved in connection with this offering.

The shares of Class B common stock to be outstanding on a pro forma and pro forma as adjusted basis is based on Common Units held by the Non-Founder Members as of June 30, 2018 (based on an assumed initial public offering price in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus). The shares of Class C common stock to be outstanding on a pro forma and pro forma as adjusted basis following this offering is based on Common Units held by the Founder Members and their affiliates as of June 30, 2018 (based on an assumed initial public offering price in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus).

The foregoing table assumes no exercise of the underwriters' option to purchase additional shares of Class A common stock in this offering from the selling stockholders.

DILUTION

The Members will maintain holdings of Common Units in Greenlane Holdings, LLC after the Transactions. Because the Members will not own any Class A common stock or have any right to receive distributions from Greenlane Holdings, Inc. immediately following this offering, absent further action involving the redemption or exchange of by the Members Common Units for shares of our Class A common stock, we have presented the dilution in pro forma net tangible book value per share both before and after this offering assuming that all of the holders of Common Units (other than our company) had their Common Units redeemed or exchanged for newly-issued shares of Class A common stock on a one-to-one basis (rather than for cash) and the cancellation for no consideration of all of their shares of Class B common stock and Class C common stock (which are not entitled to receive distributions or dividends, whether cash or stock from our company) in order to more meaningfully present the potential dilutive impact on the investors in this offering. We refer to the assumed redemption or exchange of all Common Units for shares of Class A common stock as described in the previous sentence as the "Assumed Redemption."

If you purchase our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the net tangible book value per share of our Class A common stock after this offering. Dilution results from the fact that the initial public offering price per share of our Class A common stock is substantially in excess of the book value per share of Class A common stock attributable to the existing stockholders for the currently outstanding shares of Class A common stock after giving effect to the Assumed Redemption.

Our net tangible book value as of June 30, 2018 was $10.0 million, or $ per share of our Class A common stock owned by our Founder and Non-Founder Members. Pro forma net tangible book value represents the amount of our total tangible assets (total assets less total intangible assets) less total liabilities, after giving effect to the assumed completion of the organizational transactions described under "The Transactions." Pro forma net tangible book value per share represents our pro forma net tangible book value divided by the total number of shares of Class A common stock outstanding as of June 30, 2018 (share, assuming an initial offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus), after giving effect to the Transactions described under "The Transactions" and the "Assumed Redemption."

After giving effect to the sale of the shares of Class A common stock offered by us in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, less estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of June 30, 2018 would have been approximately $ million, or $ per share of Class A common stock after giving effect to the Transactions described under the caption "The Transactions" and the Assumed Redemption. This represents an immediate increase in net tangible book value to our existing stockholders of $ per share and an immediate dilution to purchasers in this offering of $ per share. The following table illustrates this pro forma per share dilution in net tangible book value to purchasers.

Assumed initial public offering price per share	$
Net tangible book value per share as of June 30, 2018	
Increase per share attributable to purchasers in this offering	
Net tangible book value per share after giving effect to this offering	
Dilution in net tangible book value per share to purchasers in this offering	

A $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would increase or decrease net tangible book value by $ million, or $ per share, and would increase or decrease the dilution per share to purchasers in this offering by $, based on the assumptions set forth above.

The following table presents, as of June 30, 2018, after giving effect to the Assumed Redemption and the sale by us of shares of our Class A common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, the difference between the existing stockholders, which are the Members, and the investors purchasing shares of our Class A common stock in this offering with respect to the number of shares of our common stock purchased from

us, the total consideration paid or to be paid to us, and the average price per share paid or to be paid to us, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders		%		%	
New investors					
Total		%		%	

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the total consideration paid by investors purchasing shares in this offering and total consideration paid by all stockholders by approximately $ million, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares of our Class A common stock from the selling stockholders. If the underwriters' option to purchase additional shares of our Class A common stock were exercised in full, our existing stockholders, which are the Members, would own % and the investors purchasing shares of our Class A common stock in this offering would own % of the total number of shares of our Class A common stock outstanding immediately after completion of this offering, assuming the redemption or exchange of all outstanding Common Units for shares of Class A common stock.

In the discussion above, the number of shares of our Class A common stock that will be outstanding after this offering excludes:

- shares of Class A common stock that may be issuable upon the redemption of unvested Common Units to be issued in connection with the Transactions in respect of unvested profits interests in Greenlane Holdings, LLC outstanding as of June 30, 2018 that have since been exchanged for unvested membership interests in Greenlane Holdings, LLC; and
- shares of our Class A common stock reserved for future issuance under our 2018 Equity Incentive Plan, including shares of Class A common stock (based on an assumed initial public offering price in this offering of $ per share, the midpoint of the price range set forth on the cover page of this prospectus) issuable upon the exercise of stock options our board of directors has approved in connection with this offering.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth the selected consolidated historical financial information and other data for Greenlane Holdings, LLC and its subsidiaries. Greenlane Holdings, LLC is our predecessor for financial reporting purposes. You should read the information set forth below in conjunction with "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated historical financial statements and notes thereto of Greenlane Holdings, LLC included elsewhere in this prospectus.

The statements of operations data for the years ended December 31, 2017 and 2016 and the balance sheet data as of December 31, 2017 and 2016 are derived from the audited consolidated financial statements of Greenlane Holdings, LLC included elsewhere in this prospectus. The statements of income data for the six-month periods ended June 30, 2018 and 2017 and the balance sheet data as of June 30, 2018 were derived from the unaudited consolidated interim financial statements of Greenlane Holdings, LLC included elsewhere in this prospectus. Results of interim periods are not necessarily indicative of the results expected for a full year or for future periods. The selected consolidated financial and other data of our company, Greenlane Holdings, Inc., has not been presented as we are a newly-incorporated entity, have had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

See "Index to Consolidated Financial Statements."

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
	(unaudited)			
Statement of Operations Data:				
Net sales	$ 83,818,436	$ 38,138,585	$ 88,259,975	$ 66,689,944
Gross profit	17,465,324	8,835,690	20,570,397	14,954,003
Operating expenses	14,795,061	7,838,460	17,854,624	14,839,513
Income from operations	2,670,263	997,230	2,715,773	114,490
Other income (expense)	6,627	51,514	(241,683)	81,422
Income before income taxes	2,676,890	1,048,744	2,474,090	195,912
Net income	2,528,240	962,978	2,291,557	86,985
Other Data:				
Adjusted EBITDA[1]	$ 3,287,835	$ 1,413,545	$ 3,506,982	$ 686,645

(1) Adjusted EBITDA is equal to net income less other income, before interest, income taxes, depreciation and amortization. Adjusted EBITDA eliminates the effects of items that we do not consider indicative of our core operating performance and that are not excluded in the calculation of net income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measure - Adjusted EBITDA" for a discussion of adjusted EBITDA and a reconciliation of adjusted EBITDA to net income, the most directly comparable measure under U.S. GAAP.

	June 30,	As of December 31,	
	2018	2017	2016
	(unaudited)		
Balance Sheet Data:			
Cash	$ 1,398,819	$ 2,080,397	$ 1,691,196
Accounts receivable, net	6,391,500	3,759,551	1,336,982
Inventories, net	22,504,097	14,159,693	5,618,328
Total current assets	36,715,578	23,288,456	10,003,631
Goodwill and intangible assets, net	9,756,319	4,769,957	4,748,092
Total assets	48,559,422	29,571,827	15,999,866
Total current liabilities	28,617,192	19,519,682	6,439,943
Total liabilities	28,785,184	20,175,994	8,551,227
Total redeemable Class B units (temporary equity)	8,890,000	—	—
Total members' equity	10,884,238	9,395,833	7,448,639
Total liabilities, redeemable Class B units, and members' equity	48,559,422	29,571,827	15,999,866

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following summary unaudited pro forma consolidated statement of operations data for the year ended December 31, 2017 and the six-month periods ended June 30, 2018 presents our consolidated results of operations after giving effect to (i) the organizational transactions described under "The Transactions," (ii) this offering and the use of proceeds from this offering, and (iii) the acquisition by Greenlane Holdings, LLC of Better Life Holdings, LLC, as if each had been completed as of January 1, 2017. The following pro forma consolidated balance sheet data presents our consolidated financial position as of June 30, 2018 after giving effect to (i) the organizational transactions described under "The Transactions," and (ii) this offering and the use of proceeds from this offering, as if each had been completed as of June 30, 2018.

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs, other than the compensation expense associated with the initial stock option grants to our non-employee directors on the closing date of this offering.

The unaudited pro forma consolidated financial information has been prepared based on the historical financial statements of Greenlane Holdings, LLC, our predecessor, and the assumptions and adjustments as described in the notes to the unaudited pro forma consolidated financial information. The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly attributable to the Transactions. In addition, the unaudited pro forma consolidated statements of income reflect only those adjustments that are expected to have a continuing impact on our results of operations. The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and do not purport to represent our consolidated results of operations or consolidated financial position that would actually have occurred had the Transactions and Greenlane Holdings, LLC's acquisition of Better Life Holdings, LLC referred to above been consummated on the dates assumed or to project our consolidated results of operations or consolidated financial position for any future date or period.

As described in greater detail under "Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement," in connection with the completion of this offering, we will enter into the Tax Receivable Agreement with the Members that will provide for the payment by our company to the Members of 85% of the amount of tax benefits, if any, that we actually realize as a result of (i) increases in the tax basis of assets of Greenlane Holdings, LLC resulting from any redemptions or exchanges of Common Units as described under "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement — Common Unit Redemption Right" and (ii) certain other tax benefits related to our making payments under the Tax Receivable Agreement. Due to the uncertainty in the amount and timing of future exchanges of Common Units by the Members, the unaudited pro forma consolidated financial information assumes that no exchanges of Common Units have occurred and therefore no increases in tax basis in Greenlane Holdings, LLC's assets or other tax benefits that may be realized thereunder have been assumed in the unaudited pro forma consolidated financial information. However, if all of the Members were to exchange their Common Units, we would recognize a deferred tax asset of approximately $ million and a liability of approximately $ million, assuming (i) all exchanges occurred on the same day; (ii) a price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus); (iii) a constant corporate tax rate of %; (iv) we will have sufficient taxable income to fully utilize the tax benefits; and (v) no material changes in tax law. For each 5% increase (decrease) in the amount of Common Units exchanged by the Members, our deferred tax asset would increase (decrease) by approximately $ million and the related liability would increase (decrease) by approximately $ million, assuming that the price per share and corporate tax rate remain the same. For each $1.00 increase (decrease) in the assumed share price of $ per share, our deferred tax asset would increase (decrease) by approximately $ million and the related liability would increase (decrease) by approximately $ million, assuming that the number of Common Units exchanged by the Members and the corporate tax rate remain the same. These amounts are estimates and have been prepared for informational purposes only. The actual amount of deferred tax assets and related liabilities that we will recognize will differ based on, among other things, the timing of the exchanges, the price of our shares of Class A common stock at the time of the exchange, and the tax rates then in effect.

The presentation of the unaudited pro forma consolidated financial information is prepared in conformity with Article 11 of Regulation S-X.

Our historical financial information has been derived from our consolidated financial statements and accompanying notes included elsewhere in this prospectus. The unaudited pro forma consolidated financial information should be read together with "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," the historical consolidated financial statements and related notes thereto of Greenlane Holdings, LLC included elsewhere in this prospectus and the historical consolidated financial statements and notes thereto of Better Life Holdings, LLC included elsewhere in this prospectus.

Greenlane Holdings, Inc.
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of June 30, 2018

	Historical Greenlane Holdings, LLC[a]	Transactions	As Adjusted Before Offering	Offering Adjustments	Pro Forma Greenlane Holdings, Inc.
ASSETS					
Current assets					
Cash	$ 1,398,819	$ —	$ 1,398,819	$ (e)	$
Accounts receivable, net	6,391,500	—	6,391,500	—	6,391,500
Inventories, net	22,504,097	—	22,504,097	—	22,504,097
Vendor deposits	4,101,185	—	4,101,195	—	4,101,195
Other current assets	2,319,977	—	2,319,977	(f)	2,319,977
Total current assets	36,715,578	—	36,715,578		
Property and equipment, net	1,091,029	—	1,091,029	—	1,091,029
Intangible assets, net	4,310,628	—	4,310,628	—	4,310,628
Goodwill	5,445,691	—	5,445,691	—	5,445,691
Investments in associated entities	996,496	—	996,496	—	996,496
Deferred tax asset	—	—	—	(d)	
Total assets	$ 48,559,422	$ —	$ 48,559,422	$	$
LIABILITIES					
Current liabilities					
Accounts payable	$ 14,275,982	$ —	$ 14,275,982	$ —	$ 14,275,982
Accrued expenses	6,778,924	—	6,778,924	—	6,778,924
Due to parent	7,350,000	—	7,350,000	—	7,350,000
Current portion of note payable	135,908	—	135,908	—	135,908
Current portion of capital lease obligations	76,378	—	76,378	—	76,378
Current portion of Tax Receivable Agreement liability	—	—	—	(d)	
Total current liabilities	28,617,192	—	28,617,192		
Note payable	21,259	—	21,259	—	21,259
Capital lease obligations	146,733	—	146,733	—	146,733
Tax Receivable Agreement liability, net of current portion	—	—	—	(d)	
Total long-term liabilities	167,992	—	167,992		
Total liabilities	28,785,184	—	28,785,184		
Commitments and contingencies					
REDEEMABLE CLASS B UNITS	8,890,000	(8,890,000)[c][b]	—	—	—
EQUITY					
Members' equity					
Class A units	6,449,921	(6,449,921)[c][b]		—	
		6,449,921[c][b]			
Common Units	—	8,890,000[c][b]		—	
Profits interest units	—	—[b]	—	—	—
Stockholders' equity	—				—
Class A common stock, par value $0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—	(c)			
Class B common stock, par value $0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—	(c)			
Class C common stock, par value $0.0001 per share, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—	(c)			
Additional paid-in-capital	—	(c)		(e)(f)(d)	
Retained earnings	4,675,688	(g)(h)		(d)(g)(h)	
Accumulated other comprehensive loss	(241,371)	—	(241,371)	—	(241,371)
Total members'/stockholders' equity	10,844,238				
Non-controlling interest	—	(h)		(h)	
Total liabilities, redeemable Class B units and members'/stockholders' equity	$ 48,559,422	$	$	$	$

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

(a) Greenlane Holdings, Inc. was incorporated on May 2, 2018, and will have no material assets or results of operations until the completion of the Transactions. As a result, its historical financial position is not shown in a separate column in this unaudited pro forma condensed consolidated balance sheet.

(b) The holders of profits interests at June 30, 2018 converted such profits interests to Redeemable Class B Units in October 2018. Such Redeemable Class B Units will be converted to Common Units and Class B common stock upon consummation of the Transactions. The former profits interest unit holders will continue to own Common Units after the Transactions and may, subject to contractual stipulations following the completion of this offering, exchange their Common Units for shares of our Class A common stock.

(c) In connection with the completion of the Transactions, we will consummate the following organizational transactions:

(1) we will amend and restate Greenlane Holdings, LLC's existing operating agreement effective as of the completion of this offering to, among other things, convert the Members' existing membership interests in Greenlane Holdings, LLC into Common Units and appoint Greenlane Holdings, Inc. as the manager of Greenlane Holdings, LLC;

(2) we will amend and restate our certificate of incorporation to, among other things, provide for Class A common stock, Class B common stock and Class C common stock;

(3) we will issue shares of Class B common stock to the Non-Founder Members on a one-to-one basis with the number of Common Units they own, for nominal consideration, and shares of Class C common stock to the Founder Members on a three-to-one basis with the number of Common Units they own, for nominal consideration;

(4) we will issue shares of our Class A common stock to the purchasers in this offering in exchange for net proceeds of approximately $ million based upon an assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus);

(5) we will use all of the net proceeds from this offering to purchase newly-issued Common Units directly from Greenlane Holdings, LLC at a price per Common Unit equal to the initial public offering price per share of Class A common stock in this offering less the underwriting discounts and commissions; and

(6) we will receive Common Units (or Common Units if the underwriters exercise in full their option to purchase additional shares of Class A common stock) directly from the Members as selling stockholders in exchange for shares of Class A common stock (or shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock), which Common Units will represent % of Greenlane Holdings, LLC's outstanding Common Units following this offering (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock from the selling stockholders);

(d) We will receive the same benefits as the Members because of our ownership of Common Units in an entity treated as a partnership, or "pass-through" entity, for income tax purposes. As we redeem additional Common Units from the Members under the mechanism described above, we will obtain a step-up in tax basis in our share of Greenlane Holdings, LLC's assets. This step-up in tax basis will provide us with certain tax benefits, such as future depreciation and amortization deductions that can reduce the taxable income allocable to us. We expect to enter into the Tax Receivable Agreement with Greenlane Holdings, LLC and each of the Members that will provide for the payment by us to the Members of 85% of the amount of tax benefits, if any, that we actually realize (or in some cases are deemed to realize) as a result of (i) increases in tax basis resulting from the redemption of Common Units and (ii) certain other tax benefits attributable to payments made under the Tax Receivable Agreement. For a description of the terms of the Registration Rights Agreement and the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions."

We recorded a deferred tax asset of $, a current liability of less than $ and a long-term liability of $ related to the Tax Receivable Agreement liability created by the purchase of Common Units from Members in connection with the offering. The net impact of the adjustments to net deferred taxes and the Tax Receivable Agreement liability of $ has been recorded as an increase to additional paid-in capital, as these adjustments arise from equity transactions of our company.

The amounts to be recorded for both the net deferred tax assets and the liability for our obligations under the Tax Receivable Agreement have been estimated. All of the effects of changes to both the net deferred tax assets and our obligations under the Tax Receivable Agreement after the date of the purchase will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

(e) We estimate that the net proceeds from our issuance and sale of shares of Class A common stock in this offering will be approximately $, assuming an initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses of approximately $ payable by us. A reconciliation on the gross proceeds from this offering to the net proceeds is set forth below:

Assumed initial public offering price per share	$
Shares of Class A common stock issued in this offering	
Gross proceeds	
Less: underwriting discounts and commissions	
Net cash proceeds to Greenlane Holdings, Inc.	
Less: offering expenses, exclusive of $ previously capitalized	
Net proceeds to Greenlane Holdings, LLC	$

We intend to use the proceeds received by us from this offering to purchase Common Units directly from Greenlane Holdings, LLC at a price per Common Unit equal to the initial public offering price per share of Class A common stock in this offering, less underwriting discounts and commissions. We will not receive any proceeds from the sale of Class A common stock by the selling stockholders, including any shares sold to the underwriters upon exercise of their right to purchase additional shares of Class A common stock. We will receive Common Units from the selling stockholders in exchange for the shares of Class A common stock to be sold by the selling stockholders in this offering. We intend to cause Greenlane Holdings, LLC to use the net proceeds from the sale of Common Units to us to pay the expenses of this offering and for investments in, and acquisitions of, complementary companies or their assets, businesses, partnerships, minority investments, products or technologies, capital improvements to our warehouses and other facilities, capital expenditures relating to our information technology systems, and working capital and general corporate purposes. See “Use of Proceeds.”

(f) We are deferring certain costs associated with this offering, including certain legal, accounting and other related expenses, which have been recorded in other assets on our consolidated balance sheet. Upon completion of this offering, approximately $ million of these deferred costs will be charged against the proceeds from this offering with a corresponding reduction to additional paid-in capital. The total amount of estimated offering expenses is $ million.

(g) The reconciliation of Greenlane Holdings, LLC Members’ income to Greenlane Holdings, Inc. retained earnings as of June 30, 2018 is as follows ($ in thousands):

Retained earnings — “Transactions” Column	
Retained earnings at Greenlane Holdings, LLC	$
Non-controlling interest in Greenlane Holdings, LLC by Members	
Retained earnings	
Retained earnings — “Offering Adjustments” Column	
Offset to the non-controlling interest	
Total pro forma Greenlane Holdings, Inc. retained earnings	$

Greenlane Holdings, Inc.
Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations
For The Six Months Ended June 30, 2018

	Historical Greenlane Holdings, LLC[a]	Historical Better Life Holdings, LLC[b]	Business Combination Adjustments[c]	Greenlane Holdings, LLC Pro Forma	Transactions Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma Greenlane Holdings, Inc.
Net sales	$83,818,436	$2,564,582	$ (496,398)	$85,886,620	$ —	$ 85,886,620	$ —	$85,886,620
Cost of sales	66,353,112	1,913,692	(496,398)	67,770,406	—	67,770,406	—	67,770,406
Gross profit	17,465,324	650,890	—	18,116,214	—	18,116,214	—	18,116,214
Operating expenses:								
Salaries, benefits and payroll taxes	6,556,667	295,284	—	6,851,951	—	6,851,951	(d)	
General and administrative	7,620,822	261,764	(134,186)[c]	7,748,400	—	7,748,400	—	7,748,400
Depreciation and amortization	617,572	4,533	161,525 (c)	783,630	—	783,630	—	783,630
Total operating expenses	14,795,061	561,581	27,339	15,383,981	—	15,383,981		
Income from operations	2,670,263	89,309	(27,339)	2,732,233	—	2,732,233		
Other income (expense):								
Interest expense	(152,930)	(324)	—	(153,254)	—	(153,254)	—	(153,254)
Other income	159,557	2,408	—	161,965	—	161,965	—	161,965
Other income, net	6,627	2,084	—	8,711	—	8,711	—	8,711
Income before income taxes	2,676,890	91,393	(27,339)	2,740,944	—	2,740,944	—	
Provision for income taxes	148,650	—	—	148,650	—	148,650	(e)	
Net income (loss)	$ 2,528,240	$ 91,393	$ (27,339)	$ 2,592,294	$ —	$ 2,592,294	$	$
Net income attributable to non-controlling interests				—	(f)			
Net income attributable to Greenlane Holdings, Inc.				$ 2,592,294	$	$	$	$
Pro-forma net income per share data (g):								
Weighted average shares of Class A common stock outstanding								
Basic								
Diluted								
Net income available to Class A common stock per share:								
Basic								$
Diluted								$

See accompanying Notes to the Unaudited Pro Forma Interim Condensed Consolidated Statement of Operations

(a) Greenlane Holdings, Inc. was formed on May 2, 2018, and will have no results of operations until the completion of this offering. Therefore, its historical results of operations are not shown in a separate column in this unaudited pro forma interim condensed consolidated statement of operations.

(b) Better Life Holdings, LLC's financial statements presented in the accompanying unaudited pro forma interim condensed consolidated statement of operations for the six months ended June 30, 2018 reflect the historical results of operations for the period starting January 1 through February 19, 2018. The operating results of Better Life Holdings, LLC since the February 20, 2018 date of acquisition have been included in our historical results of operations for the six months ended June 30, 2018.

(c) In accordance with the rules of Article 11 of Regulation S-X, the following adjustments were made for the acquisition of Better Life Holdings, LLC:

(1) The adjustment to net sales represents the eliminating consolidation entries to remove total merchandise sales to Better Life Holdings, LLC. For the six months ended June 30, 2018, approximately $496,000 of revenue was recorded as a result of sales to Better Life Holdings, LLC.

(2) The adjustment to cost of sales represents the cost incurred by Better Life Holdings, LLC for the six months ended June 30, 2018, related to product purchased from Greenlane Holdings, LLC.

(3) Increased depreciation and amortization expense reflects identified intangible assets in the acquisition of Better Life Holdings, LLC. The weighted-average amortization period for all intangibles acquired is five years.

(4) Direct, incremental transaction costs, which are reflected in our interim condensed consolidated results of operations for the six months ended June 30, 2018, are removed from general and administrative expenses.

(d) Represents the increase in compensation expense we expect to incur in connection with the completion of this offering. We expect to grant five-year options to purchase shares of our Class A common stock with a grant date fair value of approximately $70,000 to each of the three non-employee directors who will join our board of directors in connection with the consummation of this offering. The exercise price of such options will be equal to the price per share at which the Class A common stock is sold in this offering.

(e) Greenlane Holdings, LLC is a limited liability company and is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a result, it is not liable for U.S. federal or state and local income taxes in most jurisdictions in which we operate, and the income, expenses, gains and losses are reported on the returns of our members. It is subject to state and local income tax in certain jurisdictions in which it is not treated like a partnership, where it pays income taxes. After the consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Greenlane Holdings, LLC and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, plus payments under the Tax Receivable Agreement, which will be significant. After the consummation of this offering, pursuant to the Greenlane Operating Agreement, Greenlane Holdings, LLC will generally make pro rata tax distributions to its members in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Greenlane Holdings, LLC that is allocated to them and possibly in excess of such amount. See "Certain Relationships and Related Party Transactions — Greenlane Operating Agreement — Distributions." As a result, the unaudited pro forma consolidated statements of income reflect adjustments to our income tax expense to reflect an effective income tax rate of % for the six months ended June 30, 2018, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction.

The income tax expense for the off ering adjustments is determined using the Founder Members' economic interest in Greenlane Holdings, LLC of % after giving eff ect to the issuance of shares of Class A common stock in this off ering. The eff ective tax rate derived from the face of the unaudited pro forma consolidated statement of income will be lower than the stated eff ective tax rate because the eff ective tax rate is applied to only % of the income before taxes based on Greenlane Holdings, Inc.'s economic interest in Greenlane Holdings, LLC. Our pro forma allocable share of taxable income from Greenlane Holdings, LLC was $, and our income tax was $ for the six months ended June 30, 2018.

(f) Upon completion of the Transactions, Greenlane Holdings, Inc. will become the sole managing member of Greenlane Holdings, LLC. As the manager of Greenlane Holdings, LLC, we will operate and control all of the business and affairs of Greenlane Holdings, LLC, and, through Greenlane Holdings, LLC and its subsidiaries, conduct our business. Although we will have a minority economic interest in Greenlane Holdings, LLC, we will have the sole voting interest in, and control the management of, Greenlane Holdings, LLC, and will have the obligation to absorb losses of, and receive benefits from, Greenlane Holdings, LLC, that could be significant. As a result, we have determined that, after the Transactions, Greenlane Holdings, LLC will be a variable interest entity, or VIE, and that we will be the primary beneficiary of Greenlane Holdings, LLC. Accordingly, pursuant to the VIE accounting model, we will consolidate Greenlane Holdings, LLC in our consolidated financial statements and will report a non-controlling interest related to the Common Units held by the Members on our consolidated financial statements.

The Transactions adjustments include adjustments to report pro forma Greenlane Holdings, LLC net income attributable to non-controlling interests equal to the Members' economic interest in Greenlane Holdings, LLC of % after giving effect to the conversion of Common Units for shares of Class A common stock.

The offering adjustments include adjustments to report a non-controlling interest equal to the Members' economic interest in Greenlane Holdings, LLC of %, after giving effect to the issuance of shares of Class A common stock in this offering and the Members' conversion of their ownership interest in Common Units of Greenlane Holdings, LLC for shares of Class A common stock based on the pro forma Greenlane Holdings, LLC. Our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that we and Greenlane Holdings, LLC, respectively, at all times maintain (i) a ratio of one Common Unit owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities), (ii) a one-to-one ratio between the number of shares of Class B common stock owned by the Non-Founder Members and the number of Common Units owned by the Non-Founder Members and (iii) a three-to-one ratio between the number of shares of Class C common stock owned by the Founder Members and the number of Common Units owned by the Founder Members or their affiliates.

(g) Pro forma basic net income per share is computed by dividing the net income available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income per share is computed by adjusting the net income available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B common stock and Class C common stock are not entitled to receive any distributions or dividends and have no rights to convert into Class A common stock. When a Common Unit is exchanged for, at our election, cash or Class A common stock by a Member who holds shares of our Class B common stock or Class C common stock, such Member will be required to surrender one share of Class B common stock or three shares of Class C common stock, as the case may be, which we will cancel for no consideration. Therefore, we did not include shares of our Class B common stock or Class C common stock in the computation of pro forma basic or diluted net loss per share. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net income per share:

	Greenlane Holdings, Inc. Six months ended June 30, 2018
Basic net income per share:	
Numerator	
Net income	$
Less: Net income attributable to non-controlling interests	
Net income attributable to Class A common stockholders	
Denominator	
Shares of Class A common stock held by Members	
Weighted average shares of Class A common stock outstanding	
Basic net income per share	$
Diluted net income per share:	
Numerator	
Net income	$
Reallocation of net income assuming conversion of Common Units[1]	
Net income attributable to Class A common stockholders	
Denominator	
Weighted average shares of Class A common stock outstanding	
Weighted average effect of dilutive securities[2]	
Weighted average shares of Class A common stock outstanding – diluted	
Diluted net income per share	$

(1) The reallocation of net income assuming conversion of Common Units represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in footnote (e) above and assuming all Common Units of Greenlane Holdings, LLC were exchanged for Class A common stock at the beginning of the period. The Common Units of Greenlane Holdings, LLC held by the Members are potentially dilutive securities, and the computations of pro forma diluted net income per share assume that all Common Units of Greenlane Holdings, LLC were exchanged for shares of Class A common stock at the beginning of the period. This adjustment was made only for purposes of calculating pro forma diluted net income per share and does not necessarily reflect the amount of exchanges that may occur subsequent to this offering.

(2) Includes outstanding shares of Class A common stock issuable upon the exchange of Common Units to be held by the Members prior to this offering.

Greenlane Holdings, Inc.
Unaudited Pro Forma Consolidated Statement of Operations
Fiscal Year Ended December 31, 2017

	Historical Greenlane Holdings, LLC[a]	Historical Better Life Holdings, LLC[b]	Business Combination Adjustments[e]	Greenlane Holdings, LLC Pro Forma	Transactions Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma Greenlane Holdings, Inc.
Net sales	$88,259,975	$17,213,584	$ (885,029)[c]	$104,588,530	$ —	$104,588,530	$ —	
Cost of sales	67,689,578	13,031,972	(885,029)[c]	79,836,521	—	79,836,521	—	
Gross profit	20,570,397	4,181,612	—	24,752,009	—	24,752,009	—	
Operating expenses:								
Salaries, benefits and payroll taxes	8,254,449	2,536,123		10,790,572	—	10,790,572	(d)	
General and administrative	8,808,966	1,993,003		10,801,969	—	10,801,969	—	
Depreciation and amortization	791,209	18,019	646,100 (c)	1,455,328	—	1,455,328	—	
Total operating expenses	17,854,624	4,547,145	646,100	23,047,869	—	23,047,869		
Income (loss) from operations	2,715,773	(365,533)	(646,100)	1,704,140	—	1,704,140		
Other income (expense):								
Interest expense	(269,710)	(2,815)	—	(272,525)	—	(272,525)	—	
Other income (loss), net	28,027	10,103	—	38,130	—	38,130	—	
Other income (expense)	(241,683)	7,288	—	(234,395)	—	(234,395)	—	
Income (loss) before income taxes	2,474,090	(358,245)	(646,100)	1,469,745	—	1,469,745	—	
Provision for income taxes	182,533	—		182,533	—	182,533	(e)	
Net income (loss)	$ 2,291,557	$ (358,245)	$ (646,100)	$ 1,287,212	$ —	$ 1,287,212	$	$
Net income attributable to non-controlling interests				—	(f)			
Net income attributable to Greenlane Holdings, Inc.				$ 1,287,212	$	$	$	$
Pro-forma net income per share data (g):								
Weighted average shares of Class A common stock outstanding								
Basic								
Diluted								
Net income available to Class A common stock per share:								
Basic								$
Diluted								$

See accompanying Notes to the Unaudited Pro Forma Consolidated Statement of Operations

(a) Greenlane Holdings, Inc. was formed on May 2, 2018, and will have no results of operations until the completion of this offering. Therefore, its historical results of operations are not shown in a separate column in this unaudited pro forma interim condensed consolidated statement of operations.

(b) Better Life Holdings, LLC's financial statements presented in the accompanying unaudited pro forma condensed statement of operations reflect the historical results of operations for the year ended December 31, 2017 from the audited financial statements. In accordance with Regulation S-X 11-02(c)(3), no adjustments were required to modify the period of Better Life Holdings, LLC's historical statement of operations.

(c) In accordance with the rules of Article 11 of Regulation S-X, the following adjustments were made for the acquisition of Better Life Holdings, LLC:

(1) The adjustment to net sales represents the eliminating consolidation entries to remove total merchandise sales to Better Life Holdings, LLC. For the year ended December 31, 2017, approximately $885,000 of revenue was recorded as a result of sales to Better Life Holdings, LLC.

(2) The adjustment to cost of sales represents the cost incurred by Better Life Holdings, LLC for the year ended December 31, 2017, related to product purchased from Greenlane Holdings, LLC.

(3) Increased amortization expense reflects identified intangible assets in the acquisition of Better Life Holdings, LLC. The weighted-average amortization period for all intangibles acquired is five years.

(d) Represents the increase in compensation expense we expect to incur following the completion of this offering. We expect to grant five-year options to purchase shares of our Class A common stock with a grant date fair value of approximately $70,000 to each of the three non-employee directors who will join our board of directors in connection with the consummation of this offering. The exercise price of such options will be equal to the price per share at which the Class A common stock is sold in this offering,

(e) Greenlane Holdings, LLC is a limited liability company and is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a result, it is not liable for U.S. federal or state and local income taxes in most jurisdictions in which we operate, and the income, expenses, gains and losses are reported on the returns of our members. It is subject to local income tax in certain jurisdictions in which it is not treated like a partnership, where it pays income taxes. After the consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Greenlane Holdings, LLC and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, plus payments under the Tax Receivable Agreement, which will be significant. After the consummation of this offering, pursuant to the Greenlane Operating Agreement, Greenlane Holdings, LLC will generally make pro rata tax distributions to its members in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Greenlane Holdings, LLC that is allocated to them and possibly in excess of such amount. See "Certain Relationships and Related Party Transactions — Greenlane Operating Agreement — Distributions." As a result, the unaudited pro forma consolidated statements of income reflect adjustments to our income tax expense to reflect an effective income tax rate of % for the year ended December 31, 2017, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction.

The income tax expense for the offering adjustments is determined using the Founder Members' economic interest in Greenlane Holdings, LLC of % after giving effect to the issuance of shares of Class A common stock in this offering. The effective tax rate derived from the face of the unaudited pro forma consolidated statement of income will be lower than the stated effective tax rate because the effective tax rate is applied to only % of the income before taxes based on Greenlane Holdings, Inc.'s economic interest in Greenlane Holdings, LLC. Our pro forma allocable share of taxable income from Greenlane Holdings, LLC was $, and our income tax was $ for the year ended December 31, 2017.

(f) Upon completion of the Transactions, Greenlane Holdings, Inc. will become the sole managing member of Greenlane Holdings, LLC. As the manager of Greenlane Holdings, LLC, we will operate and control all of the business and affairs of Greenlane Holdings, LLC, and, through Greenlane Holdings, LLC and its subsidiaries, conduct our business. Although we will have a minority economic interest in Greenlane Holdings, LLC, we will have the sole voting interest in, and control the management of, Greenlane Holdings, LLC, and will have the obligation to absorb losses of, and receive benefits from, Greenlane Holdings, LLC, that could be significant. As a result, we have determined that, after the Transactions, Greenlane Holdings, LLC will be a variable interest entity, or VIE, and that we will be the primary beneficiary of Greenlane Holdings, LLC. Accordingly, pursuant to the VIE accounting model, we will consolidate Greenlane Holdings, LLC in our consolidated financial statements and will report a non-controlling interest related to the Common Units held by the Members on our consolidated financial statements.

The Transactions adjustments include adjustments to report pro forma Greenlane Holdings, LLC net income attributable to non-controlling interests equal to the Founder members' economic interest in Greenlane Holdings, LLC of % after giving effect to the Former Equity Owners' conversion of Common Units for shares of Class A common stock.

The offering adjustments include adjustments to report a non-controlling interest equal to the Founder Members' economic interest in Greenlane Holdings, LLC of %, after giving effect to the issuance of shares of Class A common stock in this offering and the Former Equity Owners' conversion of their ownership interest in Common Units of Greenlane Holdings, LLC for shares of Class A common stock based on the pro forma Greenlane Holdings, LLC. Our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that we and Greenlane Holdings, LLC, respectively, at all times maintain (i) a ratio of one Common Unit owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities), (ii) a one-to-one ratio between the number of shares of Class B common the number of shares of Class C common stock owned by the Founder Members and the number of Common Units owned by the Founder Members or their affiliates.

(g) Pro forma basic net income per share is computed by dividing the net income available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income per share is computed by adjusting the net income available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B common stock and Class C common stock are not entitled to receive any distributions or dividends and have no rights to convert into Class A common stock. When a Common Unit is exchanged for, at our election, cash or Class A common stock by a Member who holds shares of our Class B common stock or Class C common stock, such Member will be required to surrender one share of Class B common stock or three shares of Class C common stock, as the case may be, which we will cancel for no consideration. Therefore, we did not include shares of our Class B common stock or Class C common stock in the computation of pro forma basic or diluted net loss per share. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net income per share:

	Greenlane Holdings, Inc. Year ended December 31, 2017
Basic net income per share:	
Numerator	
Net income	$
Less: Net income attributable to non-controlling interests	
Net income attributable to Class A common stockholders	
Denominator	
Shares of Class A common stock held by Members	
Weighted average shares of Class A common stock outstanding	
Basic net income per share	$
Diluted net income per share:	
Numerator	
Net income	$
Reallocation of net income assuming conversion of Common Units[1]	
Net income attributable to Class A common stockholders	
Denominator	
Weighted average shares of Class A common stock outstanding	
Weighted average effect of dilutive securities[2]	
Weighted average shares of Class A common stock outstanding – diluted	
Diluted net income per share	$

(1) The reallocation of net income assuming conversion of Common Units represents the tax effected net income attributable to non-controlling interest using the effective income tax rates described in footnote (e) above and assuming all Common Units of Greenlane Holdings, LLC were exchanged for Class A common stock at the beginning of the period. The Common Units of Greenlane Holdings, LLC held by the Members are potentially dilutive securities, and the computations of pro forma diluted net income per share assume that all Common Units of Greenlane Holdings, LLC were exchanged for shares of Class A common stock at the beginning of the period. This adjustment was made only for purposes of calculating pro forma diluted net income per share and does not necessarily reflect the amount of exchanges that may occur subsequent to this offering.

(2) Includes outstanding shares of Class A common stock issuable upon the exchange of Common Units to be held by the Members prior to this offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the information under the caption "Selected Historical Consolidated Financial and Other Data" and the historical financial statements and the related notes thereto included elsewhere in this prospectus. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this prospectus.

Overview

We are a leading distributor of premium consumption accessories and vaporization products in the United States and have a growing presence in Canada. Our customers include over 5,400 independent smoke shops and regional retail chain stores, which collectively operate through an estimated 8,000 retail locations, and hundreds of licensed cannabis cultivators, processors and dispensaries. We also own and operate two of the most visited direct-to-consumer e-commerce websites in the consumption accessories and vaporization products industry, *VaporNation.com* and *VapeWorld.com*, which offer convenient, flexible shopping solutions directly to consumers. Through our expansive North American distribution network and internet presence, we offer a comprehensive selection of more than 4,600 stock keeping units ("SKUs"), including premium vaporizers and parts, cleaning products, grinders and storage containers, pipes, rolling papers and customizable lines of premium specialty packaging. We have cultivated a reputation for carrying the highest-quality products from both large, established manufacturers that sell leading brands, such as the Volcano vaporizers by Storz & Bickel, PAX 3 vaporizers by PAX Labs and JUUL vaporizers by JUUL Labs, and promising start-up manufacturers that offer innovative, up-and-coming products and to which we offer the ability to grow and scale quickly. We also provide value-added consultative services to complement our product offerings and to help our customers operate and grow their businesses. We believe our market leadership, distribution network, broad product selection and extensive technical expertise provide us with significant competitive advantages and create a compelling value proposition for both our customers and our suppliers.

We market and sell our products in both the B2B and B2C areas of the marketplace. We have a diverse base of B2B customers, and our top 10 customers accounted for approximately 10.9% and 11.5% of our net sales in the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively, with no single customer accounting for more than 2.0% and 2.3% of our net sales in the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively. While we are preparing to distribute our products to a growing number of large national and regional retailers in Canada, our typical B2B customer is an independent retailer operating in a single market. Our customer service teams interact regularly with customers as most of them have frequent restocking needs. We believe our high-touch customer service model strengthens relationships, builds loyalty and drives repeat business. In addition, our premium product lines, broad product portfolio and strategically-located distribution centers position us well to meet the needs of our B2B customers and ensure timely delivery of products.

We also have a large base of B2C customers who we reach via our *VaporNation* and *VapeWorld* websites. While these customers are predominantly in North America, we also ship to Europe, Australia and other select countries. These sites are the most visited within our segment according to Alexa Traffic Rankings, and as of June 30, 2018, we ranked first in over 90 Google key search terms and in the top five in over 300 Google key search terms. During the six months ended June 30, 2018, these sites averaged over 350,000 unique monthly visitors and generated approximately 6,000 monthly transactions. Across all B2C platforms, we shipped more than 180,000 parcels during the year ended December 31, 2017 and more than 146,000 parcels during the six-month period ended June 30, 2018.

In the six-month period ended June 30, 2018 and the year ended December 31, 2017, our B2B revenues represented approximately 80.8% and 81.6%, respectively, of our net sales, our B2C revenues represented approximately 11.9% and 10.6%, respectively, of our net sales, and 7.3% and 5.8%, respectively, of our net sales were comprised of revenues derived from the sales and shipment of our products to the customers of third-party website operators and providing other services to our customers.

Key Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, primarily driven by the following factors:

Growth in the Market for Consumption Accessories and Vaporization Products. Our operating results and prospects will be impacted by developments in the market for premium consumption accessories and vaporization products. Our business has benefitted from recent developments and trends that have increased the use of vaporizers and other consumption accessories, including (1) technological innovation that has facilitated the ease of use of vaporizers and generally reduced their costs, (2) the development of a wider variety of premium products, (3) the desire of consumers to reduce nicotine consumption through smoking, (4) changes in state laws that have legalized the use of cannabis in an increasing number of jurisdictions and (4) an increase in the number of celebrity endorsers of vaporizer and other consumption brands. These trends have contributed to significant recent growth in the demand for consumption accessories and vaporization products like ours in recent years; however, consumer demand for branded vaporization products and trends can and does shift rapidly and without warning. To the extent we are unable to offer products that appeal to consumers, our operating results will be adversely affected. This is particularly true given the concentration of our sales under certain brands.

Relationships with Suppliers. We generate substantially all of our net sales from products manufactured by others. We have strong relationships with many large, well-established suppliers, and seek to establish distribution relationships with smaller or more recently established manufacturers in our industry. While we purchase our products from over 125 suppliers, a significant percentage of our net sales is dependent on sales of products from a small number of key suppliers. For example, products manufactured by PAX Labs represented approximately 17.2%, 32.8%, 29.4% and 29.0% of our net sales in the six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017 and 2016, respectively, and products manufactured by JUUL Labs represented approximately 40.1%, 1.4%, 11.4% and 4.5% of our net sales in the six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017 and 2016, respectively. Additionally, Grenco Science represented approximately 9.8%, 24.1%, 21.1% and 29.9% of our net sales in the six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017 and 2016, respectively, and products manufactured by Storz & Bickel represented approximately 6.4%, 7.3%, 6.5% and 10.1% of our net sales in the six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017 and 2016.

We believe there is a trend of suppliers in our industry to consolidate their relationships to do more business with fewer distributors. We believe our ability to help maximize the value and extend the distribution of our suppliers' products has allowed us to benefit from this trend. Although we have a successful track record of renewing and extending the scope of our distribution agreements with suppliers, our distribution agreements typically have short terms (generally two or three years), are not automatically renewable, and, in some cases, give the supplier the right to terminate the distribution agreement at will. In addition, the efforts of our senior management team have been integral to our relationships with our suppliers. Our inability to enter into distribution agreements for the then-current most trendy or up-and-coming products, the termination or lack of renewal of one or more of our distribution agreements, or the renewal of a distribution agreement on less favorable terms, could adversely affect our business.

Retail Industry Dynamics; Relationships with B2B Customers. Historically, a substantial portion of our net sales have been derived from our B2B customers, upon which we rely to reach many of the consumers who are the ultimate purchasers of our products. We depend on retailers to provide adequate and attractive space for our products and point-of-purchase displays in their stores. In 2017, we sold our products through over 5,400 U.S. and Canadian retailers, which represented 81.6% of our 2017 net sales. Our top ten B2B customers represented approximately 11.5% and 8.4% of our net sales for the six months ended June 30, 2018 and 2017, respectively, and approximately 10.9% and 11.4% of our net sales for the years ended December 31, 2017 and 2016, respectively. In recent years, traditional retailers have been affected by a shift in consumer preferences towards other channels, particularly e-commerce. We believe that this shift may have benefitted our business as retailers dedicated additional shelf space to premium, higher-margin products to drive additional traffic to their stores and improve sales in previously less productive shelf space. However, our B2B customers make no long-term commitments to us regarding purchase volumes and can therefore freely reduce their purchases of our products. Significant reductions in purchases of our products by our B2B customers, or the loss of any key B2B customer for any reason, could adversely affect our business. In addition, our future growth depends upon our ability to successfully execute our business strategy.

Product Mix. The mix of products we sell in any given quarter or year will depend on various factors, including the timing and popularity of new releases by third-party suppliers and our ability to distribute products based on these releases. We have diversified our product offerings across numerous categories. Our results of operations may fluctuate significantly from quarter to quarter or year to year depending on the timing and popularity of new product releases. Sales of a certain products or groups of products tied to particular supplier can dramatically increase our net sales in any given period. For example, our net sales for the period beginning on April 1, 2017 and ending on December 31, 2017 were positively impacted by growth of an emerging line of products by JUUL Labs, for which we had net sales of approximately $10.0 million during such period. In addition, if the performance of one or more of these products fails to meet expectations or are delayed in their release, our operating results could be adversely affected.

Post-Offering Taxation and Expenses. After consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Greenlane Holdings, LLC, and we will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, as well as payments under the Tax Receivable Agreement, which we expect to be significant. We intend to cause Greenlane Holdings, LLC to make payments and distributions in amounts sufficient to allow us to pay our tax obligations and operating expenses, including amounts to fund any ordinary course payments due under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions — Greenlane Operating Agreement — Distributions."

Key Metrics

We monitor the following key metrics to help us measure and evaluate the effectiveness of our operations, develop financial forecasts, and make strategic decisions:

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
	(unaudited)			
Net sales	$ 83,818,436	$ 38,138,585	$ 88,259,975	$ 66,689,944
Period-over-period growth	119.8%		32.3%	
Operating cash flow	$ (6,413,472)	$ (2,031,387)	$ 3,160,754	$ 2,643,586
Adjusted EBITDA	$ 3,287,835	$ 1,413,545	$ 3,506,982	$ 686,645
Average B2B order size	$ 1,135	$ 731	$ 808	$ 627
Number of orders	60,328	43,604	92,179	87,232

Total Revenue and Growth. We are focused on driving continued revenue growth through increased sales of new and existing products to new and existing customers.

Operating Cash Flow. We monitor our operating cash flow as a measure of our overall business performance, which enables us to analyze our financial performance without the effects of certain non-cash items such as stock-based compensation expenses and depreciation and amortization. Our operating cash flow is significantly impacted by accounts payable disbursements, changes in our investment in inventory, the timing of commission and bonus payments and collections of accounts receivable.

Adjusted EBITDA. We monitor our adjusted EBITDA, which is equal to net income less other income, before interest expense, provision for income taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP performance measure that we believe assists investors and analysts use as a supplemental measure to evaluate the Company's overall operating performance and evaluating how well we are executing our business strategies. We believe that the inclusion of certain adjustments in presenting adjusted EBITDA is appropriate to provide additional information to investors because adjusted EBITDA excludes certain items that we believe are not indicative of our core operating performance and that are not excluded in the calculation of net income.

Average B2B Order Size. We receive purchase orders from our B2B and B2C customers, as well as fulfillment orders from third-party manufacturers and retailers for which we provide shipping and other logistics services. We believe that our average B2B order size and the number of B2B customers that we service is an indicator of our market share at the store level and an indicator of the penetration and future growth of our business.

Number of Orders. In addition to monitoring order size, we monitor the number of sales orders we receive from all of our market channels, including our B2B customers and our B2C customers. We believe the number of orders we receive is a valuable indicator of the success of our marketing efforts and the health of our customer relationships and is a valuable measure of our ability to seek out and offer a functionally superior mix of products offered at competitive price points.

Components of Results of Operations

Net Sales

We sell a broad array of premium consumption accessories and vaporization products across a variety of categories, including premium vaporizers and parts, cleaning products, grinders and storage containers, pipes, rolling papers and customizable lines of premium specialty packaging, primarily to B2B customers, including retailers, distributors and licensed cannabis cultivators, processors and dispensaries. We also sell our products directly to B2C consumers through our e-commerce operations and, to a lesser extent, our recently-opened retail store.

Revenue from the sale of our products is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists, there are no uncertainties regarding customer acceptance, the selling price is fixed or determinable, and collectability is reasonably assured. Sales terms typically do not allow for a right of return except in relation to a manufacturing defect. Shipping costs billed to our customers are included in net sales, while shipping and handling costs, which include inbound freight costs and the cost to ship products to our customers, are typically included in cost of sales.

Cost of Sales

Cost of sales consists primarily of product costs and the cost to ship our products, including both inbound freight and handling and outbound freight of products sold to customers. Our cost of sales excludes depreciation and amortization. Our shipping costs, both inbound and outbound, will fluctuate from period to period based on customer and product mix due to varying shipping terms and other factors.

Our products are produced by our suppliers who may use their own third-party manufacturers. Our product costs and gross margins will be impacted from period to period based on the product mix we sell in any given period. For example, our vaporizer products tend to have a higher product cost and lower gross margins than our grinder products.

We expect our cost of sales to increase on an absolute dollar basis in the near term as we continue to grow our revenue, but to remain relatively consistent as a percentage of total net sales.

Gross Margin

Gross margin, or gross profit as a percentage of net sales, has been and will continue to be affected and fluctuate based upon a variety of factors, including the average mark-up over cost of our products, the mix of products sold and operating efficiencies.

Operating Expenses

Operating expenses consist of salaries, benefits and payroll taxes, general and administrative expenses and depreciation and amortization expenses.

Salaries, Benefits and Payroll Taxes. Salaries, benefits and payroll taxes consist of wages for all department personnel including salaries, bonuses, stock-based compensation and other employment related costs, as well as workers compensation insurance, and our portion of medical insurance and 401(k) expenses.

General and Administrative Expense. General and administrative expense consists of legal, travel and entertainment, subcontracting, professional fees, insurance and other overhead. Also included are marketing activities and promotional events, training costs and rent.

We expect general and administrative expense to increase on an absolute dollar basis in the near term as we continue to increase investments to support our growth. In addition, following the completion of this offering, we also expect to incur additional general and administrative expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administrative and professional services. As a result, we expect that our general and administrative expense will increase in absolute dollars but may fluctuate as a percentage of our revenue from period to period.

Depreciation and Amortization Expenses. We depreciate and amortize the cost of our property and equipment using the straight-line method over the estimated useful lives of the assets, which is three to seven years in the case of furniture, equipment and software and the lesser of the lease term or five years in the case of leasehold improvements.

Interest Income (Expense), Net

Interest income (expense), net consists of interest incurred on our outstanding line of credit and other debt obligations.

Income from equity method investments

Our investment in a company that is accounted for on the equity method of accounting consisted of a 33.3% non-controlling interest in NWT Holdings, LLC ("NWT"), a manufacturer of aromatic devices. The investment in NWT amounted to approximately $916,000 and $894,000 at December 31, 2017 and 2016, respectively. The income from the equity method investment in 2017 and 2016 was approximately $22,000 and $238,000, respectively.

Provision for (Benefit from) Income Taxes

Greenlane Holdings, LLC is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, taxable income or loss is passed through to and included in the taxable income of its members. Accordingly, the consolidated financial statements of Greenlane Holdings, LLC included herein do not include a provision for U.S. federal income taxes. Greenlane Holdings, LLC is liable for various other state and local taxes and is subject to income taxes in foreign jurisdictions. Therefore, the provision for income taxes includes only income taxes on income from our Canadian subsidiary and state income tax, if any, in the consolidated financial statements.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience, outside advice from parties believed to be experts in such matters, and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. Our significant accounting policies can be found in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus.

Inventory

Inventory consists principally of finished goods that are valued at the lower of cost or net realizable value on a weighted average cost basis. ASU 2015-11, *Simplifying the Measurement of Inventory*, was adopted during the year ended December 31, 2017. We have established an allowance for slow-moving or obsolete inventory based upon assumptions about future demands and market conditions. Our inventory is pledged as collateral for our bank line of credit.

Accounts Receivable

Accounts receivable represent amounts due from customers for merchandise sales and are recorded when product has shipped. An account is considered past due when payment has not been rendered by its due date based upon the terms of the sale. Generally, accounts receivable are due 30 days after the billing date. We evaluate our accounts receivable and establish an allowance for doubtful accounts based on a history of collections as well as current credit conditions. Accounts are written off as uncollectible on a case-by-case basis. Our accounts receivable are pledged as collateral for our bank line of credit.

Income Taxes

Greenlane Holdings, LLC is a limited liability company and is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a result, we are not liable for U.S. federal or state and local income taxes in most jurisdictions in which we operate, and the income, expenses, gains and losses are reported on the returns of our members. Greenlane Holdings, LLC is subject to Canadian and U.S. state and local income tax in certain jurisdictions in which it is not treated as a partnership for income tax purposes, in which jurisdictions it pays an immaterial amount of taxes.

After the consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Greenlane Holdings, LLC and will be taxed at the prevailing corporate tax rates on such income. In addition to tax expenses, we also will incur expenses related to our operations and will be required to make payments under the Tax Receivable Agreement, which could be significant. After the consummation of this offering, pursuant to the Greenlane Operating Agreement, Greenlane Holdings, LLC will generally make pro rata tax distributions to its members in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Greenlane Holdings, LLC that is allocated to them and possibly in excess of such amount. See “Certain Relationships and Related Party Transactions — Greenlane Operating Agreement — Distributions.”

Results of Operations

The following table sets forth our selected statements of operations data:

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
	(unaudited)			
Net sales	$ 83,818,436	$ 38,138,585	$ 88,259,975	$ 66,689,944
Cost of sales	66,353,112	29,302,895	67,689,578	51,735,941
Gross profit	17,465,324	8,835,690	20,570,397	14,954,003
Operating expenses:				
Salaries, benefits and payroll taxes	6,556,667	3,533,709	8,254,449	6,315,114
General and administrative	7,620,822	3,888,436	8,808,966	7,952,244
Depreciation and amortization	617,572	416,315	791,209	572,155
Total operating expenses	14,795,061	7,838,460	17,854,624	14,836,513
Income from operations	2,670,263	997,230	2,715,773	114,490
Other income (expense):				
Interest expense	(152,930)	(128,406)	(269,710)	(183,878)
Other income, net	159,557	179,920	28,027	265,300
Other income (expense)	6,627	51,514	(241,683)	81,422
Income before income taxes	2,676,890	1,048,744	2,474,090	195,912
Provision for income taxes	148,650	85,766	182,533	108,927
Net income	$ 2,528,240	$ 962,978	$ 2,291,557	$ 86,985

The following table sets forth our selected consolidated statements of operations data expressed as a percentage of net sales:

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
	(unaudited)			
Net sales	100.0%	100%	100.0%	100.0%
Cost of sales	79.2%	76.8%	76.7%	77.6%
Operating expenses				
Salaries, benefits and payroll taxes	7.8%	9.3%	9.4%	9.5%
General and administrative	9.1%	10.2%	10.0%	11.9%
Depreciation and amortization	0.7%	1.1%	0.9%	0.9%
Total operating expenses	17.7%	20.6%	20.2%	22.3%
Income from operations	3.2%	2.6%	3.1%	0.2%
Other income (expense):				
Interest expense	(0.2)%	(0.3)%	(0.3)%	(0.3)%
Other income, net	0.2%	0.5%	0.0%	0.4%
Income before income taxes	3.2%	2.7%	2.8%	0.3%
Provision for income taxes	0.2%	0.2%	0.2%	0.2%
Net income	3.0%	2.5%	2.6%	0.1%

Comparison of Six Months Ended June 30, 2018 and 2017

Net Sales

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
Net sales	$ 83,818,436	$ 38,138,585	$ 45,679,851	119.8%

Net sales increased $45,679,851, or 119.8%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to the addition of new product lines in 2017, such as JUUL, EYCE and LEVO, which together generated net sales of $34,955,318 during the six months ended June 30, 2018 compared to $1,651,731 during the six months ended June 30, 2017, an increase of $33,303,587, or 2016%. In addition, we consummated the acquisition of Better Life Holdings, LLC in February 2018, which added net sales of approximately $6,667,000 in the six months ended June 30, 2018. During 2017, we executed distribution agreements with key suppliers, such as PAX Labs and Storz & Bickel, which generated aggregate net sales of $19,319,840 during the six months ended June 30, 2018 compared to $14,972,251 during the six months ended June 30, 2017, an increase of $4,347,588, or 29%. We also increased the number of our sales representatives to 66 as of June 30, 2018 compared to an average of approximately 37 during the six months ended June 30, 2017, an increase of 29 sales representatives or 78.4%.

Cost of Sales

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
Cost of sales	$ 66,353,112	$ 29,302,895	$ 37,050,217	126.4%
Percentage of net sales	79.2%	76.8%		
Gross profit percentage	20.8%	23.2%		

Cost of sales increased $37,050,217, or 126.4%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to increased merchandise expenses of $34,971,580, principally

driven by our increased net sales. We expect our cost of sales to increase on an absolute dollar basis in the near term as we continue to grow our sales, but to remain relatively consistent as a percentage of total net sales.

Salaries, benefits and payroll taxes

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
Salaries, benefits and payroll taxes	$ 6,556,667	$ 3,533,709	$ 3,022,958	85.5%
Percentage of net sales	7.8%	9.3%		

Salaries, benefits and payroll taxes expenses increased $3,022,958, or 85.5%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the addition of employees as we continued to expand our domestic sales and marketing efforts. Overall, employee headcount increased from 117 employees at June 30, 2017 to 214 employees at June 30, 2018, of which 40 employees joined our company in connection with our acquisition of Better Life Holdings, LLC in February 2018. Our sales and marketing headcount increased from 52 employees at June 30, 2017 to 89 employees at June 30, 2018, or an increase of 37 employees. Furthermore, in connection with our acquisition of Better Life Holdings, LLC in February 2018, we acquired approximately 40 additional employees, which are included in the total headcount of 214.

General and Administrative Expenses

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
General and administrative	$ 7,620,822	$ 3,888,436	$ 3,732,386	96.0%
Percentage of net sales	9.1%	10.2%		

General and administrative expenses increased $3,732,386 in the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to an increase in total bank merchant fees of $804,215, or 131.3%, to $1,416,755 in the six months ended June 30, 2018 compared to $612,540 in the six months ended June 30, 2017, principally due to an increase in sales volume as we continued to expand our domestic sales and marketing efforts and the acquisition of Better Life Holdings, LLC. Additionally, our consulting and legal expenses increased by $486,446, or 192.1%, to $739,681 in the six months ended June 30, 2018 compared to $253,235 in the six months ended June 30, 2017, principally due to fees paid in connection with the acquisition of Better Life Holdings, LLC.

Depreciation and Amortization Expenses

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
Depreciation and amortization expense	$ 617,572	$ 416,315	$ 201,257	48.3%
Percentage of net sales	0.7%	1.1%		

Depreciation and amortization expense was $617,572 for the six months ended June 30, 2018, an increase of 48.3%, compared to $416,315 for the six months ended June 30, 2017. The increase in depreciation and amortization primarily related to the increase in depreciation and amortization related to our acquisition of Better Life Holdings.

Other Income (Expense), Net

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
Other income (expense), net	$ 6,627	$ 51,514	$ (44,887)	-87.1%
Percentage of net sales	0.0%	0.1%		

Other income, net decreased $44,887 in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to an increase in interest expense of approximately $25,000, as we had more debt outstanding on our line of credit in the six months ended June 30, 2018, as compared to the six months ended June 30, 2017. This increase in interest expense is further compounded by a decrease of approximately $95,000 of income related to the equity method investment in NWT for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. Further, a $50,000 payment was received in relation to the early termination of a distribution agreement by the new owners of a manufacturer. We subsequently signed a new distribution agreement with that manufacturer.

Provision for Income Taxes

	Six Months Ended June 30,		Change	
	2018	2017	$	%
	(unaudited)			
Provision for income taxes	$ 148,650	$ 85,766	$ 62,884	73.3%
Percentage of net sales	0.2%	0.2%		

Our provision for income taxes, which primarily related to the estimated annual income generated by our Canadian subsidiary, increased $62,884, or 73.3%, for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, and was based on an effective tax rate of approximately 26%. After the consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Greenlane Holdings, LLC and will be taxed at the prevailing corporate tax rates. As a result, we expect our provision for income taxes, both in amount and as a percentage of our net sales, to increase in future periods.

Comparison of Years ended December 31, 2017 and 2016

Net Sales

	Years Ended December 31,		Change	
	2017	2016	$	%
Net Sales	$ 88,259,975	$ 66,689,944	$ 21,570,031	32.3%

Net sales increased $21,570,031, or 32.3%, in the year ended December 31, 2017 compared to the year ended December 31, 2016 primarily due to the addition of new products, by JUUL, EYCE, PAX, Organicix and Pollen Gear, during 2016 and 2017, which collectively resulted in net sales of $43,364,689 in the year ended December 31, 2017 compared to $23,562,696 in the year ended December 31, 2016, an increase of $19,801,993, or 84.0%.

Cost of Sales

	Years Ended December 31,		Change	
	2017	2016	$	%
Cost of sales	$ 67,689,578	$ 51,735,941	$ 15,953,637	30.8%
Percentage of cost of sales	76.7%	77.6%		
Gross profit percentage	23.3%	22.4%		

Cost of sales increased $15,953,637 in the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to increased merchandising expense of $62,349,186 in the year ended December 31, 2017 compared to $45,804,540 in the year ended December 31, 2016, an increase of $16,544,646, or 36%.

Salaries, benefits and payroll taxes

	Years Ended December 31,		Change	
	2017	2016	$	%
Salaries, benefits and payroll taxes	$ 8,254,449	$ 6,315,114	$ 1,939,335	30.7%
Percentage of net sales	9.4%	9.5%		

Salaries, benefits and payroll taxes expenses increased $1,939,335 in the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to an increase in personnel expenses of $1,753,422, resulting from the addition of employees as we continued to expand our domestic sales and marketing efforts.

General and Administrative Expenses

	Years Ended December 31,		Change	
	2017	2016	$	%
General and administrative	$ 8,808,966	$ 7,952,244	$ 856,722	10.8%
Percentage of net sales	10.0%	11.9%		

General and administrative expenses increased $856,722 in the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to an increase of $245,879 in subcontracted services, labor and temporary employee expenses and an increase of $303,602 in bank fee expense due to our increased sales volume.

Depreciation and Amortization Expenses

	Years Ended December 31,		Change	
	2017	2016	$	%
Depreciation and amortization expense	$ 791,209	$ 572,155	$ 219,054	38.3%
Percentage of net sales	0.9%	0.9%		

Depreciation and amortization expense increased $219,054 in the year ended December 31, 2017 as compared to the year ended December 31, 2016 primarily due to fixed asset additions and capitalized leased equipment used at our distribution centers, which we capitalize and depreciate over the estimated useful lives of the assets.

Other Income, Net

	Years Ended December 31,		Change	
	2017	2016	$	%
Other income, net	$ 28,027	$ 265,300	$ (237,273)	(89.4)%
Percentage of net sales	0.0%	0.4%		

Other income, net decreased by $237,273 in the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to a decrease of approximately $216,000 in income from our equity investment in NWT.

Provision for Income Taxes

	Years Ended December 31,		Change	
	2017	2016	$	%
Provision for income taxes	$ 182,533	$ 108,927	$ 73,606	67.6%
Percentage of net sales	0.2%	0.2%		

Provision for income taxes increased $73,606, or 67.6%, in the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to the increased income we generated in Canada, and was based on an estimated annual effective income tax rate of 26%. As discussed above, after the consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Greenlane Holdings, LLC and will be taxed at the prevailing corporate tax rates. As a result, we expect our provision for income taxes, both in amount and as a percentage of our net sales, to increase in future periods.

Non-GAAP Financial Measure — Adjusted EBITDA

Adjusted EBITDA is equal to net income less other income, before interest expense, provision for income taxes, depreciation and amortization. We disclose adjusted EBITDA, which is a non-GAAP performance measure, because management believes this metric assists investors and analysts in assessing our overall operating performance and evaluating how well we are executing our business strategies. You should not consider adjusted EBITDA as an alternative to net income, as determined in accordance with U.S. GAAP, as an indicator of our operating performance.

Adjusted EBITDA has limitations as an analytical tool. Some of these limitations are:

- Adjusted EBITDA does not include interest expense, which has been a necessary element of our costs
- Adjusted EBITDA does not include depreciation expense of property, plant and equipment
- Adjusted EBITDA does not include amortization expense associated with our intangible assets
- Adjusted EBITDA does not include provision for income taxes or future requirements for income taxes to be paid
- Adjusted EBITDA does not include other income derived from non-operating activities (i.e., equity method investments)

Because adjusted EBITDA does not account for these items, its utility as a measure of our operating performance has material limitations. Accordingly, management does not view adjusted EBITDA in isolation or as a substitute for measures calculated in accordance with GAAP.

The reconciliation of our net income to adjusted EBITDA is as follows:

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
Net income	$ 2,528,240	$ 962,978	$ 2,291,557	$ 86,985
Less:				
Other income, net	159,557	179,920	28,027	265,300
Plus:				
Interest expense	152,930	128,406	269,710	183,878
Provision for income taxes	148,650	85,766	182,533	108,927
Depreciation and amortization	617,572	416,315	791,209	572,155
Adjusted EBITDA	$ 3,287,835	$ 1,413,545	$ 3,506,982	$ 686,645

Liquidity and Capital Resources

As of June 30, 2018, we had $1.4 million of cash and cash equivalents and $8.1 million of working capital, which is calculated as current assets minus current liabilities, compared with $2.1 million of cash and cash equivalents and $3.8 million of working capital as of December 31, 2017. Working capital is impacted by the seasonal trends of our business and the timing of new product releases. See "— Seasonality."

Sources of Funds

Our primary requirements for liquidity and capital are working capital, capital expenditures, debt service and general corporate needs. Historically, these cash requirements have been met through cash provided by operating activities and borrowings under our bank revolving line of credit. For a description of our line of credit, see "— Line of Credit and Term Loan."

Uses of Funds

Additional future liquidity needs may include public company costs, payments in respect of the redemption rights of Common Units held by the Members that may be exercised from time to time (should we elect to exchange such Common Units for a cash payment), payments under the Tax Receivable Agreement and state and federal taxes to the extent not sheltered by our tax assets, including those arising as a result of purchases, redemptions or exchanges of Common Units for Class A common stock. The Members may exercise their redemption right for as long as their Common Units remain outstanding. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we will be required to make to the Members will be significant. Any payments made by us to the Members under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to Greenlane Holdings, LLC and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate payments due under the Tax Receivable

Agreement. For a discussion of the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions — The Transactions — Tax Receivable Agreement" and "Unaudited Pro Forma Financial Information." For a discussion of the Members' redemption rights, see "Certain Relationships and Related Party Transactions — The Transactions — Greenlane Operating Agreement."

Notwithstanding our obligations under the Tax Receivable Agreement, we believe that our sources of liquidity and capital will be sufficient to finance our continued operations and growth strategy, our planned capital expenditures and the additional expenses we expect to incur as a public company for at least the next 12 months. However, we cannot assure you that our cash provided by operating activities, cash and cash equivalents or cash available under our bank line of credit will be sufficient to meet our future needs. If we are unable to generate sufficient cash flows from operations in the future, and if availability under our bank line of credit is not sufficient, we may have to obtain additional financing. If we obtain additional capital by issuing equity securities, the interests of our existing stockholders will be diluted. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations. We cannot assure you that we can obtain refinancing or additional financing on favorable terms or at all. See "Risk Factors — Risks Related to our Business and Industry." We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

Cash Flows

The following summary of cash flows for the periods indicated has been derived from the consolidated financial statements of Greenlane Holdings, LLC included elsewhere in this prospectus:

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
Cash provided by (used in) operating activities	$ (6,413,472)	$ (2,031,387)	$ 3,160,754	$ 2,643,586
Cash provided by (used in) investing activities	409,592	(761,057)	(1,056,021)	(76,342)
Cash provided by (used in) financing activities	5,354,962	1,974,010	(1,753,641)	(1,285,542)
Effect of exchange rates on cash	(32,660)	14,792	38,109	(4,670)
Net (decrease) increase in cash	(681,578)	(803,642)	389,201	1,277,032

Cash Flows from Operating Activities

In the six months ended June 30, 2018 and 2017, we used $6,413,472 and $2,031,387 respectively, of cash for operating activities. Net cash used by operating activities increased $4.4 million to $6.4 million for the six months ended June 30, 2018 from $2.0 million for the six months ended June 30, 2017. The increase of $6.2 million in working capital components was primarily driven by increases in accounts receivable of $2.1 million, in vendor deposits of $0.5 million, in inventories of $2.6 million and other assets of $0.5 million. Further, there was a decrease in accounts payable of $3.0 million, offset by an increase in accrued expenses of $2.3 million.

In the years ended December 31, 2017 and 2016, we provided $3,160,754 and $2,643,586, respectively, of cash for operating activities. Net cash provided by operating activities increased $0.6 million to $3.2 million for the year ended December 31, 2017 from $2.6 million for the year ended December 31, 2016. The increase in net cash provided by operating activities resulted from an increase in net income of $2.3 million. Working capital decreased by $.5 million driven primarily by an increase in accounts payable of $10.9 million, and an increase in accrued expenses of $2.2 million while being offset by increases in inventory of $8.6 million, net accounts receivable of $2.7 million and vendor deposits of $1.3 million.

Cash Flows from Investing Activities

In the six months ended June 30, 2018 and 2017, we provided $409,592 and used 761,057, respectively, of cash for capital expenditures, including computer hardware and software to support our growth and development, and acquired cash of approximately $785,000 from the acquisition of Better Life Holdings.

In the years ended December 31, 2017 and 2016, we used $1,056,021 and $76,341, respectively, of cash for capital expenditures, including computer hardware and software to support our growth and development, and to purchase warehouse supplies and equipment. In the year ended December 31, 2017, we also used $650,000 to purchase an intangible asset relating to a master distribution agreement.

Cash Flows from Financing Activities

In the six months ended June 30, 2018, cash provided by financing activities of $5,354,962 was primarily attributable to an increase in borrowings on the line of credit of $6.8 million offset by member distribution paid of $1.0 million and payments on long-term debt of $0.6 million.

In the year ended December 31, 2017, cash used by financing activities of $1,753,641 was primarily attributable to payments on long-term debt.

Line of Credit and Term Loan

On October 4, 2017, Jacoby & Co. Inc., the managing member of Greenlane Holdings, LLC, entered into a credit agreement with Fifth Third Bank. The credit agreement originally provided for a revolving credit facility of up to $8.0 million. Jacoby & Co. Inc.'s obligations as the borrower under the credit facility were guaranteed by Aaron LoCascio and Adam Schoenfeld and by all of our operating subsidiaries and were secured by a first priority security interest in substantially all of the assets of Greenlane Holdings, LLC and its operating subsidiaries. The revolving credit facility originally matured on October 3, 2018.

On August 23, 2018, the parties to the original credit agreement entered into an amendment to such agreement pursuant to which Greenlane Holdings, LLC became the borrower, and Jacoby & Co. Inc. became a guarantor, of the amounts borrowed thereunder, the amount of the revolving credit facility was increased from $8.0 million to $15.0 million and the termination date of the revolving credit facility was extended to August 23, 2020. The obligations of Greenlane Holdings, LLC as borrower continued to be guaranteed by Messrs. LoCascio and Schoenfeld and the operating subsidiaries of Greenlane Holdings, LLC, and Jacoby & Co. Inc. became an additional guarantor. The obligations of Greenlane Holdings, LLC and the guarantors continue to be secured by substantially all of our assets.

On October 1, 2018, the parties to the amended credit agreement and 1095 Broken Sound Pkwy LLC, a newly-formed wholly-owned subsidiary of Greenlane Holdings, LLC that we organized to purchase our new corporate headquarters facility in Boca Raton, Florida ("BSP"), entered into an amendment to the amended credit facility to provide for a $8,500,000 term loan on such date from Fifth Third Bank to BSP that was used by BSP to close on the purchase of our new headquarters facility. The term loan amortizes over a period of seven years and matures on October 1, 2025. The obligations of BSP as borrower under the term loan are secured by a mortgage on our new corporate headquarters facility and a lien on substantially all of our assets, and are guaranteed by Messrs. LoCascio and Schoenfeld, Jacoby & Co. Inc., Greenlane Holdings, LLC and the operating subsidiaries of Greenlane Holdings, LLC.

The revolving credit facility under the amended credit agreement bears interest at a rate per annum equal to LIBOR plus 3.5% and the term loan bears interest at a rate per annum equal to LIBOR plus 2.39%, in each case provided that no event of default has occurred. During the continuance of an event of default, the interest rate on each loan shall, at the option of Fifth Third Bank, increase by an additional 5% per annum, and Fifth Third Bank will be able to terminate the loans and declare all outstanding obligations of the borrowers under the amended credit agreement to be due and payable. The amended credit agreement contains customary events of default.

The amended credit agreement contains generally customary affirmative and negative covenants, including, but not limited to, restrictions on the ability of Greenlane Holdings, LLC and each of its operating subsidiaries to incur additional indebtedness, create liens, make guarantees, sell or transfer any notes or other obligations, change or alter the nature of its business in any material respects, make changes to accounting policies and procedures or tax status, enter into certain transactions with affiliates, fail to comply with certain requirements and obligations relating to employee benefit plans, enter into or undertake certain liquidations, mergers, consolidations or acquisitions, permit the borrower group's fixed charge coverage ratio to be less than 1.25 and transfer and/or dispose of assets. As of June 30, 2018, we were in compliance with all covenants under the amended credit agreement.

As of June 30, 2018, we had borrowings of $7,350,000 outstanding under the revolving credit facility included in the amended credit agreement. Repayments are made daily on the revolving credit facility through our sweep arrangement with Fifth Third Bank.

Contractual Obligations

Our principal commitments consist of obligations under our outstanding leases for office space and distribution facilities and capital lease and third-party software maintenance obligations. The following table summarizes our

approximate contractual cash obligations, including future interest payments, at December 31, 2017 and the effect such obligations are expected to have on our liquidity and cash flows in future periods:

	Payment Due by Period				
Contractual Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease obligations[1]	$ 1,822,000	$ 478,000	$ 656,000	$ 490,000	$ 198,000
Capital lease obligations[2]	$ 174,100	$ 72,100	$ 66,200	$ 35,800	
Total	$ 1,996,100	$ 550,100	$ 722,200	$ 525,800	$ 198,000

(1) Operating lease obligations represent our obligations to make payments under the lease agreements for our facilities and office equipment leases. During the six months ended June 30, 2018, we made regular payments on our operating lease obligations of $281,422.

(2) Capital lease obligations represent financing on computer equipment and software purchases. During the six months ended June 30, 2018, we made regular payments on our capital lease obligations of $48,878.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities.

JOBS Act

We are an "emerging growth company," as defined in the JOBS Act. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This means that an "emerging growth company" can make an election to delay the adoption of certain accounting standards until those standards would apply to private companies. We have elected not to use the extended transition period for complying with any new or revised financial accounting standards. Therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Seasonality

While our B2B customers typically operate in highly-seasonal businesses, we have historically experienced only moderate seasonality in our business. For the years ended December 31, 2017 and 2016, approximately 34.7% and 26.4%, respectively, of our net sales were made in the fourth quarter, as our customers build up their inventories in anticipation of the holiday season. However, the rapid growth we have experienced in recent years may have masked the full effects of seasonal factors on our business to date, and as such, seasonality may have a greater effect on our results of operations in future periods.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk. We currently have no material exposure to interest rate risk. In the future, we intend to invest our excess cash primarily in money market funds, debt instruments of the U.S. government and its agencies and in high quality corporate bonds and commercial paper. Due to the short-term nature of these investments, we do not believe that there will be material exposure to interest rate risk arising from our investments.

Foreign Currency Risk. Prior to August 23, 2013, all of our product sales, inventory purchases, and operating expenses were denominated in U.S. dollars. We therefore did not have any foreign currency risk associated with these activities. In August 2013, we commenced operations in Canada through our wholly-owned subsidiary, Vape World Distribution LTD ("VWDL"). The functional currency of all of our entities is the U.S. dollar, other than VWDL, the functional currency of which is the Canadian dollar. While currently a material portion of our inventory purchases for VWDL are in U.S. dollars, its product sales will primarily be in Canadian dollars. Additionally, VWDL incurs its operating expenses in Canadian dollars. Therefore, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, principally the Canadian dollar. However, we believe that the exposure to foreign currency fluctuation from product sales and operating expenses is immaterial at this time as the related product sales and costs do not constitute a significant portion of our total net sales and expenses. As we

grow and expand the geographic reach of our operations, our exposure to foreign currency risk could become more significant. To date, we have not entered into any foreign currency exchange contracts and currently do not expect to enter into foreign currency exchange contracts for trading or speculative purposes.

Impact of Inflation. Our results of operations and financial condition are presented based on historical costs. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our historical results of operations and financial condition have been immaterial. We cannot assure you, however, that our results of operations and financial condition will not be materially impacted by inflation in the future.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02,*Leases (Topic 842)* ("ASU 2016-02"), which, among other things, requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. ASU 2016-02 also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard becomes effective for us on January 1, 2019, with early adoption permitted. We plan to adopt ASU 2016-02 beginning on January 1, 2019. The amendments in ASU 2016-02 should be applied under a modified retrospective approach. We are in the process of evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Among other things, ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. We are in the process of evaluating the effect that ASU 2016-13 will have on our consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 320): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 addresses the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows, including debt prepayment or debt extinguishment costs, contingent consideration payments made soon after a business combination, proceeds from the settlements of insurance claims, and proceeds from the settlements of bank-owned life insurance policies. This amendment is effective for public business entities for reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted. Adoption of ASU 2016-15 on January 1, 2018 had no material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* (ASU 2017-01"), which amended existing guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The amendments provide a screen to determine when a set of assets and activities (collectively referred to as a "set") is not a business. The screen requires that when substantially all of the fair value of the group assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. If the screen is not met, the amendments (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. ASU 2017-01 is effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those periods. Our adoption of ASU 2017-01 on January 1, 2018 had no material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04,*Intangibles — Goodwill and Other: Simplifying the Test for Goodwill Impairment* (*Topic 350*), which removes step two of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. For public companies, this ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, but early adoption is permitted for impairment tests after January 1, 2017. We have adopted this standard as of January 1, 2017. There was no impact on our 2017 consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07,*Compensation — Stock Compensation: Improvements to Nonemployee Share Based Payment Accounting.* ASU 2018-07 provides guidance on accounting for share-based awards issued to nonemployees. The standard is effective for annual and interim periods beginning after December 15, 2018, and early adoption is permitted. We are currently evaluating the guidance to determine the potential impact on our consolidated financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09,*Revenue from Contracts with Customers (Topic 606).* The new revenue standard outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new revenue standard contains principles to determine the measurement of revenue and timing of when it is recognized. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

We adopted the provisions of this guidance on January 1, 2017 using the modified retrospective approach with a cumulative-effect adjustment to beginning members' equity at January 1, 2017. The comparative information has not been restated and continues to be reported under the accounting standards in effect for the period presented.

Profits Interests

In January 2017, Greenlane Holdings, LLC entered into a profits interest award agreement with one of its executives, which represented a 2% non-voting interest in Greenlane Holdings, LLC when fully vested. Similarly, in June and December 2016, Greenlane Holdings, LLC entered into profits interest award agreements with two of its executives, which, in the aggregate, represented a 3% non-voting interest in Greenlane Holdings, LLC when fully vested. All three of the profits interests agreements originally vested over a four-year period. Any unvested portion of the profits interest were to vest upon the consummation of a capital event that is also a change in control (as defined) of Greenlane Holdings, LLC. The agreements specified that the award entitled the grantee to only participate in certain net profit and net proceeds in excess of a threshold amount (as defined) from a capital event that is also a change in control of Greenlane Holdings, LLC, allocated and distributed to the profits interest from and after the grant date, and did not entitle the grantee to any other profits of Greenlane Holdings, LLC. We determined that these awards represented equity instruments and they were accounted for under ASC 718, *Stock Compensation*. The grant date fair value of these awards was de minimis. As a result, no compensation expense was recognized during the years ended December 31, 2017 and 2016. In October 2018, Greenlane Holdings, LLC converted the profits interests into membership interests of Greenlane Holdings, LLC, a portion of which remain subject to contractual vesting provisions.

Phantom Equity Units

As part of an incentive package awarded during 2017 to certain key employees (nine employees as of December 31, 2017), we offered these individuals the opportunity to participate in the phantom equity program of Warehouse Goods LLC. Under these agreements, each participant is guaranteed a "phantom equity payment" in respect to an agreed upon number of bonus units. The number of units varies for each recipient, as specified in his or her individual agreement. Under the phantom equity program, there were 3,000,000 units authorized (representing 3% of WHG), with 950,000 units granted under this plan as of December 31, 2017. The bonus units contain a stated service condition, and the units cannot be settled unless a change in control event occurs under specified terms. We determined that the bonus units represent share-based compensation awards which are accounted for under ASC 718, *Stock Compensation*. Recognition of compensation cost was appropriately deferred until the consummation of a Sale Event (as defined in the agreements), and as such, no associated compensation expense was recognized during the year ended December 31, 2017. Because liability-classified awards must be remeasured each period, the compensation cost to be recognized upon a change in control event will be equal to the then fair value of the phantom equity awards.

Overview

We are a leading distributor of premium vaporization products and consumption accessories in the United States and have a growing presence in Canada. Our customers include over 5,400 independent smoke shops and regional retail chain stores, which collectively operate an estimated 8,000 retail locations, and hundreds of licensed cannabis cultivators, processors and dispensaries. We also own and operate two of the most visited North American direct-to-consumer e-commerce websites in the vaporization products and consumption accessories industry, *VaporNation.com* and *VapeWorld.com*, which offer convenient, flexible shopping solutions directly to consumers. Through our expansive North American distribution network and e-commerce presence, we offer a comprehensive selection of more than 4,600 stock keeping units ("SKUs"), including premium vaporizers and parts, cleaning products, grinders and storage containers, pipes, rolling papers and customized lines of premium specialty packaging. We have cultivated a reputation for carrying the highest-quality products from both large, established manufacturers that offer leading brands, such as the Volcano vaporizers by Storz & Bickel, a leading, premium imported vaporizer brand; PAX 3 vaporizers by PAX Labs, a leading premium hand-held vaporizer brand; and JUUL vaporizers by JUUL Labs, a nicotine vaporizer brand that had a market share of over 70% of the e-cigarette industry for the four weeks ended September 8, 2018, according to Nielsen data; and vaporizers by Firefly, a premium hand-held vaporizer brand, as well as promising start-up manufacturers that offer innovative, up-and-coming products, to which we extend the ability to grow and scale quickly. We provide value-added sales services to complement our product offerings and help our customers operate and grow their businesses. Recently, we have set out to develop a world class portfolio of our own proprietary brands which, over time, will deliver higher margins and create long-term value. We believe our market leadership, distribution network, broad product selection and extensive technical expertise provide us with significant competitive advantages and create a compelling value proposition for both our customers and our suppliers.

Our Customers. We market and sell our products in both the business to business ("B2B") and business to consumer ("B2C") sectors of the marketplace. We believe our B2B customers choose us for a number of reasons, including the breadth and availability of the products we offer, our extensive expertise, the quality of our customer service, the convenience of our distribution centers and the consistency of our order fulfillment. Our ability to provide a "one-stop shop" experience allows us to be the preferred vendor to many of these customers by streamlining the supply chain. In addition, we believe that our customers find great value in the advice and recommendations provided by our knowledgeable sales and service associates, which further increases demand for our products.

We have a diverse base of more than 5,400 B2B customers. Our top ten customers accounted for 10.9% and 11.5% of our net sales in the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively, with no single customer accounting for more than 2.0% and 2.3% of our net sales in the year ended December 31, 2017 and the six-month period ended June 30, 2018, respectively. While we distribute our products to a growing number of large national and regional retailers in Canada, our typical B2B customer is an independent retailer operating in a single market. Our customer service teams interact regularly with our B2B customers as most of them have frequent restocking needs. We believe our high-touch customer service model strengthens relationships, builds loyalty and drives repeat business. In addition, we believe our premium product lines, broad product portfolio and strategically-located distribution centers position us well to meet our customers' needs and ensure timely delivery of products.

We also have a large base of B2C customers who we reach via our *VaporNation.com* and *VapeWorld.com* websites. While these customers are predominantly in North America, we also ship to Europe, Australia and other select regions. Our websites are among the most visited within our segment according to Alexa Traffic Rankings, and as of June 30, 2018, we ranked first in over 90 Google key search terms and in the top five in over 300 Google key search terms. These websites currently attract over 350,000 unique monthly visitors and generate approximately 6,000 monthly transactions. We shipped more than 180,000 parcels to our B2C customers during the year ended December 31, 2017 and more than 146,000 parcels during the six-month period ended June 30, 2018. In addition to our e-commerce platform, in December 2017 we opened our first retail location in the high-traffic shopping center, Chelsea Market, in New York City under our proprietary Higher Standards brand.

In the six-month period ended June 30, 2018 and the year ended December 31, 2017, our B2B revenue represented approximately 80.8% and 81.6%, respectively, of our net sales, B2C revenues represented approximately 11.9% and 10.6%, respectively of our net sales, and 7.3% and 5.8%, respectively, of our net sales were comprised of revenues derived from the sales and shipment of our products to the customers of third-party website operators and providing other services to our customers.

Our Suppliers. Our strong supplier relationships allow us to distribute a broad selection of in-demand premium products at attractive prices. We are the lead distributor for many of our suppliers due to our scale, nationwide footprint, leading market positions, knowledgeable professionals, high service level and strong customer relationships. We offer suppliers feedback and support through all stages of the product sale cycle, including customer service and warranty support. We are often the largest or most visible exhibitor at industry trade shows where we work closely together with our premium suppliers in presenting, demonstrating and exposing their products. We believe these value-added services foster an ongoing and lasting relationship with our suppliers, and they serve as a key element of our business strategy.

We believe many of our suppliers choose us because of our track record for successfully launching and growing brands in our trade channels. For example, since our inception in 2007, we have been working with Storz & Bickel, a manufacturer of specialty vaporization products based in Germany, to launch dozens of its products in the U.S. market and have helped storz & Bickel grow its U.S. presence to become one of the leading vaporizer brands in our industry. In addition, in 2016, we began working with LEVO, a start-up manufacturer, to assist it in launching a newly-developed premium kitchen appliance that was designed exclusively for infusing botanicals into oil and butter. By assuming responsibility for LEVO's distribution, wholesaling, trade marketing, warranty support, customer service and web fulfillment, we have helped LEVO scale its operations, introduce new products and become a leader in its market segment.

We source our products from more than 125 suppliers, including leading vaporizer equipment manufacturers, a wide range of smaller companies that are applying breakthrough innovations for up-and-coming products and a variety of suppliers who specialize in low, or no-technology industry staple products, such as rolling paper, cleaning supplies and child-resistant packaging. We have exclusive or lead distribution relationships with some of our largest suppliers, including PAX Labs, Storz & Bickel, Grenco Science, Da Vinci, Pollen Gear, Banana Bros, Eyce and others. We are also one of the largest distributors of products made by JUUL Labs. Additionally, we develop and sell innovative products under our proprietary brands, such as Higher Standards. Our portfolio of highly-regarded brands helps us to attract and retain our B2B and B2C customers, which allows us to generate incremental sales opportunities.

Our Distribution Facilities. In 2017, we shipped more than 250,000 parcels comprising more than 4.0 million product units. To facilitate these volumes and in anticipation of future growth, we have established a network of six strategically-located distribution centers that provide full coverage of the United States and Canada and ensure timely and cost-effective transportation and delivery of our products. We estimate that, as of June 30, 2018, approximately 90% of our North American customers could be reached within two days via FedEx Ground or similar ground delivery services. Due to our mature and continuously-evolving operational efficiencies, we provide our customers with accurate transaction fulfillment, logistics and customer support services. We expect to open an additional distribution facility in British Columbia, Canada, in the third quarter of 2018.

Our Growth. In February 2018, we completed the acquisition of Better Life Holdings, LLC, a leading west coast distributor of like products that does business under the trade name VaporNation, to expand and grow our business and market leadership. We intend to pursue additional acquisitions to complement our organic growth and to achieve our strategic objectives. Since July 1, 2016, we have grown our employee count from 86 employees to 214 employees as of June 30, 2018, of which 66 were focused on sales. Our organic and acquisition-driven growth strategies have led to significant increases in consolidated net sales, gross profit and adjusted EBITDA. For the six-month period ended June 30, 2018, which included the results of Better Life Holdings, LLC only for the period commencing on February 20, 2018 we generated consolidated net sales of $83.8 million, gross profit of $17.5 million and adjusted EBITDA of $3.3 million, compared to net sales of $38.1 million, gross profit of $8.8 million and adjusted EBITDA of $1.4 million for the six-month period ended June 30, 2017. For the year ended December 31, 2017, without any pro forma adjustment for our acquisition of Better Life Holdings, LLC we generated consolidated net sales of $88.3 million, gross profit of $20.6 million and adjusted EBITDA of $3.5 million, compared to consolidated net sales of $66.7 million, gross profit of $15.0 million and adjusted EBITDA of $0.7 million for the year ended December 31, 2016. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measure—Adjusted EBITDA" for a reconciliation of our adjusted EBITDA to net income.

Investment Highlights

Leading Distributor of Premium Vaporization Products and Consumption Accessories in North America

We are a leading distributor of premium vaporization products and consumption accessories in the United States and have a growing presence in Canada. As of June 30, 2018, we carried more than 4,600 SKUs that were sourced from more than 125 brands and suppliers. For the year ended December 31, 2017 and the six-month period ended June 30, 2018, we had consolidated net sales of $88.3 million and $83.8 million, respectively, and we believe we are positioned to grow substantially as the cannabis regulatory landscape evolves.

Strong and Loyal Customer Base with Robust Sales Infrastructure to Support Scale

Our B2B customers include over 5,400 independent smoke shops and regional retail chain stores, which collectively operate an estimated 8,000 retail locations, and hundreds of licensed cannabis producers, processors and dispensaries. We intend to further expand into new or recently-entered trade channels, including mass retail and big-box retail. We believe our highly-specialized sales force and robust infrastructure are well-positioned to support this growth. We invest in our talent by providing every sales representative with an extensive and ongoing education, including programs that provide comprehensive product knowledge, as well as the tools needed to have a unique understanding of our customers' personalities and decision-making processes.

A Significant E-Commerce Retailer Positioned to Become a Global Leader in Direct-to-Consumer

We own and operate two of the most visited North American direct-to-consumer e-commerce websites in our industry, *VaporNation.com* and *VapeWorld.com*. Our e-commerce properties increase our reach on a global scale and provide higher gross profit margins than our B2B operations. With a database consisting of more than 250,000 B2C customers, we are able to continually expand our audience and business. In addition to our own fulfillment, we also fulfill web orders for many of the top industry suppliers, as well as for other leading e-commerce websites. We are developing a unique e-commerce platform, *Vapor.com*, that we believe will further increase our leadership position in the direct-to-consumer channel.

Strategically-Located Distribution Footprint

We have established our distribution network across the U.S. and Canada, including five distribution centers that allow us to deliver to approximately 90% of our customers within two days via FedEx Ground or similar ground delivery services. In the 12 months ended June 30, 2018, our expansive distribution network allowed us to ship over 325,000 parcels comprising over 8.8 million units. Our infrastructure is built to support our company as it grows and scales. We believe our distribution network would be difficult and expensive for new entrants in our industry to replicate.

Demonstrated Strong Financial Performance and Future Growth Prospects

We have operated profitably since our inception in 2005. We believe our products are best-in-class and our "white glove" customer service, complemented by our intensive financial management, have driven strong growth and financial performance. We emphasize and incentivize profitability at the transaction level and foster relationships with customers to drive repeat purchasing. We have experienced consistent year-over-year growth and achieved revenue growth of 32.3% for the year ended December 31, 2017 ("fiscal 2017") compared to the prior year period.

- Total revenue increased from $66.7 million in the year ended December 31, 2016 ("fiscal 2016") to $88.3 million in fiscal 2017, representing an annual growth rate of 32.3%, or to $104.6 million in fiscal 2017 on a pro forma basis giving effect to our acquisition of Better Life Holdings, LLC in February 2018, representing a growth rate of 56.8%.
- Total revenue increased from $38.1 million in the six-month period ended June 30, 2017 to $83.8 million in the six-month period ended June 30, 2018, representing an increase of 119.8%.
- Net income was $87,000 for fiscal 2016 and $2.3 million for fiscal 2017.
- Adjusted EBITDA increased from $0.7 million in fiscal 2016 to $3.5 million in fiscal 2017, representing an annual growth rate of 400.0%.

We believe our results of operations for the first half of 2018 are a first look at our future growth prospects as we continue to rapidly scale and execute on new growth opportunities. We experienced revenue growth of 119.8% for the six-month period ended June 30, 2018 compared to the corresponding period in fiscal 2017.

Passionate and Committed Executive Team with Proven Track Record of Delivering Strong Results

Our executive team has over 100 years of cumulative experience across various industries, including distribution, marketing, sales, financial services, public accounting, logistics, information technology, and luxury retail. Through steady brand discipline and strategic business planning, our executive team has transformed a small, single-product distributor into a leading multi-product, omni-channel distributor with a diverse and strategic portfolio mix of premium brands and products. Our executive team's passion and dedication to our company permeates across our employees and organizational culture, which fosters innovation, teamwork, passion for our products and personalized customer service.

Our Business Relating to the Cannabis Industry

While we do not cultivate, distribute or dispense cannabis or any cannabis derivatives, several of the products we distribute, such as vaporizers, pipes and rolling papers, can be used with cannabis or cannabis derivatives as well as nicotine and other substances.

We believe the global cannabis industry is experiencing a transformation from a state of prohibition toward a state of legalization. We expect the number of states, countries and other jurisdictions implementing legalization legislation to continue to increase, which will create numerous and sizable opportunities for market participants, including us. Further, we believe that the trend of users seeking to consume nicotine will continue to evolve from traditional cigarettes to e-cigarettes, vaporizers and heat-not-burn platforms a trend which we are well-positioned to capitalize on.

Global Landscape

The United Nations estimates that the global cannabis market, including the illicit market, is $150 billion annually.

A June 2018 report of Arcview Market Research, a leading market research firm in the cannabis industry, projects that spending in the global legal cannabis market will be approximately $12.9 billion in 2018, of which the United States, Canada and rest of the world are projected to comprise $11 billion, $1.3 billion and $0.6 billion, respectively, and projects that by 2022 spending in the global legal cannabis market will reach $32.0 billion, of which the United States, Canada and rest of the world comprises $23.4 billion, $5.5 billion, and $3.1 billion, respectively.

Wells Fargo Securities, LLC believes the global e-cigarette and vapor market will generate $5.5 billion of revenue in 2018, of which vaporizers, tanks and mods are projected to comprise $3.5 billion.

Our experience and awareness of the markets in which we operate lead us to believe that demand for the types of products we distribute will grow in tandem with the industry.

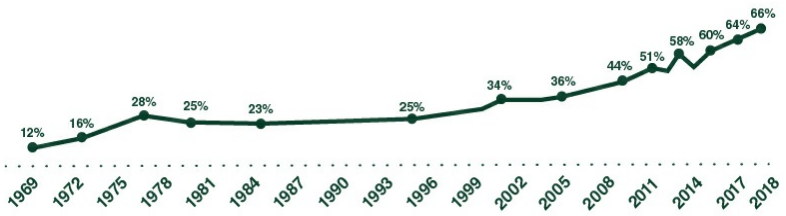
The North American Cannabis Landscape

United States and Territories. Thirty-one states, the District of Columbia, Puerto Rico, Guam, and the Commonwealth of the Northern Mariana Islands have legalized medical cannabis in some form, although not all of those jurisdictions have fully implemented their legalization programs. Nine of these states and the District of Columbia have legalized cannabis for adult use. Fifteen additional states have legalized high-cannabidiol (CBD), low tetrahydrocannabinol (THC) oils for a limited class of patients. Only four states continue to prohibit cannabis entirely. Notwithstanding the continued trend toward further state legalization, cannabis continues to be categorized as a Schedule I controlled substance under the Federal Controlled Substances Act and, accordingly, the cultivation, processing, distribution, sale and possession of cannabis violate federal law in the United States as discussed further in "Risk Factors — Our business depends partly on continued purchases by businesses and individuals selling or using cannabis pursuant to state laws in the United States or Canadian and provincial laws."

We believe support for cannabis legalization in the United States is gaining momentum. According to a 2018 poll by Gallup, public support for the legalization of cannabis in the United States has increased from approximately 12% in 1969 to approximately 66% in 2018.

Americans' Support For Legalizing Marijuana

Survey Question: Do you think the use of Marijuana should be made legal?
(% of respondents who answered "Yes")

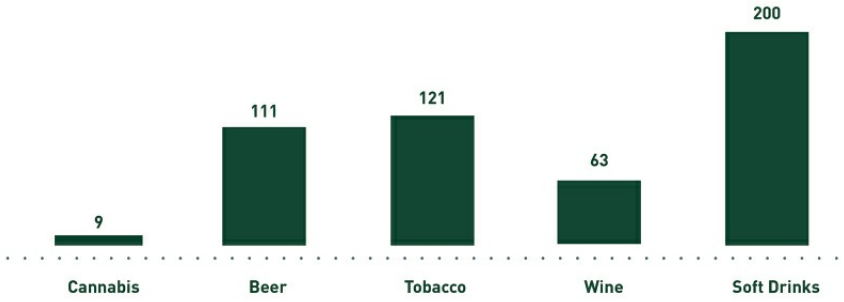


Source: 2018 Gallup Poll

The U.S. cannabis industry has experienced significant growth over the past 12 months fueled in part by increasing consumer acceptance and the legalization of medical and recreational cannabis across the United States. With increasing adult usage and further states expecting to legalize recreational cannabis use, some business participants in sectors such as wine, beer, spirits and tobacco have publicly expressed their views on the threats to their businesses from the growth of the cannabis industry.

Estimated Market Size (2017)

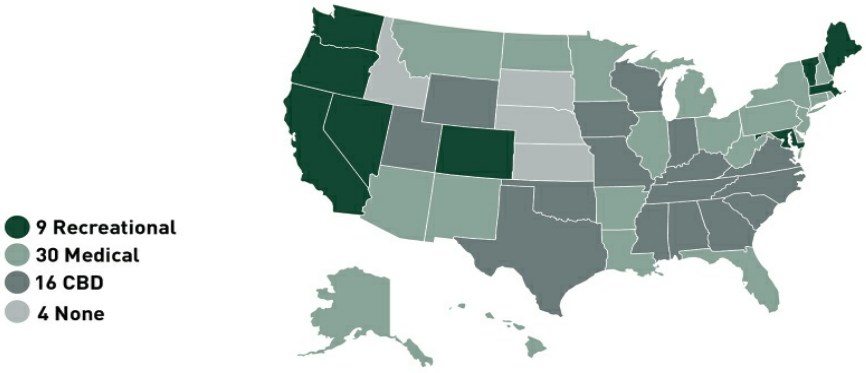
(Figures in $Billions)



Source: Brewers Association, Euromonitor, Wines & Vines

The following map illustrates states that have fully legalized cannabis (for medical and recreational purposes); have partially legalized cannabis (for medical purposes only); and have not legalized cannabis for medical or recreational purposes are outlined below (as of August 1, 2018).

Current State of Cannabis Legalization in the United States



Note: Recreational states are also included in the 30 medical states figure
Source: CNN

Canada. Legal access to dried cannabis for medical purposes was first allowed in Canada in 1999.*The Cannabis Act* (Canada) (the "Cannabis Act") currently governs the production, sale and distribution of medical cannabis and related oil extracts in Canada. Health Canada recently reported over 330,758 client registrations for medical cannabis prescriptions as of June 2018.

On April 13, 2017, the Government of Canada introduced Bill C-45, *which proposed the enactment of the Cannabis Act to legalize and regulate access to cannabis. The Cannabis Act proposed a strict legal framework for controlling the production, distribution, sale and possession of medical and recreational adult-use cannabis in Canada. On June 21, 2018, the Government of Canada announced that Bill C-45, received Royal Assent. On July 11, 2018, the Government of Canada published the Cannabis Regulations under the Cannabis Act. The Cannabis Regulations provide more detail on the medical and recreational regulatory regimes for cannabis, including regarding licensing, security clearances and physical security requirements, product practices, outdoor growing, security, packaging and labelling, cannabis-containing drugs, document retention requirements, reporting and disclosure requirements, the new access to cannabis for medical purposes regime and industrial hemp. The majority of the Cannabis Act and the Cannabis Regulations came into force on October 17, 2018.*

While the Cannabis Act provides for the regulation by the federal government of, among other things, the commercial cultivation and processing of cannabis for recreational purposes, it provides the provinces and territories of Canada with the authority to regulate in respect of the other aspects of recreational cannabis, such as distribution, sale, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

The governments of every Canadian province and territory have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes. Most provinces and territories have announced a minimum age of 19 years old, except for Québec and Alberta, where the minimum age will be 18. Certain provinces, such as Ontario have legislation in place that restricts the packaging of vapor products and the manner in which vapor products are displayed or promoted in stores.

In a 2018 publication by Deloitte, a leading professional services and consulting firm, the projected size of the Canadian adult-use market in 2019 ranged from C$1.8 billion to C$4.3 billion and in a 2018 research report, CIBC World Markets indicated that it expects the sector to grow to C$6.5 billion by 2020.

The outlook for the North American cannabis industry is largely positive. The industry is expected to continue benefiting from increasingly favorable attitudes toward both medical cannabis and recreational cannabis with expected significant consumer spending increases.

The International Cannabis Landscape

Europe. Europe's population is larger than that of the U.S. and Canadian markets combined, suggesting the potential of a very significant market. Prohibition Partners, a London-based strategic consultancy firm, estimated in 2018 that approximately 12% of the continent's adult population were "irregular" or "intensive" users of cannabis and a fully-regulated cannabis market would be worth more than $65 billion annually, with medical usage comprising $42 billion.

Currently, only Germany, Italy, Austria, Czech Republic, Finland, Portugal, Poland, Spain, the Netherlands, Denmark, Greece, Croatia, Macedonia, Poland and Turkey allow cannabis use for medicinal purposes, although it has been widely reported that other countries are considering following suit.

The progress of some key international markets is outlined below.

Germany. In January 2017, the German parliament legalized cannabis for medical consumption. In Germany, the cost of dried cannabis and cannabis extracts will be covered by health insurance for patients who have no other treatment options. Germany has created a "Cannabis Agency" to regulate the formation of a domestic cultivation and production of the medical cannabis supply chain. According to Rheinische Post, in the first 10 months of Germany's medical cannabis reform, over 13,000 applications for medical cannabis have been received by the largest three public health insurance companies in Germany.

United Kingdom. The U.K is a global leader in legal cannabis production according to the International Narcotics Control Board, and we believe the country has also positioned itself as being in the forefront of medical cannabis research and development. The "Legalisation of Cannabis (Medical Purposes) Bill" was proposed on October 10, 2017 to move cannabis from Schedule 1 (no therapeutic value) to Schedule 3 (has therapeutic value) and that bill is scheduled for a second reading on October 28, 2018.

Australia. In February 2016, Australia legalized medical cannabis at the federal level to allow for the manufacturing of medicinal cannabis products in Australia. In October 2016, the Australian regulatory authority released a detailed application process to license domestic cultivators and producers of medical cannabis. In the interim, until local licenses have been awarded and have reached production capacity, Australia is allowing medical cannabis to be imported from locally-authorized producers. In January 2018, the Australian government announced that it will now permit the export of medicinal cannabis products to provide increasing opportunities for domestic producers.

Israel. In February 2017, legislation was passed allowing Israeli cannabis companies to export cannabis internationally. According to the country's health minister, as of December 2017, there are 383 farmers that had applied for growing licenses in Israel, and 250 nurseries, 95 pharmacies and 60 processing facilities had applied for cannabis distribution and/or processing licenses. According to the European Journal of Internal Medicine as of March 2018, there was estimated to be 32,000 registered users of medical cannabis in Israel. Recreational cannabis use is currently illegal in Israel, but it is expected to be decriminalized by late 2018.

Uruguay. In December 2013, Uruguay became the first country to legalize cannabis for both medicinal and recreational purposes. According to a news report published by The Independent as of December 2017, there were over 16,000 government-registered cannabis users, a three-fold increase from approximately 5,000 users in July 2017.

Product Information

Consumers of cannabis, herbs, flavored compounds and nicotine are likely going to require the types of products we distribute, including vaporizers, pipes, rolling papers and packaging. We believe we distribute the "picks & shovels" for these rapidly-growing industries.

Inhalation Delivery Methods. There are two prevalent types of inhalation methods for cannabis and nicotine — combustion and vaporization. Recent advances in vaporization technology offer users a cleaner alternative to combustion with fewer health concerns.

Vaporizers are personal devices that heat materials to temperatures below the point of combustion, extracting the flavors, aromas and effects of dry herbs and concentrates in the form of vapor. Measured by revenue, vaporizers are our largest product category. During the six-month period ended June 30, 2018 and the year ended December 31, 2017, the vaporizers and components category, which is comprised of desktops, portables and pens, generated 80.6% and 79.9%, respectively, of our net sales.

The Science and Popularity of Vaporization

Vaporizers have elements that are designed to quickly heat combustible material, which generates a vapor that is immediately inhaled through the mouthpiece on the device itself, or a hose, pipe or an inflatable bag. Vaporizers can heat a variety of dry materials, viscous liquids and waxes and provides a convenient way for users to consume the active ingredients. Common ingredients used in vaporizers include tobacco, nicotine extracts, legal herbs, cannabis and propylene glycol and glycerin blends.

Vaporization Technology

Cannabis consumers have a wide array of vaporization devices, at their disposal which can be broadly categorized into two primary segments — desktop and portable vaporizers. Our vaporizer offering spans over 250 distinct products across 56 brands.

Desktop Vaporizers. Vaporizers were first developed as desktop models that were powered through traditional electric power sources. Desktop vaporizers are capable of heating the material to a more precise temperature choice determined by the consumer or as advised by a health practitioner. Some models dispense the vapor through a pipe or wand, and others into an inflatable bag in order to allow users to more accurately monitor their consumption.

Portable Vaporizers. With the development of lithium batteries, vaporizers have now become portable. Technological advances are resulting in lighter, sleeker and more visually-appealing units that are capable of quickly heating the material to the user's desired temperature setting. The temperature setting can be fixed by the manufacturer, set manually by the consumer or via a Bluetooth connection to the consumer's smartphone. Portable vaporizers, of which pens are a sub-set, are differentiated by many features, including output, battery life, recharge time, material, capacity and design.

Other Methods of Consumption

In addition to vaporizers, consumers have a wide array of methods of consumption at their disposal, including, among others, hand pipes, water pipes, rolling papers, and oral and topical delivery methods.

Hand and Water Pipes. We offer a diverse portfolio of approximately 114 products and seven brands, including our own proprietary Higher Standards brand. Many display iconic, licensed logos and artwork as pipes have grown into an artistic expression and are available in countless creative forms and functionality.

Hand pipes are small, portable and simple to use and function by trapping the smoke produced from burning materials, which is then inhaled by the user. Water pipes include large table-top models and bubblers and are more complex because they incorporate the cooling effects of water to the burning materials, before inhalation.

Rolling Papers. Rolling papers are a traditional consumption method used to smoke dried plant material in a "roll-your-own application". Our rolling papers category is comprised of approximately 50 products across six brands.

Edibles, Tinctures, Ingestible Oils and Topicals are additional methods of consumption. We do not sell or distribute any psychoactive products within these categories.

History and Development of Our Company

Over the last 13 years, we have evolved from a single-product distributor of desktop vaporizers into a market leader in the sale, marketing and distribution of premium vaporization products and consumption accessories.

While our growth and advancement has continued, our corporate culture has remained steadfast. We are focused on a customer-centric platform that is strengthened by an emphasis on technological advancement, innovations and maintaining long-term relationships with our suppliers, vendors and employees. We believe the following events have influenced the general development of our business:

- 2005: Founded as a single-product U.S. distributor of German desktop vaporizers
- 2007: Established *VapeWorld.com* as a B2C e-commerce website and B2B wholesale distributor
- 2010: Leased our first self-managed warehouse in Boca Raton, FL
- 2012: Enhanced bi-coastal fulfillment capabilities by adding a distribution facility in Nevada
- 2012: Entered into a distribution agreement with PAX Labs and introduced the Pax Vaporizer into our product portfolio and added a distribution facility in New Jersey
- 2013: Expanded our footprint into Canada with the addition of a British Columbia subsidiary and an Ontario distribution facility
- 2015: Commenced distribution of the JUUL line of products
- 2016: Rebranded our business as Greenlane
- 2017: Relocated our Boca Raton, FL distribution center to Jacksonville, FL to help facilitate additional shipping efficiencies
- 2017: Relocated our Las Vegas, NV distribution center to Visalia, CA to enhance our delivery capabilities
- 2018: Acquired Better Life Holdings, LLC, one of our major competitors

Our Competitive Strengths

We attribute our success to the following competitive strengths.

Clear Market Leader in an Attractive Industry. We are a leading North American distributor of premium vaporization products and consumption accessories, reaching over 8,000 estimated retail locations and hundreds of licensed cannabis cultivators, processors and dispensaries. We also own and operate two of the industry's most visited North American direct-to-consumer e-commerce websites, *VaporNation.com* and *VapeWorld.com*.

Market Knowledge and Understanding. Because of our experience and our extensive and long-term industry relationships, we believe we have a deep understanding of customer needs and desires in both our B2B and B2C channels. This understanding allows us to influence customer demand and the pipeline between product manufacturers, suppliers, advertisers and the marketplace. Further, we have generated significant databases relating to our suppliers and customers, which allows us to anticipate market dynamics.

Broadest Product Offering. We believe we offer the industry's most comprehensive portfolio of vaporization products and consumption accessories with over 4,600 SKUs from more than 125 suppliers. This broad product offering creates a "one-stop" shop for our customers and positively distinguishes us from our competitors. We maintain a high level of product availability and timely delivery. In addition, we have carefully cultivated a portfolio of well-known brands and premium products, and have helped many of the brands we distribute to become established names in the industry. These products are staples for many of our B2B customers and many of those customers are dependent upon them for a significant portion of their revenue. Most of our B2B customers order products from us on a regular basis, which provides us an opportunity to efficiently add other items to each order. In addition, with lead distribution rights for many key brands, we believe we have established a sustainable market-leading role. Not only are we the key relationship for the purchasing requirements of many of our B2B customers, but we are also the preeminent go-to-market partner for product suppliers wishing to gain access to these accounts.

Entrepreneurial Culture. We believe our entrepreneurial, results-driven culture fosters highly-dedicated employees who provide our customers with superior service that differentiates us from our competition. We invest in our talent by providing every sales representative with an extensive and ongoing education and have successfully

developed programs that provide comprehensive product knowledge and the tools needed to have a unique understanding of our customers' personalities and decision-making processes. Further, we incentivize sales employees throughout our company to generate business and execute it profitably through a compensation program that includes variable and longer-term compensation arrangements. We also believe our entrepreneurial culture, combined with our dedication to developing, training and providing opportunities for all of our employees, helps us attract and retain top talent. Similarly, we believe these characteristics have also positioned us as an attractive acquirer of smaller distributors whose owners are looking to scale business, pursuing faster growth or seeking liquidity.

Unwavering Focus on Relationships and Superior Service. We aim to be the premier partner of choice for our customers, suppliers and employees.

- *Customers.* We believe we offer superior services and solutions due to our comprehensive product offering, proprietary industry data and analytics, product expertise and the quality of our service. We deliver products to our customers in a precise, safe and timely manner with complementary support from our dedicated sales and service teams.
- *Suppliers.* Our industry knowledge, market reach and resources allow us to establish trusted professional relationships with many of our product suppliers. We offer them a variety of value-added services, such as marketing support, supply chain management, customer feedback, market data and customer service to support the sale of their products. Further, we offer our suppliers product returns and warranty repair services. As a result, we have become a significant and, in some cases, exclusive vendor for a number of our suppliers, which enables us to secure long-term relationships, competitive pricing and access to new and innovative products.
- *Employees.* We provide our employees with an entrepreneurial culture, a safe work environment, financial incentives and career development opportunities.

Experienced and Proven Management Team Driving Organic and Acquisition Growth. We believe our management team is among the most experienced in the industry. In addition to our co-founder and Chief Executive Officer, Aaron LoCascio, and our co-founder and Chief Strategy Officer, Adam Schoenfeld, our senior management team brings experience in accounting, mergers and acquisitions, financial services, consumer packaged goods, retail operations, third-party logistics, information technology, product development and specialty retail and an understanding of the cultural nuances of the sectors that we serve. Members of our executive leadership team have a strong track record of improving performance and successfully driving both internal and acquisitive growth during their tenure with us and prior to joining our company. Our team not only has a clearly-defined operational strategy to promote growth and profitability for our company, but also has an ambitious vision to be a global leader in the industry. We believe the scale of our business, our leading market position and our corporate culture will allow us to continue to attract and develop industry-leading talent.

Our Strategies

We intend to leverage our competitive strengths to increase shareholder value through the following core strategies:

Build Upon Strong Customer and Supplier Relationships to Expand Organically. Our North American footprint and broad supplier relationships, combined with our regular interaction with our large and diverse customer base, provides us key insights and positions us to be a critical link in the supply chain for premium vaporization products and consumption accessories. Our suppliers benefit from access to more than 5,400 B2B customers and more than 250,000 B2C customers as we are a single point of contact for improved production, planning and efficiency. We believe we are unique in our ability to work with our suppliers to launch new products quickly and on a national scale. We intend to continue to increase our size and scale in customer, geographic and product reach, which we believe will continue to benefit our supplier base. Our customers, in turn, benefit from our market leadership, talented sales associates, broad product offering, high inventory availability, timely delivery and complementary value-added services. We will continue to work with new and existing suppliers to maintain a broad product offering for our customers at competitive prices and to enhance our role as a valued partner in the supply chain. We believe our strong customer and supplier relationships will enable us to expand and broaden our market share in the premium vaporization products and consumption accessories marketplace.

Expand Our Operations Internationally. We currently focus our marketing and sales efforts on the United States and Canada, the two largest and most developed markets for our products. While we currently support and

ship products to customers in Europe, Australia, and parts of South America on a limited basis, we are aware of the growth opportunities in these markets. As we continue to expand our marketing, supplier relationships, sales bandwidth and expertise, we anticipate capturing market share in those regions by opening our own distribution centers, acquiring existing international distributors and partnering with local operators.

Expand our E-Commerce Reach and Capabilities. We own and operate two of the leading direct-to-consumer e-commerce websites in our industry, *VaporNation.com* and *VapeWorld.com*. These sites are the most visited within our segment according to Alexa Traffic Rankings, a leading data analytics firm, and as of June 30, 2018, we ranked first in over 90 Google key search terms and over 300 in the top five key search term positions. With a database consisting of more than 250,000 consumers, our e-commerce websites increase our reach on a global scale and enable us to continually expand our audience and business. We intend to continue to optimize our e-commerce platforms to improve conversion rates, increase average order values, and grow our margins. In addition, we are developing a unique online website, *Vapor.com*, which is scheduled to launch within the next six months, that we expect will further increase our industry leadership position in e-commerce.

Pursue Value-Enhancing Strategic Acquisitions. Through our recently-completed acquisition of Better Life Holdings, LLC, we have added new markets within the United States, new product lines, talented employees and operational best practices. In addition, we increased our sales by introducing products from our existing portfolio to customers of VaporNation. We believe this acquisition is the first of many and that as a public company, we will be able to offer owners of smaller distributors and suppliers a combination of resources, expertise, liquidity and the opportunity to continue to operate their business in an entrepreneurial manner while relieving them of the risks and burdens associated with owning a small business. We intend to continue pursuing strategic acquisitions to grow our market share and enhance our leadership positions by taking advantage of our scale, operational experience and acquisition know-how to pursue and integrate attractive targets. We believe we have significant opportunities to add product categories through our knowledge of our industry and possible acquisition targets. In addition, we are focused on identifying and reviewing attractive new geographic markets for expansion through acquisitions. We will continue to apply a selective and disciplined acquisition strategy.

Enhance Our Operating Margins. We expect to enhance our operating margins as our business expands through a combination of additional product purchasing discounts, reduced inbound and outbound shipping and handling rates, reduced transaction processing fees, increased operating efficiencies and realizing the benefits of leveraging our existing assets and distribution facilities. Additionally, we expect that our operating margins will increase as our product mix continues to evolve to include a greater portion of our proprietary branded products. We are committed to supporting our proprietary brands, such as Higher Standards, which offer better price points and significantly higher gross margins than supplier-branded products. We recently opened our first Higher Standards retail store in New York City's famed Chelsea Market, and we plan to roll out three to five additional retail stores in North America by December 31, 2019. We also continuously monitor, adjust and improve the way we source and distribute products to our customers in an effort to achieve greater operating efficiencies and supply chain optimization. Because of recent substantial investments in our corporate infrastructure, and existing levels of fixed costs, we believe that, except for the additional expenses associated with being a public company, we will not have material increases in our general and administrative expenses as we pursue our growth plans.

Developing A World-Class Portfolio of Proprietary Brands. We intend to develop a portfolio of our own proprietary brands, which over time should improve our blended margins and create long-term value. Our brand development will be based upon our proprietary industry intelligence that allows us to identify market opportunities for new brands and products. We plan to leverage our distribution infrastructure and customer relationships to penetrate the market quickly with our proprietary brands and to gain placement in thousands of stores. In addition, we plan to sell such products directly to consumers via the brand websites and our e-commerce properties. Our existing proprietary brands include our Higher Standards and Aerospaced brands. In May 2018, we entered into an exclusive license agreement with Keith Haring Studio to sell consumption accessory products that will incorporate certain artwork images created by the iconic artist Keith Haring, and in July 2018, we entered into a joint venture with an affiliate of Gilbert Milam, one of the most influential celebrities in the industry today, to create, develop and market a line of consumer products to be sold under the "Vibes" brand name, including potentially, clothing, backpacks, cases, and smoking and vaporizer accessories. In addition, we are absorbing the Marley Natural accessory line as a house brand. In creating our proprietary brands, we intend to stay mindful of our key supplier

relationships and to identify opportunities within our product portfolio and in the market where we can introduce compelling products that do not directly compete with the products of our core suppliers. We believe that, over time, our proprietary brands will have a significant positive impact on our results of operations.

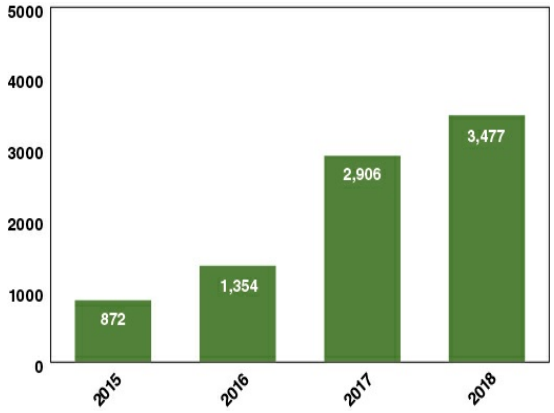
Execute on Identified Operational Initiatives. We continue to evaluate operational initiatives to improve our profitability, enhance our supply chain efficiency, strengthen our pricing and category management capabilities, streamline and refine our marketing process and invest in more sophisticated information technology systems and data analytics. In addition, we continue to further automate our distribution facilities and improve our logistical capabilities. Although we are still in the early stages of some of these initiatives, they have already contributed to improvements in our profitability and customer service levels. We believe we will continue to benefit from these and other operational improvements.

Be the Employer of Choice. We believe our employees are the key drivers of our success, and we aim to recruit, train, promote and retain the most talented and success-driven personnel in the industry. Our size and scale enable us to offer structured training and career path opportunities for our employees, while in our sales and marketing teams, we have built a vibrant and entrepreneurial culture that rewards performance. We promote ongoing, open and honest communication with our employees to ensure mutual trust, engagement and performance improvement. We believe that high-performing managers coupled with creative, adaptable and engaged sales, marketing and logistical employees are critical to our success and to maintaining our competitive position. We are committed to being the employer of choice in our industry.

Our Brands and Products

We offer a mix of premium brands, products and services to our omni-channel customer distribution network. As of June 30, 2018, we carried more than 4,600 SKUs provided by more than 125 suppliers. Our product offering ranges from basic, non-technical items, such as rolling papers and cleaning supplies, to sophisticated, highly-technical vaporizers and extraction devices, as well as customizable items such as child-resistant packaging and branded storage devices. We believe our broad product offering creates a “one-stop” shop for our customers and positively distinguishes us from our competitors.

The following table illustrates the growth in the number of total SKUs created at December 31, 2015, 2016 and 2017 and at June 30, 2018.



***Product Categories and Select Brands*.** We believe we have the widest array of premium brands and products in our industry, and we are continually expanding our offerings to ensure that our customers’ preferences are met.

The following table provides summary information regarding the product categories we offer and the brands we represent.

	Vaporizers & Components	Tools & Appliances	Grinders & Storage	Parts & Accessories	Functional Glass	Papers / Wraps	Custom Products / Packaging
Fiscal 2017 % Net Sales	79.9%	1.5%	2.0%	9.5%	4.8%	0.6%	0.9%
Product Types	• Desktop • Pen • Portable	• Cleaning & Maintenance • Extraction Machine • Lighters and Torches	• Aluminum Grinder • Acrylic Grinder • Electric Grinder • Storage	• Screens • Batteries • Carrying Cases	• Water Pipes • Hand Pipes	• Cones • Paper • Tips	• Child-Resistant Packaging • OEM
Representative Brands	• Storz & Bickel • PAX Labs • Firefly • DaVinci • Arizer • Dr. Dabber • JUUL Labs • Grenco Science • Cloudious9 • MONQ • BLU • Yocan	• Blazer • Higher Standards • HYER • LEVO • MagicalButter	• Santa Cruz Shredder • Aerospaced • Groove • EVAK • CVault • Banana Bros.	• Higher Standards	• Marley Natural • GRAV Labs • Higher Standards • MJ Arsenal • Puffingtons • EYCE • Famous Brandz	• RAW • Juicy Jay's • OCB • Shine • Elements	• Pollen Gear

- **Vaporizers and Components.** Our vaporizers are personal devices that heat materials at temperatures just below the point of combustion, extracting the flavors, aromas and effects of dry herbs and concentrates in the form of vapor. Measured by revenue, vaporizers and components are our largest product category. In 2017, the vaporizer and components category, which is comprised of desktops, portables and pens, generated 79.9% of our net sales. Our vaporizer and components offering spans over 250 distinct products across 56 brands. To our knowledge, no other distributor in North America carries as large a variety of premium vaporizers.

  A significant percentage of our revenue is dependent on sales of products, primarily vaporizers and related components, that we purchase from a small number of key suppliers, including PAX Labs and JUUL Labs. For example, products manufactured by PAX Labs represented approximately 17.2% and 32.8% of our net sales in the six-month periods ended June 30, 2018 and 2017, respectively, and 29.4% and 29.0% of our net sales in the years ended December 31, 2017 and 2016, respectively, and products manufactured by JUUL Labs represented approximately 40.1% and 1.4% of our net sales in the six-month periods ended June 30, 2018 and 2017, respectively, and 11.4% and 4.5% of our net sales in the years ended December 31, 2017 and 2016, respectively.

- **Tools and Appliances.** Our tools and appliances product categories include cleaning products, torches, rolling machines and rolling trays, as well as highly-technical, sophisticated products such as infusers and extraction devices. Our tools and appliances offerings span 17 distinct products across seven brands, including our own proprietary brand, Higher Standards.

- **Grinders and Storage.** Our grinders are cylindrical devices that break dry herb down to fine granules, increasing the surface area of the plant material so that it can be thoroughly vaporized or burned. The storage containers that we offer can be used to store dry herb and concentrates in an air-sealed environment, maintaining freshness. Our grinders and storage solutions are comprised of approximately 20 distinct products across nine brands, including our own proprietary Aerospaced and Groove brands.

- **Functional Glass.** We offer a diverse brand portfolio of water pipes in many shapes and sizes. Many products in this category display iconic, licensed logos and artwork. Our functional glass category is comprised of approximately 114 products and seven brands, including our own proprietary Higher Standards brand.

- **Papers and Wraps.** We sell high-quality papers for roll-your-own applications. Brands in this category include Elements Rice Papers, I-Tal, Juicy Jay's, OCB, Raw, and Shine. Our rolling papers category is comprised of approximately 50 products across six brands.

- **Parts and Accessories.** Our parts and accessories categories consist of consumable screens that enable heating, bags and whips/wands used to capture vapor, hard and soft-shell device cases, and portable vaporizer batteries. This category acts as a complement to the majority of our offerings. Our parts and accessories category is comprised of over 1,400 SKUs supplied by approximately 115 brands.

- **Customized Products and Packaging.** We offer a customizable line of premium packaging products, including patented items. Child-resistant packaging solutions are one of our fastest growing sectors and, as a result, we are expanding our product offering to include new silhouettes, sizes and vessels to address more of our customers' needs. We believe our initiatives in this category will further set us apart from our competition.

Key Success Factors of our Product Offerings. We believe our success as a leading distributor in our marketplace is due primarily to the following key factors:

Premium Brands. Our premium brands act as a strategic tool that helps us stand out in a diverse and crowded market, gain repute for our products and connect with customers. Retailers can get overwhelmed by the constant introduction of new products and brands in the marketplace, most of which offer average or below average performance and little brand recognition. However, because we dedicate the time and resources necessary to identify, purchase and offer the products that deliver superior performance, design and brand appeal, our B2B customers can more easily make strategic purchasing decisions. In addition to providing products that are functionally superior at competitive price points, we help to build a culture around these premium brands that creates customer brand loyalty and secures a strong position for us as the pivotal relationship between supplier and customer.

Market Knowledge. Our proprietary industry data generated from our strong relationships with industry-leading suppliers allows us to help define, develop and deliver strategies for creating brands, which we believe provides us a strong competitive advantage. Our data also enables us to understand market opportunities and to develop our own brands that provide higher margins, while remaining careful to identify and pursue opportunities that do not directly compete with our key suppliers. To that end, we have developed the Higher Standards brand, as well as our proprietary Groove and Aerospaced grinder brands. We also are developing additional brands, including VIBES, a rolling paper brand created under a joint venture with an affiliate of Gilbert Milam, one of the industry's most influential celebrities, and a line of high-end glass pipes and accessories developed under an intellectual property license from Keith Haring Studio. We are evaluating numerous other brand development opportunities and intend to directly oversee the manufacturing and marketing of our proprietary brands.

Distribution Agreements. We enter into both exclusive and non-exclusive distribution agreements with our suppliers. When our agreements are exclusive, the exclusivity is typically limited to certain specified channels of distribution, such as sales to independent shops and other "brick and mortar" retail establishments. Our suppliers frequently retain the non-exclusive right to distribute their products via e-commerce channels. These distribution agreements typically have a territorial scope consisting of the United States, and in some cases include Canada and the rest of the world, or a specified group of other countries. In most cases, the agreement is for a term of between one and three years, and is thereafter renewable at the discretion of both parties. Our suppliers also grant us a non-exclusive license to use their trademarks and related intellectual property in connection with the distribution and resale of the relevant products.

Our distribution agreements frequently include a commitment by us to provide customer service and to provide the supplier with fulfillment services for which we are compensated. We work with most of our suppliers to provide compelling in-store materials that help our retail customers advertise and sell products, including posters, countertop displays, window clings, and other in-store advertising, some of which is created by our in-house marketing team. We also are able to provide a range of additional services to our suppliers, which may include inventory investment and logistics, marketing support, live customer service and warranty repair. We believe these value-added services allow us to build an integrated relationship with our suppliers by alleviating our suppliers of certain customer-related business functions so they may focus on the development and refinement of their products.

The suppliers of some of the most successful brands in our industry, including PAX Labs, JUUL Labs, Storz & Bickel, Grenco Science and Firefly, distribute their products through us. These leading brands are secure in knowing that we consistently provide our retail customers with white-glove customer service and support. Our strategic

partnerships and exclusivity agreements with industry-leading suppliers reflect on our ability to exceed typical industry service levels and support.

Information and Education. We supply our employees, suppliers and customers with timely, pertinent information about products, regulatory requirements and trends impacting our industry. Additionally, we provide each sales representative in our company with an extensive and ongoing education on our products and services so they have confidence and knowledge when responding to a customer's questions.

We understand the value of technical industry information and make it available to our end users via the "Knowledge Base" link on *VapeWorld.com*, which allows us to provide our customers with timely and detailed information about our product offerings, including product reviews, warranty information, frequently asked questions, tips and tricks, troubleshooting, cleaning and maintenance, step-by-step usage guides, and much more.

Merchandising

Our merchandising strategy is to (i) offer unique, distinctive and often exclusive premium products at affordable prices, (ii) maintain a breadth of merchandise categories, (iii) provide a carefully crafted selection of core items within targeted categories, (iv) emphasize new and fresh-to-market products by continually updating our product mix, and (v) market products in a visually appealing manner to create an inviting atmosphere that encourages frequent visits to our B2B and B2C e-commerce websites. Our information systems permit close tracking of product sales, which enables us to react quickly to market trends and identify best sellers. Internally-generated daily sales and product margin reports help us to maximize sales and margins of successful products and categories, and reduce the accumulation of slow-moving inventory. As our industry continues to evolve at a rapid rate, the number and make-up of our active products is continuously changing.

We purchase merchandise from approximately 125 suppliers and dedicate considerable resources to identifying and evaluating best-in-class brands, as well as identifying the most reliable, innovative and quality-conscious manufacturers. We also actively scout promising start-up suppliers that offer exciting up-and-coming products for which we seek to establish lead distribution rights in exchange for providing our expertise and resources to assist them in growing and scaling quickly.

Our extensive distribution networks, purchasing volumes and financial resources, together with our exclusive and proprietary products, distinguish our offering and provide us the opportunity to increase our sales and gross margins. We believe our selective product sourcing and quality control processes are central to our continued success.

Sales Channels

While we predominantly market and sell our products in North America, our e-commerce websites increase our global reach and we also ship our products to Europe, Australia and other select countries. The following table sets forth for the six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017 and 2016 the amount and percentage of our net sales derived from our sales of products to customers located in the United States, Canada and all foreign countries other than Canada based upon the locations to which our products are shipped.

	Six Months Ended June 30,				Year Ended December 31,			
	2018		2017		2017		2016	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
United States	$ 78,404,735	93.5%	$ 34,603,165	90.7%	$ 79,969,866	90.6%	$ 59,459,936	89.2%
Canada	4,168,254	5.0%	2,894,160	7.6%	6,532,005	7.4	5,540,500	8.3
Other foreign countries	1,245,446	1.5%	641,259	1.7%	1,758,104	2.0	1,689,508	2.5
Totals	$ 83,818,436	100.0%	$ 38,138,585	100.0%	$ 88,259,975	100.0%	$ 66,689,944	100.0%

Our marketing strategy is based on an omni-channel sales approach that allows us to deliver our premium branded products to a broad base of B2B and B2C costumers through four sales channels — wholesale, e-commerce, traditional retail and custom solutions.

Wholesale. Our B2B channel, which represented approximately 80.8% and 81.6% of our net sales for the six-month period ended June 30, 2018 and the year ended December 31, 2017, respectively, supplies independent retailers, licensed producers, chain stores and dispensaries with many of key premium products they sell. Our strategies to continue to build on this core channel include:

- **Sales Team Expansion.** We believe our highly-specialized sales force is well-positioned to drive continued growth. We invest in our talent by providing every sales representative with an extensive and ongoing education, and we have successfully developed programs that provide comprehensive product knowledge, as well as the tools needed to have a unique understanding of customers' personalities and decision-making processes. Over the next 12 months, we intend to grow our sales force from approximately 66 members at June 30, 2018 to a team of more than 120. We are confident that we can add and effectively train approximately five sales representatives per month. This will allow us to reach more business accounts, which should lead to increased sales, greater share of shelf space, and higher market share.
- **Category Expansion.** We believe we are the market leader in the premium vaporizer market and have begun to further expand into new categories. For example, we will increase our limited product offering in the glass and rolling papers categories, which are significant sources of revenue for our B2B partners. We believe that specialty packaging will become a significant category with substantial recurring revenue opportunities. As such, we plan to aggressively expand our product offerings for packaging solutions by introducing innovative and attractive brands, including our own brands, and other products that we create pursuant to joint ventures with key influencers and celebrities.
- **Category Management.** We believe retailers are frustrated by having to manage dozens of vendors. Our increasing size, product categories and sophistication allow us to cover more of their product needs and become their one-stop shop for premium products. We offer category management services to help retailers select appropriate product mixes and streamline their inventory management to increase inventory turnover and prevent stockouts. Further, chain stores, particularly in Canada, require their vendors to meet stringent standards that we are well positioned to meet, such as bar coding and labeling requirements, certain minimum financial thresholds and the ability to use the Electronic Data Interchange (EDI) system.

We believe our support of these sales channels, together with our market knowledge, business attributes, resources, products and services, will lead to an increased share of our customers' shelf space and increased market share.

Online Retail. We own and operate two of the leading direct-to-consumer e-commerce websites in our industry, *VapeWorld.com,* which we have operated since the inception of our company, and *VaporNation.com*, which we acquired in February 2018 as part of our acquisition of Better Life Holdings, LLC. Our B2C e-commerce channel represented approximately 11.9% and 10.6% of our net sales in the six-month period ended June 30, 2018 and the year ended December 31, 2017, respectively.

Our retail websites create convenient, flexible shopping solutions for consumers. We offer premium products, provide access to a knowledgeable customer care team that is available via phone, text, and live chat, run social media initiatives across multiple platforms, and create industry-related blog posts. Our e-commerce websites increase our reach on a global scale. While our B2C customers are predominantly in North America, we also ship to Europe, Australia and other areas. Our websites have been optimized for shopping and purchasing across desktop, mobile phone and tablet devices, and features updates on new products. In addition, we leverage our websites as efficient inventory clearance vehicles by offering discounts and promotions on older products that allows us to keep our wholesale inventory fresh. All of our website orders are fulfilled by our own distribution facilities. In addition to our own B2C fulfillment, we also fulfill online orders for many of our largest suppliers, as well as for other leading e-commerce websites, including *Namaste.com* and *thefirefly.com*.

We continually work to optimize our e-commerce platforms to improve conversion rates, increase average order value, and grow margins. In addition, we are actively investing in user acquisition strategies and advertising campaigns to drive traffic that converts to sales. We have built out our internal development team and recently added three full-time search engine optimization ("SEO") experts, all of whom are helping to improve the Google rankings

for our e-commerce properties. As of June 30, 2018, *VaporNation.com* ranked first for more than 90 Google search terms, including "vape pen," "vaporizer," and "vaporizer pen." Our e-commerce sites currently experience over 350,000 unique monthly visitors and generate approximately 6,000 monthly transactions. However, within the next six months, we plan to combine and re-launch both of our existing websites under the umbrella of our proprietary domain name, *Vapor.com*. We believe the existing volume of business we are attracting through our two existing websites, together with a focused investment in the marketing of our new *Vapor.com* website, will further establish us as the leading consumer destination for premium vaporization products and consumption accessories.

Retail Stores. In December 2017, we opened our first Higher Standards retail store at New York City's famed Chelsea Market to sell innovative products, including our proprietary Higher Standards brand, and to enhance our direct sales channels by migrating single-channel customers to omni-channel customers. We expect to open three to five additional retail stores in North America by December 31, 2019. We expect these stores to be leased and to range in size from approximately 800 square feet to 1,200 square feet. We intend to leverage our customer databases, including purchasing history and customer demographics to determine the geographic locations for our future retail stores.

Supplies and Packaging. Our supplies and packaging channel, which represented 7.2% and 5.6% of net sales in the six-month period ended June 30, 2018 and the year ended December 31, 2017, respectively, supplies state-licensed cannabis cultivators, processors and dispensaries with premium child-resistant packaging to comply with state laws and safety requirements, custom-branded products, and vaporization hardware, each of which has specific growth strategies.

- **Child-resistant Packaging.** We offer an attractive line of premium child-resistant and specialty packaging solutions, in comparison to the more generic offerings of our competitors. We expect to aggressively expand our product offering in this category with new silhouettes, sizes and storage vessels to address more of our customers' needs. We are in the process of increasing our abilities to keep up with growing demand and allow us to service customers efficiently, secure sizable recurring revenue streams and achieve superior margins. We already stock clear packaging and white lids in bulk in the United States, which allows us to reduce importation times and to utilize a network of service providers that can rapidly paint, tint and embellish packaging products with faster delivery to our customers. We believe our market knowledge, on-the-ground relationships with customers and complementary product offerings will further set us apart from our competition.

- **Closed-system Cartridges and Vaporizers.** As the industry continues to expand and undergo rapid growth, so too does the evolution of how end users are consuming cannabis, nicotine and other herbs. We believe closed-end systems (where the storage tank or storage compartment "cartridges" connects only with a select vaporizer) represent a tremendous growth opportunity for our company. We market these vaporizers using, essentially, a captive razor-and-replacement blades business model that leads to ongoing replenishment sales and increased lifetime customer value. We distribute the vaporizer hardware (razor) to our customers, and we also manage the logistics for the empty cartridges to be ordered and delivered to state-licensed fulfillment businesses that, in turn, fill them and sell them to licensed dispensaries and other licensed intermediaries. We distribute leading products in this category, such as the G Pen Gio and the Double Barrel. Some of the leading vaporizer brands with the most name recognition are those we have worked with for years and are making a natural migration into these captive products. We believe our market knowledge, relationships with vaporizer brands and on-the-ground relationships with licensed dispensaries and intermediaries, together with our complimentary product offerings, will further add to our business opportunities.

Inventory Management and Logistics

Inventory Management. We have established procurement procedures within our highly-customized ERP system to optimize our inventory needs and identify lead-time inventory ordering requirements. We conduct weekly reviews to highlight possible overstock situations, which allows us to implement promotions and other strategies before margins and inventory valuations are negatively impacted. We regularly analyze the gross margins on our products to optimize financial returns, monitor inventory turn-over, identify stellar product performance and highlight maturing and slowing products. These disciplines allow us to negotiate better pricing based on volume discounts or set staggered delivery schedules. Our inventory systems enable us to track our inventory levels in real time, empowering our sales force to maintain an elevated level of customer satisfaction which encourages repeat purchases.

Location and Delivery Logistics. Our ability to profitably scale our operations and adapt to customer demands are significant advantages in our industry and are dependent upon our logistical capabilities. We have built a network of six strategically-located distribution centers that provide optimal coverage to most of the United States and Canada, and ensure timely and cost-effective transit and delivery of products to our customers. We believe that approximately 90% of our current U.S. customers can be reached within two days via FedEx Ground or similar ground delivery services. Due to our mature infrastructure and continuously-evolving operational efficiencies, we provide our customers with accurate logistics and purchase transactions.

Competition

Business-to-Business. We operate in an evolving industry in which the market and its participants remain highly fragmented. For example, although it is difficult to find reliable independent research, we believe there are over 24,000 potential B2B customers in North America comprised of independent retail shops, specialty retailers, licensed cannabis dispensaries and regional retailer chains, the latter particularly in Canada. We currently service approximately 5,400 of these businesses. We expect that the number of these outlets will continue to expand as our market segment experiences further and increasing growth. Our B2B business customers compete primarily on the basis of the breadth, style, quality, pricing and availability of merchandise, the level of customer service, brand recognition and loyalty. We successfully reach our B2B customers through our direct sales force and other marketing initiatives, and provide them with our strategically-curated mix of brands and products, merchandise planning strategies, exceptional customer service and value-added services. Among vaporizer product distributors, we compete against both suppliers and other distributors. A number of suppliers choose to distribute directly in some sales channels and may also operate their own e-commerce platforms. We face competition from many small privately-owned regional distributors that carry a narrow range of products. We believe there are only a select few wholesale distributors carrying a complete line of premium vaporization products and consumption accessories. We believe our competitors include Phillips & King International, Windship Trading Co. and West Coast Gifts. Our principal competitors for the sale of supplies and packaging are Kush Bottles, eBottles and large packaging companies, such as Berlin Packaging.

Business-to-Consumer. A number of suppliers of vaporizers and specialized consumption products and accessories operate their own e-commerce websites through which they sell their items directly to end consumers. Additionally, there are hundreds of websites that sell similar products in North America, Europe, Australia and other parts of the world. We believe we compete effectively with other e-commerce websites. Further, we provide fulfillment services to the owners of some of these websites as they do not carry their own inventory, are not able to ship as efficiently as we do and are unable to meet all regulatory requirements, such as sales tax collection. Our competitors' websites rank in most search categories far below our two primary e-commerce websites, *VaporNation.com* and *VapeWorld.com*, which have their own dedicated design, social media and SEO teams. *VaporNation.com* is the highest ranked website in our niche according to Alexa Website Rankings and has first page rankings on numerous Google key term search results. We believe our market knowledge, large product selection, relationship with vaporizer brands, in-house search engine optimization teams, social media focus and distribution facilities spread through North America will enable us to extend our market leadership in this segment.

Information Technology and Systems

We continue to invest in information systems and technology to drive our business decisions, enhance customer experience, improve sales opportunities and create operating efficiencies. We utilize third-party software for financial reporting, inventory management, customer databases and customer campaign management including "cloud" back-up. We also utilize leading e-commerce platforms hosted by third-party providers and an internally-developed proprietary database to accumulate business information. We have adopted cloud computing solutions for our enterprise resource planning, and we own, operate and maintain elements of these systems with an internal team of engineers and IT professionals with significant portions of these systems operated by third parties. In addition, we utilize best-in-class integrated systems for payroll, freight and logistics, distribution center management, point-of-sale, e-commerce, state and local taxes. We continue to innovate and optimize our technology systems and expect to continue to make significant investments in our technology and infrastructure.

Intellectual Property

We generally rely on trademark, copyright, patent and trade secret laws, as well as employee and third-party non-disclosure agreements, to protect our intellectual property and proprietary rights, including our customer lists. We currently own, through subsidiaries, 15 U.S. federal trademark registrations, 25 foreign trademark registrations, a number of U.S. and foreign trademark applications and common law trademark rights. Our registered U.S. trademarks include registrations for AEROSPACED®, BIOVAPOR (Stylized)®, DISPENSARY SERVICES®, Flame Logo®, GREENLANE®, GROOVE®, GROOVE BY AEROSPACED®, HIGHER STANDARDS®, HOLD YOUR FIRE®, QUICKDRAW®, VAPORNATION®, VAPE WORLD®, VAPE WORLD and Design® and YOUR ONLINE VAPORIZER SUPERSTORE®. Our trademarks, if not renewed, are scheduled to expire between 2020 and 2030.

Seasonality

While most of our products are sold consistently throughout the year, we do experience moderate seasonality in the form of increased demand for our products in the fourth quarter of the calendar year, which coincides with Cyber Monday (the first Monday after Thanksgiving, when online retailers typically offer holiday discounts), the holiday season and our related promotional and marketing campaigns. Our fiscal 2017 quarters in sequential order equaled 21.73%, 21.48%, 22.12% and 34.67% of total sales, respectively.

Employees

As of June 30, 2018, we employed 214 employees, five of whom were part-time employees in retail positions, within the United States and Canada. Of the full-time employees, 35 were employed in administration and corporate management positions, 19 were employed in accounting, finance and compliance positions, 89 were employed in marketing and sales positions, 61 were employed in distribution and fulfillment positions and five were employed in retail positions. None of our employees is covered by a collective bargaining agreement and we consider our employee relations to be good. All employees are subject to contractual agreements that specify requirements on confidentiality and restrictions on working for competitors as well as other standard matters.

Facilities

We are headquartered in Boca Raton, Florida. Our principal executive offices are approximately 16,500 square feet under a lease agreement expiring in January 2019, with options to renew thereafter. In October 2018, we purchased an approximately 50,000-square-foot building in Boca Raton, Florida that we will use for our corporate headquarters. We intend to relocate our corporate headquarters to that facility in late 2018.

We currently have four distribution centers in the United States and two in Canada, comprising a total of approximately 58,000 square feet. The distribution centers allow us to reach approximately 90% of our customers in just one or two days via FedEx Ground or similar ground transportation services. Five of these facilities are leased and operated by our company. Our sixth distribution center, which is located in Schenectady, New York, is leased and operated by a third-party logistics contractor.

We also lease approximately 1,600 square feet of space in New York City for our flagship Higher Standards retail store.

We expect to open or acquire additional distribution centers as we expand our business to Europe, Australia and South America and initially expect to open or acquire facilities in London, Amsterdam, and Bogota, Colombia. We believe that our facilities are sufficient for our current needs and that additional facilities will be available to accommodate the expansion of our business.

Executive Officers and Directors

The following table provides information with respect to individuals who will serve as our directors and executive officers at the time of this offering

Name	Age	Position(s)
Aaron LoCascio	33	Chief Executive Officer and Chairman of the Board of Directors
Adam Schoenfeld	34	Chief Strategy Officer and Director
Sasha Kadey	34	Chief Marketing Officer
Jay Scheiner	63	Chief Operating Officer
Zachary Tapp	63	Chief Financial Officer
Neil Closner	44	Director Nominee
Richard Taney	62	Director Nominee
Jeff Uttz	49	Director Nominee

Executive Officers

Aaron LoCascio, our co-founder, has served as our Chief Executive Officer and Chairman of the Board of Directors since May 2018 and has served as the Chief Executive Officer of Greenlane Holdings, LLC since its inception in 2007. Mr. LoCascio's term as a director will expire at our next annual meeting. He received his Associate's degree in Accounting from Valencia Community College. Mr. LoCascio brings to the board extensive executive leadership experience, industry relationships and knowledge, and, through his position as our co-founder and Chief Executive Officer, he will use his full range of skills and perspective to further our success.

Adam Schoenfeld, our co-founder, has served as our Chief Strategy Officer and Director since May 2018 and has served as Managing Member of Greenlane Holdings, LLC since its inception in 2007. Mr. Schoenfeld's term as a director will expire at the next annual meeting. Mr. Schoenfeld received his Bachelor's degree in International Business from Evergreen State College. He brings to the board valuable operational and leadership experience in the industry, extensive industry relationships and experience in customer service, import and export logistics, electronic transaction systems and order fulfillment.

Sasha Kadey will serve as our Chief Marketing Officer upon completion of the offering and has served as the Chief Marketing Officer of Greenlane Holdings, LLC since May 2016. From April 2012 to May 2016, Mr. Kadey was a partner at Luxury Brand Partners, an investment company that owns and operates a portfolio of luxury beauty companies. While at Luxury Brand Partners, he held several positions, including Vice President of Digital Marketing and Technology and Operations Manager. From July 2006 to April 2012, Mr. Kadey served as the Director of Marketing of King Estate Winery, a family owned and operated winery. From August 2009 to April 2012, Mr. Kadey served on the board of directors of Food for Lane County, a non-profit food bank. Mr. Kadey received his Bachelor's degree in Business Administration from the University of Oregon.

Jay Scheiner will serve as our Chief Operating Officer upon completion of the offering and has served as the Chief Operating Officer of Greenlane Holdings, LLC since February 2015. From October 2013 to February 2015, Mr. Scheiner served as the Principal of JS Inc, a consulting firm specializing in retail and wholesale operations. From July 2012 to October 2013, he served as the Chief Operating Officer of Crossroads Financial, LLC, a financial services company. He served as the U.S. Supply Chain Consultant for FitFlop, a women's shoe manufacturer from October 2007 to March 2011 and held several positions with Barrett Distribution Centers, a third-party logistics warehousing services provider, including Director of Operations from October 2010 to March 2011 and Director of Administration from October 2007 to March 2010. Mr. Scheiner also spent nearly 30 years at Casual Male, a multi-divisional and omni-channel apparel and accessories retailer, where he served in IT and operations roles, including as Executive Vice President, Chief Information Officer. Mr. Scheiner received his Bachelor of Arts degree in Political Science from The City College of New York and a Master of Business Administration degree from Suffolk University.

Zachary Tapp has served as our Chief Financial Officer since May 2018 and has served as the Chief Financial Officer of Greenlane Holdings, LLC since June 2013. Prior to that, from 1996 to 2011, he was the Chief Financial Officer of National Oak Distributors, a wholesale distributor of automotive collision repair products. Mr. Tapp also previously served as a Senior Manager at Ernst & Young, an international accounting firm, where he worked in various

roles from 1981 to 1991. Mr. Tapp is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. He received a Bachelor of Science degree in General Business Administration from Arizona State University and a Master of Business Administration degree from Rockhurst University.

Board of Directors

Neil Closner is a nominee to our board of directors. Mr. Closner has over two decades of start-up, technology and health care experience. Most recently, from February 2013 to July 2018, he was the founder, Chief Executive Officer and a director of Canada-based MedReleaf Corp., one of the largest and most profitable providers of medical cannabis in Canada. Prior to establishing MedReleaf Corp., Mr. Closner served as Vice President of Business Development at Toronto's Mount Sinai Hospital, where he launched and managed a number of entrepreneurial enterprises within the hospital. Mr. Closner began his career as a health care-focused investment banker with Salomon Smith Barney (now Citigroup) and has also served as the founder, Chief Executive Officer and/or director of more than half a dozen technology and health care-related start-up companies. He served two terms as the Chairman of the Board of the Cannabis Canada Council, the national industry association that represents the majority of Canada's licensed cannabis producers. Mr. Closner studied economics at the London School of Economics and Political Science and received his Bachelor of Arts degree from McGill University and a Master of Business Administration degree from the Wharton School at the University of Pennsylvania. He brings to the board extensive leadership experience in the medical cannabis industry as well as experience in mergers and acquisitions.

Richard Taney is a nominee to our board of directors. Since June 2017, Mr. Taney has served as Managing Director of Tuatara Capital, LP, a cannabis industry-focused private equity fund. From April 2016 to July 2017, Mr. Taney served as the founding member of T2 Capital Management, LLC, an investment and advisory company focused on the cannabis industry. From October 2010 to April 2016, Mr. Taney served as President, Chief Executive Officer and director of Curaleaf, Inc. (formerly PalliaTech, Inc.), a cannabis cultivation and distribution company. Prior to co-founding Curaleaf, Inc., Mr. Taney was President and Chief Executive Officer of Delcath Systems, Inc. (NASDAQ: DCTH), a medical technology company. Mr. Taney also served as Chairman of the Board of Directors of MGT Capital Investments, Inc., another medical technology company. Prior to assuming his public company management positions, Mr. Taney spent 20 years advising institutional and high net worth clients at Salomon Brothers, Goldman Sachs, Merrill Lynch and Banc of America Securities. Mr. Taney received his Bachelor of Arts degree from Tufts University and a Juris Doctor degree from Temple University School of Law. He brings to the board broad management and finance experience as well as extensive experience in the cannabis industry.

Jeff Uttz is a nominee to our board of directors. From September 2013 to March 2017, Mr. Uttz served as the Chief Financial Officer of Shake Shack Inc. (NYSE: SHAK), an international burger restaurant chain. From September 2001 to June 2013, Mr. Uttz served as the Chief Financial Officer of Yard House USA, Inc., a U.S. full service restaurant chain. Prior to that, Mr. Uttz held a number of positions at CKE Restaurants, Inc., working his way up from Manager of Corporate Banking to Vice President of Finance. Mr. Uttz began his career at KPMG where he obtained his C.P.A. From July 2017 to July 2018, he also served as a non-executive director of Pret a Manger, an international sandwich shop chain. Mr. Uttz received his Bachelor of Arts degree in Business Administration from California State University, Fullerton. He brings to the board extensive financial expertise and significant experience in public company financial leadership.

Share Ownership by Directors and Officers

As of the date of this prospectus and after giving effect to the Transactions and the sale of shares of Class A common stock to be sold in this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, as a group, our directors, director nominees and executive officers will beneficially own, directly or indirectly, or exercise control over shares of Class A common stock, which shares will be issuable upon the redemption of Common Units of Greenlane Holdings, LLC and the cancellation of an aggregate of shares of Class B common stock and shares of Class C common stock. As of the date of this prospectus and after giving effect to the Transactions and the sale of shares of Class A common stock to be sold in this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock from the selling stockholders, as a group, our directors, director nominees and executive officers will beneficially own, directly or indirectly, or exercise control over Common Units, representing % of the ownership, of Greenlane Holdings, LLC, or Common Units, representing % of the ownership of Greenlane Holdings, LLC if the underwriters exercise in full their option to purchase additional shares of Class A common stock. See "Principal and Selling Stockholders."

Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions

None of our directors, director nominees or executive officers is, as at the date of this prospectus, or was within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including our company), that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days:

(a) that was issued while the director, director nominee or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) that was issued after the director, director nominee or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of our directors, director nominees, executive officers or stockholders beneficially holding a sufficient number of securities of our company to affect materially the control of our company:

(a) is, as at the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including our company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or stockholder.

None of our directors, director nominees, executive officers or stockholders beneficially holding a sufficient number of securities of our company to affect materially the control of our company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Board Composition and Structure; Director Independence

Our business and affairs are managed under the direction of our board of directors. Our amended and restated bylaws, which will become effective immediately prior to the consummation of this offering, will provide that our board of directors shall be comprised of at least five directors and that the size of our board of directors shall otherwise be determined from time to time by our board of directors. Our board of directors currently consists of two members, one of whom is our chief executive officer and the other of whom is our chief strategy officer, each of whom devotes his full time to our affairs. We intend to appoint the three director nominees listed above to our board of directors prior to or in connection with the completion of this offering. Subject to any rights applicable to any preferred stock we may issue from time to time, any additional directorships resulting from an increase in the number of directors may only be filled by the directors then in office unless otherwise required by law or by a resolution passed by our board of directors as provided in our amended and restated bylaws, which will become effective immediately prior to the completion of this offering. The term of office for each director will be until his or her successor is elected at our annual meeting or his or her death, resignation or removal, whichever is earliest to occur.

While we do not have a stand-alone diversity policy, in considering whether to recommend any director nominee, including candidates recommended by stockholders, we believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will allow our board of directors to fulfill its responsibilities. As set forth in our corporate governance guidelines, when considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person’s background and experience as reflected in the information

discussed in each of the directors' individual biographies set forth above. We believe that our directors and director nominees will provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Upon completion of this offering, Aaron LoCascio, our Chief Executive Officer, and Adam Schoenfeld, our Chief Strategy Officer, together with their affiliates, will control a majority of the combined voting power of our outstanding capital stock. As a result, Messrs. LoCascio and Schoenfeld will be able to control any action requiring the general approval of our stockholders, including the election of our board of directors.

Our board of directors has determined that Aaron LoCascio and Adam Schoenfeld, by virtue of their employment by our company, are not considered "independent" for purposes of applicable securities laws or under the rules of Nasdaq Marketplace Rules.

Our board of directors expects a culture of ethical business conduct. Our board of directors encourages each member to conduct a self-review to determine if he or she is providing effective service with respect to both our company and our stockholders. Should it be determined that a member of our board of directors is unable to effectively act in the best interests of our stockholders, such member would be encouraged to resign.

Board Leadership Structure

Our amended and restated bylaws, which will become effective immediately prior to consummation of this offering, and our corporate governance guidelines provide our board of directors with flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer in accordance with its determination that utilizing one or the other structure is in the best interests of our company. Aaron LoCascio currently serves as our Chief Executive Officer and Chairman of the Board.

As Chairman of the Board, Mr. LoCascio's key responsibilities will include facilitating communication between our board of directors and management, assessing management's performance, managing board members, preparation of the agenda for each board meeting, acting as chair of board meetings and meetings of our company's stockholders and managing relations with stockholders, other stakeholders and the public.

We will take steps to ensure that adequate structures and processes are in place to permit our board of directors to function independently of management. The directors will be able to request at any time a meeting restricted to independent directors for the purposes of discussing matters independently of management and are encouraged to do so should they feel that such a meeting is required.

Board Mandate

The mandate of our board of directors will be to oversee corporate performance and to provide quality, depth and continuity of management so that we can meet our strategic objectives. Following the completion of this offering, we will adopt a board mandate, which will, among other things, govern the roles, responsibilities and requirements for our board of directors.

Orientation and Continuing Education

Director orientation and continuing education will be conducted by the nominating and corporate governance committee of our board of directors. All newly-elected directors will be provided with a comprehensive orientation on our business and operations. This will include familiarization with our reporting structure, strategic plans, significant financial, accounting and risk management issues, compliance programs, policies and management and the external auditor. We plan to periodically update existing directors in respect of these matters. The orientation program is designed to assist the directors in fully understanding the nature and operation of our business, the role of our board of directors and its committees, and the contributions that individual directors are expected to make.

Committees of our Board of Directors

We expect that, immediately following this offering, the standing committees of our board of directors will consist of an audit committee, a compensation committee and a nominating and corporate governance committee. Each of the committees will report to our board of directors as they deem appropriate and as our board may request. Each committee of our board of directors will have a committee charter that will set out the mandate of such committee, including the responsibilities of the chair of such committee.

Upon completion of this offering, Aaron LoCascio, our Chief Executive Officer, and Adam Schoenfeld, our Chief Strategy Officer, together with their affiliates, will control a majority of the combined voting power of our outstanding capital stock. See " — Composition of Our Board of Directors." As a result, we will be a "controlled company" under the Nasdaq Marketplace Rules. As a controlled company, we will be permitted to opt out of certain corporate governance requirements, including the following requirements:

- that a majority of our board of directors consists of "independent" directors within the meaning of the Nasdaq Marketplace Rules;
- that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- for an annual performance evaluation of the nominating and governance committee and compensation committee.

These exemptions do not modify the independence requirements for our audit committee, and we intend to comply with the applicable requirements of the Sarbanes-Oxley Act and rules with respect to our audit committee within the applicable time frame.

The expected composition, duties and responsibilities of these committees are set forth below.

Audit Committee

The audit committee will be responsible for, among other matters:

- appointing, retaining and evaluating our independent registered public accounting firm and approving all services to be performed by them;
- overseeing our independent registered public accounting firm's qualifications, independence and performance;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements;
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters; and
- reviewing and approving related person transactions.

Prior to or concurrently with the consummation of this offering, our audit committee will consist of our three director nominees, Messrs. Closner, Taney and Uttz, each of whom meets the definition of "independent director" for purposes of serving on an audit committee under Rule 10A-3 under the Exchange Act and Nasdaq Marketplace Rules. Mr. Uttz is expected to serve as chairman of our audit committee. Our board of directors has determined that Mr. Uttz qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K under the Securities Act. Our board of directors will adopt a new written charter for our audit committee, which will be available on our corporate website at *www.gnln.com*, to become effective upon the completion of this offering. The information on our website is not part of this prospectus.

Compensation Committee

The compensation committee will be responsible for, among other matters:

- reviewing key employee compensation goals, policies, plans and programs;
- reviewing and approving the compensation of our directors, chief executive officer and other executive officers;

- reviewing and approving employment agreements and other similar arrangements between us and our executive officers; and
- administering our stock plans and other incentive compensation plans.

Prior to or concurrently with the consummation of this offering, our compensation committee will consist of our three director nominees, Messrs. Closner, Taney and Uttz, each of whom meets the definition of "independent director" under Nasdaq Marketplace Rules, and the definition of non-employee director under Rule 16b-3 promulgated under the Exchange Act. Mr. Taney is expected to serve as chairman of our compensation committee. Our board of directors will adopt a written charter for the compensation committee in connection with this offering, which will be available on our corporate website at *www.gnln.com*, to become effective upon the completion of this offering. The information on our website is not part of this prospectus.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will be responsible for, among other matters:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing the organization of our board of directors to discharge our board's duties and responsibilities properly and efficiently;
- identifying best practices and recommending corporate governance principles; and
- developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to us.

Prior to or concurrently with the consummation of this offering, our nominating and corporate governance committee will consist of our three director nominees, Messrs. Closner, Taney and Uttz, each of whom meets the definition of "independent director" under Nasdaq Marketplace Rules. Mr. Closner is expected to serve as chairman of our nominating and corporate governance committee. Our board of directors will adopt a written charter for the nominating and corporate governance committee in connection with this offering, which will be available on our corporate website at *www.gnln.com*, to become effective upon the completion of this offering. The information on our website is not part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of another entity that had one or more of its executive officers serving as a member of our board of directors or compensation committee. None of the members of our compensation committee, when appointed, will have at any time been one of our officers or employees.

Other Committees

Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Director Term Limits

Our board of directors will not adopt policies imposing an arbitrary term or retirement age limit in connection with individuals nominated for election as directors as it does not believe that such a limit is in the best interests of our company. Our nominating and corporate governance committee will annually review the composition of our board of directors, including the age and tenure of individual directors. Our board of directors strives to achieve a balance between the desirability of its members having a depth of relevant experience, on the one hand, and the need for renewal and new perspectives, on the other hand.

Gender Diversity Policy

Our board of directors is committed to nominating the best individuals to fulfill director and executive roles. Our board has not adopted policies relating to the identification and nomination of women directors and executives and as it does not believe that it is necessary in the case of our company to have such written policies at this time. Our board of directors believes that diversity is important to ensure that board members and senior management

provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. We have not adopted a target regarding women on our board or regarding women in executive officer positions as our board believes that such arbitrary targets are not appropriate for our company. Currently there are no women directors on our board and one woman holding an executive position within our company.

Risk Oversight

Our board of directors will oversee the risk management activities designed and implemented by our management. Our board of directors will execute its oversight responsibility for risk management both directly and through its committees. The full board of directors will also consider specific risk topics, including risks associated with our strategic plan, business operations and capital structure. In addition, our board of directors will regularly receive detailed reports from members of our senior management and other personnel that include assessments and potential mitigation of the risks and exposures involved with their respective areas of responsibility.

Our board of directors will delegate to the audit committee oversight of our risk management process. Our other board committees will also consider and address risk as they perform their respective committee responsibilities. All committees will report to the full board of directors as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Code of Ethics

In connection with this offering, we intend to adopt a Code of Ethics that will become effective immediately prior to the completion of this offering and will apply to all of our employees, including our chief executive officer, chief financial officer and principal accounting officer. Our Code of Ethics will be available on our website at *www.gnln.com* by clicking on "Investors." If we amend or grant a waiver of one or more of the provisions of our Code of Ethics, we intend to satisfy the requirements under Item 5.05 of Form 8-K regarding the disclosure of amendments to or waivers from provisions of our Code of Ethics that apply to our principal executive officer, financial and accounting officers by posting the required information on our website at the above address within four business days of such amendment or waiver. The information on our website is not part of this prospectus.

Our board of directors, management and all employees of our company are committed to implementing and adhering to the Code of Ethics. Therefore, it is up to each individual to comply with the Code of Ethics and to be in compliance of the Code of Ethics. If an individual is concerned that there has been a violation of the Code of Ethics, he or she will be able to report in good faith to his or her superior. While a record of such reports will be kept confidential by our company for the purposes of investigation, the report may be made anonymously and no individual making such a report will be subject to any form of retribution.

Executive Compensation

The following discussion describes the significant elements of our executive compensation program, with emphasis on the process for determining compensation payable to our Chief Executive Officer and our Chief Financial Officer and, other than the Chief Executive Officer and Chief Financial Officer, our three most highly-compensated executive officers, or the three most highly-compensated individuals acting in a similar capacity (collectively, the "NEOs"). The NEOs are as follows, each of whom may hold a similar position in one or more of our subsidiaries:

- **Aaron LoCascio**, our Chairman and Chief Executive Officer;
- **Adam Schoenfeld**, our Chief Strategy Officer and a Director of our company;
- **Sasha Kadey**, our Chief Marketing Officer;
- **Jay Scheiner**, our Chief Operating Officer; and
- **Zachary Tapp**, our Chief Financial Officer.

Compensation Discussion and Analysis

Overview

We operate in a highly-competitive and evolving market. To succeed in this market and achieve our strategic business and financial objectives, we need to attract, retain and motivate a highly-talented executive team. Our executive compensation program is designed to achieve the following objectives:

- to provide compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- to motivate our executive team to achieve our strategic business and financial objectives; and
- to align the interests of our executive officers with those of our shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our company.

We have historically offered our executive officers cash compensation in the form of base salary and an annual bonus. In addition, through 2016 and 2017, each of our executive officers other than our founders, Aaron LoCascio and Adam Schoenfeld, was awarded equity-based compensation in the form of a profits interest in Greenlane Holdings, LLC. On June 1, 2016 and December 5, 2016, Greenlane Holdings, LLC entered into profits interest award agreements with Zachary Tapp and Jay Scheiner, respectively, and on January 20, 2017, Greenlane Holdings, LLC entered into a profits interest award agreement with Sasha Kadey. In October 2018, the profits interest awards were converted into membership interests in Greenlane Holdings, LLC. Additionally, certain other officers and key employees of our subsidiary, Warehouse Goods Inc., have been granted phantom stock awards pursuant to a phantom stock plan dated January 20, 2017 (the "Phantom Equity Program"). We believe that such equity-based compensation awards motivate our executive officers and key personnel to achieve our strategic business and financial objectives, and also align their interests with the long-term interests of our shareholders. As a result, we intend to increase our use of equity-based compensation awards as a publicly-traded company following this offering. While we have determined that our current executive officer compensation program is competitive and effective at attracting and maintaining executive officer talent, we will continue to evaluate our compensation practices on an ongoing basis to ensure that we are providing competitive compensation opportunities for our executive team. Additionally, we will be adopting our 2018 Equity Incentive Plan in connection with the consummation of the Transactions, which, among other things, is intended to replace the Phantom Equity Program.

As we transition from being a privately-held company to a publicly-traded company, we will continue to evaluate and adjust our compensation philosophy and compensation program as circumstances require and plan to continue to review the compensation of our executive team on an annual basis. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost, from a financial, reputational and operational perspective of adding to, or failing to retain our existing talent.

Compensation-Setting Process

Prior to the closing of the offering, our board of directors will establish a compensation committee to assist our board of directors in fulfilling its governance and supervisory responsibilities and to be responsible for, among other matters:

- reviewing key employee compensation goals, policies, plans and programs;
- reviewing, evaluating and determining company objectives related to the compensation of our Chief Executive Officer, the performance of our Chief Executive Officer relative to such goals and the compensation of our Chief Executive Officer;
- reviewing and approving the compensation of our directors and other executive officers; and
- reviewing and approving employment agreements and other similar arrangements between us and our executive officers.

Our board of directors will adopt a written charter for our compensation committee setting out its responsibilities for reviewing and making recommendations to our board of directors concerning the level and nature of the compensation payable to our directors and executive officers. Our compensation committee's oversight will include reviewing objectives, evaluating performance and ensuring that total compensation paid to our executive officers, personnel who report directly to our Chief Executive Officer and various other key officers and managers is fair, reasonable and consistent with the objectives and philosophy of our compensation program. See "Management — Committees of our Board of Directors — Compensation Committee."

It is anticipated that our Chief Executive Officer will make recommendations to the compensation committee each year with respect to the compensation for the other NEOs.

The compensation committee will meet at least annually to review our management compensation program and make recommendations for any program changes to our board of directors, as appropriate. As part of this annual review, the compensation committee may engage an independent compensation consultant to evaluate our executive compensation program against market practice.

Executive Compensation

In reviewing our compensation policies and practices each year, the compensation committee will seek to ensure the executive compensation program provides an appropriate balance of risk and reward consistent with our risk profile. The compensation committee will also seek to ensure that our compensation practices do not encourage excessive risk-taking behavior by the executive team.

Insider Trading Policy

All of our executive officers, including the NEOs and our directors and other employees, will be subject to our insider trading policy, which will prohibit trading in our securities while in possession of material undisclosed information. Under this policy, such individuals will also be prohibited from entering into certain types of hedging transactions involving our securities, such as short sales, puts and calls. Furthermore, we will permit our executive officers, including the NEOs, and our directors to trade in our securities, including the exercise of options, only during prescribed trading windows.

Components of Compensation

Upon completion of this offering, the compensation of our executive officers is expected to include three major elements: (i) base salary, (ii) short-term cash incentives through an annual bonus opportunity, and (iii) long-term equity incentives in the form of equity compensation to be issued in accordance with our 2018 Equity Incentive Plan, which may consist of stock options, stock appreciation rights, restrictive stock grants or phantom stock awards. We do not intend to cause Greenlane Holdings, LLC to grant additional profits interest awards in the future. Perquisites and benefits are not expected to be a significant element of compensation of our executive officers.

Base Salaries

Base salary is provided as a fixed source of compensation for our executive officers. Base salaries are determined on an individual basis taking into account the scope of the executive officer's responsibilities and their prior experience. Base salaries are expected to be reviewed annually by the compensation committee and our board of directors and may be changed based on the executive officer's success in meeting or exceeding individual objectives, as well as to maintain market competitiveness. Base salaries can also be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive officer's role or responsibilities or in external market conditions.

Annual Bonuses

Annual bonuses are designed to motivate our executive officers to meet our strategic business and financial objectives generally and our annual financial performance targets in particular. Employees receive annual performance evaluations and participate in a goal-setting exercise to ensure their individual growth and development. We currently make annual bonus payments in cash and anticipate continuing to do so upon completion of this offering. Following completion of this offering, bonus payments for our executive officers will be determined by the compensation committee based on an individual's merit and accomplishments and the overall performance of our company.

2018 Equity Incentive Plan

Upon or prior to the completion of this offering, we will establish our 2018 Equity Incentive Plan. The 2018 Equity Incentive Plan will provide eligible participants with compensation opportunities in the form of cash and equity incentive awards. This plan will enhance our ability to attract, retain and motivate our executive officers and other key management and incentivize executives to increase our long-term growth and equity value in alignment with the interests of our shareholders. The material features of the 2018 Equity Incentive Plan are summarized below.

Eligibility and Administration. Our executive officers, employees, consultants and directors, and employees, consultants and directors of our subsidiaries will be eligible to receive awards under the 2018 Equity Incentive Plan. Following the completion of the offering, the 2018 Equity Incentive Plan will be administered by our board of directors. Our board of directors may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Section 16 of the Exchange Act, and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2018 Equity Incentive Plan, subject to its express terms and conditions. The plan administrator will set the terms and conditions of all awards under the 2018 Equity Incentive Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available. An aggregate of shares of our Class A common stock will be available for issuance under awards granted pursuant to the 2018 Equity Incentive Plan, which shares may be authorized but unissued shares, or shares purchased in the open market. The number of shares available for issuance will be increased by an annual increase on the first day of each calendar year beginning January 1, 2020 and ending on and including January 1, 2028, equal to the least of (A) shares, (B) 5% of the aggregate number of outstanding shares of our Class A common stock and Class B common stock plus one-third of our outstanding shares of Class C common stock on the final day of the immediately preceding calendar year and (C) such smaller number of shares as is determined by our board of directors. If an award under the 2018 Equity Incentive Plan is forfeited, expires or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the 2018 Equity Incentive Plan. In addition, shares tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an award also may be used again for new grants under the 2018 Equity Incentive Plan. However, the following shares may not be used again for grant under the 2018 Equity Incentive Plan: (1) shares subject to a stock appreciation right, or SAR, that are not issued in connection with the stock settlement of the stock appreciation right on its exercise; and (2) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the 2018 Equity Incentive Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2018 Equity Incentive Plan.

Awards. The 2018 Equity Incentive Plan will provide for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, performance shares, other incentive awards, stock appreciation rights, or SARs, and cash awards. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the 2018 Equity Incentive Plan. Certain awards under the 2018 Equity Incentive Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2018 Equity Incentive Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our Class A common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- ***Stock Options.*** Stock options provide for the purchase of shares of our Class A common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.

- ***SARs.*** SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.

- ***Restricted Stock and RSUs.*** Restricted stock is an award of nontransferable shares of our Class A common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our Class A common stock in the future, which may also remain forfeitable unless and until specified conditions are met, and may be accompanied by the right to receive the equivalent value of dividends paid on shares of our Class A common stock prior to the delivery of the underlying shares. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

- ***Other Stock or Cash-Based Awards.*** Other stock or cash-based awards of cash, fully-vested shares of our Class A common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our Class A common stock. Other stock or cash based-awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards.

Performance Awards. Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals or other criteria the plan administrator may determine, which may or may not be objectively determinable. Performance criteria upon which performance goals are established by the plan administrator may include but are not limited to: (1) the attainment by a share of a specified fair market value for a specified period of time; (2) book value per share; (3) earnings per share; (4) return on assets; (5) return on equity; (6) return on investments; (7) return on invested capital; (8) total stockholder return; (9) earnings or net income of the Company before or after taxes and/or interest; (10) earnings before interest, taxes, depreciation and amortization; (11) revenues; (12) market share; (13) cash flow or cost reduction; (14) interest expense after taxes; (15) economic value created; (16) improvements in capital structure; (17) gross margin; (18) operating margin; (19) net cash provided by operations; (20) strategic business criteria, consisting

of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, efficiency, working capital, goals relating to acquisitions or divestitures, land management, net sales or closings, inventory control, inventory, land or lot improvement or reduction, implementation or completion of critical projects, economic value; (21) adjusted earnings or loss per share; (22) employee satisfaction; (23) certain financial ratios (including those measuring liquidity, activity, profitability or leverage); (24) debt levels, covenants, ratios or reductions; (25) financing and other capital raising transactions; (26) year-end cash; (27) investment sourcing activity; (28) marketing initiatives; or (29) any combination of the foregoing, any of which may be measured either in absolute terms for us or any operating unit of our company or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

Certain Transactions. The plan administrator will have broad discretion to take action under the 2018 Equity Incentive Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our Class A common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as "equity restructurings," the plan administrator will make equitable adjustments to the 2018 Equity Incentive Plan and outstanding awards.

Upon or in anticipation of a change in control of our company (as defined in the 2018 Equity Incentive Plan), the plan administrator will be authorized to take such actions as it deems appropriate, including, but not limited to, any of the following actions: (1) cancelling the awards in exchange for either an amount of cash or other property; (2) vesting of the awards, and to the extent applicable, making them exercisable; (3) providing that the awards will be assumed by the successor or survivor corporation or parent or subsidiary, or substituting the awards for awards of the successor or survivor corporation, parent, or subsidiary thereof (with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price); (4) adjusting the number and type of shares subject to the awards, and/or the terms and conditions of such awards; (5) replacing the awards; and/or (6) terminating and cancelling the awards or otherwise providing that the awards cannot become vested or be exercised following the change in control. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Foreign Participants, Claw-Back Provisions, Transferability, Repricing and Participant Payments. The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy and/or in the applicable award agreement. Subject to applicable limitations of the Code, the plan administrator may increase or reduce the applicable price per share of an award, or cancel and replace an award with another award. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2018 Equity Incentive Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2018 Equity Incentive Plan, the plan administrator may, in its discretion, accept cash or check, shares of our Class A common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable.

Plan Amendment and Termination. Our board of directors may amend or terminate the 2018 Equity Incentive Plan at any time; however, except in connection with certain changes in our capital structure or as provided for in the 2018 Equity Incentive Plan, stockholder approval will be required for any amendment that increases the number of shares available under the 2018 Equity Incentive Plan. No award may be granted pursuant to the 2018 Equity Incentive Plan after the tenth anniversary of the date on which our board of directors adopts the 2018 Equity Incentive Plan.

Profits Interest Awards

On June 1, 2016 and December 5, 2016, Greenlane Holdings, LLC entered into profits interest award agreements with Zachary Tapp, our Chief Financial Officer, and Jay Scheiner, our Chief Operating Officer,

respectively, and on January 20, 2017, Greenlane Holdings, LLC entered into a profits interest award agreement with Sasha Kadey, our Chief Marketing Officer. Under such agreements, Messrs. Kadey, Scheiner and Tapp were initially granted an aggregate 5.0% membership interest in Greenlane Holdings, LLC, subject to a vesting schedule. In October 2018, such profits interest awards were converted into membership interests in Greenlane Holdings, LLC, 50% of which were fully vested and 50% of which are subject to a vesting schedule. In connection with the consummation of the Transactions at or prior to the closing of this offering, such membership interests will be represented by Common Units of Greenlane Holdings, LLC and shares of our Class B common stock, subject in the case of the unvested securities to contractual specifications. We do not intend to grant additional profits interest awards in the future.

Phantom Stock Awards

As part of an incentive program, our subsidiary, Warehouse Goods Inc., offered certain key employees the opportunity to participate in the Phantom Equity Program. Under the Phantom Equity Program, each participant was provided a "Phantom Equity Payment" in respect of an agreed upon number of bonus units. The number of units varied for each recipient. Upon the completion of this offering, we intend to terminate the Phantom Equity Program and to grant the current participants in the Phantom Equity Program stock options under the 2018 Equity Incentive Plan.

Benefit Plans

We provide our executive officers, including the NEOs, with health and dental insurance programs and we also provide matching contributions to 401(k) savings plans, subject to a cap, as well as paid time off. We offer these benefits consistent with local market practice.

Summary Compensation Table

The following table sets out information concerning the compensation earned by, paid to, or awarded to the NEOs for the fiscal years ended December 31, 2017 and 2016.

Name and Principal Position	Year ended	Salary ($)	Bonus ($)[1]	Long term incentive plans ($)[2]	All other compensation ($)[3]	Total Compensation ($)
Aaron LoCascio	2017	$280,000	—	—	$45,381	$325,381
Chief Executive Officer	2016	280,000	$5,006	—	18,161	303,167
Adam Schoenfeld	2017	280,000	38,500	—	30,272	348,772
Chief Strategy Officer	2016	280,000	7,741	—	78,097	365,838
Sasha Kadey	2017	233,333	22,000	$11,997	7,370	262,703
Chief Marketing Officer	2016	137,500	—	—	8,607	146,107
Jay Scheiner	2017	191,178	14,000	4,103	17,228	222,406
Chief Operating Officer	2016	185,100	14,000	7,891	17,191	216,291
Zachary Tapp	2017	169,683	11,000	4,103	7,247	187,930
Chief Financial Officer	2016	182,550	10,000	7,891	8,563	201,113

(1) All bonus payments were made at the discretion of Jacoby & Co. Inc., a company beneficially owned and controlled by Aaron LoCascio and Adam Schoenfeld and the managing member of Greenlane Holdings, LLC, based on the individual performance of the recipients and the operating results of Greenlane Holdings, LCC for the applicable compensation period.

(2) Reflects the grant date fair value of profits interests in Greenlane Holdings, LLC that were granted. See Note 15 of the Notes to Consolidated Financial Statements of Greenlane Holdings, LLC as of and for the six-month periods ended June 30, 2018 and 2017 and Note 14 of the Notes to Consolidated Financial Statements of Greenlane Holdings, LLC as of and for the years ended December 31, 2017 and 2016 included elsewhere in this prospectus.

(3) Other Compensation includes payments of certain legal fees and premiums on life insurance policies on behalf of our Chief Executive Officer and our Chief Strategy Officer.

Employment Agreements

On October 28, 2015, each of Aaron LoCascio, our Chief Executive Officer, and Adam Schoenfeld, our Chief Strategy Officer, entered into an employment agreement with Jacoby & Co. Inc. In October 2018, these employment agreements were assigned to our wholly-owned subsidiary, Warehouse Goods LLC. Warehouse Goods LLC entered into an employment agreement with Zachary Tapp, our Chief Financial Officer on May 20, 2013, Jay Scheiner, our Chief Operating Officer on April 13, 2015, and Sasha Kadey, our Chief Marketing Officer, on April 14, 2016. Pursuant to these employment agreements, our NEOs are currently entitled to the following compensation:

Name and Principal Position	Annual Base Salary	Annual Bonus
Aaron LoCascio *Chief Executive Officer*	$ 280,000	No less than 30% of base salary unless otherwise mutually agreed
Adam Schoenfeld *Chief Strategy Officer*	280,000	No less than 30% of base salary unless otherwise mutually agreed
Sasha Kadey *Chief Marketing Officer*	260,000	10% discretionary bonus
Jay Scheiner *Chief Operating Officer*	220,000	Discretionary
Zachary Tapp *Chief Financial Officer*	186,408	Discretionary up to 25% of base salary

Each of the employment agreements provides for an original term of up to three years and for automatic one-year extensions unless either party gives written notice of termination not less than 60 days prior to the termination of the then-current term. Each NEO is entitled to the annual compensation described above, and is eligible to receive an annual incentive bonus as determined by our board of directors equal to a percentage of such NEO's base salary as described above. During the term of employment, each NEO is entitled to participate in all employee benefit plans and programs made available to our employees generally, subject to the eligibility and participation restrictions of each such plan or program. Each NEO also is entitled to reimbursement for all reasonable business expenses incurred by such NEO in connection with carrying out such NEO's duties.

Pursuant to their employment agreements, Messrs. LoCascio and Schoenfeld are each terminable by us at any time (i) for cause (as defined in their respective employment agreements), (ii) in the event of their death, or (ii) in the event of their disability. If Messrs. LoCascio or Schoenfeld are terminated for cause, they are entitled to receive their base salaries to the date of termination, any bonus that has accrued but is unpaid as of the date of termination and any reimbursable expenses not yet reimbursed ass of such date. If Messrs. LoCascio or Schoenfeld are terminated due to death or disability, they (or their estates) are entitled to receive their base salaries for six months after the date of termination, any bonus that has accrued but is unpaid as of the date of termination, payment for any accrued but unused vacation days and any reimbursable expenses not yet reimbursed as of such date.

Pursuant to their employment agreements, Messrs. Kadey, Scheiner and Tapp may terminate their employment at any time without cause. Messrs. Kadey, Scheiner and Tapp are each terminable by us at any time (i) without cause; (ii) for cause (as defined in their respective employment agreements), (iii) in the event of their death, or (iv) in the event of a breach by employee of any other term or condition of their employment agreement which remains uncured for a period of ten days. Upon termination of this agreement, neither party shall have any further obligation except for obligations accruing prior to the date of termination, with the exception of Mr. Scheiner, who is entitled to his salary for six months with benefits in force, excluding monthly car and cell phone allowances, if he is terminated without cause.

Pursuant to their employment agreements, each NEO also is subject to customary confidentiality restrictions and work-product provisions, and each NEO also is subject to customary non-competition covenants and non-solicitation covenants with respect to our employees, consultants and customers.

We do not currently maintain any retirement plans, other than matching 401(k) plans, for our executives or other employees.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out information on the outstanding share-based and option-based awards expected to be held by each of our NEOs upon completion of this offering.

	Option-Based Awards				Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the Money Options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Aaron LoCascio *Chairman and Chief Executive Officer*							
Adam Schoenfeld *Chief Strategy Officer*							
Sasha Kadey *Chief Marketing Officer*							
Jay Scheiner *Chief Operating Officer*							
Zachary Tapp *Chief Financial Officer*							

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each of our NEOs, the value of the option-based awards expected to vest in accordance with their terms during the fiscal year ended December 31, 2018.

Name	Option-based awards – Value vested during the year	Share awards-Value during the year on vesting	Non-equity incentive plan compensation pay-out during the year
Aaron LoCascio *Chairman and Chief Executive Officer*			
Adam Schoenfeld *Chief Strategy Officer*			
Sasha Kadey *Chief Marketing Officer*			
Jay Scheiner *Chief Operating Officer*			
Zachary Tapp *Chief Financial Officer*			

DIRECTOR COMPENSATION

General

The following discussion describes the significant elements of the expected compensation program for members of the board of directors and its committees. The compensation of our directors is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of our shareholders. Directors who are also executive officers (each, an "Excluded Director") will not be entitled to receive any compensation for his or her service as a director, committee member or Chair of our board of directors or of any committee of our board of directors.

Director Compensation

Our director compensation program is designed to attract and retain qualified individuals to serve on our board of directors. Our board of directors, on the recommendation of our compensation committee, will be responsible for reviewing and approving any changes to the directors' compensation arrangements. In consideration for serving on our board of directors, each director (other than Excluded Directors) will be paid an annual retainer. All directors will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors.

In , 2018, our board of directors approved a non-employee director compensation policy, which will be effective for all non-employee directors upon the completion of this offering. Each non-employee director will receive an annual cash retainer of $50,000. Each non-employee director may elect to receive the annual base retainer in the form of stock options, provided that, except in the case of the initial annual base retainer, such election is made in the calendar year preceding the year in which such compensation is earned. We will pay all amounts in quarterly installments.

In addition, each non-employee director, who will become a director after the effectiveness of the registration statement of which this prospectus is a part, will receive a one-time initial award of stock options having a grant date fair value of approximately $70,000 to purchase shares of our Class A common stock, which options will have a term of years and will fully vest on the one year anniversary of the grant date, subject to the director's continued service on the board of directors. Thereafter, each non-employee director will receive an annual award of stock options having a grant date fair value of approximately $50,000 to purchase shares of our Class A common stock, which options will have a term of five years and will fully vest on the one year anniversary of the date of grant, subject to the director's continued service on the board of directors.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out information on the outstanding share-based and option-based awards held by each of the individuals who will be a director as of the Closing of this offering, other than the Excluded Directors.

	Option-Based Awards				Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the Money Options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Neil Closner							
Richard Taney							
Jeff Uttz							

Insurance

We maintain an insurance policy with respect to directors' and officers' liability covering our directors and officers as well as directors and officers of Greenlane Holdings, LLC as a group. The policy provides coverage to an annual primary limit of $10,000,000. We were quoted an annual premium for the policy for the initial 12-month period of $185,000. Our coverage under the policy is for a period commencing on the closing date of this offering and terminating on the first anniversary of such closing date, with terms and premiums to be established at each renewal.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our named executive officers and directors, we describe below each transaction or series of similar transactions, since January 1, 2016, to which we or Greenlane Holdings, LLC were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

See "Executive Compensation" for a description of certain arrangements with our executive officers and directors.

Related Party Agreements in Effect Prior to this Offering

On February 29, 2012, Aaron LoCascio, our Chief Executive Officer, made a loan to Greenlane Holdings, LLC in the amount of $675,179. This loan bore interest at a fluctuating rate of interest that was determined annually by the Founding Members. As of December 31, 2017, the outstanding principal amount of this note was $565,249. This note was paid in full in April 2018.

In the years ended December 31, 2017 and 2016, Warehouse Goods LLC paid approximately $81,000 and $62,000, respectively, to a company fifty percent (50%) owned by Aaron LoCascio, our Chief Executive Officer, and fifty percent (50%) owned by Zachary Tapp, our Chief Financial Officer, for use of a boat for our marketing and business entertainment purposes. This arrangement will be terminated at the closing of this offering.

On October 4, 2017, Jacoby & Co. Inc., a company owned and controlled by our Chief Executive Officer, Aaron LoCascio, and our Chief Strategy Officer, Adam Schoenfeld, and that is the majority owner of Greenlane Holdings, LLC, entered into a credit agreement with Fifth Third Bank that provides a revolving credit facility for Greenlane Holdings, LLC of up to $8 million. On August 23, 2018, the parties to the original credit agreement entered into an amendment to such agreement pursuant to which Greenlane Holdings, LLC became the borrower, and Jacoby & Co. Inc. became a guarantor, of the amounts borrowed thereunder, the amount of the revolving credit facility was increased from $8.0 million to $15.0 million and the termination date of the credit facility was extended from October 3, 2018 to August 23, 2020. Interest accrues on borrowings under the credit facility at a rate equal to LIBOR plus 3.5% per annum. Our obligations under the credit facility are guaranteed by Messrs. LoCascio and Schoenfeld, Jacoby & Co. Inc. and all of our operating subsidiaries and are secured by a first priority security interest in substantially all of our assets. The amounts drawn under such credit facility have fluctuated over the term of the credit facility and at times the credit facility has been drawn in full. At June 30, 2018, aggregate borrowings under such credit facility amounted to $7,350,000.

Policies and Procedures for Related-Person Transactions

Our board of directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests and/or improper valuation (or the perception thereof). Our board of directors will adopt a written policy on transactions with related persons, to be effective upon completion of this offering. Under the new policy:

- any related-person transaction, and any material amendment or modification to a related-person transaction, must be reviewed and approved or ratified by a committee of the board of directors composed solely of independent directors who are disinterested or by the disinterested members of the board of directors; and
- any employment relationship or transaction involving an executive officer and any related compensation must be approved by the compensation committee of the board of directors or recommended by the compensation committee to the board of directors for its approval.

In connection with the review and approval or ratification of a related-person transaction:

- management must disclose to the committee or disinterested directors, as applicable, the name of the related person and the basis on which the person is a related person, the material terms of the related-person transaction, including the approximate dollar value of the amount involved in the transaction, and all the material facts as to the related person's direct or indirect interest in, or relationship to, the related-person transaction;

- management must advise the committee or disinterested directors, as applicable, as to whether the related-person transaction complies with the terms of our agreements governing our material outstanding indebtedness that limit or restrict our ability to enter into a related-person transaction;
- management must advise the committee or disinterested directors, as applicable, as to whether the related-person transaction will be required to be disclosed in our applicable filings under the Securities Act or the Exchange Act, and related rules, and, to the extent required to be disclosed, management must ensure that the related-person transaction is disclosed in accordance with such Acts and related rules; and
- management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction constitutes a "personal loan" for purposes of Section 402 of SOX.

In addition, the related-person transaction policy provides that the committee or disinterested directors, as applicable, in connection with any approval or ratification of a related-person transaction involving a non-employee director or director nominee, should consider whether such transaction would compromise the director or director nominee's status as an "independent," "outside," or "non-employee" director, as applicable, under the rules and regulations of the SEC, Nasdaq and the Code.

The Transactions

In connection with the Transactions, we will engage in certain transactions with certain of our directors, executive officers and other persons and entities which are or will become holders of 5% or more of our voting securities upon the completion of the Transactions, including entering into the Greenlane Operating Agreement, the Tax Receivable Agreement and the Registration Rights Agreement. These transactions are described herein under the caption "The Transactions."

Greenlane Operating Agreement

We will operate our business through Greenlane Holdings, LLC and its subsidiaries. In connection with the completion of this offering, we and the Members will enter into Greenlane Holdings, LLC's Third Amended and Restated Operating Agreement, which we refer to as the "Greenlane Operating Agreement." Among the Members who will be party to the Greenlane Operating Agreement are each of our named executive officers, Aaron LoCascio, Adam Schoenfeld, Sasha Kadey, Jay Scheiner and Zachary Tapp, and each of our stockholders identified in the table in "Principal and Selling Stockholders" as beneficially owning shares of Class B common stock or Class C common stock. The operations of Greenlane Holdings, LLC, and the rights and obligations of the holders of Common Units, will be set forth in the Greenlane Operating Agreement.

Appointment as Manager. Under the Greenlane Operating Agreement, we will become a member and the sole manager of Greenlane Holdings, LLC. As the manager, we will be able to control all of the day-to-day business affairs and decision-making of Greenlane Holdings, LLC without the approval of any other Member, unless otherwise stated in the Greenlane Operating Agreement. As such, we, through our officers and directors, will be responsible for all operational and administrative decisions of Greenlane Holdings, LLC and the day-to-day management of Greenlane Holdings, LLC's business. Pursuant to the terms of the Greenlane Operating Agreement, we cannot be removed as the sole manager of Greenlane Holdings, LLC by the other Members.

Compensation. We will not be entitled to compensation for our services as the manager. We will be entitled to reimbursement by Greenlane Holdings, LLC for all fees and expenses incurred on behalf of Greenlane Holdings, LLC, including all expenses associated with this offering and maintaining our corporate existence, and all fees, expenses and costs of being a public company (including expenses incurred in connection with public reporting obligations, proxy statements, stockholder meetings, stock exchange fees, transfer agent fees, legal fees, SEC and FINRA filing fees and offering expenses) and maintaining our corporate existence, including all costs of maintaining our board of directors and committees of the board, executive compensation and certain insurance policies.

Capitalization. The Greenlane Operating Agreement provides for a single class of common membership units, which we refer to as the "Common Units." The Greenlane Operating Agreement will reflect a split of Common Units such that one Common Unit can be acquired with the net proceeds received by us from this offering from the sale of one share of our Class A common stock. Each Common Unit will entitle the holder to a pro rata share of the net profits and net losses and distributions of Greenlane Holdings, LLC.

Distributions. The Greenlane Operating Agreement will require "tax distributions," as that term is defined in the Greenlane Operating Agreement, to be made by Greenlane Holdings, LLC to its "members," as that term is defined in the Greenlane Operating Agreement. Tax distributions will be made at least annually to each member of Greenlane Holdings, LLC, including us, based on such member's allocable share of the taxable income of Greenlane Holdings, LLC and at a commencing tax rate equal to the highest effective marginal combined federal, state and local income tax rate applicable to corporate or individual taxpayers that may potentially apply to any Member for the relevant period taking into account (i) any deductions pursuant to Section 199A of the Code, and (ii) the character of the relevant tax items (e.g., ordinary or capital), as we, as the sole manager of Greenlane Holdings, LLC, reasonably determine. For this purpose, the taxable income of Greenlane Holdings, LLC, and our allocable share of such taxable income, shall be determined without regard to any tax basis adjustments that result from our deemed or actual purchase of Common Units from the Members (as described above under "— Tax Receivable Agreement"). The tax rate used to determine tax distributions will apply regardless of the actual final tax liability of any such member. Tax distributions will also be made only to the extent all distributions from Greenlane Holdings, LLC for the relevant period were otherwise insufficient to enable each member to cover its tax liabilities as calculated in the manner described above. The Greenlane Operating Agreement will also allow for distributions to be made by Greenlane Holdings, LLC to its members on a pro rata basis out of "distributable cash," as that term is defined in the Greenlane Operating Agreement. We expect Greenlane Holdings, LLC may make distributions out of distributable cash periodically to the extent permitted by the agreements governing its indebtedness and as required by Greenlane Holdings, LLC for its capital and other needs, such that we in turn are able to make dividend payments, if any, to the holders of our Class A common stock.

Common Unit Redemption Right. The Greenlane Operating Agreement provides a redemption right to the Members which entitles them to have their Common Units redeemed, at the election of each such person, for, at our option, as determined by or at the direction of the independent directors (within the meaning of the Nasdaq Marketplace Rules) of our board of directors who are disinterested, newly-issued shares of our Class A common stock on a one-to-one basis or a cash payment equal to the five-day average volume weighted average market prices of one share of Class A common stock for each Common Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and similar events affecting the Class A common stock). If we decide to make a cash payment, the Member has the option to rescind its redemption request within a specified time period. Upon the exercise of the redemption right, the redeeming Member will surrender its Common Units to Greenlane Holdings, LLC for cancellation. The Greenlane Operating Agreement requires that we contribute cash or shares of our Class A common stock to Greenlane Holdings, LLC in exchange for an amount of Common Units in Greenlane Holdings, LLC that will be issued to us equal to the number of Common Units redeemed from the Member. Greenlane Holdings, LLC will then distribute the cash or shares of our Class A common stock to such Member to complete the redemption. In the event of such election by a Member, we may, at our option, effect a direct exchange by us of cash or our Class A common stock for such Common Units in lieu of such a redemption. Whether by redemption or exchange, we are obligated to ensure that at all times the number of Common Units that we own equals the number of shares of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities).

Issuance of Common Units upon Exercise of Options or Issuance of Other Equity Compensation. We may implement guidelines to provide for the method by which shares of Class A common stock may be exchanged or contributed between us and Greenlane Holdings, LLC (or any subsidiary thereof), or may be returned to us upon any forfeiture of shares of Class A common stock, in either case in connection with the grant, vesting and/or forfeiture of compensatory equity awards granted by us, including under the 2018 Equity Incentive Plan, for the purpose of ensuring that the relationship between us and our subsidiaries remains at arm's-length.

Maintenance of one-to-one ratio of shares of Class A common stock and Common Units owned by Our Company. Our amended and restated certificate of incorporation and the Greenlane Operating Agreement will require that we and Greenlane Holdings, LLC, respectively, at all times maintain (i) a ratio of one Common Unit owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities), (ii) a one-to-one ratio between the number of shares of Class B common stock owned by the Non-Founder Members and the number of Common Units owned by the Non-Founder Members and (iii) a three-to-one ratio between the number of shares of Class C common stock owned by the Founder Members and the number of Common Units owned by the Founder Members or their affiliates.

Transfer Restrictions. The Greenlane Operating Agreement generally does not permit transfers of Common Units by Members, subject to limited exceptions or written approval of the transfer by the manager. Any transferee of Common Units must execute the Greenlane Operating Agreement and any other agreements executed by the holders of Common Units and relating to such Common Units in the aggregate.

Dissolution. The Greenlane Operating Agreement will provide that the decision of the manager, with the approval of the holders of a majority of the outstanding Common Units, will be required to voluntarily dissolve Greenlane Holdings, LLC. In addition to a voluntary dissolution, Greenlane Holdings, LLC will be dissolved upon a change of control transaction under certain circumstances, as well as upon the entry of a decree of judicial dissolution or other circumstances in accordance with Delaware law. Upon a dissolution event, the proceeds of a liquidation will be distributed in the following order: (i) first, to pay all expenses of winding up Greenlane Holdings, LLC; and (ii) second, to pay all debts and liabilities and obligations of Greenlane Holdings, LLC. All remaining assets of Greenlane Holdings, LLC will be distributed to the Members pro-rata in accordance with their respective percentage ownership interests in Greenlane Holdings, LLC (as determined based on the number of Common Units held by a member relative to the aggregate number of all outstanding Common Units).

Confidentiality. Each Member will agree to maintain the confidentiality of Greenlane Holdings, LLC's confidential information. This obligation excludes information independently obtained or developed by the Members, information that is in the public domain or otherwise disclosed to a member, in either such case not in violation of a confidentiality obligation or disclosures required by law or judicial process or approved by us.

Indemnification and Exculpation. The Greenlane Operating Agreement provides for indemnification for all expenses, liabilities and losses reasonably incurred by any person by reason of the fact that such person is or was a Member or is or was serving at the request of Greenlane Holdings, LLC as the manager, an officer, an employee or an agent of Greenlane Holdings, LLC; provided, however, that there will be no indemnification for actions made not in good faith or in a manner which the person did not reasonably believe to be in or not opposed to the best interests of Greenlane Holdings, LLC, or, with respect to any criminal action or proceeding other than by or in the right of Greenlane Holdings, LLC, where the person had reasonable cause to believe the conduct was unlawful, or for breaches of any representations, warranties or covenants by such person or its affiliates contained in the Greenlane Operating Agreement or in other agreements with Greenlane Holdings, LLC.

We, as the manager, and our affiliates, will not be liable to Greenlane Holdings, LLC, its members or their affiliates for damages incurred by any acts or omissions as the manager, provided that the acts or omissions of these exculpated persons are not the result of fraud, intentional misconduct, knowing violations of law, or breaches of the Greenlane Operating Agreement or other agreement with Greenlane Holdings, LLC.

Amendments. The Greenlane Operating Agreement may be amended with the consent of the holders of a majority in voting power of the outstanding Common Units; provided that if the manager holds greater than 33% of the Common Units, then it may be amended with the consent of the manager together with holders of a majority of the outstanding Common Units, excluding Common Units held by the manager. Notwithstanding the foregoing, no amendment to any of the provisions that expressly require the approval or action of certain members may be made without the consent of such members and no amendment to the provisions governing the authority and actions of the manager or the dissolution of Greenlane Holdings, LLC may be amended without the consent of the manager.

Tax Receivable Agreement

We expect to obtain an increase in our share of the tax basis of the assets of Greenlane Holdings, LLC when a Member receives cash or shares of our Class A common stock in connection with a redemption or exchange of such Member's Common Units for Class A common stock or cash (such basis increase, the "Basis Adjustments"). We intend to treat such acquisition of Common Units as a direct purchase by us of Common Units or net capital assets from a Member for U.S. federal income and other applicable tax purposes, regardless of whether such Common Units are surrendered by a Member to Greenlane Holdings, LLC for redemption or sold to us upon the exercise of our election to acquire such Common Units directly. Basis Adjustments may have the effect of reducing the amounts that we would otherwise pay in the future to various tax authorities. The Basis Adjustments may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the Transactions described above, we will enter into the Tax Receivable Agreement with Greenlane Holdings, LLC and the Members. The Tax Receivable Agreement will provide for the payment by us to such persons of 85% of the amount of tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, as a result of the Transactions described above, including increases in the tax basis of the assets of Greenlane Holdings, LLC arising from such Transactions, and tax basis increases attributable to payments made under the Tax Receivable Agreement and deductions attributable to imputed interest and other payments of interest pursuant to the Tax Receivable Agreement. Greenlane Holdings, LLC will have in effect an election under Section 754 of the Code effective for each taxable year in which a redemption or exchange of Common Units for shares of our Class A common stock or cash occurs. These Tax Receivable Agreement payments are not conditioned upon any continued ownership interest in either Greenlane Holdings, LLC or us by any Member. The rights of each Member under the Tax Receivable Agreement are assignable by each Member with our consent, which we may not unreasonably withhold, so long as the assignee joins as a party to the Tax Receivable Agreement. We expect to benefit from the remaining 15% of tax benefits, if any, that we may actually realize.

The actual Basis Adjustments, as well as any amounts paid to the Members under the Tax Receivable Agreement, will vary depending on a number of factors, including:

- the timing of any subsequent redemptions or exchanges — for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of Greenlane Holdings, LLC at the time of each redemption or exchange;
- the price of shares of our Class A common stock at the time of redemptions or exchanges — the Basis Adjustments, as well as any related increase in any tax deductions, is directly related to the price of shares of our Class A common stock at the time of each redemption or exchange;
- the extent to which such redemptions or exchanges are taxable — if a redemption or exchange is not taxable for any reason, increased tax deductions will not be available; and
- the amount and timing of our income — the Tax Receivable Agreement generally will require us to pay 85% of the tax benefits as and when those benefits are treated as realized under the terms of the Tax Receivable Agreement. If we do not have taxable income, we generally will not be required (absent a change of control or other circumstances requiring an early termination payment) to make payments under the Tax Receivable Agreement for that taxable year because no tax benefits will have been actually realized. However, any tax benefits that do not result in realized tax benefits in a given taxable year will likely generate tax attributes that may be utilized to generate tax benefits in previous or future taxable years. The utilization of any such tax attributes will result in payments under the Tax Receivable Agreement.

For purposes of the Tax Receivable Agreement, cash savings in income and franchise tax will be computed by comparing our actual income and franchise tax liability to the amount of such taxes that we would have been required to pay had there been no Basis Adjustments and had the Tax Receivable Agreement not been entered into. The Tax Receivable Agreement will generally apply to each of our taxable years, beginning with the first taxable year ending after the completion of this offering. There is no maximum term for the Tax Receivable Agreement; however, the Tax Receivable Agreement may be terminated by us pursuant to an early termination procedure that requires us to pay the Members an agreed upon amount equal to the estimated present value of the remaining payments to be made under the agreement (calculated based on certain assumptions, including regarding tax rates and utilization of the Basis Adjustments).

The payment obligations under the Tax Receivable Agreement are obligations of our company and not of Greenlane Holdings, LLC. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we may be required to make to the Members could be substantial. Any payments made by us to Members under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to Greenlane Holdings, LLC and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us.

Decisions made by us in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments

that are received by a Member under the Tax Receivable Agreement. For example, the earlier disposition of assets following a transaction that results in a Basis Adjustment will generally accelerate payments under the Tax Receivable Agreement and increase the present value of such payments.

The Tax Receivable Agreement provides that if (i) we materially breach any of our material obligations under the Tax Receivable Agreement, (ii) certain mergers, asset sales, other forms of business combination, or other changes of control were to occur, or (iii) we elect an early termination of the Tax Receivable Agreement, then our obligations, or our successor's obligations, under the Tax Receivable Agreement would accelerate and become due and payable, based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result, (i) we could be required to make cash payments to the Members that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement, and (ii) if we elect to terminate the Tax Receivable Agreement early, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a material adverse effect on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination, or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine. If any such position is subject to a challenge by a taxing authority the outcome of which would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of each Member that directly or indirectly owns at least 10% of the outstanding Common Units. We will not be reimbursed for any cash payments previously made to any Member pursuant to the Tax Receivable Agreement if any tax benefits initially claimed by us are subsequently challenged by a taxing authority and ultimately disallowed. Instead, in such circumstances, any excess cash payments made by us to a Member will be netted against any future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. However, we might not determine that we have effectively made an excess cash payment to the Members for a number of years following the initial time of such payment and, if our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings.

Payments are generally due under the Tax Receivable Agreement within a specified period of time following the filing of our tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of LIBOR plus 100 basis points from the due date (without extensions) of such tax return. Any late payments that may be made under the Tax Receivable Agreement will continue to accrue interest at LIBOR plus 500 basis points until such payments are made, including any late payments that we may subsequently make because we did not have enough available cash to satisfy our payment obligations at the time at which they originally arose.

Registration Rights Agreement

We intend to enter into the Registration Rights Agreement with the Members in connection with this offering. Among the Members who will be party to the Registration Rights Agreement are each of our named executive officers and each of our stockholders identified in the table in "Principal and Selling Stockholders" as beneficially owning shares of Class B common stock or Class C common stock. The Registration Rights Agreement will provide the Members who are party to the Registration Rights Agreement the right, at any time from and after 180 days following the date of this prospectus, to require us to register under the Securities Act the shares of Class A common stock issuable to them upon redemption or exchange of their Common Units, including on a short-form registration statement, if and when we are eligible to utilize such registration statement. The Registration Rights Agreement will also provide for piggyback registration rights for such Members in certain circumstances.

Indemnification Agreements

Our amended and restated bylaws, as will be in effect prior to the closing of this offering, provide that we will indemnify our directors and officers to the fullest extent permitted by the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in our bylaws. In addition, our amended and restated certificate of incorporation, as will be in effect prior to the closing of this offering, will provide that our directors will not be personally liable to us or our stockholders for any damages other than for breaches of fiduciary duty involving intentional misconduct, fraud or a knowing violation of law.

Prior to the closing of this offering, we will enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in those agreements.

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending litigation that may result in claims for indemnification by any director or officer.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class A common stock, Class B common stock and Class C common stock, after the completion of the Transactions, including this offering, for:

- each person known by us to beneficially own more than 5% of our Class A common stock, Class B common stock or Class C common stock;
- each of our directors;
- each of our named executive officers;
- all of our executive officers and directors as a group; and
- each of the selling stockholders.

As described in "The Transactions" and "Certain Relationships and Related Party Transactions," each Member will be entitled to have their Common Units redeemed for Class A common stock on a one-to-one basis, or, at our option, cash equal to the market value of the applicable number of our shares of Class A common stock. In addition, at our election, upon a redemption request, we may effect a direct exchange of such Class A common stock or such cash for such Common Units. In connection with this offering, we will issue (i) to each Non-Founder Member for nominal consideration one share of Class B common stock for each Common Unit it owns and (ii) to each Founder Member for nominal consideration three shares of Class C common stock for each Common Unit it owns. As a result, the respective numbers of shares of Class B common stock and Class C common stock listed in the table below correlate to the number of Common Units each such Member will own immediately after this offering. See "The Transactions." The table below assumes the shares of Class A common stock are offered at $ per share (the midpoint of the price range listed on the cover page of this prospectus). See "The Offering."

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC and includes voting or investment power with respect to securities. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options or other rights held by such person that are currently exercisable or will become exercisable within 60 days of the date of this prospectus, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Notwithstanding the preceding sentence, for purposes of the following table, we assumed that the Members were not entitled to have their Common Units redeemed for Class A common stock. Except as disclosed in the footnotes to this table and subject to applicable community property laws, where applicable, we believe each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder.

Unless otherwise specified in the footnotes, the address of each beneficial owner listed in the table below is c/o Greenlane Holdings, Inc., 6501 Park of Commerce Blvd., Suite 200, Boca Raton, FL 33487.

	Class A Common Stock Beneficially Owned				Class B Common Stock Beneficially Owned			Class C Common Stock Beneficially Owned			Combined Voting Power	
Name of Beneficial Owner	After Giving Effect to the Transactions and Before this Offering	After Giving Effect to the Transactions and After this Offering (No Exercise of Option)	After Giving Effect to the Transactions and After this Offering (With Full Exercise of Option)	After Giving Effect to the Transactions and After this Offering (With Full Exercise of Option)	After Giving Effect to the Transactions and Before this Offering	After Giving Effect to the Transactions and After this Offering (No Exercise of Option)	After Giving Effect to the Transactions and After this Offering (With Full Exercise of Option)	After Giving Effect to the Transactions and Before this Offering	After Giving Effect to the Transactions and After this Offering (No Exercise of Option)	After Giving Effect to the Transactions and After this Offering (With Full Exercise of Option)	After Giving Effect to the Transactions and After this Offering (No Exercise of Option)	After Giving Effect to the Transactions and After this Offering (With Full Exercise of Option)
5% Stockholders:												
Jacoby & Co. Inc.[1]												
Better Life Products Investment Group, Inc.[2]												
Named Executive Officers and Directors:												
Aaron LoCascio												
Adam Schoenfeld												
Sasha Kadey												
Jay Scheiner												
Zachary Tapp												
All executive officers and directors as a group (five individuals)												
Other Selling Stockholders												
Rochester Vapor Group, LLC[3]												

* Less than 1.0%

(1) Jacoby & Co. Inc. is beneficially owned and controlled by Aaron LoCascio and Adam Schoenfeld.

(2) Jeffrey Sherman has voting and dispositive power over such securities. Better Life Products Investment Group, Inc.'s address is 16901 Crown Bridge Drive, Delray Beach, FL 33446.

(3) Clive Fleissig has voting and dispositive power over such securities. Rochester Vapor Group, LLC's address is 10561 Rochester Avenue, Los Angeles, CA 90024.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of our capital stock and provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, as each will be in effect prior to the closing of this offering, and certain provisions of Delaware law. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been or will be filed with the SEC as exhibits to the registration statement of which this prospectus is a part. References in this section to "we" "us" and "our" refer to Greenlane Holdings, Inc. and not to any of its subsidiaries.

General

Our amended and restated certificate of incorporation will provide that our authorized capital stock will consist of shares of Class A common stock, par value $0.01 per share, shares of Class B common stock, par value $0.0001 per share, shares of Class C common stock, par value $0.0001 per share. After the consummation of this offering, we expect to have shares (or shares if the underwriters exercise in full their option to purchase additional shares) of Class A common stock issued and outstanding, shares of Class B common stock issued and outstanding (or shares if the underwriters exercise their option in full to purchase additional shares, and shares of Class C common stock issued and outstanding (or shares if the underwriters exercise in full their option to purchase additional shares from the selling stockholders).

Class A Common Stock

Issuance of Class A common stock with Common Units. We will undertake any action, including, without limitation, a reclassification, dividend, division or recapitalization with respect to shares of Class A common stock to the extent necessary to maintain a one-to-one ratio between the number of Common Units we own, and the number of outstanding shares of Class A common stock, disregarding unvested shares issued in connection with stock incentive plans, shares issuable upon the exercise, conversion or exchange of certain convertible or exchangeable securities and treasury stock.

Voting Rights. Holders of our Class A common stock will be entitled to cast one vote per share. Holders of our Class A common stock will not be entitled to cumulate their votes in the election of directors. Generally, holders of all classes of our common stock vote together as a single class and an action is approved by our stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, while directors are elected by a plurality of the votes cast. Except as otherwise provided by applicable law, amendments to our amended and restated certificate of incorporation must be approved by a majority or, in some cases, two-thirds of the combined voting power of all shares entitled to vote, voting together as a single class.

Dividend Rights. Holders of Class A common stock will share ratably (based on the number of shares of Class A common stock held) if and when any dividend is declared by our board of directors out of funds legally available therefor, subject to restrictions, whether statutory or contractual (including with respect to any outstanding indebtedness), on the declaration and payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any class or series of stock having a preference over, or the right to participate with, the Class A common stock with respect to the payment of dividends.

Liquidation Rights. On our liquidation, dissolution or winding up, each holder of Class A common stock will be entitled to a pro rata distribution of the net assets, if any, available for distribution to common stockholders.

Other Matters. No shares of Class A common stock will be subject to redemption or have preemptive rights to purchase additional shares of Class A common stock. Holders of shares of our Class A common stock do not have subscription, redemption or conversion rights. Upon completion of this offering, all the outstanding shares of Class A common stock will be validly issued, fully paid and non-assessable.

Class B Common Stock

Issuance of Class B common stock with Common Units. Shares of Class B common stock may be issued only to, and registered in the name of, the Non-Founder Members and persons who acquire shares of Class B common stock, by voluntary conversion of shares of Class C common stock or by a transfer from a holder of shares of Class B common stock. Shares of Class B common stock will only be issued in the future to the extent necessary

in connection with the conversion of shares of Class C common stock and to maintain a one-to-one ratio between the number of Common Units owned by all holders of Class B common stock and the number of outstanding shares of Class B common stock owned by all such holders. Shares of Class B common stock will be cancelled on a one-to-one basis if a holder of shares of Class B common stock elects to have its corresponding Common Units redeemed pursuant to the terms of the Greenlane Operating Agreement.

Voting Rights. Holders of Class B common stock will be entitled to cast one vote per share, with the number of shares of Class B common stock held by each Non-Founder Member being equal to the number of Common Units held by such Non-Founder Member. Holders of our Class B common stock will not be entitled to cumulate their votes in the election of directors.

Generally, holders of all classes of our common stock vote together as a single class and an action is approved by our stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, while directors are elected by a plurality of the votes cast. Except as otherwise provided by applicable law, amendments to our amended and restated certificate of incorporation must be approved by a majority or, in some cases, two-thirds of the combined voting power of all shares entitled to vote, voting together as a single class.

Dividend Rights. Holders of our Class B common stock will not participate in any dividend declared by our board of directors.

Liquidation Rights. On our liquidation, dissolution or winding up, holders of our Class B common stock will not be entitled to receive any distribution of our assets.

Transfers. Pursuant to our amended and restated certificate of incorporation and the Greenlane Operating Agreement, holders of our Class B common stock are subject to restrictions on transfer of such shares, including that:

- the holder will not transfer any shares of Class B common stock to any person unless the holder transfers an equal number of Common Units to the same person; and
- in the event the holder transfers any Common Units to any person, the holder will transfer an equal number of shares of Class B common stock to the same person.

Merger, Consolidation, Tender or Exchange Offer. The holders of our Class B common stock will have the right to receive, or the right to elect to receive, the same form and amount (on a per share basis) of consideration, if any, as the holders of our Class C common stock in the event of a merger, consolidation, conversion, exchange or other business combination requiring the approval of our stockholders or a tender or exchange offer to acquire any shares of our Class A common stock. However, in any such event involving consideration in the form of securities, the holders of our Class C common stock will be entitled to receive securities that have no more than three times the voting power of any securities distributed to the holders of our Class B common stock.

Other Matters. No shares of Class B common stock will be subject to redemption or have preemptive rights to purchase additional shares of Class B common stock. Holders of shares of our Class B common stock do not have subscription, redemption or conversion rights. Upon completion of this offering, all outstanding shares of Class B common stock will be validly issued, fully paid and non-assessable.

Class C Common Stock

Issuance of Class C common stock with Common Units. Shares of Class C common stock may be issued only to, and registered in the name of, the Founder Members, and will only be issued in the future to the extent necessary to maintain a one-to-three ratio between the number of Common Units owned by the holders of Class C common stock and the number of shares of Class C common stock owned by such holders. Shares of Class C common stock will be cancelled on a three-to-one basis if a holder of shares of Class C common stock elects to have its corresponding Common Units redeemed pursuant to the terms of the Greenlane Operating Agreement.

Voting Rights. Holders of our Class C common stock will be entitled to cast one vote per share, with the number of shares of Class C common stock held by each Founder Member being equal to three times the number of Common Units held by such Founder Member.

Generally, holders of all classes of our Class A common stock vote together as a single class and an action is approved by our stockholders if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, while directors are elected by a plurality of the votes cast. Except as otherwise provided by applicable law, amendments to our amended and restated certificate of incorporation must be approved by a majority or, in some cases, two-thirds of the combined voting power of all shares entitled to vote, voting together as a single class.

Dividend Rights. Holders of our Class C common stock will not participate in any dividend declared by the board of directors.

Liquidation Rights. On our liquidation, dissolution or winding up, holders of Class C common stock will not be entitled to receive any distribution of our assets.

Transfers. Pursuant to our amended and restated certificate of incorporation and the Greenlane Operating Agreement, holders of our Class C common stock are subject to restrictions on transfer of such shares, including that:

- the holder will not transfer any shares of Class C Common Stock to any person other than Founder Members except as described below under "— Conversion;"
- the holder will not transfer any shares of Class C common stock to any permitted transferee unless the holder transfers one-third the number of Common Units to the same person; and
- in the event the holder transfers any Common Units to any permitted transferee, the holder will transfer three times the number of shares of Class C common stock to the same person.

Conversion. Every three shares of Class C common stock will be automatically converted into one share of Class B common stock if the holders of a majority of the shares of Class C common stock then outstanding, acting as a single class, approve or consent to such conversion.

In addition, if at any time any share of Class C common stock is not owned by, or is transferred to a person other than, (i) Mr. LoCascio or Mr. Schoenfeld, their spouses or any of their lineal descendants, (ii) any entity wholly owned by Mr. LoCascio or Mr. Schoenfeld, their spouses, any of their lineal descendants or any trust or other estate planning vehicle for the benefit of such persons, or (iii) any trust or other estate planning vehicle for the benefit of Mr. LoCascio or Mr. Schoenfeld, their spouses or any of their lineal descendants, such share of Class C common stock shall automatically be converted into one share of Class B common stock.

Merger, Consolidation, Tender or Exchange Offer. The holders of our Class C common stock will not be entitled to receive consideration per share, if any, for their shares in excess of one-third of that payable per share to the holders of our Class B common stock in the event of a merger, consolidation, conversion, exchange or other business combination requiring the approval of our stockholders or a tender or exchange offer to acquire any shares of our Class A common stock. However, in any such event involving consideration in the form of securities, the holders of our Class C common stock will be entitled to receive securities that have no more than three times the voting power of any securities distributed to the holders of our Class B common stock.

Other Matters. No shares of Class C common stock will be subject to redemption or have preemptive rights to purchase additional shares of Class C common stock. Holders of shares of our Class C common stock do not have subscription, redemption or, except as expressly provided in our amended and restated certificate of incorporation, conversion rights. Upon completion of this offering, all outstanding shares of Class C common stock will be validly issued, fully paid and non-assessable

Elimination of Liability in Certain Circumstances

Our amended and restated certificate of incorporation eliminates the liability of our directors to us or our stockholders for monetary damages resulting from breaches of their fiduciary duties as directors. Directors will remain liable for breaches of their duty of loyalty to us or our stockholders, as well as for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, and transactions from which a director derives improper personal benefit. Our amended and restated certificate of incorporation will not absolve directors of liability for payment of dividends or stock purchases or redemptions by us in violation of Section 174 (or any successor provision) of the Delaware General Corporation Law.

The effect of this provision is to eliminate the personal liability of directors for monetary damages for actions involving a breach of their fiduciary duty of care, including any such actions involving gross negligence. We do not believe that this provision eliminates the liability of our directors to us or our stockholders for monetary damages under the federal securities laws. Our amended and restated certificate of incorporation and amended and restated bylaws provide indemnification for the benefit of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law as it may be amended from time to time, including most circumstances under which indemnification otherwise would be discretionary.

Provisions of Our Certificate of Incorporation and Bylaws and Delaware Anti-takeover Law

We are governed by the Delaware General Corporation Law. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could make more difficult the acquisition of our company by means of a tender offer, a proxy contest or otherwise.

No written consent of stockholders. Our amended and restated certificate of incorporation and amended and restated bylaws provide that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting, and that stockholders may not take any action by written consent in lieu of a meeting.

Super-Majority Vote For Certain Amendments. Our amended and restated certificate of incorporation provides that, notwithstanding any other provisions of our certificate of incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of our capital stock required by law or by our certificate of incorporation, or any certificate of designation with respect to a series of our preferred stock, any amendment or repeal of the provision that stockholders may not act by written consent in lieu of a meeting as described above shall require the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of our capital stock entitled to vote generally at an election of directors, voting together as a single class.

Advance Notice Procedures. Our amended and restated bylaws provide that our chief executive officer, chairperson of the board of directors or a majority of the members of our board of directors then serving may call special meetings of stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our amended and restated bylaws also limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.

Our amended and restated bylaws also establish an advance notice procedure for stockholders to make nominations of candidates for election as directors, or bring other business before an annual or special meeting of the stockholders. This notice procedure provides that only persons who are nominated by, or at the direction of, our board of directors or by a stockholder who has given timely written notice to the secretary of our company prior to the meeting at which directors are to be elected, will be eligible for election as directors. The procedure also requires that, in order to raise matters at an annual or special meeting, those matters must be raised before the meeting pursuant to the notice of meeting the company delivers or by, or at the direction of, our board of directors or by a stockholder who is entitled to vote at the meeting and who has given timely written notice to the secretary of our company of his, her or its intention to raise those matters at the annual meeting. If our chairperson or other officer presiding at a meeting determines that a person was not nominated, or other business was not brought before the meeting, in accordance with the notice procedure, that person will not be eligible for election as a director or that business will not be conducted at the meeting.

Authorized but Unissued Shares. Our authorized but unissued shares of Class A common stock will be available for future issuance without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of Class A common stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or otherwise.

Limitation of officer and director liability and indemnification arrangements. Our amended and restated certificate of incorporation and our amended and restated bylaws limit the liability of our officers and directors to the maximum extent permitted by Delaware law. Delaware law provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

These provisions of our amended and restated certificate of incorporation and amended and restated bylaws have no effect on any non-monetary remedies that may be available to us or our stockholders, nor does it relieve us or our officers or directors from compliance with federal or state securities laws. The amended and restated bylaws also generally provide that we will indemnify, to the fullest extent permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, investigation, administrative hearing or any other proceeding by reason of the fact that he or she is or was our director or officer, or is or was serving at our request as a director, officer, employee or agent of another entity, against expenses incurred by him or her in connection with such proceeding. An officer or director will not be entitled to indemnification by us if:

- the officer or director did not act in good faith and in a manner reasonably believed to be in, or not opposed to, our best interests; or
- with respect to any criminal action or proceeding, the officer or director had reasonable cause to believe his or her conduct was unlawful.

In addition to the indemnification provided for in our amended and restated certificate of incorporation and amended and restated bylaws, we have entered into indemnification agreements with our executive officers and our directors. Each indemnification agreement provides that we will indemnify such executive officer or director to the fullest extent permitted by law for claims arising in his or her capacity as our director or officer provided that he or she acted in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, our best interests and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. In the event that we do not assume the defense of a claim against an executive officer or a director, we will be required to advance his or her expenses in connection with his or her defense, provided that he or she undertakes to repay all amounts advanced if it is ultimately determined that he or she is not entitled to be indemnified by us.

The overall effect of the foregoing provisions and indemnification agreements may be to deter a future offer to buy our company. Stockholders might view such an offer to be in their best interest should the offer include a substantial premium over the market price of our Class A common stock at that time. In addition, these provisions may have the effect of assisting our management to retain its position and place it in a better position to resist changes that the stockholders may want to make if dissatisfied with the conduct of our business. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, the opinion of the SEC is that such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Number of Directors; Removal; Vacancies

Our amended and restated bylaws provide that we have five directors, provided that this number may be changed by vote of our board of directors. Vacancies on our board of directors may be filled only by the affirmative vote of a majority of the remaining directors then in office. Our amended and restated bylaws provide that, subject to the rights of holders of any future series of preferred stock, directors may be removed, with or without cause, at meetings of stockholders by the affirmative vote of the holders of a majority of the outstanding shares entitled to vote generally in the election of directors.

Special Meetings of Stockholders; Limitations on Stockholder Action by Written Consent

Our amended and restated certificate of incorporation provides that special meetings of our stockholders may be called only by our chairman of the board, our chief executive officer, and our board of directors or holders of not less than a majority of our issued and outstanding voting stock. Any action required or permitted to be taken by our stockholders must be effected at an annual or special meeting of stockholders and may not be effected by written consent unless the action to be effected and the taking of such action by written consent have been approved in advance by our board of directors.

Authorized but Unissued Shares

The authorized but unissued shares of Class A common stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of Class A common stock could render it more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Advance Notice Requirements for Stockholder Proposals and Nomination of Directors

Our amended and restated bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, such notice will be timely only if received not later than the close of business on the tenth day following the date on which notice of the date of the annual meeting was mailed to stockholders or made public, whichever first occurs. Our amended and restated bylaws also specify requirements as to the form and content of a stockholder's notice.

Trading

We have applied to list our Class A common stock on The Nasdaq Global Market under the symbol "GNLN."

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is Corporate Stock Transfer, Inc. The transfer agent's address is 3200 Cherry Creek South Drive, Suite 430, Denver, Colorado 80209, and its telephone number is (303) 282-4800.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of our Class A common stock in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our Class A common stock. No prediction can be made as to the effect, if any, future sales of shares, or the availability of shares for future sales, will have on the market price of our Class A common stock prevailing from time to time.

Rule 144

In general, under Rule 144 under the Securities Act ("Rule 144") as currently in effect, once we have been subject to public company reporting requirements under the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of Class A common stock then outstanding, which will equal approximately shares immediately after this offering, based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus; or
- the average weekly trading volume of the Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Such sales under Rule 144 are also subject to prescribed requirements relating to the manner of sale, notice and availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our Class A common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days to sell such shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits our affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144.

Stock Plans

We intend to file a registration statement on Form S-8 under the Securities Act covering all of the shares of our Class A common stock reserved for issuance under the 2018 Equity Incentive Plan, which we intend to adopt in connection with this offering. We expect to file this registration statement as soon as practicable after this offering and adoption of the 2018 Equity Incentive Plan. Accordingly, shares registered under the registration statement on Form S-8 will be available for sale in the open market following its effective date, subject to any applicable vesting provisions and the Rule 144 limitations applicable to affiliates.

Lock-Up Agreements

In connection with this offering, we and our executive officers and directors and certain other stockholders (whose Common Units will be redeemable for shares of Class A common stock representing % of our pre-offering shares on a fully-diluted basis) will enter into 180-day lock-up agreements with the underwriters of this offering under which neither we nor they may, with limited exceptions, for a period of 180 days after the date of this prospectus, directly or indirectly sell, dispose of or hedge any shares of Class A common stock or any securities convertible into or exchangeable or exercisable for shares of Class A common stock without the prior written consent of Cowen and Company, LLC and Canaccord Genuity LLC as representatives of the underwriters.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income and estate tax consequences of the purchase, ownership and disposition of our Class A common stock to a non-U.S. holder (as defined below) that purchases shares of our Class A common stock in this offering. This summary applies only to a non-U.S. holder that holds our Class A common stock as a "capital asset," within the meaning of Section 1221 of the Code. For purposes of this summary, a "non-U.S. holder" means any beneficial owner of our Class A common stock (other than an entity treated as a partnership) that is not, for U.S. federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in the United States or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

In the case of a holder that is classified as a partnership for U.S. federal income tax purposes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in our Class A common stock, you are urged to consult your tax advisor.

This summary is based upon the provisions of the Code, the U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income and estate tax consequences different from those summarized below. We cannot assure you that a change in law, possibly with retroactive application, will not alter significantly the tax considerations that we describe in this summary. We have not sought and do not plan to seek any ruling from the IRS with respect to statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with our statements and conclusions.

This summary does not address all aspects of U.S. federal income and estate taxes and does not deal with non-U.S., state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances (including the Medicare contribution tax on net investment income). In addition, it does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws including, without limitation, if you are:

- a United States expatriate;
- a broker, dealer or trader in securities, commodities or currencies;
- a person who holds our Class A common stock as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- a person deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- a controlled foreign corporation, a passive foreign investment company, or a corporation that accumulates earnings to avoid U.S. federal income tax;
- a tax-exempt organization;
- a person subject to the alternative minimum tax;
- a government, government instrumentality or agency;
- a person who holds or receives our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- a bank, insurance company, or other financial institution; and
- a pass-through entity (including entities that are treated as pass-through entities for U.S. federal income tax purposes) and the owners of such entities that are subject to special treatment under the Code.

If you are considering the purchase of our Class A common stock, you are urged to consult your tax advisor to determine the particular U.S. federal income and estate tax consequences that may be relevant to you, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Distributions

A distribution of cash or property that we pay in respect of our Class A common stock will be treated as a dividend for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends paid to you generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, assuming certain requirements to obtain such reduced rate are met, as discussed below. However, dividends that are effectively connected with the conduct of a trade or business by you within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or a fixed base maintained by you in the United States) are not subject to such withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if you were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If the amount of a distribution paid on our Class A common stock exceeds our current and accumulated earnings and profits, such excess will be treated first as a tax-free return of capital to the extent of your adjusted tax basis in our Class A common stock, and thereafter as capital gain from a sale or other taxable disposition of our Class A common stock that is taxed to you as described below under the heading "Gain on Disposition of Class A Common Stock." Your adjusted tax basis in our Class A common stock is generally the purchase price of such Class A common stock.

If you wish to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends, then you must (a) provide the withholding agent with a properly completed and executed applicable IRS Form W-8 and certify under penalty of perjury that you are not a United States person as defined under the Code and are eligible for treaty benefits, or (b) if our Class A common stock is held through certain foreign intermediaries, satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

If you are eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty, then you may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim with the IRS. Non-U.S. holders are urged to consult their own tax advisors regarding their entitlement to the benefits under any applicable income tax treaty.

Gain on Disposition of Class A Common Stock

Subject to the discussions below in "Information Reporting and Backup Withholding" and "FATCA," you generally will not be subject to U.S. federal income tax with respect to gain realized on the sale or other taxable disposition of our Class A common stock, unless:

- the gain is effectively connected with a trade or business you conduct in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by you in the United States);
- if you are an individual who is present in the United States for a period or periods aggregating 183 days or more in the taxable year of the sale or other taxable disposition and certain other conditions are met; or
- we are or have been during a specified testing period a "United States real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes, and certain other conditions are met.

If you are a person described in the first bullet point above, you will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates. In addition, a non-U.S. holder that is a corporation may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits, subject to adjustments, or at such lower rate as may be specified by an applicable income tax treaty.

If you are an individual described in the second bullet point above, you will be subject to a flat 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States, provided the non-U.S. holder timely files a U.S. federal income tax return with respect to such losses.

We believe that we are not, and we do not anticipate becoming, a USRPHC for U.S. federal income tax purposes.

Federal Estate Tax

Class A common stock held by an individual non-U.S. holder at the time of death will be included in such holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

Generally, we must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to such holder and the amount of tax, if any, withheld with respect to such dividends. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which you are resident under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our Class A common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability, provided the required information is timely furnished by you to the IRS.

FATCA

Under Sections 1471 through 1474 of the Code, such Sections commonly referred to as FATCA, a 30% U.S. federal withholding tax may apply to any dividends paid on our Class A common stock and, for a disposition of our Class A common stock occurring after December 31, 2018, the gross proceeds from such disposition, in each case paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "— Distributions," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. You should consult your own tax advisor regarding these requirements and whether they may be relevant to your ownership and disposition of our Class A common stock.

THE SUMMARY OF CERTAIN U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES ABOVE IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY. POTENTIAL PURCHASERS OF OUR CLASS A COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS TO DETERMINE THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX AND TAX TREATY CONSIDERATIONS OF PURCHASING, OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK.

UNDERWRITING

We, the selling stockholders and the representatives of the underwriters for the offering named below have entered into an underwriting agreement with respect to the Class A common stock being offered. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase from us and the selling stockholders the number of shares of our Class A common stock set forth opposite its name below. Cowen and Company, LLC and Canaccord Genuity LLC are the representatives of the underwriters.

Underwriter	Number of Shares of Class A Common Stock
Cowen and Company, LLC	
Canaccord Genuity LLC	
Total	

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters have agreed, severally and not jointly, to purchase all of the shares of Class A common stock sold under the underwriting agreement if any of these shares of Class A common stock are purchased, other than those shares of Class A common stock covered by the overallotment option described below. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We and the selling stockholders have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters are offering the shares of Class A common stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Overallotment Option to Purchase Additional Shares of Class A Common Stock. The selling stockholders have granted to the underwriters an option to purchase up to additional shares of Class A common stock at the public offering price, less the underwriting discount. This option is exercisable for a period of 30 days. The underwriters may exercise this option solely for the purpose of covering overallotments, if any, made in connection with the sale of Class A common stock offered hereby. To the extent that the underwriters exercise this option, the underwriters will purchase additional shares of Class A common stock from the selling stockholders in approximately the same proportion as shown in the table above.

Discounts and Commissions. The following table shows the public offering price, underwriting discount and proceeds, before expenses to us and the selling stockholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of Class A common stock.

We estimate that the total expenses of the offering, excluding underwriting discount, will be approximately $ and are payable by us.

		Total	
	Per Share	Without Over Allotment	With Over Allotment
Public offering price			
Underwriting discounts and commissions			
Proceeds, before expenses, to Company			
Proceeds, to selling stockholders			

The underwriters propose to offer the shares of Class A common stock to the public at the public offering price set forth on the cover of this prospectus. The underwriters may offer the shares of Class A common stock to securities dealers at the public offering price less a concession not in excess of $ per share. If all of the shares of Class A common stock are not sold at the public offering price, the underwriters may change the offering price and other selling terms.

Discretionary Accounts. The underwriters do not intend to confirm sales of the shares of Class A common stock to any accounts over which they have discretionary authority.

Market Information. Prior to this offering, there has been no public market for shares of our Class A common stock. The initial public offering price will be determined by negotiations among us, the selling stockholders and the representatives of the underwriters. In addition to prevailing market conditions, the factors to be considered in these negotiations will include:

- the history of, and prospects for, our company and the industry in which we compete;
- our past and present financial information;
- an assessment of our management; its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development;
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares of Class A common stock may not develop. It is also possible that after the offering the shares of Class A common stock will not trade in the public market at or above the initial public offering price.

We have applied for the quotation of our Class A common stock on Nasdaq under the symbol ‘‘GNLN’’.

Stabilization. In connection with this offering, the underwriters may engage in stabilizing transactions, overallotment transactions, syndicate covering transactions, penalty bids and purchases to cover positions created by short sales.

- Stabilizing transactions permit bids to purchase shares of Class A common stock so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the Class A common stock while the offering is in progress.
- Overallotment transactions involve sales by the underwriters of shares of Class A common stock in excess of the number of shares of Class A common stock the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of shares of Class A common stock over-allotted by the underwriters is not greater than the number of shares of Class A common stock that they may purchase in the overallotment option. In a naked short position, the number of shares of Class A common stock involved is greater than the number of shares of Class A common stock in the overallotment option. The underwriters may close out any short position by exercising their overallotment option and/or purchasing shares of Class A common stock in the open market.
- Syndicate covering transactions involve purchases of Class A common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares of Class A common stock to close out the short position, the underwriters will consider, among other things, the price of shares of Class A common stock available for purchase in the open market as compared with the price at which they may purchase shares of Class A common stock through exercise of the overallotment option. If the underwriters sell more shares of Class A common stock than could be covered by exercise of the overallotment option and, therefore, have a naked short position, the position can be closed out only by buying shares of Class A common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares of Class A common stock in the open market that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the Class A common stock originally sold by that syndicate member is purchased in stabilizing or syndicate covering transactions to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our Class A common stock. These transactions may be effected on Nasdaq, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making. In connection with this offering, underwriters and selling group members may engage in passive market making transactions in our Class A common stock on Nasdaq in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of Class A common stock and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, such bid must then be lowered when specified purchase limits are exceeded.

Lock-Up Agreements. Pursuant to certain ''lock-up'' agreements, we and our executive officers, directors and certain of our other stockholders, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic consequence of ownership of, directly or indirectly, or make any demand or request or exercise any right with respect to the registration of, or file with the SEC a registration statement under the Securities Act relating to, any Class A common stock or securities convertible into or exchangeable or exercisable for any Class A common stock without the prior written consent of the representatives, for a period of 180 days after the date of the pricing of the offering.

This lock-up provision applies to Class A common stock and to securities convertible into or exchangeable or exercisable for Class A common stock. It also applies to Class A common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. The exceptions permit us, among other things and subject to restrictions, to: (a) issue Class A common stock or options pursuant to employee benefit plans, (b) issue Class A common stock upon exercise of outstanding options or warrants, (c) issue securities in connection with acquisitions or similar transactions, or (d) file registration statements on Form S-8. The exceptions permit parties to the ''lock-up'' agreements, among other things and subject to restrictions, to: (a) make certain gifts, (b) if the party is a corporation, partnership, limited liability company or other business entity, make transfers to any shareholders, partners, members of, or owners of similar equity interests in, the party, or to an affiliate of the party, if such transfer is not for value, (c) if the party is a corporation, partnership, limited liability company or other business entity, make transfers in connection with the sale or transfer of all of the party's capital stock, partnership interests, membership interests or other similar equity interests, as the case may be, or all or substantially all of the party's assets, in any such case not undertaken for the purpose of avoiding the restrictions imposed by the "lock-up" agreement and (d) participate in tenders involving the acquisition of a majority of our stock. In addition, the lock-up provision will not restrict broker-dealers from engaging in market making and similar activities conducted in the ordinary course of their business.

The representatives, in their joint discretion, may release our Class A common stock and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release our Class A common stock and other securities from lock-up agreements, the representatives will consider, among other factors, the holder's reasons for requesting the release, the number of shares of Class A common stock for which the release is being requested and market conditions at the time of the request. In the event of such a release or waiver for one of our directors or officers, the representatives shall provide us with notice of the impending release or waiver at least three (3) business days before the effective date of such release or waiver and we will announce the impending release or waiver by issuing a press release at least two business days before the effective date of the release or waiver.

Canada. This document constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the securities described herein. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the securities described herein and any representation to the contrary is an offence.

The Class A common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.* Any resale of the Class A common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the securities and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the securities or with respect to the eligibility of the securities for investment by such investment under relevant Canadian federal and provincial legislation and regulations.

United Kingdom. Each of the underwriters has represented and agreed that:

- it has not made or will not make an offer of the securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) (FSMA) except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (FSA);
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and
- it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Switzerland. The securities will not be offered, directly or indirectly, to the public in Switzerland and this prospectus does not constitute a public offering prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations.

European Economic Area. In relation to each Member State of the European Economic Area (the "EEA") which has implemented the European Prospectus Directive (each, a "Relevant Member State"), an offer of our shares of Class A common stock may not be made to the public in a Relevant Member State other than:

- to any legal entity which is a qualified investor, as defined in the European Prospectus Directive;
- to fewer 150 natural or legal persons (other than qualified investors as defined in the European Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer, or;
- in any other circumstances falling within Article 3(2) of the European Prospectus Directive,

provided that no such offer of our shares of Class A common stock shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the European Prospectus Directive or supplement prospectus pursuant to Article 16 of the European Prospectus Directive and each person who initially acquires any shares of Class A common stock or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and with us that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the European Prospectus Directive.

In the case of any shares of Class A common stock being offered to a financial intermediary as that term is used in Article 3(2) of the European Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares of Class A common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer or any shares of Class A common stock to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this description, the expression an "offer to the public" in relation to the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the expression may be varied in that Relevant Member State by any measure implementing the European Prospectus Directive in that member state, and the expression "European Prospectus Directive'' means Directive 2003/71/EC (and amendments hereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on our behalf, other than offers made by the underwriters and their respective affiliates, with a view to the final placement of the securities as contemplated in this document. Accordingly, no purchaser of the shares of Class A common stock, other than the underwriters, is authorized to make any further offer of shares of Class A common stock on our behalf or on behalf of the underwriters.

Electronic Offer, Sale and Distribution of Shares. A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares of Class A common stock to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Other Relationships. Certain of the underwriters and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us and our affiliates for which they have received, and may in the future receive, customary fees.

LEGAL MATTERS

The validity of the Class A common stock offered hereby will be passed upon for us by Pryor Cashman LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by DLA Piper LLP (US), San Diego, California.

EXPERTS

The consolidated financial statements of Greenlane Holdings, LLC and its subsidiaries as of December 31, 2017 and 2016 and for each of the years then ended, have been included herein in reliance upon the report of BDO USA, LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Better Life Holdings, LLC as of December 31, 2017 and for the year then ended, have been included herein in reliance upon the report of Squar Milner LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Better Life Holdings, LLC as of December 31, 2016 and for the year then ended, have been included herein in reliance upon the report of LBB & Associates Ltd., LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and the Class A common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. We currently do not file periodic reports with the SEC. Upon closing of our initial public offering, we will be required to file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statement may be obtained from that office. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is *www.sec.gov*.

You may request a copy of any of our filings with the SEC at no cost by writing us at the following address or telephoning us at the following number:

Greenlane Holdings, Inc.
6501 Park of Commerce Blvd., Suite 200
Boca Raton, Florida 33487
(877) 292-7660

You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this prospectus.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Greenlane Holdings, Inc.

The financial statements of Greenlane Holdings, Inc. have been omitted because this entity is a business combination related shell company, as defined in Rule 405 under the Securities Act, has only nominal assets, has not commenced operations and has not engaged in any business or other activities except in connection with its formation. Greenlane Holdings, Inc. does not have any contingent liabilities or commitments.

GREENLANE HOLDINGS, LLC
Consolidated Balance Sheets
(Unaudited)

	As of June 30, 2018	As of December 31, 2017
ASSETS		
Current assets		
Cash	$ 1,398,819	$ 2,080,397
Accounts receivable, net of allowance of $199,975 and $156,472 at June 30, 2018 and December 31, 2017, respectively	6,391,500	3,759,551
Inventories, net	22,504,097	14,159,693
Vendor deposits	4,101,185	2,338,312
Other current assets	2,319,977	950,503
Total current assets	36,715,578	23,288,456
Property and equipment, net	1,091,029	597,494
Intangible assets, net	4,310,628	1,619,836
Goodwill	5,445,691	3,150,121
Investments in associated entities	996,496	915,920
Total assets	$ 48,559,422	$ 29,571,827
LIABILITIES		
Current liabilities		
Accounts payable	$ 14,275,982	$ 15,500,519
Accrued expenses	6,778,924	3,337,672
Due to parent	7,350,000	610,544
Current portion of note payable	135,908	7,792
Current portion of capital lease obligations	76,378	63,155
Total current liabilities	28,617,192	19,519,682
Loans payable to members	0	565,249
Note payable	21,259	0
Capital lease obligations	146,733	91,063
Total long-term liabilities	167,992	656,312
Total liabilities	28,785,184	20,175,994
Commitments and contingencies (Note 10)		
REDEEMABLE CLASS B UNITS	8,890,000	—
MEMBERS' EQUITY		
Common units	6,449,921	6,449,921
Retained earnings	4,675,688	3,154,623
Accumulated other comprehensive loss	(241,371)	(208,711)
Total members' equity	10,884,238	9,395,833
Total liabilities, redeemable Class B units and members' equity	$ 48,559,422	$ 29,571,827

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated Statements of Operations
(Unaudited)

	For the six months ended June 30,	
	2018	**2017**
Net sales	$ 83,818,436	$ 38,138,585
Cost of sales	66,353,112	29,302,895
Gross profit	17,465,324	8,835,690
Operating expenses:		
Salaries, benefits and payroll taxes	6,556,667	3,533,709
General and administrative	7,620,822	3,888,436
Depreciation and amortization	617,572	416,315
Total operating expenses	14,795,061	7,838,460
Income from operations	2,670,263	997,230
Other income (expense):		
Interest expense	(152,930)	(128,406)
Other income	159,557	179,920
Other income, net	6,627	51,514
Income before income taxes	2,676,890	1,048,744
Provision for income taxes	148,650	85,766
Net income	$ 2,528,240	$ 962,978
Pro-forma earnings per unit:		
Basic and diluted	$ 25,282	$ 9,630
Pro-forma weighted-average units outstanding:		
Basic and diluted	100	100

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated Statements of Comprehensive Income
(Unaudited)

	For the six months ended June 30,	
	2018	**2017**
Net income	$ 2,528,240	$ 962,978
Other comprehensive income (loss):		
Foreign currency translation adjustments	(32,660)	14,792
Total comprehensive income	$ 2,495,580	$ 977,770

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated Statement of Changes In Redeemable Class B Units And Members' Equity
(Unaudited)

	Redeemable Class B Units	Common Units Capital Contribution	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2017	$ —	$ 6,449,921	$ 3,154,623	$ (208,711)	$ 9,395,833
Issuance of Class B redeemable units	8,890,000	—	—	—	—
Net income	—	—	2,528,240	—	2,528,240
Member distributions	—	—	(1,007,175)	—	(1,007,175)
Effects of foreign currency exchange	—	—	—	(32,660)	(32,660)
Balance, June 30, 2018	$ 8,890,000	$ 6,449,921	$ 4,675,688	$ (241,371)	$10,884,238

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated Statements of Cash flows
(Unaudited)

	For the six months ended June 30,	
	2018	**2017**
Cash flows from operating activities:		
Net income	$ 2,528,240	$ 962,978
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	617,572	416,315
Provision for doubtful accounts	199,275	201,368
Provision for slow moving or obsolete inventory	27,337	49,309
Other	—	(100,000)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable, net	(2,708,954)	(628,996)
Vendor deposits	(1,762,873)	(1,314,188)
Inventories	(5,006,679)	(2,422,353)
Other assets	(1,304,684)	(757,882)
Accounts payable	(2,105,269)	899,712
Accrued expenses	3,182,439	837,935
Income from equity method investments in associated entities	(80,576)	(175,585)
Net cash used in operating activities	(6,413,472)	(2,031,387)
Cash flows from investing activities:		
Better Life Holdings, Inc. acquisition, net of cash acquired	785,081	—
Purchase of property and equipment, net	(357,400)	(107,148)
Purchase of intangible assets, net	(18,089)	(653,909)
Net cash provided by (used in) investing activities	409,592	(761,057)
Cash flows from financing activities:		
Payments on long-term debt	(594,453)	(627,681)
Proceeds from note payable	149,375	366,634
Proceeds from related parties – line of credit, net	6,739,456	2,000,575
Proceeds from long-term debt	—	364,792
Increase in capital lease obligations	116,637	48,376
Payments of capital lease obligations	(48,878)	(45,651)
Member distributions	(1,007,175)	(133,035)
Net cash provided by financing activities	5,354,962	1,974,010
Effects of exchange rate changes on cash	(32,660)	14,792
Net decrease in cash	(681,578)	(803,642)
Cash, as of beginning of the period	2,080,397	1,691,196
Cash, as of end of period	$ 1,398,819	$ 887,554
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	$ 135,949	$ 10,050
Cash paid during the period for interest	$ 152,930	$ 128,406
Non-cash investing activities:		
Class B Units issued for acquisition of Better Life Holdings, LLC.	$ 8,890,000	$ —

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTE 1. BUSINESS OPERATIONS

Greenlane Holdings, LLC (formerly known as Jacoby Holdings, LLC) (the "Company), is a holding company with investments in several companies that merchandise vaporizers and other products in the United States and Canada. Through its operating subsidiaries, the Company distributes to retailers through its wholesale operations and to consumers through its ecommerce activities. The Company operates four distribution centers in the United States and one distribution facility in Canada.

The Company was organized under the laws of the state of Delaware on October 28, 2015, and is based in Boca Raton, Florida.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the principles of accounting measurement in Accounting Standard Codification ("ASC") 270, *Interim Reporting*, ("ASC 270") and Article 10 of Regulation S-X and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. Certain reclassifications have been made to prior year amounts or balances to conform to the presentation adopted in the current year. Operating results for the six-month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018 or any other period. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual financial statements for the year ended December 31, 2017.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance U.S. GAAP for all periods presented and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company is planning for an initial public offering in 2018; therefore, these consolidated financial statements include the application of U.S. GAAP for public entities.

The accompanying financial statements include the accounts of the Company consolidated with its 100% wholly-owned subsidiaries, Warehouse Goods LLC ("WHG"), Aerospaced LLC, BioVapor Solutions LLC ("BVS"), Mid-Atlantic Holdings Group LLC ("MAHG") and MSI Imports, LLC. WHG owns 100% of GS Fulfillment LLC ("GS Fulfillment) and Vape World Distribution LTD ("VWDL"), the Company's Canadian subsidiary.

In August 2017, WHG formed HS Products, LLC ("HS Products"), which operates the Higher Standards retail website. In September 2017, WHG formed Higher Standards Chelsea Market LLC ("HSCM"), a wholly-owned subsidiary. Both entities were organized in the state Delaware. In late December 2017, HSCM opened its first flagship store in New York City's Chelsea Market area.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Significant items subject to such estimates include the accounts receivable allowance for doubtful accounts and allowance for slow-moving or obsolete inventory. Accordingly, actual results could differ from those estimates.

Segment Reporting

The Company has two distinct operating segments (the United States operations and Canadian operations). The Canadian operating segment consists of VWDL, the Company's wholly-owned Canadian subsidiary. The United States operating segment is comprised of all other subsidiaries. The Company has one reportable segment, which has

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

been identified based on how the chief operating decision maker ("CODM") manages the business, makes operating decisions and evaluates operating performance. The Company's CODM is the Chief Executive Officer.

Sales by Category

	Six months ended June 30,			
	2018		2017	
		%		%
Vaporizers & Components	$ 67,524,332	80.6%	$ 30,724,814	80.6%
Parts & Accessories	7,114,758	8.5%	4,254,945	11.2%
Custom Products/Packaging	2,722,019	3.2%	273,562	0.7%
Functional/Glass	2,698,208	3.2%	1,371,882	3.6%
Tools & Appliances	1,545,131	1.8%	56,859	0.1%
Grinders & Storage	1,145,479	1.4%	932,789	2.4%
Papers/Wraps	267,989	0.3%	333,324	0.9%
Other	800,520	1.0%	190,410	0.5%
Total	$ 83,818,436	100.0%	$ 38,138,585	100.0%

Sales by Country

	Six months ended June 30,			
	2018		2017	
		%		%
USA	$ 78,404,735	93.5%	$ 34,603,165	90.7%
Canada	4,168,254	5.0%	2,894,160	7.6%
Other Foreign Countries	1,245,446	1.5%	641,259	1.7%
Total	$ 83,818,436	100.0%	$ 38,138,585	100.0%

Long-Lived Assets by Country

	June 30, 2018		December 31, 2017	
		%		%
USA	$ 1,068,002	97.9%	$ 573,513	96.0%
Canada	23,027	2.1%	23,981	4.0%
Total	$ 1,091,029	100.0%	$ 597,474	100.0%

The Company does not have any other long-lived assets located in foreign countries.

Business Combinations

Business combinations are accounted for under the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations* ("ASC 805"). Under the acquisition method, the acquiring entity in a business combination recognizes 100 percent of the acquired assets and assumed liabilities, regardless of the percentage owned, at their estimated fair values as of the date of acquisition. Any excess of the purchase price over the fair value of net assets and other identifiable intangible assets acquired is recorded as goodwill. To the extent the fair value of net assets acquired, including other identifiable assets, exceeds the purchase price, a bargain purchase gain is recognized. Assets acquired, and liabilities assumed from contingencies, must also be recognized at fair value if the fair value can be determined during the measurement period. Results of operations of an acquired business are included in the consolidated statement of operations from the date of acquisition. Acquisition-related costs, including conversion and restructuring charges, are expensed as incurred. See Note 13.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Share-Based Compensation

The Company granted certain incentive awards in the form of profits interests and phantom unit awards to certain individuals currently employed by the Company. The phantom unit awards and the profits interest awards include both a service condition and a performance condition which must be satisfied in order for the awards to vest and for settlement to occur. Vesting of the profits interest awards is based on satisfying either the service or the performance condition. As a result, the initial requisite service period is the shorter of the explicit service period for the service condition or the explicit or implicit service period for the performance condition. The Company accounts for these awards in accordance with ASC Topic 718, *Stock Compensation*, ("ASC 718"). See Note 15.

Fair Value Measurements

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term debt, are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The fair value of long-term debt is the estimated amount the Company would have to pay to repurchase the debt, including any premium or discount attributable to the difference between the stated interest rate and market rate of interest at each balance sheet date. As of June 30, 2018, and December 31, 2017, the carrying amount of the Company's long-term debt approximated its fair value.

The Company determines the fair market values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash

The Company considers all highly-liquid investments with original maturities of three months or less from date of purchase to be cash equivalents. As of June 30, 2018, and December 31, 2017, the Company had no cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from customers for merchandise sales and are recorded when product has shipped. An account is considered past due when payment has not been rendered by its due date based upon the terms of the sale. Generally, accounts receivable are due 30 days after the billing date. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of collections as well as current credit conditions. Accounts are written off as uncollectible on a case-by-case basis. Accounts receivable were reported net of the allowance for doubtful accounts of approximately $200,000 and $156,000 at June 30, 2018 and December 31, 2017, respectively. Accounts receivable are pledged as collateral for the line of credit. See Note 8.

Inventory

Inventory consists principally of finished goods that are valued at the lower of cost or net realizable value on a weighted average cost basis. ASU 2015-11, *Simplifying the Measurement of Inventory*, was adopted during the year ended December 31, 2017. The Company has established an allowance for slow-moving or obsolete inventory

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

based upon assumptions about future demands and market conditions. At June 30, 2018 and December 31, 2017, the reserve for obsolescence was approximately $275,000, and $151,000, respectively. Inventory is pledged as collateral for the line of credit. See Note 8.

Property and Equipment, net

Property and equipment are recorded at historical cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the asset. Upon the sale or retirement of equipment, the cost and related accumulated depreciation are removed from the accounts and the difference between book value and any proceeds realized on the sale is charged or credited to income. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization are recorded under the straight-line method over the estimated useful lives which are as follows:

Furniture, equipment and software	3-7 years
Leasehold improvements	Lesser of lease term or 5 years

Impairment of Long-Lived Assets

The Company assesses the recoverability of the carrying amount of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be assessed when estimated undiscounted future cash flows from the operation and disposition of the asset group are less than the carrying amount of the asset group. Asset groups have identifiable cash flows and are largely independent of other asset groups. Measurement of an impairment loss is based on the excess of the carrying amount of the asset group over its fair value. There was no impairment loss for intangible assets for the six months ended June 30, 2018 and 2017. See Note 3.

Intangible Assets

Intangible assets consist of domain names, intellectual property, distribution agreements, proprietary technology, trademarks and trade names, and other rights. The Company assesses the recoverability of finite-lived intangible assets, other than goodwill, in the same manner as for property and equipment, as described above. There was no impairment loss for intangible assets for the six months ended June 30, 2018 and 2017. See Note 4.

Goodwill

Goodwill, representing the difference between total purchase price and fair value of assets acquired (tangible and intangible) and liabilities assumed at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets and liabilities exceeds fair value. See Note 4 and Note 13.

Equity Method Investments

Investee companies that are not consolidated, but over which the Company exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Company's consolidated balance sheets and statements of operations; however, the Company's share of the earnings or losses of the Investee company is reflected in the caption "Other income, net'' in the consolidated statements of operations. The Company's carrying value in an equity method Investee company is reflected in the caption "Investments in associated entities" in the Company's consolidated balance sheets. When the Company's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Company's consolidated financial statements unless the Company has guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

The Company's investment in a company that is accounted for on the equity method of accounting consisted of a 33.3% non-controlling interest in NWT Holdings, LLC ("NWT"), a manufacturer of vaporizers. The investment in NWT amounted to approximately $996,000 and $916,000 at June 30, 2018 and December 31, 2017, respectively. The income from the equity method investment for the six months ended June 30, 2018 and 2017 was approximately $81,000 and $176,000, respectively.

Vendor Deposits

Vendor deposits represent prepayments made to vendors for inventory purchases. A significant number of vendors require prepayment for inventory purchases made by the Company. The Company had approximately $4,101,000 and $2,338,000 in vendor deposits at June 30, 2018 and December 31, 2017, respectively.

Accrued Royalties

As part of its distribution agreement with Grenco Science, Inc., ("Grenco Science"), the Company distributes licensed products with associated royalties. Grenco Science manufactures products licensed with various artists and music personalities. The Company accrues royalties associated with the sale of such products. Accrued royalties at June 30, 2018 and December 31, 2017, were approximately $31,000 and $300,000, respectively. See Note 5.

Customer Deposits

In August 2016, the Company launched a dedicated dispensary division and established a supply chain for premium, patented, child-resistant packaging, closed-system vaporization solutions and custom-branded retail products. For some of these product offerings, the Company receives a deposit from the customer (generally 50% of the total order cost, but the amount can vary by customer contract). These orders are typically completed within six weeks to three months from the date of order, depending on the complexity of the customization and the size of the order. Customer deposits at June 30, 2018 and December 31, 2017 were approximately $3,871,000 and $721,000, respectively. See Note 5.

Foreign Currency

The accompanying consolidated financial statements are presented in United States (U.S.) dollars. The functional currency of VWDL, the Company's Canadian subsidiary, is the Canadian dollar. The assets and liabilities of VWDL are translated into U.S. dollars at current exchange rates and revenue and expenses are translated at average exchange rates for the year. Capital accounts are translated at their historical exchange rates when the capital transactions occurred. The foreign currency translation adjustments are included in accumulated other comprehensive loss, a separate component of members' equity in the consolidated balance sheets. Other exchange gains and losses are reported in the consolidated statements of operations. See Note 9.

Shipping and Handling

Shipping and handling revenue is included in net sales. Shipping and handling costs for merchandise sold are included in cost of sales.

Taxes on Revenue Producing Transactions

Taxes assessed by governmental authorities on revenue producing transactions, including sales, excise and use taxes, are recorded on a net basis (excluded from revenue) in the consolidated statements of operations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Comprehensive Income

Comprehensive income includes net income as currently reported by the Company, adjusted for other comprehensive items. Other comprehensive items for the Company consist of foreign currency translation gains and losses.

Advertising

Advertising costs are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of operations. Advertising costs totaled approximately $1,800,000 and $992,000 for the six months ended June 30, 2018 and 2017, respectively.

Warranties

The Company provides no warranty on products sold. Product warranty is provided by the manufacturers.

Income Taxes

The Company is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, taxable income or loss is passed through to and included in the taxable income of the Company's members. Accordingly, the consolidated financial statements do not include a provision for federal income taxes. The Company is liable for various other state and local taxes and is subject to taxes in foreign jurisdictions. Therefore, the provision for income taxes includes only income taxes on income from the Company's Canadian subsidiary and state income tax, if any, in the consolidated financial statements.

The Company utilizes a two-step approach for recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority. There were no amounts required to be recorded at June 30, 2018 and December 31, 2017 related to uncertain tax positions.

Income tax amounts reflected in the accompanying financial statements relate primarily to income generated by the Company's Canadian subsidiary and are based upon an estimated annual effective tax rate of approximately 26%, resulting in income tax expense of approximately $149,000 and $86,000, which is included in the consolidated statement of operations for the six months ended June 30, 2018 and 2017, respectively.

Interest and penalties associated with uncertain tax positions, if any, are recognized as part of the income tax provision. As of June 30, 2018, and December 31, 2017, respectively, no uncertain tax positions had been identified and no interest or penalties had been accrued.

Revenue Recognition

The Company recognizes revenue in accordance with ASU 2014-09,*Revenue from Contracts with Customers* ("ASC 606"). Under ASC 606, the Company recognizes revenue when a customer obtains control of the promised goods or services. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods or services, net of any variable considerations (e.g., rights to return product, sales incentives, others) and any taxes collected from customers and subsequently remitted to governmental authorities. The Company uses a best estimate approach to measure variable consideration which approximates the expected value method. The Company applies the following five-step model in order to determine this amount: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services the Company transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, management reviews the contract to determine which performance obligations must be delivered and which of these performance obligations are distinct. The Company recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied.

The Company generates revenue primarily from the sale of finished products to customers, whereby each product unit represents a single performance obligation. The performance obligation is satisfied when the customer obtains control of the product, which typically occurs at the time of shipping. Upon shipping, the customer has legal title of the product and bears the significant risks and rewards of ownership, including the right to sell or redirect the product. As such, customer orders are recorded as revenue once the order is shipped from one of the Company's distribution centers. The Company's performance obligations for services are satisfied when the services are rendered within the arranged service period. Total service revenue is not material and accounted for less than 0.5% of revenues for the six months ended June 30, 2018 and 2017, respectively.

Revenue is presented net of sales taxes, discounts and expected refunds.

Product revenues are recorded net of estimated rebates or sales incentives as well as estimated product returns as elements of variable consideration. The actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates, which would affect net revenue from products in the period such variances become known. The Company estimates product returns based on historical experience and records them on a gross basis as a refund liability that reduces the net sales for the period. The Company analyzes actual historical returns, current economic trends and changes in order volume when evaluating the adequacy of the sales returns allowance in any accounting period. The liability for returns is included in accrued expenses on the Company's consolidated balance sheets and was approximately $320,000 and $400,000 at June 30, 2018 and December 31, 2017, respectively.

The Company holds several exclusive distribution agreements with its manufacturers that are evaluated against the criteria outlined in ASC 606-10-55, *Principal versus Agent Considerations*, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned. In all arrangements, the Company determined that it acts as the principal in the transaction, controlling the good or service before it is transferred to the customer. As such, the Company records gross revenue for such arrangements.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02,*Leases (Topic 842)*, which, among other things, requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard becomes effective for the Company on January 1, 2019, with early adoption permitted. The Company plans to adopt this ASU beginning on January 1, 2019. The amendments in this update should be applied under a modified retrospective approach. The Company is in the process of evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In July 2018, the FASB issued additional guidance on the accounting for leases. The guidance provides companies with another transition method that allows entities to recognize a cumulative-effect adjustment to the opening balance of retained earnings as of the date of adoption. Under this method, previously presented years' financial positions and results would not be adjusted. The new guidance also provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component if (1) the non-lease components would otherwise be accounted for under the new revenue recognition standard, (2) both the timing and pattern of transfer are the same for the non-lease components and associated lease

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

component, and (3) if accounted for separately, the lease component would be classified as an operating lease. The Company is assessing the use of practical expedients in its accounting for leases.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 320): Classification of Certain Cash Receipts and Cash Payments*. This ASU addresses the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows, including debt prepayment or debt extinguishment costs, contingent consideration payments made soon after a business combination, proceeds from the settlements of insurance claims, and proceeds from the settlements of bank-owned life insurance ("BOLI") policies. This amendment became effective for public business entities for reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption was permitted. Adoption of this ASU on January 1, 2018 had no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which amended existing guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The amendments provide a screen to determine when a set of assets and activities (collectively referred to as a "set") is not a business. The screen requires that when substantially all of the fair value of the group assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. If the screen is not met, the amendments (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The amendments became effective for public business entities for annual periods beginning after December 15, 2017, including interim periods with those periods. Adoption of the guidance on January 1, 2018 had no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other: Simplifying the Test for Goodwill Impairment (Topic 350)*, which removes step two of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. For public companies, this ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, but early adoption is permitted for impairment tests after January 1, 2017. The Company has adopted this standard as of January 1, 2017. There was no impact on the Company's 2017 consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation — Stock Compensation: Improvements to Nonemployee Share Based Payment Accounting.* ASU 2018-07 provides guidance on accounting for share-based awards issued to nonemployees. The standard is effective for annual and interim periods beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the guidance to determine the potential impact on its financial condition, results of operations and cash flows.

NOTE 3. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation and amortization:

	As of June 30, 2018	As of December 31, 2017
Furniture, equipment and software	$ 1,546,050	$ 988,584
Leasehold improvements	221,353	169,506
	1,767,403	1,158,090
Less: accumulated depreciation and amortization	676,374	560,596
Property and equipment, net	$ 1,091,029	$ 597,494

NOTE 3. PROPERTY AND EQUIPMENT (cont.)

Depreciation expense for property and equipment for the six months ended June 30, 2018 and 2017 was approximately $114,000 and $63,000, respectively.

Property and equipment include assets recorded under capital lease agreements. The cost of this equipment was approximately $530,000 and $305,000 at June 30, 2018 and December 31, 2017, respectively. Depreciation expense for these assets is included with depreciation and amortization expense in the consolidated statement of operations.

Property and equipment are pledged as collateral for the Company's line of credit. See Note 8.

NOTE 4. GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of the purchase price paid over the fair value of the net assets acquired in business combinations. Goodwill is not amortized but is tested for impairment at least annually. When evaluating whether goodwill is impaired, the Company performs a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company would then recognize an impairment charge for the amount by which carrying amount exceeds the reporting unit's estimated fair value; however, goodwill would not be reduced below zero.

The Company tests for impairment of goodwill annually or when we deem that a triggering event has occurred. There were no impairments to goodwill recorded during the six months ended June 30, 2018 and 2017. For six months ended June 30, 2018, we recognized $2.3 million in goodwill related to a business acquisition as described in Note 13, "Business Acquisition".

Identified intangible assets consisted of the following:

	As of June 30, 2018			
	Gross carrying amount	Accumulated amortization	Net book value	Estimated useful lives (in years)
Domain Names	$ 131,000	$ (55,378)	$ 75,622	15
Distribution Agreements	650,000	(288,889)	361,111	5
Proprietary Technology	1,040,000	(554,667)	485,333	5
Trademarks and Tradenames	2,283,936	(256,198)	2,027,738	5-10
Non-competition Agreements	218,000	(36,333)	181,667	2
Customer Relationships	1,196,000	(79,733)	1,116,267	5
Other Intangibles	85,512	(22,622)	62,890	5
	$ 5,604,448	$ (1,293,820)	$ 4,310,628	

	As of December 31, 2017			
	Gross carrying amount	Accumulated amortization	Net book value	Estimated useful lives (in years)
Domain Names	$ 131,000	$ (47,015)	$ 83,985	15
Distribution Agreements	1,650,000	(1,180,555)	469,445	5
Proprietary Technology	1,040,000	(450,667)	589,333	5
Trademarks and Tradenames	520,000	(112,667)	407,333	10
Other Intangibles	84,358	(14,618)	69,740	5
	$ 3,425,358	$ (1,805,522)	$ 1,619,836	

Amortization expense for the six months ended June 30, 2018 and 2017 was approximately $503,000 and $353,000, respectively.

NOTE 5. COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

	As of June 30, 2018	As of December 31, 2017
Accrued expenses:		
Customer deposits	$ 3,871,100	$ 720,527
Refund liability	320,000	400,000
Accrued royalties	31,358	299,577
Reserve for inventory returned not credited	72,130	—
Accrued marketing reserve	218,551	66,428
Accrued bonuses	582,005	200,000
Accrued professional fees	785,136	75,000
Employee benefits	163,930	701,304
Taxes payable	186,214	140,690
Other	548,500	734,146
	$ 6,778,924	$ 3,337,672

NOTE 6. LONG TERM DEBT

The Company's long-term debt consists of the following amounts at the dates indicated:

	As of June 30, 2018	As of December 31, 2017
7.1% note payable to a lender in relation to short term financing of the Company's insurance premiums. The loan is due within one year	$ 129,925	$ 7,792
3.0% note payable to a lender in relation to a five year vehicle loan, for the purchase of a truck used in operations	27,242	—
10% note payable to a member, interest payable monthly and principal payments deferred indefinitely	—	460,967
6% unsecured loan payable to a director of MSI Imports LLC. The loan has been classified as long-term	—	44,569
Non-interest bearing unsecured loan from a member. The loan has been classified as long-term	—	36,000
10% unsecured note payable to a member. The loan has been classified as long-term	—	23,713
	157,167	573,041
Current portion	135,908	7,792
Long-term portion	$ 21,259	$ 565,249

In April 2018, the Company paid down all of its outstanding promissory notes payable to members and affiliates, which totaled $565,249 at December 31, 2017. All amounts of such notes were classified as long-term debt at December 31, 2017. There were no such notes outstanding at June 30, 2018.

NOTE 7. LEASES

Operating Leases

The Company leases distribution centers in Florida, California and Ontario, Canada, an administrative office in Boca Raton, Florida and a returns facility in Seattle, Washington from unrelated parties. Rent expense under the Company's operating leases amounted to approximately $550,000 and $222,000 for the six months ended June 30, 2018 and 2017.

Capital Leases

The asset and liability under capital leases have been recorded at the present value of the minimum lease payments.

NOTE 7. LEASES (cont.)

	As of June 30, 2018	As of December 31, 2017
Equipment under capital lease included in property and equipment (Note 3)	$ 223,111	$ 154,218
Less: current portion	(76,378)	(63,155)
Long term capital lease obligation	$ 146,733	$ 91,063

NOTE 8. RELATED PARTY TRANSACTIONS

WHG expensed approximately $41,000 in the six months ended June 30, 2018 and 2017, respectively, for use of a boat, owned by a related entity, for the Company's marketing and business entertainment. The related entity is owned by two officers of the Company.

WHG purchased approximately $1,443,000 and $1,638,000 of merchandise inventory from NWT in the three months ended June 30, 2018 and 2017, respectively. WHG sold approximately $637,000 and $983,000 in merchandise and services to NWT in the six months ended June 30, 2018 and 2017, respectively. As a result of business operations, the Company has both amounts due from NWT and amounts payable to NWT. Such amounts are offset in either accounts receivable or accounts payable at June 30, 2018 and December 31, 2017. As of June 30, 2018, and December 31, 2017, the Company had net accounts receivable of approximately $8,000 and $116,000, respectively, which represented the total amounts due from NWT offset by the total amounts payable to NWT, which is included in "Accounts receivable, net" in the accompanying consolidated balance sheet. A 33.3% interest in NWT is owned by MAHG, and the Company owned 100% of MAHG as of June 30, 2018 and December 31, 2017, respectively.

At June 30, 2018 and December 31, 2017, the Company had notes payable to its two members of approximately $0 and $565,000, respectively. In April 2018, the Company paid down all of its outstanding promissory notes payable to members and affiliates, which totaled $565,249. See Note 6. Interest of approximately $15,000 and $29,000 was paid for the six months ended June 30, 2018 and 2017, respectively, to the members in relation to these notes payable.

On October 4, 2017, Jacoby & Co. Inc., the managing member of the Company, entered into a credit agreement which provides for a revolving credit facility of up to $8.0 million. The revolving credit facility matures on October 3, 2018. Interest is payable monthly at LIBOR plus 3.50% per annum provided that no default has occurred. Jacoby & Co. Inc.'s obligations under the credit facility are guaranteed by the Company and all of its operating subsidiaries, and collateralized by the Company's accounts receivable, inventory, property and equipment, deposit accounts, intangibles and other assets, and an assignment of member life insurance policies. The line of credit borrowing base is 80% of eligible accounts receivable plus 50% of eligible inventory. The line of credit covenants require a fixed charge coverage ratio of no less than 1.25, to be calculated on a quarterly basis, on the last day of each calendar quarter. All draws under the line of credit are advanced by Jacoby & Co. Inc. to the Company's subsidiary, WHG, and WHG remits all payments required under the line of credit to the third-party lender on behalf of Jacoby & Co. Inc. Therefore, all activity under the line of credit and the outstanding balance are included in the caption Due to Parent in the accompanying consolidated financial statements. Jacoby & Co. Inc. was in compliance with its covenants as of June 30, 2018 and December 31, 2017. The line of credit payable as of June 30, 2018 and December 31, 2017 was approximately $7,350,000, and $611,000, respectively. See Note 17.

NOTE 9. CONCENTRATION OF CREDIT RISK AND FOREIGN EXCHANGE RISK

Cash balances are maintained at several financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At December 31, 2017, none of the Company's domestic cash balances exceeded the FDIC insured limits. At June 30, 2018, balances in certain accounts exceeded federally insured limits. However, to date, the Company has not incurred any losses on deposits of cash.

At June 30, 2018 and December 31, 2017, approximately $23,000 and $192,000, respectively, of the Company's cash balances were in foreign bank accounts and uninsured.

NOTE 9. CONCENTRATION OF CREDIT RISK AND FOREIGN EXCHANGE RISK (cont.)

Currency adjustment expense, which is included in general and administrative expense in the accompanying consolidated statements of operations, was approximately $21,000 and $2,400 for the six months ended June 30, 2018 and 2017, respectively. This expense relates to the conversion of transactions of VWDL denominated in the functional currency of Canadian dollars into U.S. dollars.

Customer Concentration

At June 30, 2018, the Company had two customers that represented more than 5% of total accounts receivable, with one customer representing approximately 8.0% of total accounts receivable at June 30, 2018 and the other customer representing approximately 5.1% for the same period. As of December 31, 2017, one customer represented approximately 19.1% of the Company's accounts receivable. No individual customer or groups of affiliated customers represented more than 5% of the Company's sales for the three and six months ended June 30, 2018 or 2017, respectively.

Supplier Concentration

The Company has two major vendors that accounted for an aggregate of approximately 72.6% and $8.2 million in purchases from these vendors for the six months ended June 30, 2018, and an aggregate of approximately 34% and $11.0 million in purchases from these same vendors for the six months ended June 30, 2017. The Company expects to maintain its relationships with these vendors.

NOTE 10. COMMITMENTS AND CONTINGENCIES

In the ordinary course of its business, the Company is involved in various legal proceedings involving a variety of matters. The Company does not believe there are any pending legal proceedings that will have a material adverse effect on the Company's business, consolidated financial position, results of operations, or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. The Company expenses legal fees in the period in which they are incurred. See Note 7 for discussion of lease commitments.

NOTE 11. MEMBERS' EQUITY

Effective February 20, 2018, the Company amended its limited liability company operating agreement (the "LLC Agreement") and created Class A and Class B membership units in conjunction with the Company's acquisition of a 100% interest in Better Life Holdings LLC ("BLH"). See Note 13. The Class A units have voting rights and participate in the residual equity of the Company pro-rata with Class B units. See Note 12.

Each member's percentage interest in the Company is outlined in an appendix to the LLC Agreement, whereby it is noted that Jacoby & Co. Inc. holds a 75.0% percentage interest, Adam Schoenfeld holds a 15.0% percentage interest, Better Life Products Inc. holds a 7.9% percentage interest, and Rochester Vapor Group, LLC holds a 2.1% percentage interest. The LLC Agreement does not provide a number of authorized membership units.

NOTE 12. REDEEMABLE CLASS B UNITS

Effective February 20, 2018, the Company acquired a 100% interest in BLH in exchange for an aggregate ten percent (10.0%) equity interest in the Company. As consideration for the transaction, the Company issued its Class B membership units, which are contingently redeemable by the holder.

The Class B units are non-voting and contain a put right whereby, at any time after the third anniversary of the acquisition of BLH (in each case prior to an effective IPO or Capital Event) each of the holders of Class B Units has the right to require that the Company purchase all, but not less than all, of its Class B Units at an aggregate price equal to the fair market value of the Class B units as of the date of the put notice (as defined), in the form of a cash payment. The Class B units do not contain any mandatory redemption provisions.

The Company classifies the redeemable Class B units outside of members' equity as the units contain contingent redemption features that are not solely within the Company's control. The initial carrying value of the amount classified

NOTE 12. REDEEMABLE CLASS B UNITS (cont.)

in temporary equity for the Class B Units, which were not issued in conjunction with any other freestanding instruments, was based on the issuance date fair value of the Class B Units. As of June 30, 2018, the Company determined that the Class B Units are not probable of becoming redeemable as management believes an IPO event is probable to occur before the third anniversary of the LLC agreement, as such, the carrying value of the Class B units was not adjusted.

NOTE 13. BUSINESS ACQUISITION

Effective February 20, 2018, the Company acquired a 100% interest in BLH in exchange for an aggregate ten percent (10.0%) equity interest in the Company. As consideration for the transaction, the Company issued the Class B units, which are contingently redeemable by the holder. BLH has been consolidated in the Company's 2018 consolidated financial statements from the February 20, 2018 date of acquisition. The BLH acquisition was accounted for as a business combination under the acquisition method under ASC 805, *Business Combinations.* The Company has performed a preliminary valuation analysis of the fair market value of BLH's assets and liabilities. The Company utilized a third-party valuation specialist to determine the fair value of consideration paid and assets acquired, and liabilities assumed. The fair values initially assigned to assets acquired and liabilities assumed are preliminary and could change for up to one year after the closing date of the acquisition as new information and circumstances relative to closing date fair values are known. The following table summarizes the allocation of the preliminary purchase price allocation as of the acquisition date:

Better Life Holdings, LLC	
Cash	$ 785,000
Accounts receivable	123,000
Inventory, net	2,977,000
Non-competition agreements	218,000
Tradename	1,762,000
Customer relationships	1,196,000
Goodwill	2,296,000
Other assets	703,000
Accounts payable and other liabilities	(1,170,000)
Total purchase price	$ 8,890,000

There were no adjustments made to the purchase price allocation of the BLH acquisition at June 30, 2018.

NOTE 14. EARNINGS PER UNIT

The Company's membership interests are defined as percentage interests in the LLC Agreement, as the LLC Agreement does not define a number of membership units outstanding or authorized. The Company considered a total of 100 membership units as the denominator of the earnings per unit calculation. Pro forma basic earnings per unit was computed by dividing net income by the pro forma weighted-average number of units outstanding during the period. Pro forma diluted earnings per unit was computed by dividing net income by the pro forma weighted-average number of units outstanding adjusted to give effect to potentially dilutive securities. No such potentially dilutive securities existed for the six months ended June 30, 2018 and 2017, respectively. See Note 15.

NOTE 15. SHARE BASED COMPENSATION

Profits Interests

In January 2017, the Company entered into a profits interest award agreement with one of the Company's executives, which represents a 2% non-voting interest in the Company when fully vested. Similarly, in 2016, the Company entered into profits interest award agreements with two of the Company's executives, which, in the aggregate, represent a 3% non-voting interest in the Company when fully vested. All three of the profits interests agreements vest over a four year period. Any unvested portion of the profits interest will vest upon the consummation of a capital event that is also a change in control (as defined) of the Company. The agreements specify that the award entitles the grantee to only participate in certain net profit and net proceeds in excess of a threshold amount (as

NOTE 15. SHARE BASED COMPENSATION (cont.)

defined) from a capital event that is also a change in control of the Company, allocated and distributed to the profits interest from and after the grant date, and does not entitle the grantee to any other profits of the Company, and as such is intended to constitute a profits interest under the Company's LLC Agreement. The Company determined that these awards represent equity instruments and are accounted for under ASC 718, *Stock Compensation*. The profits interest award provisions include both a service condition (explicit requisite service period) and a performance condition (i.e., change in control). Vesting of the profits interest awards is based on satisfying either the service or the performance condition. As a result, the initial requisite service period is the shorter of the explicit service period for the service condition or the explicit or implicit service period for the performance condition. Under ASC 718, the total fair value of the profits interest awards is measured at grant date and compensation cost is recognized over the service vesting period or accelerated if a change of control occurs prior to the completion of service vesting. The grant date fair value of awards made in 2017 and 2016 was de minimis. As a result, no compensation expense was recognized during the six months ended June 30, 2018 and 2017, respectively.

Subsequent to the BLH acquisition in February 2018 (see Note 13), the percentage ownership related to the awards was diluted to an aggregate 4.5%. This had no impact on compensation expense for the six months ended June 30, 2018 and 2017.

Phantom Equity Units

As part of an incentive package awarded during 2017 to certain key employees, the Company has granted these individuals the opportunity to participate in the phantom equity program of WHG.

Under these agreements, each participant is guaranteed a "Phantom Equity Payment" in respect to an agreed upon number of bonus units. The number of units varies for each recipient, as defined in his/her individual agreement. Under the phantom equity program, there were 3,000,000 units authorized (representing 3% of WHG), with 1,000,000 and 950,000 units granted under this plan as of June 30, 2018 and December 31, 2017, respectfully. The bonus units contain a stated service condition as well as a performance condition whereby the units cannot be settled unless a change in control event occurs under specified terms. The Company determined that the bonus units represent share-based compensation awards which are accounted for as liability awards under ASC 718, *Stock Compensation.* Recognition of compensation cost is deferred until the consummation of a Sale event (as defined in the agreements), and as such, no associated compensation expense was recognized during the six months ended June 30, 2018 and 2017, respectively. Because liability-classified awards must be remeasured each period, the compensation cost to be recognized upon a change in control event will be equal to the then fair value of the phantom equity awards.

NOTE 16. EMPLOYEE BENEFIT PLAN

The Company has a 401(k)-retirement savings plan. Eligible employees must be at least 18 years of age and have completed six months of service. Participants are eligible to receive a Company matching contribution up to the first 3% of compensation plus 50% of participant contributions between 3% and 5% of compensation. Matching contributions, other than safe harbor contributions, vest 33% per year and are 100% vested after three years of service. Safe harbor matching contributions are 100% vested as of the date of the contribution. The Company safe harbor matching contributions to the plan totaled approximately $117,000 and $67,000 for the six months ended June 30, 2018 and 2017, respectively.

NOTE 17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 4, 2018,which is the date the financial statements were available to be issued.

NOTE 17. SUBSEQUENT EVENTS (cont.)

Leased Facilities

Relocation of Returns and Repairs facility

In August 2018, the Company relocated its repairs and returns facility from Seattle, Washington to its existing distribution center in Torrance, California. The Torrance, California location was acquired as part of the Better Life Holdings acquisition.

Mississauga, Ontario Corporate Office and Distribution Center

In July 2018, the Company's wholly-owned subsidiary, VWDL, entered into an lease agreement, effective October 1, 2018, to lease a new 5,157 square foot corporate office and distribution center. This facility will replace the existing facility, also located in Mississauga, Ontario. The move to the new location is expected to be completed in October 2018.

British Columbia Distribution Center

Effective August 1, 2018, the Company's wholly-owned subsidiary, VWDL, entered into a five-year lease for 8,990 square feet of warehouse space in Delta, British Columbia. The Company expects this new distribution center to commence operations in October 2018.

Debt Refinancing

On August 23, 2018, the Company, as the borrower, entered into an amended and restated revolving credit note (the "Note") with Fifth Third Bank, for a $15,000,000 revolving credit loan with a maturity date of August 23, 2020. This Note amends and restates the original revolving credit note dated October 4, 2017 (the "Original Revolving Credit Note"), as described in Note 8, between Fifth Third Bank and Jacoby & Co., Inc., whereby Greenlane Holdings, LLC assumed all obligations of Jacoby & Co., Inc. as the borrower, and Jacoby & Co., Inc. assumed all obligations as a guarantor on the Note. Interest on the principal balance outstanding on the Note is due monthly at a rate of LIBOR plus 3.50% per annum provided that no default has occurred. Proceeds from the Note were used to finance, in part, the Company's acquisition of real property, as further discussed below.

Purchase and sale agreement

On October 1, 2018, WHG, the Company's wholly-owned subsidiary, closed on the purchase of a building for $10,000,000, which will serve as the Company's new corporate headquarters. The purchase was financed through a Real Estate Note (the "Real Estate Note") of $8,500,000, with the Company as the borrower and Fifth Third Bank as the lender. Principal amounts plus any accrued interest at a rate of LIBOR plus 2.39% are due monthly, in accordance with the same terms as the Note discussed above. At closing of the building purchase, the Company paid cash of approximately $912,000, which represented the excess of purchase price, less purchase credits, over the loan amount.

Report of Independent Registered Public Accounting Firm

Members and Board of Directors
Greenlane Holdings, LLC
Boca Raton, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Greenlane Holdings, LLC (the "Company") and subsidiaries as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, members' equity, and cash flows for each of the two years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2017**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2016.

West Palm Beach, Florida
August 13, 2018, except for the segment disclosures in Note 2 to the consolidated financial statements, as to which the date is October 4, 2018

GREENLANE HOLDINGS, LLC
Consolidated Balance Sheets

	December 31,	
	2017	2016
ASSETS		
Current assets		
Cash	$ 2,080,397	$ 1,691,196
Accounts receivable, net of allowance of $156,472 and $68,600 at December 31, 2017 and 2016, respectively	3,759,551	1,336,982
Inventories, net	14,159,693	5,618,328
Vendor deposits	2,338,312	1,026,431
Other current assets	950,503	330,694
Total current assets	23,288,456	10,003,631
Property and equipment, net	597,494	354,548
Intangible assets, net	1,619,836	1,597,971
Goodwill	3,150,121	3,150,121
Investments in associated entities	915,920	893,595
Total assets	$ 29,571,827	$ 15,999,866
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	$ 15,500,519	$ 4,603,448
Accrued expenses	3,337,672	1,138,807
Due to parent	610,544	—
Note payable	7,792	—
Current portion of long-term debt	—	627,681
Current portion of capital lease obligations	63,155	70,007
Total current liabilities	19,519,682	6,439,943
Long-term debt	—	1,440,000
Loans payable to members	565,249	565,249
Capital lease obligations	91,063	106,035
Total long-term liabilities	656,312	2,111,284
Total liabilities	20,175,994	8,551,227
Commitments and contingencies (Note 11)		
Members' equity		
Common units	6,449,921	6,449,921
Retained earnings	3,154,623	1,245,538
Accumulated other comprehensive loss	(208,711)	(246,820)
Total members' equity	9,395,833	7,448,639
Total liabilities and members' equity	$ 29,571,827	$ 15,999,866

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated statements of operations

	For the years ended December 31,	
	2017	**2016**
Net sales	$ 88,259,975	$ 66,689,944
Cost of sales	67,689,578	51,735,941
Gross profit	20,570,397	14,954,003
Operating expenses		
Salaries, benefits and payroll taxes	8,254,449	6,315,114
General and administrative	8,808,966	7,952,244
Depreciation and amortization	791,209	572,155
Total operating expenses	17,854,624	14,839,513
Income from operations	2,715,773	114,490
Other income (expense):		
Interest expense	(269,710)	(183,878)
Other income, net	28,027	265,300
Other income (expense)	(241,683)	81,422
Income before income taxes	2,474,090	195,912
Provision for income taxes	182,533	108,927
Net income	$ 2,291,557	$ 86,985
Pro-forma earnings per unit:		
Basic and diluted	$ 22,916	$ 870
Pro-forma weighted-average units outstanding:		
Basic and diluted	100	100

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated Statements of Comprehensive Income

	For the years ended December 31,	
	2017	**2016**
Net income	$ 2,291,557	$ 86,985
Other comprehensive income (loss):		
Foreign currency translation adjustments	38,109	(4,670)
Total comprehensive income	$ 2,329,666	$ 82,315

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC

Consolidated Statements of Changes in Members' Equity

	Common Units Capital Contribution	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2015	$ 6,449,921	$ 1,588,721	$ (242,150)	$ 7,796,492
Net income	—	86,985	—	86,985
Member distributions	—	(430,168)	—	(430,168)
Effects of foreign currency exchange	—	—	(4,670)	(4,670)
Balance, December 31, 2016	6,449,921	1,245,538	(246,820)	7,448,639
Net income	—	2,291,557	—	2,291,557
Member distributions	—	(282,472)	—	(282,472)
Retrospective adjustment related to adoption of ASC 606	—	(100,000)	—	(100,000)
Effects of foreign currency exchange	—	—	38,109	38,109
Balance, December 31, 2017	$ 6,449,921	$ 3,154,623	$ (208,711)	$ 9,395,833

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

GREENLANE HOLDINGS, LLC
Consolidated Statements of Cash flows

	For the years ended December 31,	
	2017	**2016**
Cash flows from operating activities:		
Net income	$ 2,291,557	$ 86,985
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	791,209	572,026
Provision for doubtful accounts	247,836	201,368
Provision for slow moving or obsolete inventory	67,466	21,915
Other	(100,000)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,670,405)	324,472
Vendor deposits	(1,311,881)	105,868
Inventories	(8,608,831)	350,409
Other assets	(619,809)	54,006
Accounts payable	10,897,072	833,090
Accrued expenses	2,198,865	331,025
Income from equity method investments in associated entities	(22,325)	(237,578)
Net cash provided by operating activities	3,160,754	2,643,586
Cash flows from investing activities:		
Purchase of property and equipment	(393,125)	(76,342)
Purchase of intangible assets	(662,896)	—
Net cash used in investing activities	(1,056,021)	(76,342)
Cash flows from financing activities:		
Payments on long-term debt	(2,067,681)	(763,865)
Proceeds from related parties – line of credit, net	610,544	—
Payments on line of credit, net	—	(26,215)
Proceeds from note payable	7,792	—
Payments of capital lease obligations	(21,824)	(65,294)
Member distributions	(282,472)	(430,168)
Net cash used in financing activities	(1,753,641)	(1,285,542)
Effects of exchange rate changes on cash	38,109	(4,670)
Net increase in cash	389,201	1,277,032
Cash, as of beginning of year	1,691,196	414,164
Cash, as of end of year	$ 2,080,397	$ 1,691,196
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 269,710	$ 183,878
Cash paid during the year for income taxes	$ 181,203	$ —

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTE 1. BUSINESS OPERATIONS

Greenlane Holdings, LLC (formerly known as Jacoby Holdings, LLC) (the "Company), is a holding company with investments in several companies that merchandise vaporizers and other products in the United States and Canada. Through its operating subsidiaries, the Company distributes to retailers through its wholesale operations and to consumers through its e-commerce activities. The Company operates four distribution centers in the United States and one distribution facility in Canada. In both 2017 and 2016, approximately 7% of net sales were generated through the Company's Canadian operations.

The Company was organized under the laws of the state of Delaware on October 28, 2015, and is based in Boca Raton, Florida.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for all periods presented and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company is planning for an initial public offering in 2018; therefore these consolidated financial statements include the application of U.S. GAAP for public entities.

The accompanying financial statements include the accounts of the Company consolidated with its 100% wholly-owned subsidiaries, Warehouse Goods LLC ("WHG"), Aerospaced LLC, BioVapor Solutions LLC ("BVS"), Mid-Atlantic Holdings Group LLC ("MAHG") and MSI Imports, LLC. WHG owns 100% of GS Fulfillment LLC ("GS Fulfillment) and Vape World Distribution LTD ("VWDL"), the Company's Canadian subsidiary.

In August 2017, WHG formed HS Products, LLC ("HS Products"), which operates the Higher Standards retail website. In September 2017, WHG formed Higher Standards Chelsea Market LLC ("HSCM"), a wholly-owned subsidiary. Both entities were organized in the state Delaware. In late December 2017, HSCM opened its first flagship store in New York City's Chelsea Market area.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Significant items subject to such estimates include the accounts receivable allowance for doubtful accounts and allowance for slow-moving or obsolete inventory. Accordingly, actual results could differ from those estimates.

Segment Reporting

The Company has two distinct operating segments (the United States operations and Canadian operations). The Canadian operating segment consists of VWDL, the Company's wholly-owned Canadian subsidiary. The United States operating segment is comprised of all other subsidiaries. Each of the Company's operating segments share similar economic and other qualitative characteristics that meet all the criteria to be aggregated as one reportable segment. The Company has one reportable segment, which has been identified based on how the chief operating decision maker ("CODM") manages the business, makes operating decisions and evaluates operating performance. The Company's CODM is the Chief Executive Officer.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Sales by Category

	Year ended December 31,			
	2017		2016	
		%		%
Vaporizers & Components	$ 70,490,415	79.9%	$ 58,220,745	87.3%
Parts & Accessories	8,407,113	9.5%	6,558,716	9.8%
Functional/Glass	4,261,319	4.8%	88,806	0.1%
Grinders & Storage	1,802,150	2.0%	1,608,188	2.4%
Tools & Appliances	1,349,480	1.5%	4,782	0.0%
Custom Products/Packaging	758,064	0.9%	49,857	0.1%
Papers/Wraps	570,341	0.6%	46,688	0.1%
Other	621,093	0.7%	112,162	0.2%
Total	$ 88,259,975	100.0%	$ 66,689,944	100.0%

Sales by Country

	Year ended December 31,			
	2017		2016	
		%		%
USA	$ 79,969,866	90.6%	$ 59,459,936	89.2%
Canada	6,532,005	7.4%	5,540,500	8.3%
Other Foreign Countries	1,758,104	2.0%	1,689,508	2.5%
Total	$ 88,259,975	100.0%	$ 66,689,944	100.0%

Long-Lived Assets by Country

	As of December 31,			
	2017		2016	
	Amount	%	Amount	%
USA	573,513	96.0%	338,669	95.5%
Canada	23,981	4.0%	15,879	4.5%
Total	597,494	100.0%	354,548	100.0%

The company does not have any other long-lived assets located in foreign countries.

Business Combinations

Business combinations are accounted for under the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations* ("ASC 805"). Under the acquisition method, the acquiring entity in a business combination recognizes 100 percent of the acquired assets and assumed liabilities, regardless of the percentage owned, at their estimated fair values as of the date of acquisition. Any excess of the purchase price over the fair value of net assets and other identifiable intangible assets acquired is recorded as goodwill. To the extent the fair value of net assets acquired, including other identifiable assets, exceeds the purchase price, a bargain purchase gain is recognized. Assets acquired, and liabilities assumed from contingencies, must also be recognized at fair value if the fair value can be determined during the measurement period. Results of operations of an acquired business are included in the consolidated statement of operations from the date of acquisition. Acquisition-related costs, including conversion and restructuring charges, are expensed as incurred.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Share-Based Compensation

The Company granted certain incentive awards in the form of profits interests and phantom unit awards to certain individuals currently employed by the Company. The phantom unit awards and the profits interest awards include both a service condition and a performance condition which must be satisfied in order for the awards to vest and for settlement to occur. Vesting of the profits interest awards is based on satisfying either the service or the performance condition. As a result, the initial requisite service period is the shorter of the explicit service period for the service condition or the explicit or implicit service period for the performance condition. The Company accounts for these awards in accordance with ASC Topic 718, *Stock Compensation* ("ASC 718"). See Note 14.

Fair Value Measurements

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term debt, are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The fair value of long-term debt is the estimated amount the Company would have to pay to repurchase the debt, including any premium or discount attributable to the difference between the stated interest rate and market rate of interest at each balance sheet date. As of December 31, 2017 and 2016, the carrying amount of the Company's long-term debt approximated its fair value.

The Company determines the fair market values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash

The Company considers all highly-liquid investments with original maturities of three months or less from date of purchase to be cash equivalents. As of December 31, 2017 and 2016, the Company had no cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from customers for merchandise sales and are recorded when product has shipped. An account is considered past due when payment has not been rendered by its due date based upon the terms of the sale. Generally, accounts receivable are due 30 days after the billing date. The Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of collections as well as current credit conditions. Accounts are written off as uncollectible on a case-by-case basis. Accounts receivable were reported net of the allowance for doubtful accounts of approximately $156,000 and $69,000 at December 31, 2017 and 2016, respectively. Accounts receivable are pledged as collateral for the line of credit. See Note 6.

Inventory

Inventory consists principally of finished goods that are valued at the lower of cost or net realizable value on a weighted average cost basis. ASU 2015-11, *Simplifying the Measurement of Inventory*, was adopted during the year ended December 31, 2017. The Company has established an allowance for slow-moving or obsolete inventory based

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

upon assumptions about future demands and market conditions. At December 31, 2017 and 2016, the reserve for obsolescence was approximately $151,000 and $83,000, respectively. Inventory is pledged as collateral for the line of credit. See Note 6.

Property and Equipment, net

Property and equipment are recorded at historical cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the asset. Upon the sale or retirement of equipment, the cost and related accumulated depreciation are removed from the accounts and the difference between book value and any proceeds realized on the sale is charged or credited to income. Expenditures for repairs and maintenance are charged to operations as incurred.

Depreciation and amortization are recorded under the straight-line method over the estimated useful lives which are as follows:

Furniture, equipment and software	3-7 years
Leasehold improvements	Lesser of lease term or 5 years

Impairment of Long-Lived Assets

The Company assesses the recoverability of the carrying amount of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be assessed when estimated undiscounted future cash flows from the operation and disposition of the asset group are less than the carrying amount of the asset group. Asset groups have identifiable cash flows and are largely independent of other asset groups. Measurement of an impairment loss is based on the excess of the carrying amount of the asset group over its fair value. During the years ended December 31, 2017 and 2016, management determined that no impairment charges on long-lived assets were required to be recorded.

Intangible Assets, net

Intangible assets consist of domain names, intellectual property, distribution agreements, proprietary technology, trademarks and trade names, and other rights. The Company assesses the recoverability of finite-lived intangible assets, other than goodwill, in the same manner as for property and equipment, as described above. There was no impairment loss for intangible assets for the years ended December 31, 2017 and 2016. See Note 5.

Goodwill

Goodwill, representing the difference between total purchase price and fair value of assets acquired (tangible and intangible) and liabilities assumed at the date of acquisition, is reviewed for impairment annually, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets and liabilities exceeds fair value.

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No: 2017-*04 ("ASU 2017-04") — Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the accounting for goodwill impairment. This updated guidance removed Step 2 of the goodwill impairment test, which required a hypothetical purchase price allocation. The amendment requires the Company to perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the fair value. Additionally, an entity should consider the tax effects from any tax-deductible goodwill on the carrying amount when measuring the impairment loss. This amendment is effective for public business entities for reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted on annual goodwill impairment tests performed after January 1, 2017.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

In the fourth quarter of 2017, the Company determined that it would elect early adoption of ASU 2017-04. The Company performed its annual goodwill impairment assessment effective October 1, 2017 and determined there was no impairment. See Note 5.

Equity Method Investments

Investee companies that are not consolidated, but over which the Company exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee company's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the investee company. Under the equity method of accounting, an investee company's accounts are not reflected within the Company's consolidated balance sheets and statements of operations; however, the Company's share of the earnings or losses of the investee company is reflected in the caption "Other income, net" in the consolidated statements of operations. The Company's carrying value in an equity method investee company is reflected in the caption "Investments in associated entities" in the Company's consolidated balance sheets. When the Company's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Company's consolidated financial statements unless the Company has guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

The Company's investment in a company that is accounted for on the equity method of accounting consisted of a 33.3% non-controlling interest in NWT Holdings, LLC ("NWT"), a manufacturer of vaporizers. The investment in NWT amounted to approximately $916,000 and $894,000 at December 31, 2017 and 2016, respectively. The income from the equity method investment for the years ended December 31, 2017 and 2016 was approximately $22,000 and $238,000, respectively.

The following tables present summarized financial information for NWT:

	For the years ended December 31,	
	2017	**2016**
Net sales	$ 7,644,788	$ 9,286,012
Gross profit	2,881,114	3,752,483
Income from continuing operations	67,021	712,221
Net income	67,021	712,221

	December 31,	
	2017	**2016**
Current assets	$ 1,387,347	$ 4,632,808
Noncurrent assets	403,277	513,194
Current liabilities	2,161,103	5,585,745
Noncurrent liabilities	251,855	250,708

Vendor Deposits

Vendor deposits represent prepayments made to vendors for inventory purchases. A significant number of vendors require prepayment for inventory purchases made by the Company. The Company had approximately $2,338,000 and $1,026,000 in vendor deposits at December 31, 2017 and 2016, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Accrued Royalties

As part of its distribution agreement with Grenco Science, Inc. ("Grenco Science"), the Company distributes licensed products with associated royalties. Grenco Science manufactures products licensed with various artists and music personalities. The Company accrues royalties associated with the sale of such products. Accrued royalties at December 31, 2017 and 2016, were approximately $300,000 and $203,000, respectively. See Note 6.

Customer Deposits

In August 2016, the Company launched a dedicated dispensary division and established a supply chain for premium, patented, child-resistant packaging, closed-system vaporization solutions and custom-branded retail products. For these product offerings, the Company receives a deposit from the customer (generally 50% of the total order cost, but the amount can vary by customer contract). These orders are typically completed within six weeks to three months from the date of order, depending on the complexity of the customization and the size of the order. Customer deposits at December 31, 2017 and 2016 were approximately $721,000 and $18,000, respectively. See Note 6.

Foreign Currency

The accompanying consolidated financial statements are presented in United States (U.S.) dollars. The functional currency of VWDL, the Company's Canadian subsidiary, is the Canadian dollar. The assets and liabilities of VWDL are translated into U.S. dollars at current exchange rates and revenue and expenses are translated at average exchange rates for the year. Capital accounts are translated at their historical exchange rates when the capital transactions occurred. The foreign currency translation adjustments are included in accumulated other comprehensive loss, a separate component of members' equity in the consolidated balance sheets. Other exchange gains and losses are reported in the consolidated statements of operations. See Note 10.

Shipping and Handling

Shipping and handling revenue is included in net sales. Shipping and handling costs for merchandise sold are included in cost of sales.

Taxes on Revenue Producing Transactions

Taxes assessed by governmental authorities on revenue producing transactions, including sales, excise and use taxes, are recorded on a net basis (excluded from revenue) in the consolidated statements of operations.

Comprehensive Income

Comprehensive income includes net income as currently reported by the Company, adjusted for other comprehensive items. Other comprehensive items for the Company consist of foreign currency translation gains and losses.

Advertising

Advertising costs are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of operations. Advertising costs totaled approximately $2,291,000 and $2,265,000 for the years ended December 31, 2017 and 2016, respectively.

Warranties

The Company provides no warranty on products sold. Product warranty is provided by the manufacturers.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

The Company is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, taxable income or loss is passed through to and included in the taxable income of the Company's members. Accordingly, the consolidated financial statements do not include a provision for federal income taxes. The Company is liable for various other state and local taxes and is subject to taxes in foreign jurisdictions. Therefore, the provision for income taxes includes only income taxes on income from the Company's Canadian subsidiary and state income tax, if any, in the consolidated financial statements.

The Company utilizes a two-step approach for recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority. There were no amounts required to be recorded at December 31, 2017 or 2016 related to uncertain tax positions.

Income tax amounts reflected in the accompanying financial statements relate primarily to income generated by the Company's Canadian subsidiary, are based upon an estimated annual effective income tax rate of approximately 26%, resulting in income tax expense of approximately $183,000 and $109,000, which is included in the consolidated statement of operations for 2017 and 2016, respectively.

Interest and penalties associated with uncertain tax positions, if any, are recognized as part of the income tax provision. As of December 31, 2017, and 2016, no uncertain tax positions had been identified and no interest or penalties had been accrued.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09,*Revenue from Contracts with Customers (Topic 606).* The new revenue standard outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new revenue standard contains principles to determine the measurement of revenue and timing of when it is recognized. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted the provisions of this guidance on January 1, 2017 using the modified retrospective approach with a cumulative-effect adjustment to beginning members' equity at January 1, 2017. The comparative information has not been restated and continues to be reported under the accounting standards in effect for the period presented.

See Note 3 — Revenue Recognition, for additional accounting policy and transition disclosures.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02,*Leases (Topic 842)*, which, among other things, requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard becomes effective for the Company on January 1, 2019, with early adoption permitted. The Company plans to adopt this ASU beginning on January 1, 2019. The amendments in this update should be applied under a modified retrospective approach. The Company is in the process of evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

In August 2016, the FASB issued ASU 2016-15*, Statement of Cash Flows (Topic 320): Classification of Certain Cash Receipts and Cash Payments*. This ASU addresses the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows, including debt prepayment or debt extinguishment costs, contingent consideration payments made soon after a business combination, proceeds from the settlements of insurance claims, and proceeds from the settlements of bank-owned life insurance ("BOLI") policies. This amendment became effective for public business entities for reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption was permitted. Adoption of this ASU on January 1, 2018 had no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which amended existing guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The amendments provide a screen to determine when a set of assets and activities (collectively referred to as a "set") is not a business. The screen requires that when substantially all of the fair value of the group assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. If the screen is not met, the amendments (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The amendments became effective for public business entities for annual periods beginning after December 15, 2017, including interim periods with those periods. Adoption of the guidance on January 1, 2018 had no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other: Simplifying the Test for Goodwill Impairment (Topic 350)*, which removes step two of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. For public companies, this ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, but early adoption is permitted for impairment tests after January 1, 2017. The Company has adopted this standard as of January 1, 2017. There was no impact on the Company's 2017 consolidated financial statements.

NOTE 3. REVENUE RECOGNITION

On January 1, 2017, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers ("ASC 606" or "Topic 606")* applying the modified retrospective method. Results for reporting periods beginning January 1, 2017 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported under the FASB Accounting Standard Codification Topic 605 ("Topic 605") in effect for the prior periods and are, therefore, not comparative. The Company applied the practical expedient in paragraph 606-10-65-1(h) of Topic 606, and did not restate the accounting for contracts that were completed as of the date of initial application, i.e., January 1, 2017. Furthermore, the Company applied the practical expedient in paragraph 606-10-65-1(f)(4) of Topic 606, and did not separately evaluate the effects of contract modifications. Instead, the Company reflected the aggregate effect of all the modifications that occurred before the initial application date, i.e., January 1, 2017.

Prior to the adoption of Topic 606, revenue was recognized when persuasive evidence of an arrangement existed, shipment had occurred, customers took ownership and assumed the risk of loss, price was fixed and determinable and collectability was reasonably assured. The timing of revenue recognition based on this criteria typically coincided with product delivery. Furthermore, under Topic 605, revenue was recognized net of sales returns, incentives, and allowances.

Under Topic 606, the Company recognizes revenue when a customer obtains control of the promised goods or services. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods or services, net of any variable considerations (e.g., rights to return product, sales incentives, others) and any taxes collected from customers and subsequently remitted to governmental authorities. The Company uses a best estimate approach to measure variable consideration which approximates the expected

NOTE 3. REVENUE RECOGNITION (cont.)

value method. The Company applies the following five-step model in order to determine this amount: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services the Company transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, management reviews the contract to determine which performance obligations must be delivered and which of these performance obligations are distinct. The Company recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied.

The Company generates revenue primarily from the sale of finished products to customers, whereby each product unit represents a single performance obligation. The performance obligation is satisfied when the customer obtains control of the product, which typically occurs at the time of shipping. Upon shipping, the customer has legal title of the product and bears the significant risks and rewards of ownership, including the right to sell or redirect the product. As such, customer orders are recorded as revenue once the order is shipped from one of the Company's distribution centers. The Company's performance obligations for services are satisfied when the services are rendered within the arranged service period. Total service revenue is not material and accounted for less than 0.5% of revenues for the year ended December 31, 2017.

The Company elected to account for shipping and handling expenses that occur after the customer has obtained control of products as a fulfillment activity in cost of sales. Shipping and handling fees charged to customers are included in net sales upon completion of the Company's performance obligations. Revenue is presented net of sales taxes, discounts and expected refunds.

Product revenues are recorded net of estimated rebates or sales incentives as well as estimated product returns as elements of variable consideration. The actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates, which would affect net revenue from products in the period such variances become known. The Company estimates product returns based on historical experience and records them on a gross basis as a refund liability that reduces the net sales for the period. The Company analyzes actual historical returns, current economic trends and changes in order volume when evaluating the adequacy of the sales returns allowance in any accounting period. The liability for returns is included in accrued expenses on the Company's consolidated balance sheets and was approximately $400,000 at December 31, 2017. This liability was not estimated under ASC 605, but was recorded as an adjustment to retained earnings under ASC 606, as described further below.

The Company evaluated the criteria outlined in ASC 606-10-55, *Principal versus Agent Considerations*, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned related to the Company's exclusive distribution agreements with manufacturers. In all arrangements, the Company determined that it acts as the principal in the transaction, controlling the good or service before it is transferred to the customer. As such, the Company records gross revenue for such arrangements.

The Company applied the practical expedient provided for by ASC 606 by not adjusting the transaction price for significant financing components for periods less than one year. The Company also applied the practical expedient provided for by ASC 606 based upon which the Company generally expenses sales commissions when incurred because the amortization period is one year or less. These costs are recorded within salaries, benefits and payroll tax expenses in the consolidated statements of operations. Furthermore, the Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Impacts on Consolidated Financial Statements on January 1, 2017:

Upon the initial adoption of Topic 606, the Company recorded an adjustment of $400,000 to record refund liabilities related to the Company's estimate of returns, offset by a $300,000 asset for the right to recover products

NOTE 3. REVENUE RECOGNITION (cont.)

from customers based on the Company's return policy with its customers. The cumulative impact to retained earnings as of January 1, 2017 was $100,000. The following tables summarize the impacts of this adjustment on the Company's condensed consolidated balance sheet as of January 1, 2017.

	As previously recorded under ASC 605 December 31, 2016	Adjustments	As revised January 1, 2017
ASSETS			
Current assets			
Other current assets	$ 330,694	$ 300,000	$ 630,694
Total current assets	10,003,631	300,000	10,303,631
Total assets	$ 15,999,866	$ 300,000	$ 16,299,866
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities			
Accrued expenses	$ 1,086,536	$ 400,000	$ 1,486,536
Total current liabilities	6,439,943	400,000	6,839,943
Total liabilities	8,551,227	400,000	8,951,227
Members' equity			
Retained earnings	1,245,538	(100,000)	1,145,538
Total members' equity	7,448,639	(100,000)	7,348,639
Total liabilities and members' equity	$ 15,999,866	$ 300,000	$ 16,299,866

Impacts on Consolidated Financial Statements at December 31, 2017:

The following tables compares the reported condensed consolidated balance sheet as of December 31, 2017, to the pro-forma amounts had the previous guidance been in effect:

	As reported	Adjustments	Balances without adoption of Topic 606
ASSETS			
Current assets			
Deferred costs – outbound inventory in transit	$ —	$ 578,137	$ 578,137
Total current assets	23,288,456	578,137	23,866,593
Total assets	$ 29,571,827	$ 578,137	$ 30,149,964
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities			
Deferred revenue	$ —	$ 922,586	$ 922,586
Total current liabilities	19,519,682	922,586	20,442,268
Total long-term liabilities	656,312	—	656,312
Total liabilities	20,175,994	922,586	21,098,580
Members' equity			
Retained earnings	3,154,623	(344,449)	2,810,174
Total members' equity	9,395,833	(344,449)	9,051,384
Total liabilities and members' equity	$ 29,571,827	$ 578,137	$ 30,149,964

NOTE 3. REVENUE RECOGNITION (cont.)

The adjustments to deferred costs and deferred revenue relate to the deferral of revenue recognition under Topic 605 based on the time of product delivery, whereas net sales and the related cost of sales were recognized at the time of product shipping under Topic 606.

The following table compares the reported condensed consolidated statement of operations for the year ended December 31, 2017, to the pro-forma amounts had the previous guidance been in effect:

	As reported	Adjustments	Balances without adoption of Topic 606
Net sales	$ 88,259,975	$ (922,586)	$ 87,337,389
Cost of sales	67,689,578	(578,137)	67,111,441
Gross profit	20,570,397	(344,449)	20,225,948
Total operating expenses	17,854,624	—	17,854,624
Income from operations	2,715,773	(344,449)	2,371,324
Other income (expense)	(241,683)	—	(241,683)
Income before income taxes	2,474,090	(344,449)	2,129,641
Provision for income taxes	182,533	—	182,533
Net income	$ 2,291,557	$ (344,449)	$ 1,947,108

The impact to net sales and costs of sales relates to the deferral of revenue recognition under Topic 605 based on the time of product delivery, whereas net sales and the related cost of sales were recognized at the time of product shipping under Topic 606.

NOTE 4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, at cost less accumulated depreciation and amortization:

	As of December 31,	
	2017	2016
Furniture, equipment and software	$ 988,584	$ 725,361
Leasehold Improvements	169,506	133,383
	1,158,090	858,744
Less: accumulated depreciation and amortization	560,596	504,196
Property and equipment, net	$ 597,494	$ 354,548

Depreciation expense for property and equipment for the years ended December 31, 2017 and 2016 was approximately $150,000 and $150,000, respectively.

Property and equipment include assets recorded under capital lease agreements. The cost of this equipment was approximately $305,000 and $330,000 at December 31, 2017 and 2016, respectively. Depreciation expense for these assets is included with depreciation and amortization expense in the consolidated statements of operations. Accumulated amortization expense was approximately $149,000 and $125,000 at December 31, 2017 and 2016, respectively.

Property and equipment are pledged as collateral for the Company's line of credit. See Note 6.

NOTE 5. GOODWILL AND INTANGIBLE ASSETS

In accordance with ASU 2017-04, the Company performs an analysis of goodwill impairment on an annual basis, or when there are triggering events, using the simplified impairment test. Under ASU 2017-04, an organization performs its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its

NOTE 5. GOODWILL AND INTANGIBLE ASSETS (cont.)

carrying amount. An entity would then recognize an impairment charge for the amount by which carrying amount exceeds the reporting unit's estimated fair value; however, goodwill would not be reduced below zero. ASU 2017-04 eliminates Step 2 of the traditional impairment test. Based on the impairment analysis performed in the fourth quarter, the Company has concluded that goodwill was not impaired at December 31, 2017 and 2016.

At December 31, 2017 and 2016, the Company had $3,150,121 of goodwill that resulted from business combinations that occurred prior to January 1, 2016. The composition of intangible assets subject to amortization at December 31, 2017 and 2016, and associated accumulated amortization was as follows:

	As of December 31, 2017			
	Gross carrying amount	Accumulated amortization	Net book value	Estimated useful lives (in years)
Domain Names	$ 131,000	$ (47,015)	$ 83,985	15
Distribution Agreements	1,650,000	(1,180,555)	469,445	5
Proprietary Technology	1,040,000	(450,667)	589,333	5
Trademarks and Tradenames	520,000	(112,667)	407,333	10
Other Intangibles	84,358	(14,618)	69,740	5
	$ 3,425,358	$ (1,805,522)	$ 1,619,836	

	As of December 31, 2016			
	Gross carrying amount	Accumulated amortization	Net book value	Estimated useful lives (in years)
Domain Names	$ 131,000	$ (43,006)	$ 87,994	15
Distribution Agreements	1,000,000	(800,000)	200,000	5
Proprietary Technology	1,040,000	(242,667)	797,333	5
Trademarks and Tradenames	520,000	(60,667)	459,333	10
Other Intangibles	82,036	(28,725)	53,311	5
	$ 2,773,036	$ (1,175,065)	$ 1,597,971	

Amortization expense relating to the above intangible assets was approximately $631,000 and $419,000 for the years ended December 31, 2017, and 2016, respectively.

Approximate estimated amortization for each of the five succeeding fiscal years based on intangible assets as of December 31, 2017 is expected to be as follows:

For the year ended December 31,	
2018	$ 505,000
2019	$ 501,000
2020	$ 285,000
2021	$ 74,000
2022	$ 72,000
Thereafter	$ 183,000

Intangible assets are pledged as collateral on the line of credit. See Note 6.

NOTE 6. COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

	As of December 31,	
	2017	**2016**
Accrued expenses:		
Customer deposits	$ 720,527	$ 17,613
Refund liability	400,000	—
Accrued royalties	299,577	202,949
Accrued bonuses	200,000	100,000
Employee benefits	701,304	406,875
Taxes payable	140,690	108,052
Other	875,574	303,318
	$ 3,337,672	$ 1,138,807

NOTE 7. LONG TERM DEBT

The Company's long-term debt consisted of the following amounts as of the dates indicated:

	As of December 31,	
	2017	**2016**
Prime plus 1.25% term loan payable to Marquis Bank collateralized by accounts receivable, inventory, property and equipment, deposit accounts, intangibles and other assets, assignment of shareholder life insurance, and guaranteed by the Company's members. Monthly principal payments beginning September 12, 2015 of $45,000 plus interest, with maturity on August 12, 2020. Repaid in October 2017.	$ —	$ 1,980,000
7.1% note payable to a lender in relation to short term financing of the Company's insurance premiums. The loan is due within one year.	7,792	—
10% note payable to a member, interest payable monthly and principal payments deferred indefinitely. See Note 17.	460,967	460,967
6% unsecured loan payable to a director of MSI Imports LLC. The loan has been classified as long-term. See Note 17.	44,569	44,569
Non-interest bearing unsecured loan from a member. The loan has been classified as long-term. See Note 17.	36,000	36,000
10% unsecured note payable to a member. The loan has been classified as long-term. See Note 17.	23,713	23,713
Non-interest bearing note payable to unrelated party for the BVS acquisition in 2015, $7,971 payable monthly, matured November 2017.	—	87,681
	573,041	2,632,930
Current portion	7,792	627,681
Long-term portion	$ 565,249	$ 2,005,249

The following is a schedule of approximate maturities of long-term debt subsequent to December 31, 2017:

Year ending December 31,	
2018	$ —
2019	113,000
2020	113,000
2021	113,000
2022	113,000
Thereafter	113,000
	$ 565,000

NOTE 8. LEASES

Operating Leases

The Company leases distribution centers in Florida, California and Ontario, Canada, an administrative office in Boca Raton, Florida and a returns facility in Seattle, Washington from unrelated parties. Rent expense under the above operating leases amounted to approximately $422,000 and $362,000 for the years ended December 31, 2017 and 2016, respectively.

Approximate future minimum lease payments under non-cancelable lease terms in excess of one year with unrelated parties are as follows:

Year ending December 31,	
2018	$ 478,000
2019	363,000
2020	293,000
2021	274,000
2022	216,000
Thereafter	198,000
	$ 1,822,000

Capital Leases

The asset and liability under capital leases have been recorded at the present value of the minimum lease payments.

	As of December 31,	
	2017	**2016**
Equipment under capital lease included in property and equipment (Note 4)	$ 154,218	$ 176,042
Less: current portion	(63,155)	(70,007)
Long term capital lease obligation	$ 91,063	$ 106,035

Approximate minimum future lease payments and present values of the minimum lease payments are as follows:

Year ending December 31,	
2018	$ 72,100
2019	38,200
2020	28,000
2021	24,000
2022	11,800
Total minimum lease payments	174,100
Less: imputed interest	19,900
Present value of minimum lease payments	$ 154,200

NOTE 9. RELATED PARTY TRANSACTIONS

WHG expensed approximately $81,000 and $62,000 in the years ended December 31, 2017 and 2016, respectively, for use of a boat, owned by a related entity, for the Company's marketing and business entertainment. The related entity is owned by two officers of the Company.

WHG purchased approximately $3,133,000 and $4,819,000 of merchandise inventory from NWT in the years ended December 31, 2017 and 2016, respectively. WHG sold approximately $1,919,000 and $2,209,000 in merchandise and services to NWT in the years ended December 31, 2017 and 2016, respectively. As a result of

NOTE 9. RELATED PARTY TRANSACTIONS (cont.)

business operations, the Company has both amounts due from NWT and amounts payable to NWT. Such amounts are offset in either accounts receivable or accounts payable at December 31, 2017 and 2016. As of December 31, 2017, the Company had a net accounts receivable of approximately $116,000, which represented the total amounts due from NWT offset by the total amounts payable to NWT, which is included in "Accounts receivable, net" in the accompanying consolidated balance sheet. As of December 31, 2016, the Company had approximately $605,000 net payable to NWT, which was included in "Accounts payable" in the accompanying consolidated balance sheet. A 33.3% interest in NWT is owned by MAHG, and the Company owned 100% of MAHG as of December 31, 2017 and 2016.

At December 31, 2017 and 2016, the Company had notes payable to its two members of approximately $565,000. See Note 7. Interest of approximately $63,000 and $50,000 was paid for the years ended December 31, 2017 and 2016, respectively, to the members in relation to these notes payable. The balance of these notes payable was paid in full subsequent to December 31, 2017. See Note 16.

On October 4, 2017, Jacoby & Co. Inc., the managing member of the Company, entered into a credit agreement which provides for a revolving credit facility of up to $8.0 million. The revolving credit facility matures on October 3, 2018. Interest is payable monthly at LIBOR plus 3.50% per annum provided that no default has occurred. Jacoby & Co. Inc.'s obligations under the credit facility are guaranteed by the Company and all of its operating subsidiaries, and collateralized by the Company's accounts receivable, inventory, property and equipment, deposit accounts, intangibles and other assets, and an assignment of member life insurance policies. The line of credit borrowing base is 80% of eligible accounts receivable plus 50% of eligible inventory. The line of credit covenants require a fixed charge coverage ratio of no less than 1.25, to be calculated on a quarterly basis, on the last day of each calendar quarter. All draws under the line of credit are advanced by Jacoby & Co. Inc. to the Company's subsidiary, WHG, and WHG remits all payments required under the line of credit to the third-party lender on behalf of Jacoby & Co. Inc. Therefore, all activity under the line of credit and the outstanding balance are included in the caption Due to Parent in the accompanying consolidated financial statements. In connection with Jacoby & Co. Inc. securing the line of credit with the third-party lender, the Company used proceeds from the draws under the line of credit to pay down the existing credit facility with a third-party lender in October 2017, which had a balance of $1,980,000 at December 31, 2016. The early extinguishment of this debt resulted in a write off of deferred financing costs of approximately $64,000 related to the old credit facility, offset by approximately $27,600 of accumulated amortization on the asset. Jacoby & Co. Inc. was in compliance with its covenants as of December 31, 2017. The line of credit payable as of December 31, 2017 was approximately $611,000. See Note 16.

NOTE 10. CONCENTRATION OF CREDIT RISK AND FOREIGN EXCHANGE RISK

Cash balances are maintained at several financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At December 31, 2017 and 2016, none of the Company's domestic cash balances exceeded the FDIC insured limits. At December 31, 2017 and 2016, approximately $192,000 and $143,000, respectively, of the Company's cash balances were in foreign bank accounts and uninsured.

Currency adjustment expense, which is included in general and administrative expense in the accompanying consolidated statements of operations, for the years ended December 31, 2017 and 2016 was approximately $9,200 and $9,600, respectively. This expense related to the conversion of transactions of VWDL denominated in the functional currency of Canadian dollars into U.S. dollars.

Customer Concentration

One customer represented approximately 19.1% and 24.2% of the Company's accounts receivable as of December 31, 2017 and 2016, respectively. No individual customer or groups of affiliated customers represented more than 5% of the Company's sales for the years ended December 31, 2017 and 2016, respectively.

NOTE 10. CONCENTRATION OF CREDIT RISK AND FOREIGN EXCHANGE RISK (cont.)

Supplier Concentration

The Company has two major vendors that accounted for an aggregate of approximately 37% and $33.1 million in purchases from vendors for the year ended December 31, 2017, and an aggregate of approximately 23% and $14.3 million in purchases from these same vendors for the year ended December 31, 2016. The Company expects to maintain its relationships with these vendors.

NOTE 11. COMMITMENTS AND CONTINGENCIES

In the ordinary course of its business, the Company is involved in various legal proceedings involving a variety of matters. The Company does not believe there are any pending legal proceedings that will have a material adverse effect on the Company's business, consolidated financial position, results of operations, or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties.

The Company expenses legal fees in the period in which they are incurred. See Note 8 for discussion of lease commitments.

NOTE 12. MEMBERS' EQUITY

As of and for the years ended December 31, 2017 and 2016, respectively, the Company's limited liability company operating agreement (the "LLC agreement") provided for a single class of common membership interests. Each member's percentage interest in the Company is outlined in an appendix to the LLC agreement, whereby it is noted that Jacoby & Co. Inc. held an 83.3334% percentage interest and Adam Schoenfeld held a 16.6666% percentage interest at December 31, 2017 and 2016. The LLC Agreement does not provide a number of authorized membership units. See Note 16.

NOTE 13. EARNINGS PER UNIT

The Company's membership interests are defined as percentage interests in the LLC agreement, as the LLC agreement does not define a number of membership units outstanding or authorized. There were no changes to the Company's membership percentage interests during 2016 or 2017. As such, the Company considered a total of 100 membership units as the denominator of the earnings per unit calculation.

Pro forma basic earnings per unit was computed by dividing net income by the pro forma weighted-average number of units outstanding during the period. Pro forma diluted earnings per unit was computed by dividing net income by the pro forma weighted-average number of units outstanding adjusted to give effect to potentially dilutive securities. No such potentially dilutive securities existed for the years ended December 31, 2017 and 2016. See Note 14.

NOTE 14. SHARE-BASED COMPENSATION

Profits Interests

In January 2017, the Company entered into a profits interest award agreement with one of the Company's executives, which represents a 2% non-voting interest in the Company when fully vested. Similarly, in 2016, the Company entered into profits interest award agreements with two of the Company's executives, which, in the aggregate, represent a 3% non-voting interest in the Company when fully vested. All three of the profits interests agreements vest over a four year period. Any unvested portion of the profits interest will vest upon the consummation of a capital event that is also a change in control (as defined) of the Company. The agreements specify that the award entitles the grantee to only participate in certain net profit and net proceeds in excess of a threshold amount (as defined) from a capital event that is also a change in control of the Company, allocated and distributed to the profits interest from and after the grant date, and does not entitle the grantee to any other profits of the Company, and as such is intended to constitute a profits interest under the Company's LLC agreement. The Company determined that these awards represent equity instruments and are accounted for under ASC 718, *Stock Compensation*. The profits interest award provisions include both a service condition (explicit requisite service period) and a performance

NOTE 14. SHARE-BASED COMPENSATION (cont.)

condition (i.e., change in control). Vesting of the profits interest awards is based on satisfying either the service or the performance condition. As a result, the initial requisite service period is the shorter of the explicit service period for the service condition or the explicit or implicit service period for the performance condition. Under ASC 718, the total fair value of the profits interest awards is measured at grant date and compensation cost is recognized over the service vesting period or accelerated if a change of control occurs prior to the completion of service vesting. The grant date fair value of awards made in 2017 and 2016 was de minimis. As a result, no compensation expense was recognized during the years ended December 31, 2017 and 2016.

Phantom Equity Units

As part of an incentive package awarded during 2017 to certain key employees (nine employees as of December 31, 2017), the Company has granted these individuals the opportunity to participate in the phantom equity program of WHG.

Under these agreements, each participant is guaranteed a "Phantom Equity Payment" in respect to an agreed upon number of bonus units. The number of units varies for each recipient, as defined in his/her individual agreement. Under the phantom equity program, there were 3,000,000 units authorized (representing 3% of WHG), with 950,000 units granted under this plan as of December 31, 2017. The bonus units contain a stated service condition as well as a performance condition whereby the units cannot be settled unless a change in control event occurs under specified terms. The Company determined that the bonus units represent share-based compensation awards which are accounted for as liability awards under ASC 718, *Stock Compensation.* Recognition of compensation cost is deferred until the consummation of a Sale event (as defined in the agreements), and as such, no associated compensation expense was recognized during the year ended December 31, 2017. Because liability-classified awards must be remeasured each period, the compensation cost to be recognized upon a change in control event will be equal to the then fair value of the phantom equity awards.

NOTE 15. EMPLOYEE BENEFIT PLAN

The Company has a 401(k)-retirement savings plan. Eligible employees must be at least 18 years of age and have completed six months of service. Participants are eligible to receive a Company-matching contribution up to the first 3% of compensation plus 50% of participant contributions between 3% and 5% of compensation. Matching contributions, other than safe harbor contributions, vest 33% per year and are 100% vested after three years of service. Safe harbor matching contributions are 100% vested as of the date of the contribution. The Company safe harbor matching contributions to the plan totaled approximately $139,000 and $121,000 for the years ended December 31, 2017 and 2016, respectively.

	As of December 31,	
	2017	**2016**
Accrued expenses:		
Customer deposits	$ 720,527	$ 17,613
Refund liability	400,000	—
Accrued royalties	299,577	202,949
Accrued bonuses	200,000	100,000
Employee benefits	701,304	406,875
Taxes payable	140,690	108,052
Other	875,574	303,318
	$ 3,337,672	$ 1,138,807

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 13, 2018, which is the date the financial statements were available to be issued.

The Company is subject to certain covenants related to its line of credit described in Note 6. Subsequent to December 31, 2017, the Company and its parent company co-creditor obtained a waiver for the line of credit covenant to prevent a covenant violation for the untimely submission of audited financial statements.

Effective February 20, 2018, the Company amended its LLC agreement and created Class A and Class B membership units. The Class A units have voting rights and participate in the residual equity of the Company pro-rata with Class B units. The Class B units are non-voting and contain a put right whereby, at any time after the third anniversary of the LLC agreement (in each case prior to an effective IPO or Capital Event) each of the holders of Class B units has the right to require that the Company purchase all, but not less than all, of its Class B units at an aggregate price equal to the fair market value of the Class B units as of the date of the put notice (as defined).

Also, effective February 20, 2018, the Company acquired a 100% interest of Better Life Holdings LLC ("BLH") in exchange for an aggregate ten percent (10.0%) equity interest in the Company. As consideration for the transaction, the Company issued its Class B units, which are contingently redeemable by the holder. BLH will be consolidated in the Company's 2018 consolidated financial statements from the February 20, 2018 date of acquisition.

The acquisition of the 100% interest in BLH on February 20, 2018 was accounted for as a business combination under the acquisition method under ASC 805, "*Business Combinations*". The Company is currently in the process of determining its purchase price allocation accounting for the BLH acquisition.

Vibes Holding LLC

In February 2018, the Company's wholly-owned subsidiary, WGH, entered into an operating agreement with Biggerbizz Consulting LLC, a California limited liability company ("Biggerbizz"), to form Vibes Holding, LLC ("VH"), which will be located at the Company's corporate headquarters in Boca Raton, FL. The purpose of VH will be to launch and develop the Vibes brand and to manufacture and sell products under the Vibes trademarks. As part of the formation of VH, WGH and Biggerbizz each contributed $10,000 in exchange for a 50% ownership interest in VH.

Shareholder Note Payable

In April 2018, the Company paid down all of its outstanding promissory notes payable to members and affiliates, which totaled $565,000 at December 31, 2017. All amounts were classified as long-term debt in the December 31, 2017 consolidated balance sheet.

Name Change

Effective July 3, 2018, the legal name of the Company was changed from Jacoby Holdings, LLC to Greenlane Holdings, LLC.

Purchase and Sale Agreement

On June 25, 2018, the Company's wholly-owned subsidiary, WHG, entered into a purchase and sale agreement with an unrelated third party to purchase a building for $10,000,000, which will serve as the Company's new corporate headquarters office facility. The closing of the purchase is expected to be financed with a loan of $8,000,000 from an unrelated third party lender and to take place in September 2018.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Better Life Holdings, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Better Life Holdings, LLC (a Delaware limited liability company), which comprise the balance sheet as of December 31, 2017, the related statements of operations, changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Life Holdings, LLC as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As described in Note 10 to the accompanying financial statements, in February of 2018 the Company was purchased in exchange for an equity interest in the acquiring entity. The transaction was accounted for as a business combination and the financial position and results of operations of the Company subsequent to the transaction date will be reported as part of the acquiring entity's consolidated financial statements.

SQUAR MILNER LLP

/s/ Squar Milner LLP

San Diego, California
June 1, 2018

BETTER LIFE HOLDINGS, LLC
BALANCE SHEET
December 31, 2017

ASSETS		
Current Assets		
Cash	$	948,686
Accounts receivable		104,520
Due from related party		71,556
Inventories, net		3,259,954
Prepaid expenses		6,851
Total current assets		4,391,567
Property and equipment, net		292,285
Goodwill		33,333
Other assets		34,635
Total assets	$	4,751,820
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$	1,337,548
Capital lease liability		1,876
Notes payable – current portion		5,894
Total current liabilities		1,345,318
Note payable, net of current portion		24,278
Total liabilities		1,369,596
Members' Equity		3,382,224
Total liabilities and members' equity	$	4,751,820

The accompanying notes are an integral part of these financial statements.

BETTER LIFE HOLDINGS, LLC
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

SALES – net	$ 17,213,584
COST OF SALES	13,031,972
GROSS PROFIT	4,181,612
OPERATING EXPENSES	
Selling, general and administrative	4,254,734
Advertising	274,392
Depreciation	18,019
Total operating expenses	4,547,145
OPERATING LOSS	(365,533)
OTHER INCOME (EXPENSE)	
Other income	10,103
Interest expense, net	(2,815)
OTHER INCOME, NET	7,288
NET LOSS	$ (358,245)

The accompanying notes are an integral part of these financial statements.

BETTER LIFE HOLDINGS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended December 31, 2017

	Class A		Class B		
	Units	**Amount**	**Units**	**Amount**	**Total**
Balance – January 1, 2017	12,000,000	$ 1,046,385	2,317,212	$ 2,156,873	$ 3,203,258
Issuance of Class B units	—	—	868,955	825,000	825,000
Member distributions	—	(240,000)	—	(47,789)	(287,789)
Net loss	—	(298,830)	—	(59,415)	(358,245)
Balance – December 31, 2017	12,000,000	$ 507,555	3,186,167	$ 2,874,669	$ 3,382,224

The accompanying notes are an integral part of these financial statements.

BETTER LIFE HOLDINGS, LLC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (358,245)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	18,019
Bad debt expense	12,638
Inventory reserve	97,225
Changes in operating assets and liabilities:	
Accounts receivable	34,308
Due from related party	50,053
Inventories	(161,105)
Prepaid expenses	84,339
Other noncurrent assets	4,700
Accounts payable and accrued expenses	305,259
Net cash provided by operating activities	87,191
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(119,045)
Net cash used in investing activities	(119,045)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from sale of Class B units	825,000
Member distributions	(287,789)
Proceeds from note payable	30,172
Payments on capital leases	(53,096)
Net cash provided by financing activities	514,287
INCREASE IN CASH	482,433
CASH – beginning of year	466,253
CASH – end of year	$ 948,686
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid	$ 474

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

Description of Organization

Better Life Products, Inc. ("BLP") was incorporated in California in 2007 as a Subchapter S. Corporation. Better Life Holdings, LLC (the "Company" or "BLH") was established on April 4, 2016 as a limited liability company in the State of Delaware.

On May 16, 2016, BLP entered into a series of legal agreements (the "Transaction") which resulted in all its assets and liabilities other than the shareholder advances being contributed into the Company. The Company continues BLP's business as a wholesale distributor and online retailer of vaporizers and accessories, operating under the name of VaporNation. The Company's principal business location is in Southern California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue from product sales when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, title has transferred, the selling price is fixed or determinable, and collectability is reasonably assured.

Product sales and shipping revenues, net of promotional discounts, are recorded when the products are shipped, title passes to customers and collection is reasonably assured. Retail sales to customers are made pursuant to a sales invoice that provides for transfer of both title and risk of loss upon the Company's delivery to the shipping carrier. Revenue from product sales are recorded net of sales and consumption taxes.

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers may include discounts, such as percentage discounts off current purchases. Current discount offers, when accepted by the Company's customers, are treated as a reduction to the purchase price of the related transaction and the Company reports sales net of discounts on its statements of operations.

Shipping and Handling Costs

Shipping and handling costs incurred are included in cost of sales and totaled $965,889 for the year ended December 31, 2017.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2017, there were no cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Based on management's assessment, the Company provides for estimated uncollectable amounts through a charge to earnings and a credit to a valuation allowance. Management has determined that no allowance was required at December 31, 2017.

Inventories

Inventories are stated at the lower of cost (determined by the first-in, first-out method) or net realizable value. The Company provides reserves for excess and obsolete inventories determined primarily based upon inventory on hand, historical sales activity, industry trends and expected net realizable value. As of December 31, 2017, the Company's inventory reserve was $97,225. The Company's inventories consist primarily of merchandise available for resale at its primary location and inventories that have been prepaid and are in transit to the Company's primary location.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is calculated using the double declining balance method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposition of property and equipment, the costs and related accumulated depreciation amounts are relieved and any resulting gain or loss is reflected in operations during the period of disposition.

Long-lived assets are reviewed for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill

The Company evaluates goodwill for impairment annually, as well as whenever events or changes in circumstances suggest that the carrying value of goodwill may not be recoverable. The Company tests goodwill for impairment at the reporting unit level, which is consistent with the operating segment, on an annual basis as of December 31 for each year or more frequently if indicators of impairment exist. The Company did not record an impairment charge for the year ended December 31, 2017.

Advertising

The Company expenses advertising cost as incurred. Advertising expenses amounted to $274,392 during the year ended December 31, 2017.

Income Taxes

No provision for income taxes has been made in the financial statements as the Company is a "pass through" entity. Each member is individually liable for tax on their share of the Company's income or loss. The Company prepares a calendar year informational tax return.

Lease Accounting

The Company evaluates leases for classification as either a capital lease or an operating lease. If substantially all of the benefits and risks of ownership have been transferred to the Company as lessee, the Company records the lease as a capital lease at its inception. The Company performs this evaluation at the inception of the lease and when a modification is made to a lease. If the lease agreement calls for a scheduled rent increase during the lease term,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

the Company recognizes the lease expense on a straight-line basis over the lease term. The Company determines the straight-line rent impact of an operating lease upon inception of the lease.

Assets Held under Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease. When the Company enters into a lease agreement, it reviews the terms to determine the appropriate classification of the lease as a capital lease or operating lease based on the factors listed in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 840, Leases.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The new guidance establishes a single comprehensive model for entities to use in accounting for revenue and supersedes most current revenue recognition guidance. This guidance introduces a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards under current guidance and requires significantly expanded disclosures. Based on the effective date, the Company expects to adopt the new guidance in the first quarter of fiscal year 2019. The Company has not completed its evaluation of the potential impact of adopting the new guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The new guidance was issued to increase transparency and comparability among companies by requiring most leases to be included on the balance sheet and by expanding disclosure requirements. Based on the effective date, the Company expects to adopt the new guidance in the first quarter of fiscal 2020 using the modified retrospective method. While the Company expects adoption of this standard to lead to a material increase in the assets and liabilities recorded on the Company's balance sheet, the Company is still evaluating the overall impact of this guidance.

Reclassifications

Certain 2016 amounts have been reclassified to conform to 2017 presentation. Such reclassifications had no effect on previously reported net income.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31, 2017:

Computer Software	$	284,424
Furniture and Fixtures		127,145
Machinery & Equipment		381,656
Less: Accumulated Depreciation		(500,940)
Property and Equipment, net	$	292,285

Depreciation expense totaled $18,019 during the year ended December 31, 2017.

4. NOTES PAYABLE

During the year ended December 31, 2017, the Company entered into a borrowing arrangement with a financial institution to purchase an automobile. The note is secured by the automobile asset and bears interest at a rate of 2.99% per annum. The total amount financed under the loan was $31,135 and, as of December 31, 2017 the

4. NOTES PAYABLE (cont.)

total outstanding principal balance under the loan totaled $30,172. Future minimum payments required under this note are as follows:

Years ending December 31,		
2018	$	5,894
2019		6,072
2020		6,257
2021		6,446
Thereafter		5,503
Total payments	$	30,172

5. CONCENTRATION

During the year ended December 31, 2017, purchases from three vendors represented 70% of total inventory purchases. As of December 31, 2017, amounts owed to these vendors totaled $433,631 and are included in accounts payable in the accompanying balance sheet.

6. RELATED PARTY TRANSACTIONS

An affiliate of the Company provides credit card processing services for the Company. The affiliate earned $90,833 for the year ended December 31, 2017 for these services. The affiliate charges a 1% fee on credit card remittances to the Company.

The Company pays certain reimbursable operating expenses of an affiliate. The same affiliate also collects cash on behalf of the Company as part of the credit card processing arrangement. The total cash and reimbursable expenses was $71,556 as of December 31, 2017 and are recorded as due from related party on the accompanying balance sheet.

7. CAPITAL LEASES

The Company leases property under capital leases. Interest rates on capitalized leases range from 4% to 11%, imputed based on the lesser of the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return. Property and equipment includes the following under capital leases at December 31, 2017:

Equipment	$	331,140
Less: Accumulated depreciation		(331,140)
	$	—

Future minimum payments required under these leases together with their present value are as follows:

Years ending December 31,		
2018	$	1,902
Total payments		1,902
Amount representing interest		(26)
	$	1,876

8. COMMITMENTS

Operating Leases

On January 14, 2016, the Company entered into a 63-month lease agreement for its corporate offices in Torrance California, which includes the use of warehouse space. The lease agreement commenced on February 15, 2016 and required monthly rental payments with periodic scheduled increases. Total rent expense under all cancellable and non-cancellable operating leases was $489,593 for the year ended December 31, 2017.

Future minimum lease payments under these lease agreements at December 31, 2017, are as follows:

Years ending December 31,		
2018	$	348,128
2019		391,256
2020		402,999
2021 and thereafter		137,690
Total payments	$	1,280,073

On March 1, 2016, the Company entered into a 12-month sublease agreement related to a portion of its corporate office space. The tenant continued to lease on a month to month basis until the original lease agreement was renewed in October 2017, during which monthly income payments of $9,025 plus its portion of CAM charges were received by the Company. In October 2017, the sublessee vacated the premises and transferred possession of the premises to a third-party without requisite consents. Total rental income under the sublease was $154,333 for the year ended December 31, 2017 and is included in selling, general and administrative expense in the accompanying statement of operations as a reduction of rental expense.

9. MEMBERS' EQUITY

The rights and obligations of members, as well as all other significant ownership and governance matters, are set forth in the Company Agreement of Better Life Holdings, LLC.

The Company issues membership interests in the form of Units with the following three classes of Units authorized: Class A Common Units ("Class A Units"), Class B Common Units ("Class B Units") and Profit Units. The Company has authorized 15,000,000 Class A Units, 5,000,000 Class B Units, and 1,900,000 Profit Units. Each Class A Unit and Class B Unit has a vote and profit and losses are allocated proportionally to each Class A and Class B Units as provided in the Company Agreement. The Profit Units are non-voting and are not entitled to distributions or allocations, except upon the occurrence of a liquidity event.

With the approval of Rochester Vapor Group, LLC ("RVG"), the Company's Board of Directors (the "Board") shall have the right to amend the number of the authorized Class A Units or Class B Units without obtaining the consent of the Members. Unless otherwise determined by the Board or required by applicable law, the Units will not be evidenced by certificates.

During the year ended December 31, 2016, RVG purchased 2,317,212 Class B Units for $2,200,000. In November of 2017, RVG purchased an additional 868,955 Class B Units for $825,000. The B Units have a liquidation preference and other protective rights. Further, if at any time the Company proposes to issue equity securities (other than the issuance of securities to the public in a firm commitment underwriting pursuant to a registration statement filed under the Securities Act), or pursuant to the acquisition of another company by the Company by merger, purchase of substantially all of the assets or other form of reorganization approved by the Board, shall offer to issue to RVG at least fifty percent (50%) of the proposed securities.

A Member, by written notice to the Company after May 1, 2019, can request the Company redeem all the Units then held by the Member. The Company shall redeem the Units within six months after the date of such request by the Member.

9. MEMBERS' EQUITY (cont.)

Only a Member may initiate the redemption of Units and other Members may participate in the redemption. The Company shall provide written notice to all Members of their opportunity to participate upon receiving a valid redemption request from a Member.

The Company shall pay the Member an amount in cash for the Units equal to the fair market value as determined in good faith by the Board and the unanimous consent of all Members. If the Board and the Member are not able to agree as to the fair market value for the redemption within ten (10) Business Days of receiving a valid redemption request from a Member, then the fair market value shall be determined by mediation or binding arbitration in accordance with the Company Agreement.

The Board may issue Profit Units at its discretion. These Units may be issued to employees or other persons as incentives to improve earnings and the growth of the Company and subject to vesting as determined by the Board.

Effective January 1, 2017, the Company granted 825,889 Profit Units to certain employees and officers. Profit Units represent the right to participate in future profits and appreciation in the value of the Company after the date of the grant without having to contribute capital to the Company. The award is subject to vesting provisions whereby 100% of the award will vest upon the third anniversary of the date of the grant provided that the grantee remains in the continued service of the Company. In accordance with ASC 718-40, *Awards Classified as Equity*, management has determined as of the grant date, the estimated fair value of the Profit Units was $0 (see Note 10), and as such, no compensation expense has been recorded for the year ended December 31, 2017.

10. SUBSEQUENT EVENTS

On February 20, 2018, the Company was acquired by Jacoby Holdings LLC (d/b/a/ Greenlane) in exchange for an equity interest in the acquiring entity. The transaction was accounted for as a business combination and the Company's financial position and results of operations subsequent to the transaction date will be reported as part of the acquiring entity's consolidated financial statements. As a result of this transaction, the rights and obligations of the Class A and Class B Units were terminated.

Effective February 20, 2018, the Profit Units (see Note 9) were canceled in conjunction with the sale of the Company.

The Company has evaluated subsequent events through June 1, 2018, the date on which these financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members
of Better Life Holdings, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Better Life Holdings, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Life Holdings, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ LBB & Associates Ltd., LLP

LBB & Associates Ltd., LLP
Houston, Texas
December 11, 2017

BETTER LIFE HOLDINGS, LLC
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 466,253	$ 541,050
Accounts receivable, net	151,466	298,697
Due from related party	121,609	139,523
Inventories	3,196,071	2,614,237
Prepaid	91,190	28,265
TOTAL CURRENT ASSETS	**4,026,589**	**3,621,772**
Property and equipment, net	191,260	—
Other non-current assets	39,334	—
Goodwill	33,333	33,333
TOTAL ASSETS	**$ 4,290,516**	**$ 3,655,105**
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,032,289	$ 1,410,605
Current portion of capital lease liability	53,856	109,703
Advances from shareholder	—	852,088
Notes payable	—	616,809
TOTAL CURRENT LIABILITIES	**1,086,145**	**2,989,205**
Capital lease liability, net of current portion	1,113	48,716
TOTAL LIABILITIES	**1,087,258**	**3,037,921**
COMMITMENTS		
MEMBERS' EQUITY	**3,203,258**	**617,184**
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$ 4,290,516**	**$ 3,655,105**

The accompanying notes are an integral part of these financial statements.

BETTER LIFE HOLDINGS, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
SALES – net	$ 15,589,923	$ 17,870,650
Cost of sales	12,015,561	14,310,160
Gross profit	**3,574,362**	**3,560,490**
OPERATING EXPENSES:		
Selling, general and administrative	3,533,641	3,709,591
Depreciation & amortization	46,597	21
Advertising	189,845	310,387
Total operating expenses	**3,770,083**	**4,019,999**
OPERATING INCOME (LOSS)	**(195,721)**	**(459,509)**
OTHER INCOME (EXPENSE):		
Other income	20,464	31
Interest expense, net	(23,305)	(70,423)
OTHER INCOME (EXPENSE), NET	**(2,841)**	**(70,392)**
NET INCOME (LOSS)	**$ (198,562)**	**$ (529,901)**

The accompanying notes are an integral part of these financial statements.

BETTER LIFE HOLDINGS, LLC
STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Class A		Class B		
	Units	Amount	Units	Amount	Total
Balance, December 31, 2014	11,000,000	$ 1,147,085	—	$ —	$ 1,147,085
Net loss	—	(529,901)	—	—	(529,901)
Balance, December 31, 2015	11,000,000	617,184	—	—	617,184
Issuance of Class A units for shareholder advances	1,000,000	748,091	—	—	748,091
Issuance of Class B units	—	—	2,317,212	2,200,000	2,200,000
Member distributions	—	(137,000)	—	(26,455)	(163,455)
Net loss	—	(181,890)	—	(16,672)	(198,562)
Balance, December 31, 2016	12,000,000	$ 1,046,385	2,317,212	$ 2,156,873	$ 3,203,258

The accompanying notes are an integral part of these financial statements.

BETTER LIFE HOLDINGS, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (198,562)	$ (529,901)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	46,597	21
Bad debt expense	5,241	29,946
Gain on forgiveness of debt	(16,809)	—
Changes in assets and liabilities:		
Merchant credit card processors reserve	—	60,888
Accounts receivable	141,990	100,147
Due from related party	17,914	(77,553)
Inventories	(581,834)	(3,607)
Prepaid expenses	(102,259)	21,620
Accounts payable and accrued expenses	(329,863)	556,931
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(1,017,585)**	**158,492**
INVESTING ACTIVITIES:		
Purchase of property and equipment	(237,857)	—
Disposal of property and equipment	—	—
NET CASH PROVIDED USED BY INVESTING ACTIVITIES	**(237,857)**	**—**
FINANCING ACTIVITIES		
Proceeds from sale of Class B units	1,600,000	—
Distributions	(163,455)	—
Payment on advances from shareholder	(152,450)	(233,919)
Payment on capital leases	(103,450)	(102,918)
Proceeds from notes payable	—	616,809
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**1,180,645**	**279,972**
INCREASE (DECREASE) IN CASH	**(74,797)**	**438,464**
CASH — BEGINNING OF YEAR	**541,050**	**102,586**
CASH — END OF YEAR	**$ 466,253**	**$ 541,050**
Supplementary disclosure of cash flow information:		
Interest paid	**$ 23,305**	**$ 29,971**
Noncash investing and financing activities:		
Issuance of Class A units for the net assets of BLP	**$ 532,543**	**$ —**
Issuance of Class A units for shareholder advances and accrued expenses	**$ 748,091**	**$ —**
Issuance of Class B units for notes payable	**$ 600,000**	**$ —**

The accompanying notes are an integral part of these financial statements.

NOTE 1 — ORGANIZATION AND NATURE OF OPERATIONS

Description of Organization

Better Life Products, Inc. ("BLP") was incorporated in California in 2007 as a Subchapter S. Corporation. Better Life Holdings, LLC. (the "Company" or "BLH") was established on April 4, 2016, as a limited liability company in the State of Delaware.

On May 16, 2016, BLP entered into a series of legal agreements (the "Transaction") which resulted in all its assets and liabilities other than the shareholder advances being contributed into the Company. The Company continues BLP's business as a wholesale distributor and online retailer of vaporizers and accessories, operating under the name of VaporNation. The Company's principal business location is in Southern California.

The Transaction resulted in BLP receiving 11,000,000 Class A units of BLH and its sole shareholder, Mr. Jeffrey Sherman, receiving 1,000,000 Class A units of BLH in exchange for his various shareholder advances, which at May 16, 2016 was $748,091. Further, the Company received a cash contribution of $2,200,000, less notes payable from Rochester Vapor Group, LLC ("RVG") and RVG affiliates in exchange for 2,317,212 Class B units of BLH. Concurrently, upon the Transaction, $600,000 of these proceeds extinguished all the promissory notes held by affiliates of RVG.

As of the date of the Transaction, BLP continues to be the majority owner of the Company's units. In accordance with generally accepted accounting principles, these financial statements have been prepared to reflect the financial results of BLP and its continuation as the Company. The transaction represents a transfer of net assets between entities under common control. Upon completion of the transfer, pursuant to ASC 805-50-30-5, the Company has recording the net assets at BLP's carrying amounts.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgement. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes. The Company evaluates and updates the assumptions and estimates used on an ongoing basis as considered necessary. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue from product sales when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the selling price is fixed or determinable, and collectability is reasonably assured.

Product sales and shipping revenues, net of promotional discounts, are recorded when the products are shipped, title passes to customers and collection is reasonably assured. Retail sales to customers are made pursuant

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

to a sales invoice that provides for transfer of both title and risk of loss upon the Company's delivery to the shipping carrier. Revenues from product sales are recorded net of sales and consumption taxes.

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers may include discounts, such as percentage discounts off current purchases. Current discount offers, when accepted by the Company's customers, are treated as a reduction to the purchase price of the related transaction and the Company reports sales, net of discounts on its statements of operations.

Shipping and Handling Costs

The Company's general policy is to provide free standard shipping and handling for most online-retail and some wholesale orders. Shipping and handling costs incurred are included in cost of sales and totaled $733,399 and $807,708 for the years ended December 31, 2016 and 2915, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Based on management's assessment, the Company provides for estimated uncollectable amounts through a charge to earnings and a credit to a valuation allowance. Management has determined that no allowance was required at December 31, 2016 and 2015.

Due from Merchant Credit Card Processor

Due from merchant credit card processor represents monies held by the Company's credit card processors. The funds are being held by the merchant credit card processors pending satisfaction of their hold requirements and expiration of charge backs/refunds from customers. These amounts are included in due from related party.

Inventories

Inventories are stated at the lower of cost (determined by the first-in, first-out method) or market. If the cost of the inventories exceeds their market value, provisions are recorded to write down excess inventory to its net realizable value. The Company's inventories consist primarily of merchandise available for resale at its primary location and inventories that have been pre-paid and are in transit to the Company's primary location.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is calculated using the double declining balance method over the estimated useful lives of the assets. Estimated lives for machinery and equipment, furniture and fixtures and computer and computer software are 5, 7, 3 and 3 years, respectively. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposition of fixed assets, the costs and related accumulated depreciation amounts are relieved and any resulting gain or loss is reflected in operations during the period of disposition.

Long-lived assets are reviewed for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Goodwill

The Company evaluates goodwill for impairment annually, as well as whenever events or changes in circumstances suggest that the carrying value of goodwill may not be recoverable. The Company tests goodwill for impairment at the reporting unit level which we have determined is consistent with our operating segment, on an annual basis on the December 31 or more frequently if indicators of impairment exist.

The goodwill impairment test requires an entity to compare the fair value of a reporting unit with its carrying amount. The Company determines the fair value of its reporting units using a weighting of the income and market approaches. Under the income approach, the Company uses a discounted cash flow methodology which requires management to make significant estimates and assumptions related to forecasted revenues, gross profit margins, operating income margins, working capital cash flow, perpetual growth rates, and long-term discount rates, among others. For the market approach, the Company uses the guideline public company method. Under this method the Company utilizes information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units, to create valuation multiples that are applied to the operating performance of the reporting unit being tested, in order to estimate their respective fair values. In order to assess the reasonableness of the calculated reporting unit fair values, the Company reconciles the aggregate estimated fair values of its reporting units determined to its current market capitalization, allowing for a reasonable control premium. If the carrying amount of a reporting unit, calculated using the above approaches, exceeds the reporting unit's fair value, an impairment loss is recognized for the amount of the carrying value that exceeds the amount of the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. Additionally, the Company considers income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable.

There was no impairment of goodwill in any of the fiscal years presented. The Company's next annual impairment assessment will be performed as of December 31, 2017 unless indicators arise that would require the Company to reevaluate at an earlier date.

Advertising

The Company expenses advertising cost as incurred. Advertising expenses amounted to $189,845 and $310,387 during the years ended December 31, 2016 and 2015, respectively.

Income Taxes

No provision for income taxes has been made in the financial statements as the Company is a "pass through" entity. Each member is individually liable for tax on their share of the Company's income or loss. The Company prepares a calendar year informational tax return.

BLP is a Subchapter S Corporation under the Internal Revenue Code of 1986, as amended. Under this election, the Company's taxable income or loss flows through to the shareholders of the Company who are responsible for the federal and state taxes due on the taxable income.

Lease Accounting

The Company evaluates leases for classification as either a capital lease or an operating lease. If substantially all of the benefits and risks of ownership have been transferred to the Company as lessee, the Company records the lease as a capital lease at its inception. The Company performs this evaluation at the inception of the lease and when a modification is made to a lease. If the lease agreement calls for a scheduled rent increase during the lease term, the Company recognizes the lease expense on a straight-line basis over the lease term. The Company determines the straight-line rent impact of an operating lease upon inception of the lease.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Assets Held under Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Depreciation expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease. When the Company enters into a lease agreement, the terms are reviewed to determine the appropriate classification of the lease as a capital lease or operating lease based on the factors listed in FASB ASC 840, Leases.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers. The new guidance establishes a single comprehensive model for entities to use in accounting for revenue and supersedes most current revenue recognition guidance. It introduces a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards under current guidance. It also requires significantly expanded disclosures regarding revenues. We are still evaluating the impact of adopting the new guidance to our annual financial statements.

In July 2015, the FASB issued ASU 2015-11, Inventory: Simplifying the Measurement of Inventory. The new guidance replaces the current inventory measurement requirement of lower of cost or market with the lower of cost or net realizable value. Based on the effective dates, we will prospectively adopt this standard in the first quarter of our fiscal 2018. We do not expect a material impact to our financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. The new guidance was issued to increase transparency and comparability among companies by requiring most leases to be included on the balance sheet and by expanding disclosure requirements. Based on the effective dates, we expect to adopt the new guidance in the first quarter of fiscal 2020 using the modified retrospective method. While we expect adoption to lead to a material increase in the assets and liabilities recorded on our balance sheet, we are still evaluating the overall impact on our financial statements.

Reclassifications

Certain 2015 amounts have been reclassified to conform to 2016 presentation. Such reclassifications had no effect on previously reported net income.

NOTE 3 — PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	December 31,	
	2016	2015
Computer Software	$ 242,586	$ 223,198
Furniture and Fixtures	124,601	44,264
Machinery & Equipment	306,993	168,861
Less: Accumulated Depreciation	(482,920)	(436,323)
Property and Equipment, net	$ 191,260	$ —

Depreciation amounted to $46,597 and $21 during the years ended December 31, 2016 and 2015, respectively.

NOTE 4 — ADVANCES FROM SHAREHOLDER

The Company received advances from its sole shareholder to finance inventory and other working capital needs during each of the years ended 2016 and 2015. The advances had no fixed repayment date, bore interest at 5% and were subordinate to any claims of the Company's creditors. The Company owes the shareholder $0 and $852,088 as of December 31, 2016 and 2015, respectively. All of the shareholder advances totaling $748,091 were exchanged for the issuance of 1,000,000 Class A units at the date of the Transaction.

NOTE 5 — NOTES PAYABLE

The Company received cash proceeds represented by promissory notes from affiliates of its potential investor, RVG to finance inventory and other working capital needs during 2015. The notes had a maturity date of August 7, 2016, subject to 6.5% interest rate per annum. The principal amount of the notes payable totaled $600,000 as of December 31, 2015. These notes, and all related interest were fully repaid in exchange for Class B units in accordance with the Transaction.

The Company acquired a short term loan $15,970 in 2015 from PubCo Investors for operation expenses. As of December 31, 2016, the lender has relinquished its claim to repayment of this loan. The cancellation of debt and accrued interest of $16,809 was recognized as income in 2016.

NOTE 6 — CONCENTRATION

During the year ended December 31, 2016, purchases from two vendors represented 19% and 10% of the total inventory purchases. The outstanding accounts payable as of December 31, 2016 owed to these vendors comprised of $173,129 and $5,996, respectively. During the year ended December 31, 2015, purchases from two vendors represented 20% and 14% of the total inventory purchases. The outstanding accounts payable as of December 31, 2015 owed to these vendors comprised of $199,483 and $0, respectively.

NOTE 7 — RELATED PARTY TRANSACTIONS

An affiliate of the Company provides credit card processing services for the Company. The affiliate charged $106,240 and $114,937 for the years ended December 31, 2016 and 2015, respectively for these services. The affiliate charges a 1% fee on credit card remittances to the Company. The affiliate owes the Company $121,609 and $139,523 as of December 31, 2016 and 2015, respectively, which amounts include merchant card processor holdbacks which are released 3 days after the Company's customer's credit card is charged.

NOTE 8 — CAPITAL LEASES

The Company leases property under capital leases. Interest rates on capitalized leases range from 4% to 11%, imputed based on the lesser of the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return. Property and equipment includes the following under capital leases at December 31:

	2016	2015
Equipment	$ 333,140	$ 333,140
Less: Accumulated depreciation	(333,140)	(333,140)
	$ —	$ —

Future minimum payments required under these leases together with their present value are as follows:

Years ending December 31,	
2017	$ 54,422
2018	1,831
2019	—
Total payments	56,253
Amount representing interest	(1,284)
	54,969
Less current portion	(53,856)
Long-term portion	$ 1,113

NOTE 9 — COMMITMENTS

Operating Leases

The Company was obligated under two operating leases for its administrative office and warehouse located in Marina del Rey, California. The administrative office space lease agreement commenced on November 1, 2008 and the warehouse lease agreement commenced on April 16, 2012. Both of the leases terminated on February 29, 2016.

On January 14, 2016, the Company entered into a lease agreement for office rent, which includes the use of warehouse space. The lease agreement commenced on February 15, 2016 and continues until May 15, 2021. Rent due under the lease is $27,874 per month for the first 12 months, $30,808 per month for months 13 to 24, $31,732 per month for months 25 to 36, $32,684 per month for months 37 to 48, $33,665 per month for months 49 to 60, and $34,675 per month for months 61 to 63.

Rent expense is recognized in the month the office space is utilized. Total rent expense was $205,477 and $192,549 and sublease income was $63,047 and $0 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments under these lease and sublease agreements at December 31, 2016, are as follows:

Years ending December 31,	Gross lease	Sublease income	Net operating lease commitments
2017	$ 366,762	$ (99,750)	$ 267,012
2018	379,860	(19,950)	359,910
2019	391,256	—	391,256
2020	402,999	—	402,999
2021 and thereafter	137,690	—	137,690
Total payments	$ 1,678,567	$ (119,700)	$ 1,558,867

NOTE 10 — MEMBERS' EQUITY

The rights and obligations of members, as well as all other significant ownership and governance matters, are set forth in the Company Agreement of Better Life Holdings, LLC.

The Company issues membership interests in the form of Units with the following three classes of Units authorized: Class A Common Units, Class B Common Units and Profit Units. The Company has authorized 15,000,000 Class A Common Units, 5,000,000 Class B Common Units, and 1,900,000 Profit Units. Each Class A Unit and Class B Unit has a vote and profit and losses are allocated proportionally to each Class A and Class B Unit as provided in the Company Agreement. The Profit Units are non-voting and are not entitled to distributions or allocations, except upon the occurrence of a liquidity event.

With the approval of RVG, the Board shall have the right to amend the number of the authorized Class A Common Units or Class B Common Units without obtaining the consent of the Members. Unless otherwise determined by the Board or required by applicable law, the Units will not be evidenced by certificates.

Class B Units were issued to Rochester Vapor Group, LLC. The Class B Units have a liquidation preference and other protective rights. Further, if at any time the Company proposes to issue equity securities (other than the issuance of securities to the public in a firm commitment underwriting pursuant to a registration statement filed under the Securities Act), or pursuant to the acquisition of another company by the Company by merger, purchase of substantially all of the assets or other form of reorganization approved by the Board, shall offer to issue to RGV at least fifty percent (50%) of the proposed securities.

NOTE 10 — MEMBERS' EQUITY (cont.)

A Member, by written notice to the Company after May 1, 2019, can requests the Company redeem all the Units then held by the Member. The Company shall redeem the Units within six (6) months after the date of such request by the Member.

A Member may initiate the redemption of Units and other Members may participate in the redemption. The Company shall provide written notice to all Members of their opportunity to so participate upon receiving a valid redemption request from a Member.

The Company shall pay the Member an amount in cash for the Units equal to the fair market value as determined in good faith by the Board and the unanimous consent of all Members. If the Board and the Member are not able to agree as to the fair market value for the redemption within ten (10) Business Days of receiving a valid redemption request from a Member, then the fair market value shall be determined by mediation or binding arbitration in accordance with the Company Agreement.

The Board the Company may issue Profit Units at its discretion. These units may be issued to employees or other persons as incentives to improve earnings and the growth of the Company and subject to vesting as determined by the Board.

In accordance with the Transaction, Rochester Vapor Group, LLC may at any time before November 16, 2017, invest up to an additional $2,200,000 for additional Class A and Class B units at an adjusted price per unit of $0.95. (see below)

NOTE 11 — SUBSEQUENT EVENTS

Effective January 1, 2017, the Company granted 825,889 profit units to certain employees and officers. Profit units represent the right to participate in future profits and appreciation in the value of the Company after the date of the grant without having to contribute capital to the Company. The award is subject to vesting provisions whereby 100% of the award will vest upon the third anniversary of the date of the grant provided that the grantee remains in the continued service of the Company through the third anniversary date.

In accordance with the Transaction, in November 2017, RVG exercised its rights for additional Class B Units in the amount of $825,000 and in return, received 868,955 Class B Units. Further, the Company extended RVG's right to invest up to an additional $825,000 for Class B Units at any time before April 30, 2018.

In accordance with ASC 855, "Subsequent Events", the Company has evaluated subsequent events through December 11, 2017, the date on which these financial statements were available to be issued and found no other events requiring disclosure.


The Greenlane Ecosystem

Shares

Greenlane Holdings, Inc.

Class A Common Stock

PRELIMINARY PROSPECTUS

Cowen **Canaccord Genuity**

, 2018

Until , 2018 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution***

The following table sets forth all expenses to be paid by the registrant, other than estimated underwriting discounts and commissions, in connection with our initial public offering. All amounts shown are estimates except for the SEC registration fee and the FINRA filing fee:

SEC registration fee	$	*
Stock exchange listing fee		*
FINRA filing fee		*
Printing expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Blue Sky fees and expenses (including legal fees)		*
Transfer agent and registrar fees		*
Miscellaneous		*
Total	$	*

* To be completed by amendment

Item 14. ***Indemnification of Directors and Officers***

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the registrant. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise. The registrant's bylaws provide for indemnification by the registrant of its directors, officers and employees to the fullest extent permitted by the Delaware General Corporation Law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or (iv) for any transaction from which the director derived an improper personal benefit. The registrant's amended and restated certificate of incorporation provides for such limitation of liability.

The registrant maintains standard policies of insurance under which coverage is provided (a) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act, and (b) to the registrant with respect to payments which may be made by the registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

The proposed form of Underwriting Agreement filed as Exhibit 1.1 to this registration statement provides for indemnification of directors and officers of the registrant by the underwriters against certain liabilities.

The registrant expects to enter into customary indemnification agreements with its executive officers and directors that provide them, in general, with customary indemnification in connection with their service to the registrant or on the registrant's behalf.

Item 15. ***Recent Sales of Unregistered Securities***

On May 2, 2018, the registrant issued 200 shares of common stock, par value $0.01 per share, which will be redeemed upon the completion of this offering. Each of two officers of the registrant received 100 shares of common stock in exchange for $0.01 each. The issuances were exempt from registration under Section 4(a)(2) of the Securities Act, on the basis that the transactions did not involve a public offering.

Additionally, in connection with the Transactions described under "The Transactions" in the accompanying prospectus, the registrant will issue an aggregate of shares of its Class B common stock to the Non-Founder Members and shares of its Class C common stock to the Founder Members. The shares of Class B common stock and the shares of Class C common stock described above will be issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act, on the basis that the transactions will not involve a public offering. No underwriters will be involved in the transactions.

Item 16. ***Exhibits and Financial Statement Schedules***

(a) *Exhibits.* The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1*	Form of Amended and Restated Certificate of Incorporation of Greenlane Holdings, Inc.
3.2*	Form of Amended and Restated Bylaws of Greenlane Holdings, Inc.
4.1*	Form of Stock Certificate
4.2*	Form of Representative's Warrant
5.1*	Opinion of Pryor Cashman LLP as to the validity of securities being offered
10.1*	Form of Reorganization Agreement among Greenlane Holdings, Inc., Greenlane Holdings, LLC and the Members listed on the signature pages thereto
10.2*	Form of Registration Rights Agreement between Greenlane Holdings, Inc. and the Members of Greenlane Holdings, LLC
10.3*	Form of Third Amended and Restated Greenlane Holdings, LLC Operating Agreement
10.4*	Form of Tax Receivable Agreement between Greenlane Holdings, Inc. and the Members of Greenlane Holdings, LLC
10.5*	Form of Indemnification Agreement
10.6	Credit Agreement, dated as of October 4, 2017, by and between Jacoby & Co. Inc. and Fifth Third Bank
10.7	Omnibus Amendment No.1 to Credit Agreement, Guarantees, and Security Agreements, dated as of August 23, 2018, by and among Greenlane Holdings, LLC, Jacoby & Co. Inc., the other Borrower Parties listed on the signature page thereto and Fifth Third Bank
10.8	Amended and Restated Credit Agreement, dated as of October 1, 2018, by and among 1095 Broken Sound Pkwy LLC, Greenlane Holdings, LLC and Fifth Third Bank
10.9*	Greenlane Holdings, Inc. 2018 Equity Incentive Plan
10.10	Contribution Agreement, dated as of February 20, 2018, by and among Greenlane Holdings, LLC (f/k/a Jacoby Holdings LLC), the Sellers named therein and Better Life Products, Inc., as Seller Representative
10.11	Employment Agreement with Aaron LoCascio.
10.12	Employment Agreement with Adam Schoenfeld.
10.13	Employment Agreement with Sasha Kadey.
10.14	Employment Agreement with Jay Scheiner.
10.15	Employment Agreement with Zachary Tapp.
10.16*	Assignment and Assumption Agreement, dated as of , 2018, by and between Jacoby & Co. Inc. and Warehouse Goods LLC, relating to Employment Agreement with Aaron LoCascio.
10.17*	Assignment and Assumption Agreement, dated as of , 2018, by and between Jacoby & Co. Inc. and Warehouse Goods LLC, relating to Employment Agreement with Adam Schoenfeld.
21.1*	List of subsidiaries of Greenlane Holdings, Inc.
23.1*	Consent of BDO USA, LLP

Exhibit Number	Description
23.2*	Consent of Squar Milner LLP
23.3*	Consent of LBB & Associates Ltd., LLP
23.4*	Consent of Pryor Cashman LLP (included in Exhibit 5.1 to this Registration Statement)
23.5*	Consent of Neil Closner, Director Nominee.
23.6*	Consent of Richard Taney, Director Nominee.
23.7*	Consent of Jeff Uttz, Director Nominee.
24.1*	Powers of Attorney (included in signature page)

* Indicates to be filed by amendment.

(b) *Financial Statement Schedules.* All financial statement schedules are omitted because they are not applicable or the information is included in the Registrant's consolidated financial statements or related notes.

Item 17. ***Undertakings***

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Boca Raton, State of Florida, on , 2018.

GREENLANE HOLDINGS, INC.

By: _____

Name: Aaron LoCascio

Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below authorizes Aaron LoCascio and Adam Schoenfeld, or any of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, to execute in his or her name and on his or her behalf, in any and all capacities, this Registrant's registration statement on Form S-1 and any amendments thereto (and any additional registration statement related thereto permitted by Rule 462(b) promulgated under the Securities Act of 1933 (and all further amendments, including post-effective amendments thereto)), necessary or advisable to enable the registrant to comply with the Securities Act of 1933, and any rules, regulations and requirements of the Securities and Exchange Commission, in respect thereof, in connection with the registration of the securities which are the subject of such registration statement, which amendments may make such changes in such registration statement as such attorney may deem appropriate, and with full power and authority to perform and do any and all acts and things whatsoever which any such attorney or substitute may deem necessary or advisable to be performed or done in connection with any or all of the above-described matters, as fully as each of the undersigned could do if personally present and acting, hereby ratifying and approving all acts of any such attorney or substitute.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Aaron LoCascio	Chief Executive Officer and Chairman of the Board of Directors *(Principal Executive Officer)*	
Zachary Tapp	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	
Adam Schoenfeld	Director	

Exhibit 10.6

CREDIT AGREEMENT

by and between

JACOBY & CO. INC.

and

FIFTH THIRD BANK

Dated as of October 4, 2017

CREDIT AGREEMENT

This CREDIT AGREEMENT is dated as of October 4, 2017, by and between JACOBY & CO. INC., a Nevada corporation ("Borrower"), and FIFTH THIRD BANK, an Ohio Banking Corporation (the "Bank").

RECITALS

The Borrower has requested the Bank to extend credit to the Borrower. The Bank is willing to extend credit to the Borrower, subject to the terms and conditions hereinafter set forth.

Accordingly, the Borrower and the Bank agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

Section 1.1. Definitions. As used herein, the following words and terms shall have the following meanings:

"Adjusted EBITDA" shall mean, for the period in question, Net Income plus Interest Expense plus depreciation and amortization plus taxes plus rents and operating lease payments minus distributions and dividends to members and shareholders (net of contributions, which shall not exceed distributions) plus proceeds of all Subordinated Debt plus/minus any nonrecurring/extraordinary expense or revenue items as determined by the Bank in its reasonable discretion, calculated in accordance with GAAP applied on a consistent basis but adjusted for non-cash straight-line rent adjustments and capital expenditures (other than capital expenditures financed with the proceeds of purchase money Indebtedness or Capital Leases to the extent permitted under this Agreement).

"Adjustment Protocol" shall have the meaning set forth in the definition of LIBOR Rate.

"Affiliate" shall mean with respect to any Person, any corporation, partnership, limited liability company, limited liability partnership, joint venture, trust or unincorporated organization which, directly or indirectly, controls or is controlled by or is under common control with such Person. For the purpose of this definition, "control" of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management or policies of such Person whether through the ownership of voting securities by contract or otherwise; provided that, in any event, any person who owns directly or indirectly forty (40%) percent or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or forty (40%) percent or more of the partnership, membership or other ownership interest of any Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person.

"Agreed Currency" shall have the meaning provided in Section 9.1.7.

"Agreement" shall mean this Credit Agreement dated as of October 4, 2017, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"AML Legislation" shall have the meaning provided in Section 9.16.

"Anti-Terrorism Laws" shall mean any laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by the United States Treasury Department's Office of Foreign Asset Control, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (as any of the foregoing laws may from time to time be amended, renewed, extended, or replaced).

"Banking Services" shall mean each and any of the following commercial bank services provided to the Borrower by the Bank: (i) commercial credit, credit cards, purchase or debit cards and (ii) cash management, treasury or related services (including, without limitation, controlled deposit accounts, overnight draft, funds transfer, automated clearinghouse, zero accounts, lockbox, account reconciliation, disbursement, ACH transactions, return items and interstate depository network services); and (iii) any interest rate swap, cap, floor, collar, or any similar transaction or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging Borrower's exposure to fluctuations in internet rates.

"Banking Services Obligations" of the Borrower shall mean any and all obligations of the Borrower, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Blocked Person" shall have the meaning provided in Section 4.19(b).

"Borrowing Base" shall mean, at any time, fifty (50%) percent of Borrower Group's Eligible Inventoryplus eighty (80%) percent of Borrower Group's Eligible Receivables.

"Borrowing Base Certificate" shall mean a certificate signed and certified as accurate and complete by an Executive Officer of Borrower, setting forth the calculation of the Borrowing Base, and including such other information as may be reasonably requested by Bank from time to time.

"Borrowing Date" shall mean, with respect to any Loan, the date on which such Loan is disbursed to the Borrower.

"Borrower Group" shall mean the Borrower and each Guarantor that is a direct and indirect subsidiary of Borrower.

"Business Day" shall mean (i) with respect to all notices and determinations in connection with the LIBOR Rate, any day (other than a Saturday or Sunday) on which commercial banks are open in London, England, New York, New York, and Cincinnati, Ohio for dealings in deposits in the London Interbank Market; and (ii) in all other cases, any day on which commercial banks in Cincinnati, Ohio are required by law to be open for business; provided that, notwithstanding anything to the contrary in this definition of "Business Day", at any time during which a rate management agreement with the Bank is then in effect with respect to all or a portion of the Revolving Credit Note, then the definitions of "Business Day" and "Banking Day", as applicable, pursuant to such rate management agreement shall govern with respect to all applicable notices and determinations in connection with such portion of the Revolving Credit Note subject to such rate management agreement.

"Canadian Benefit Plans" shall mean, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, any bonus, deferred compensation, incentive compensation, share purchase, share option, share appreciation, phantom share, savings, profit sharing, severance or termination pay, health, dental or other medical, life, disability insurance, mortgage insurance, employee loan, employee assistance, supplementary unemployment benefit, registered and other pension, retirement and supplementary retirement, plan, program and every other benefit plan, program, agreement, arrangement or practice maintained or contributed to for the benefit of any of the Borrower Group's employees, former employees or their respective dependent or beneficiaries or under which the Borrower Group has any liability in respect of any of its employees, former employees or their respective dependent or beneficiaries, but excluding the Canada Pension Plan, the Quebec Pension Plan, any health or drug plan established and administered by a Canadian Province and workers' compensation insurance provided by Canadian federal or provincial legislation or a comparable program established and administered outside Canada.

"Canadian Insolvency Laws" shall mean any of the Bankruptcy and Insolvency Act (Canada) the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), the Bankruptcy Code, as at now and hereafter in effect, any successors to such statutes and any other applicable insolvency or other similar law of any jurisdiction, including any law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

"Canadian Pension Legislation" shall mean the Pension Benefits Act (Ontario) and regulations adopted thereunder, and any similar Canadian provincial or federal legislation.

"Canadian Pension Plans" shall mean a Canadian Benefit Plan which is a registered pension plan, as that term is defined in the Income Tax Act (Canada), other than a MEPP.

"Capital Lease" shall mean (i) any lease of property, real or personal, if the then present value of the minimum rental commitment thereunder should, in accordance with GAAP applied on a consistent basis, be capitalized on the balance sheet of the lessee, and (ii) any other such lease the obligations of which are required to be capitalized on the balance sheet of the lessee.

"Change of Control" shall mean any event which results in any Person, or two or more Persons acting in concert, in each case, acquiring beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended), directly or indirectly, by contract or otherwise, or entering into a contract or arrangement which upon consummation will result in its or their acquisition of, or control over, securities of Borrower (or other securities convertible into such securities) representing fifty (50%) percent or more of the combined voting power of all securities of Borrower entitled to vote in the election of managers.

"Closing Date" shall mean October 4, 2017.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" shall mean the obligation of the Bank to make Revolving Credit Loans in the aggregate amount not to exceed Eight Million ($8,000,000) Dollars.

"Commitment Period" shall mean the period from and including the Closing Date to, but not including, the Commitment Termination Date or such earlier date as the Commitment shall terminate as provided herein.

"Commitment Termination Date" shall mean October 4, 2018.

"CPA" shall have the meaning set forth in Section 4.3.

"Default" shall mean any event or condition which upon notice, lapse of time, or both, would constitute an Event of Default.

"Dollar" and the symbol "$" shall mean lawful money of the United States of America.

"Eligible Inventory" means at any time, Borrower Group's inventory of finished goods held for use or sale in the ordinary course of Borrower Group's business, valued by the Bank at the lower of cost or fair market value on a first in, first out basis; provided that Eligible Inventory shall not include the following: (i) raw materials and work-in-process; (ii) obsolete items; (iii) samples and packing materials; (iv) returned items; (v) any inventory in which the Bank does not have a valid, first priority and fully perfected security interest; (vi) any inventory evidenced by negotiable warehouse receipts or documents of title which have not been issued in the name of the Bank; and (viii) any inventory not in the actual possession of the Borrower Group or located at any leased location or public warehouse, unless a reasonably satisfactory landlord or warehouseman lien subordination or waiver has been delivered to the Bank or reserves reasonably satisfactory to the Bank in its discretion have been established by the Borrower Group with respect thereto, provided, however, inventory in transit shall, notwithstanding the foregoing, be considered Eligible Inventory under this Section (viii) to the extent said inventory is properly insured, as determined by the Bank in its reasonable discretion, with the Bank named as a losspayee on any applicable insurance policy. Inventory, which is deemed to be Eligible Inventory, but which subsequently fails to meet the foregoing criteria for Eligible Inventory, shall immediately cease to be Eligible Inventory for the purpose of determining the Borrowing Base. To the extent that such inventory once again meets the foregoing criteria for Eligible Inventory, such inventory shall immediately be Eligible Inventory for purposes of determining the Borrowing Base.

"Eligible Receivables" shall mean, at any time, Borrower Group's accounts receivable that are not more than ninety (90) days past the original invoice date (less contra accounts); provided that Eligible Receivables shall not include the following: (i) accounts receivable with respect to which the account debtor is a member, officer, employee, agent or Affiliate of any of the Borrower Group; (ii) accounts receivable with respect to which the debtor is not a resident of, or does not have its principal place of business in, the United States or Canada, provided, however, said accounts receivable may be deemed eligible by the Bank on a case by case basis, if satisfactory letters of credit, credit insurance, or other requested documentation is received by the Bank; (iii) if the total accounts receivable owed by a debtor to the Borrower Group total more than twenty (20%) percent of Borrower Group's total accounts receivable, then Eligible Receivables shall not include any such accounts receivable owed by said debtor to the Borrower Group that exceed twenty (20%) percent of Borrower Group's total accounts receivable; and (iv) any and all accounts receivable owed by a particular debtor if twenty-five (25%) percent or more of the total accounts receivable owed by said debtor to the Borrower Group are due and outstanding more than ninety (90) days from the original invoice date. In the event that an Eligible Receivable ceases to be an Eligible Receivable hereunder, the Borrower shall notify the Bank thereof on and at the time of submission to the Bank of the next Borrowing Base Certificate. In determining the amount of an Eligible Receivable, the face amount of an account may, in the Bank's discretion, be reduced, without duplication, to the extent not reflected in such face amount, by: (a) the amount of all accrued and actual rebates, discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances and (b) the aggregate amount of all cash received in respect of such account but not yet applied by the Borrower Group to reduce the amount of such account.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which, together with the Borrower Group, would be deemed to be a member of the same "controlled group" within the meaning of Section 414(b) and (c) of the Code.

"Event of Default" shall mean any Event of Default set forth in Article VIII.

"Executive Officer" shall mean the chief executive officer or chief financial officer of Borrower of entity Guarantor, as applicable, and any other officer or similar official thereof with significant responsibility for the administration of the obligations of the Borrower or entity Guarantor in respect of this Agreement and the other Loan Documents.

"Executive Order" shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Fixed Charge Coverage Ratio" shall mean the ratio of Borrower Group's consolidated (i) Adjusted EBITDA to (ii) the sum of (a) all principal and interest payments with respect to Indebtedness that were paid or were due and payable by the Borrower Group during the period in question, and (b) all rents that were paid or payable and all operating lease payments that were paid or payable by the Borrower Group during the period in question, calculated in accordance with GAAP applied on a consistent basis but adjusted for non-cash straight-line rent adjustments.

"Governmental Authority" shall mean any nation or government, any state, province, city or municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board or similar body, whether federal, state, provincial, territorial, local or foreign.

"Guaranties" shall mean guaranties executed by each of the Guarantors, as the same may be amended, restated, supplemented or modified, from time to time.

"Guarantors" shall mean Aaron Locascio, Adam Schoenfeld, Jacoby Holdings LLC, a Delaware limited liability company, Mid-Atlantic Holdings Group LLC, a Delaware limited liability company, Bio Vapor Solutions LLC, a Delaware limited liability company, MSI Imports LLC, a Washington limited liability company, Aerospaced LLC, a Florida limited liability company, Warehouse Goods LLC, a Delaware limited liability company, Quick Draw Holdings, Inc., a Delaware limited liability company, GS Fulfillment LLC, a Delaware limited liability company, Vape World Distribution LTD., a British Columbia corporation, and HS Products LLC, a Delaware limited liability company.

"Hazardous Materials" shall mean any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49) U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601,et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule or regulation.

"Hedge Agreement" shall mean any agreement between Borrower and Bank or any affiliate of Bank, now existing or hereafter entered into, which provides for an interest rate swap, cap, floor, collar, or any similar transaction or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging Borrower's exposure to fluctuations in interest rates.

"Indebtedness" shall mean, without duplication, as to any Person or Persons (i) indebtedness for borrowed money; (ii) indebtedness for the deferred purchase price of property or services; (iii) indebtedness evidenced by bonds, debentures, notes or other similar instruments; (iv) obligations and liabilities secured by a Lien upon property owned by such Person, whether or not owing by such Person and even though such Person has not assumed or become liable for the payment thereof; (v) obligations or liabilities created or arising under any conditional sales contract or other title retention agreement with respect to property used and/or acquired by such Person; (vi) obligations of such Person as lessee under Capital Leases; (vii) liabilities of such Person under Hedge Agreements and foreign currency exchange agreements, as calculated on a basis reasonably satisfactory to the Bank and in accordance with accepted practice; (viii) all obligations of such Person in respect of bankers' acceptances; (ix) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and (x) all guaranties of such Person of the type of Indebtedness described in clauses (i) through (ix) above. The amount of any Indebtedness of a Person for which recourse is limited to an identified asset or assets of such Person shall be equal to the lesser of (x) the amount of such Indebtedness and (y) the fair market value of such asset or assets. For purposes of this definition, the amount of any Indebtedness represented by a guaranty shall be the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instruments embodying such Indebtedness.

"Interest Expense" shall mean all interest expense of the Borrower Group determined on a consolidated basis in accordance with GAAP applied on a consistent basis.

"Judgment Currency" shall have the meaning provided in Section 9.17.

"Jurisdiction" shall mean the state in the United States where the Bank's branch which maintains Borrower Group's major deposits is located, or if Borrower Group does not have deposits with the Bank, the Bank's office in a state of the United States where Borrower Group's major banking relationship with it is conducted; if neither of the foregoing apply, then jurisdiction shall mean the State of Florida.

"Landlord Waivers" shall mean the Landlord waivers with respect to properties occupied by the Borrower Group, executed for the benefit of the Bank, as same may be amended, restated, supplemented or modified, from time to time.

"LIBOR Rate" shall mean, as of any date of determination, the rate of interest rounded upwards (the "Rounding Adjustment"), if necessary, to the next 1/8 of 1% (and adjusted for reserves if the Bank is required to maintain reserves with respect to relevant advances) fixed by ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, approved by the Bank, each an "Alternate LIBOR Source") at approximately 11:00 a.m., London, England time (or the relevant time established by ICE Benchmark Administration Limited, an Alternate LIBOR Source, or the Bank, as applicable), two Business Days prior to such date of determination, relating to quotations for the one month London InterBank Offered Rates on U.S. Dollar deposits, as displayed by Bloomberg LP (or any successor thereto, or replacement thereof, as approved by the Bank, each an "Approved Bloomberg Successor"), or, if no longer displayed by Bloomberg LP (or any Approved Bloomberg Successor), such rate as shall be determined in good faith by the Bank from such sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor), all as determined by the Bank in accordance with the Bank's loan systems and procedures periodically in effect.

Notwithstanding anything to the contrary contained herein, in no event shall the LIBOR Rate be less than 0% as of any date (the "LIBOR Rate Minimum"); provided that, at any time during which a rate management agreement with the Bank is then in effect with respect to all or a portion of the Obligations, the LIBOR Rate Minimum, the Rounding Adjustment and the Adjustment Protocol (as defined below) shall all be disregarded and no longer of any force and effect with respect to such portion of the Obligations subject to such Rate Management Agreement. Each determination by the Bank of the LIBOR Rate shall be binding and conclusive in the absence of manifest error. The LIBOR Rate shall be initially determined as of the date of the initial advance of funds to Borrower under the Revolving Credit Note and shall be effective until the first Business Day of the month following the period commencing on the date of such initial advance (such first Business Day being the "First Adjustment Date"). The interest rate based upon the LIBOR Rate shall be adjusted automatically on the First Adjustment Date and on the first Business Day of each month thereafter (the "Adjustment Protocol").

Notwithstanding anything herein contained to the contrary, if the Bank, by written or telephonic notice, notifies Borrower that: (i) any change in any law, regulation or official directive, or in the interpretation thereof, by any governmental body charged with the administration thereof, has made it unlawful for the Bank to fund or maintain its funding in Eurodollars of any portion of any advance subject to the LIBOR Rate or otherwise give effect to the Bank's obligations as contemplated hereby; or (i) (a) LIBOR deposits for periods of one month are not readily available in the London Interbank Offered Rate Market, (b) by reason of circumstances affecting such market or other economic conditions, adequate and reasonable methods do not exist for ascertaining the rate of interest applicable to such deposits, or (iii) the LIBOR Rate as determined by the Bank will not adequately and fairly reflect the cost to the Bank of making or maintaining advances bearing interest with reference to the LIBOR Rate (including inaccurate or inadequate reflection of actual costs resulting from the calculation of rates by reporting sources), then, in any of such events: (A) the Bank's obligations in respect of the LIBOR Rate shall terminate forthwith, (B) the LIBOR Rate with respect to the Bank shall forthwith cease to be in effect, (C) Borrower's right to utilize LIBOR Rate index pricing as set forth in this Agreement and the Revolving Credit Note shall be terminated forthwith, and (D) amounts outstanding under the Revolving Credit Note shall, on and after such date, bear interest at a rate per annum equal to: (1) 0.5% plus (2) the floating rate of interest established from time to time by the Bank at its principal office as its "Prime Rate", whether or not the Bank shall at times lend to borrowers at lower rates of interest or, if there is no such Prime Rate, then such other rate as may be substituted by the Bank for such Prime Rate. Each determination by the Bank of the Prime Rate shall be binding and conclusive in the absence of manifest error. In the event of a change in the Prime Rate, the interest rate accruing hereunder based upon the Prime Rate shall be changed immediately with such change to be based upon such new Prime Rate.

"Lien" shall mean any lien (statutory or otherwise), security interest, mortgage, deed of trust, pledge, charge, conditional sale, title retention agreement, Capital Lease or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

"Loans" shall mean, collectively, the loans and advances made by the Bank pursuant to this Agreement.

"Loan Documents" shall mean, collectively, this Agreement, the Note, the Security Documents, Hedge Agreements, and each other agreement executed in connection with the transactions contemplated hereby or thereby.

"London Business Day" shall mean any day on which commercial banks in London, England are open for general business.

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, properties or condition (financial or otherwise) of the Borrower Group, or (ii) the ability of the Borrower Group to perform any of its material obligations under any Loan Document to which it is a party.

"Material Contract" shall mean, with respect to any Person, each contract, instrument or agreement to which such Person is a party which is material to the business, operations, properties, prospects or condition (financial or otherwise) of such Person or which, if terminated, could reasonably be expected to result in a Material Adverse Effect.

"MEPP" shall mean a Canadian Benefit Plan which is a multi-employer pension plan, as that term is defined by Canadian Pension Legislation.

"Net Income" shall mean, for any period, the net income (or net loss) for such period calculated in accordance with GAAP applied on a consistent basis.

"Notice of Revolving Credit Loan Borrowing" shall mean the Notice of Revolving Credit Loan Borrowing substantially in the form attached hereto asExhibit B.

"Obligations" shall mean (i) all obligations, liabilities and indebtedness of the Borrower to the Bank, whether now existing or hereafter created, absolute or contingent, direct or indirect, due or not, arising under this Agreement, the Revolving Credit Note or any other Loan Document, including, without limitation, all obligations, liabilities and indebtedness of the Borrower with respect to the principal of and interest on the Loans, (ii) any Banking Services Obligations and (iii) all fees, costs, expenses and indemnity obligations of the Borrower hereunder or under any other Loan Document.

"Operating Accounts" shall mean Borrower's account #7434398447 at the Bank, and any other account at the Bank maintained by a member of Borrower Group, into which (i) Bank shall credit the proceeds from each Revolving Credit Loan hereunder; and (ii) all payments made to Borrower Group shall be deposited, wired or ACH'd.

"Payment Office" shall mean the Bank's office located at 2333 Ponce de Leon Blvd, Suite 303, Coral Gables, FL 33134, Attention: Commercial Loan Administration, or such other office hereinafter designated by the Bank as its Payment Office.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Permitted Liens" shall have the meaning set forth in Section 7.1.

"Person" shall mean any natural person, corporation, limited liability company, limited liability partnership, business trust, joint venture, association, company, partnership or Governmental Authority.

"Plan" shall mean any multi-employer or single-employer plan defined in Section 4001 of ERISA which is subject to Title IV of ERISA, which is maintained, or at any time during the five calendar years preceding the date of this Agreement was maintained for employees of the Borrower Group or an ERISA Affiliate.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as the same may be amended or supplemented from time to time.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Revolving Credit Loan" shall have the meaning specified in Section 2.1.

"Revolving Credit Note" shall mean the Revolving Credit Note, in the form attached hereto asExhibit A, as same may be amended, restated, supplemented or modified, from time to time.

"Security Agreements" shall mean the Security Agreements executed by the Borrower and each entity Guarantor, for the benefit of the Bank, as same may be amended, restated, supplemented or modified, from time to time.

"Security Documents" shall mean, collectively, the Security Agreements, the Guaranties, the Landlord Waivers and each other collateral security document delivered to the Bank hereunder.

"Subordinated Debt" shall mean all Indebtedness which is subordinated in right of payment to the payment of the Obligations on terms set forth in a subordination agreement that is reasonably satisfactory to the Bank.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

Section 1.2. Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. The term "including" shall not be limited or exclusive, unless specifically indicated to the contrary. The word "will" shall be construed to have the same meaning in effect as the word "shall". The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole, including the exhibits and schedules hereto, all of which are by this reference incorporated into this Agreement.

Section 1.3. Accounting Terms. Except as otherwise herein specifically provided, each accounting term used herein shall have the meaning given to it under GAAP. "GAAP" shall mean those generally accepted accounting principles and practices which are recognized as such by the American Institute of Certified Public Accountants acting through the Financial Accounting Standards Board ("FASB") or through other appropriate boards or committees thereof, except that any accounting principle or practice required, in the good faith opinion of the CPA, to be changed by the FASB (or other appropriate board or committee of the FASB) in order to continue as a generally accepted accounting principle or practice may be so changed. Any dispute or disagreement between the Borrower and the Bank relating to the determination of GAAP shall, in the absence of manifest error, be conclusively resolved for all purposes hereof by a written opinion with respect thereto delivered to the Bank by the CPA.

ARTICLE II
LOANS

Section 2.1. Revolving Credit Loans.

(a) Subject to the terms and conditions, and relying upon the representations and warranties, set forth herein, the Bank agrees to make loans (individually a "Revolving Credit Loan" and, collectively, the "Revolving Credit Loans") to the Borrower at any time or from time to time on or after the date hereof and until the Commitment Termination Date, provided, however, that no Revolving Credit Loan shall be made if, after giving effect to such Revolving Credit Loan, the aggregate outstanding principal amount of all Revolving Credit Loans would exceed the lesser of the Commitment or the Borrowing Base in effect at such time. During the Commitment Period, the Borrower may from time to time borrow, repay and reborrow hereunder, subject to the terms, provisions and limitations set forth herein.

(b) The Borrower shall, not later than 10:00 a.m., Miami, Florida time, on the date of each proposed Revolving Credit Loan under this Section 2.1, deliver to the Bank a duly completed Notice of Revolving Credit Loan Borrowing, executed by an Executive Officer. Such notice shall be irrevocable.

(c) The Commitment shall automatically terminate on the last day of the Commitment Period. Upon such termination, the Borrower shall immediately repay in full the principal amount of the Revolving Credit Loans then outstanding, together with all accrued and unpaid interest thereon and all other amounts due and payable hereunder.

Section 2.2. Revolving Credit Note. The Revolving Credit Loans made by the Bank shall be evidenced by the Revolving Credit Note, appropriately completed, duly executed and delivered on behalf of the Borrower at Closing and payable to the order of the Bank. Borrower shall be liable for all amounts outstanding under the Revolving Credit Note. The date and amount of each Revolving Credit Loan and the date and amount of each payment or prepayment of principal of each Revolving Credit Loan may be recorded on the grid schedule annexed to the Revolving Credit Note, and the Borrower authorizes the Bank to make such recordation; provided, however, that the failure of the Bank to set forth each such Revolving Credit Loan, payment and other information on such grid shall not in any manner affect the obligation of the Borrower to repay each Revolving Credit Loan made by the Bank in accordance with the terms of the Revolving Credit Note and this Agreement. The Revolving Credit Note and the books and records of the Bank shall constitute conclusive evidence of the information so recorded absent manifest error. The aggregate unpaid amount of the Revolving Credit Loans of the Bank at any time shall be the principal amount owing on the Revolving Credit Note of the Borrower at such time. Borrower shall make monthly payments of all accrued and unpaid interest to the Bank, commencing on November 4, 2017, and continuing on the same day each month during the Commitment Period.

ARTICLE III
INTEREST RATE; FEES AND PAYMENTS; USE OF PROCEEDS

Section 3.1. Interest Rate.

(a) The Revolving Credit Loans shall bear interest on the unpaid principal amount thereof at a rate per annum equal to the LIBOR Rate plus three and one-half (3.50%) percent. The interest rate shall be adjusted pursuant to the Adjustment Protocol.

(b) Upon the occurrence and during the continuance of an Event of Default, the outstanding principal amount of each Loan, shall, at the option of the Bank, bear interest payable on demand, at a rate per annum equal to rate set forth under Section 3.1(a) plus five (5.00%) percent per annum.

(c) A late charge of five (5.00%) percent shall be imposed on each and every payment required hereunder that is not received by Bank within ten (10) days after it is due. The late charge is not a penalty, but liquidated damages to defray administrative and related expenses due to such late payment. The late charge shall be immediately due and payable and shall be paid by the Borrower to the Bank without notice or demand. This provision for late charge is not and shall not be deemed a grace period, and Bank has no obligation to accept a late payment. Further, the acceptance of a late payment shall not constitute a waiver of any Event of Default then existing or thereafter arising.

(d) Anything in this Agreement or in the Revolving Credit Note to the contrary notwithstanding, the obligation of the Borrower to make payments of interest shall be subject to the limitation that payments of interest shall not be required to be paid to the Bank to the extent that the charging or receipt thereof would not be permissible under the law or laws applicable to the Bank limiting the rates of interest that may be charged or collected by the Bank. In each such event payments of interest required to be paid to the Bank shall be calculated at the highest rate permitted by applicable law until such time as the rates of interest required hereunder may lawfully be charged and collected by the Bank. If the provisions of this Agreement or the Revolving Credit Note would at any time otherwise require payment by the Borrower to the Bank of any amount of interest in excess of the maximum amount then permitted by applicable law, the interest payments to the Bank shall be reduced to the extent necessary so that the Bank shall not receive interest in excess of such maximum amount. Any amount paid or collected by the Bank as interest which would be in excess of the amount permitted by applicable law shall be deemed applied to the reduction of the principal balance of the Obligations and not to the payment of interest, but if such Obligations have been or are thereby paid in full, the excess shall be returned to the Borrower, such application to the principal balance of the Obligations or the refunding of excess to be a complete settlement and acquittance thereof.

(e) Interest on each Loan shall be calculated on the basis of a year of three hundred sixty (360) days and shall be payable for the actual days elapsed.

(f) Each determination by the Bank of an interest rate or fee hereunder shall, absent manifest error, be conclusive and binding for all purposes, so long as such determination is made on a reasonable basis and in good faith.

Section 3.2. Use of Proceeds. The proceeds of the Revolving Credit Loans shall be used by the Borrower to refinance the Borrower's credit facilities with Marquis Bank and to finance the Borrower's general working capital requirements in the ordinary course of business.

Section 3.3. Prepayments; Termination of Commitment.

(a) The Borrower may prepay from time to time the then outstanding Loans, in whole or in part, without premium or penalty, upon irrevocable written notice to the Bank, specifying the date and amount of repayment. If such notice is given, the Borrower shall make such repayment and the repayment amount specified in such notice shall be due and payable, on the date specified therein, together with accrued and unpaid interest to such date on the amount repaid to the Bank. Notwithstanding the foregoing, a notice of prepayment of the Obligations delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or securities offerings, in which case if such condition is not satisfied (i) such notice may be revoked by the Borrower (by notice to the Bank on or prior to the specified effective date) or (ii) with the consent of the Bank (not to be unreasonably withheld, delayed or conditioned), the repayment date set forth in such notice may be extended.

(b) To the extent that the aggregate outstanding principal amount of Revolving Credit Loans exceeds the lesser of the Commitment and the Borrowing Base as then in effect, the Borrower shall, within five (5) Business Days, prepay the Revolving Credit Loans to the extent necessary to cause compliance therewith.

(c) Each prepayment of principal of a Loan pursuant to this Section 3.3 shall be accompanied by accrued and unpaid interest on the amount prepaid through the date of prepayment.

Section 3.4. Fees. The Borrower shall pay the Bank a one-time facility fee on the Commitment in the amount of Twenty Thousand ($20,000) Dollars. The Bank acknowledges that Ten Thousand ($10,000) Dollars in respect of such fee has previously been paid by the Borrower.

Section 3.5. Other Events.

(a) In the event that any introduction of or change in, on or after the date hereof, any applicable law, regulation, treaty, order, directive or in the interpretation or application thereof (including, without limitation, any request, guideline or policy, whether or not having the force of law, of or from any central bank or other governmental authority, agency or instrumentality and including, without limitation, Regulation D), by any authority charged with the administration or interpretation thereof shall occur, which: (i) shall subject the Bank to any tax of any kind whatsoever with respect to this Agreement, the Revolving Credit Note, the Loans, or change the basis of taxation of payments to the Bank of principal, interest, fees or any other amount payable hereunder (other than any tax that is measured with respect to the overall net income of the Bank or lending office of the Bank and that is imposed by the United States of America, or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which the Bank's lending office is located, or by any jurisdiction in which the Bank is organized, has its principal office or is managed and controlled); or (ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement (whether or not having the force of law) against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Bank; or (iii) shall impose on the Bank any other condition, or change therein directly relating to this Agreement, the Revolving Credit Note or the Loans; and the result of any of the foregoing is to increase the cost to the Bank of making, renewing or maintaining or participating in advances or extensions of credit hereunder or to reduce any amount receivable hereunder, in each case by an amount which the Bank reasonably deems material, then, in any such case, the Borrower shall pay the Bank, upon demand, such additional amount or amounts as will reimburse the Bank for such increased costs or reduction.

(b) If the Bank shall have determined in its reasonable discretion that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank (or any lending office of the Bank) or the Bank's holding company, with any request or directive regarding capital adequacy (whether or not having the force of the law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank's capital or on the capital of the Bank's holding company as a consequence of its obligations hereunder to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy) by an amount reasonably deemed by the Bank to be material, then from time to time, the Borrower shall pay to the Bank, the additional amount or amounts as will reimburse the Bank or the Bank's holding company for such reduction directly relating to this Agreement, the Revolving Credit Note or the Loans.

(c) A certificate of the Bank prepared in good faith and setting forth the basis and calculation of any such determination, and the amount or amounts payable pursuant to Sections 3.5(a) and 3.5(b) above, shall be conclusive absent manifest error. The Borrower shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

Section 3.6. Taxes. Except as required by law, all payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding income and franchise taxes imposed on the Bank by (a) the United States of America or any political subdivision or taxing authority thereof or therein, (b) the jurisdiction under the laws of which the Bank is organized or in which it has its principal office or is managed and controlled or any political subdivision or taxing authority thereof or therein, or (c) any jurisdiction in which the Bank's lending office is located or any political subdivision or taxing authority thereof or therein (such non-excluded taxes being called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Bank hereunder, or under the Revolving Credit Note, the amount so payable to the Bank shall be increased to the extent necessary to yield to the Bank (after payment of all Taxes and free and clear of all liability in respect of such Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Revolving Credit Note. If the Borrower fails to pay Taxes when due to the appropriate taxing authority the Borrower shall indemnify the Bank for any incremental taxes, interest or penalties that may become payable by the Bank as a result of any such failure together with any actual expenses payable by the Bank in connection therewith.

Section 3.7. Disbursement of Loans. The Bank shall make the Loans available to the Borrower by crediting an amount equal to the Loan to the Operating Account designated by Borrower from time to time, unless otherwise agreed upon by the parties hereto.

Section 3.8. Payments.

(a) All payments (including prepayments) to be made by the Borrower on account of principal, interest, fees and reimbursement obligations shall be made without set-off or counterclaim and shall be made to the Bank, at the Payment Office of the Bank in Dollars in immediately available funds not later than 4:00 p.m., Ft. Lauderdale, Florida time, on the date on which they are payable.

(b) The Bank may, in its sole discretion while an Event of Default has occurred and is continuing, but shall not be obligated to, directly charge the Operating Accounts or one or more of the Borrower's other accounts at the Payment Office or other office of the Bank for all interest and principal payments due in respect of the Loans and all fees payable hereunder. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Agreement and to make the Loans as provided herein, the Borrower represents and warrants to the Bank as follows:

Section 4.1. Organization, Corporate Powers, etc. Each member of the Borrower Group (a) is a limited liability company or corporation duly formed, validly existing and in good standing under the laws of the State or Province in which it was formed, (b) has the organizational power and authority to own properties and to carry on its business as now being conducted, (c) is duly qualified to do business in every jurisdiction wherein the conduct of its business or the ownership of its properties are such as to require such qualification except where the failure to be qualified could not reasonably be expected to have a Material Adverse Effect, (d) has the organizational power to execute and perform each of the Loan Documents to which it is a party, (e) that is the Borrower has the power to borrow hereunder and to execute and deliver the Revolving Credit Note, and (f) is in compliance with all applicable federal, state and local laws, rules and regulations except where the failure to be in compliance could not reasonably be expected to have a Material Adverse Effect.

Section 4.2. Authorization of Borrowing, Enforceable Obligations. The execution, delivery and performance by the Borrower of this Agreement, and by each member of the Borrower Group of the other Loan Documents to which any is a party, and the borrowings by the Borrower hereunder, (a) have been duly authorized by all requisite corporate or company action, (b) will not violate or require any consent under the articles of organization, bylaws or other organizational documents of any member of the Borrower Group, except such consents as shall have been delivered to the Bank at Closing, (c) will not violate or require any consent under (i) any provision of law applicable to the Borrower Group, any governmental rule or regulation, except such consents as shall have been delivered to the Bank at Closing, or (ii) any order of any court or other agency of government binding on any member of the Borrower Group, any indenture, agreement or other instrument to which any member of Borrower Group is a party, or by which any member of the Borrower Group or any of its property is bound, except in each case for such violations which individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect, and (d) will not be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower Group other than as contemplated by this Agreement or the other Loan Documents, except in each case for such breaches and defaults which individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. This Agreement and each other Loan Document to which any member of the Borrower Group is a party constitutes a legal, valid and binding obligation of said party, enforceable against said party in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Financial Condition. The Borrower has heretofore furnished to the Bank the (a) consolidated balance sheet of the Borrower Group, the related consolidated statements of income and stockholders' equity and cash flow of the Borrower Group for the year ended December 31, 2016, audited by independent certified public accountants of recognized standing selected by the Borrower and reasonably satisfactory to the Bank (the "CPA"), and (b) unaudited consolidated balance sheet of the Borrower Group, and the related consolidated statements of income, cash flow, and stockholders' equity of the Borrower Group, compiled by Borrower's management, for the six months ended June 30, 2017. Such financial statements were prepared in conformity with GAAP consistently applied (except, with respect to the interim financial statements, for the absence of footnotes and normal year-end adjustments) and fairly present the financial position and results of operations of the Borrower Group as of the date of such financial statements and for the periods to which they relate and, since the date of such financial statements, no material adverse change in the business, operations or assets or financial condition of the Borrower Group has occurred. There are no material obligations or liabilities contingent or otherwise, of the Borrower Group which are not reflected on such statements other than obligations incurred in the ordinary course of business since the date of such financial statements.

Section 4.4. Taxes. All assessed deficiencies resulting from Internal Revenue Service examinations of the federal income tax returns of the Borrower Group have been discharged or reserved against in accordance with GAAP. The Borrower has filed or caused to be filed (after giving effect to any extensions actually filed) all federal income tax returns and all other material tax returns that are required to be filed by any member of the Borrower Group, and has paid or has caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due, except where such taxes are being contested in good faith and have been reserved for in accordance with GAAP or for which the failure to make payment would not reasonably be expected to result in a Material Adverse Effect.

Section 4.5. Title to Properties. Each member of the Borrower Group has good and marketable title to its properties and assets necessary for the conduct of its business, except for such properties and assets as have been disposed of since the date of such financial statements as no longer used or useful in the conduct of its business, as have been disposed of in the ordinary course of business or as otherwise permitted by the Loan Documents, and all such properties and assets are free and clear of all Liens, except Permitted Liens.

Section 4.6. Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the any member of the Borrower Group) pending or, to the knowledge of the Borrower, threatened against or affecting Borrower Group at law or in equity or before or by any Governmental Authority, which involve any of the Loan Documents or which, if adversely determined against any member of the Borrower Group, could reasonably be expected to result in a Material Adverse Effect; and no member of the Borrower Group is in default with respect to any judgment, writ, injunction, decree, rule or regulation of any Governmental Authority which default could reasonably be expected to result in a Material Adverse Effect.

Section 4.7. Agreements. No member of the Borrower Group is not subject to any charter or other corporate restriction or any judgment, order, writ, injunction, decree or regulation which could reasonably be expected to have a Material Adverse Effect.

Section 4.8. Compliance with ERISA. Each Plan (if any) is in material compliance with ERISA; no Plan is insolvent or in reorganization, no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency or permitted decreases in its funding standard account within the meaning of Section 412 of the Code; no member of the Borrower Group nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 4062, 4063, 4064, 4201 or 4204 of ERISA or expects to incur any liability under any of the foregoing sections on account of the termination of participation in or contributions to any such Plan, no proceedings have been instituted to terminate any Plan, no condition known to Borrower exists which presents a material risk to a member of the Borrower Group of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no lien imposed under the Code or ERISA on the assets of the Borrower Group exists or is likely to arise on account of any Plan; and the Borrower Group may terminate contributions to any other employee benefit plans maintained by it without incurring any material liability to any person interested therein, excluding welfare benefits payable to employees or former employees of Borrower Group in the ordinary course of business.

Section 4.9. Federal Reserve Regulations; Use of Proceeds.

(a) Borrower Group is not engaged principally in, nor has as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any "margin stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States, as amended to the date hereof). If requested by the Bank, the Borrower will furnish to the Bank such a statement on Federal Reserve Form U-1.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or to carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock, or to refund indebtedness originally incurred for such purposes, or (ii) for any purpose which violates or is inconsistent with the provisions of the Regulations T, U, or X of the Board of Governors of The Federal Reserve System.

(c) The proceeds of each Loan shall be used solely for the purposes permitted under Section 3.2.

Section 4.10. Approvals. As of the Closing Date, no registration with or consent or approval of, or other action by, any Governmental Authority or any other Person is required in connection with the execution, delivery and performance of this Agreement or the other Loan Documents by the Borrower Group, except such as has been delivered by Borrower at Closing.

Section 4.11. Capitalization. As of the Closing Date, the stock of Borrower is held beneficially and of record by Aaron LoCascio and Adam Schoenfeld, which stock is validly issued, outstanding, fully paid and non-assessable (to the extent applicable). Each entity Guarantor is a direct or indirect wholly owned subsidiary of Borrower. Borrower owns beneficially all of the issued and outstanding equity interests or stock, as the case may be, of each entity Guarantor, which securities are validly issued, outstanding, fully paid and non-assessable (to the extent applicable). The equity interests of each Guarantor that is a limited liability company are uncertificated securities, and will remain such at all times this Agreement remains in effect.

Section 4.12. Hazardous Materials. To the best knowledge of the Borrower, (a) the Borrower Group is in compliance with all federal, state or local laws, ordinances, rules, regulations or policies governing Hazardous Materials, (b) Borrower Group has not used Hazardous Materials on, from, or affecting any property now owned or occupied or hereafter owned or occupied by the Borrower Group in any manner which violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials and (c) no prior owner of any such property or any tenant, subtenant, prior tenant or prior subtenant have used Hazardous Materials on, from, or affecting such property in any manner which violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except, in the case of clauses (a), (b) and (c) of this Section, where failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 4.13. Investment Company Act. No member of Borrower Group is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

Section 4.14. Security Document. Each Security Document shall constitute a valid and continuing lien on and security interest in the collateral referred to in such Security Document in favor of the Bank which shall be, upon the filing of the Uniform Commercial Code financing statements and Personal Property Security Act financing statements delivered on the Closing Date on behalf of Borrower Group at the Florida Secured Transactions Registry and Ontario, to the extent such lien may be perfected by the filing of a financing statement under the applicable Uniform Commercial Code or Personal Property Security Act, prior to all other Liens, claims and right of all other Persons other than Permitted Liens, and shall be enforceable as such against all other Persons other than the holders of Permitted Liens.

Section 4.15. No Default or Event of Default. No Default or an Event of Default has occurred and is continuing.

Section 4.16. Material Contracts. Each Material Contract of any member of Borrower Group (a) is in full force and effect and is binding upon and enforceable, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, against said party, as the case may be, and, to the knowledge of the Borrower, all other parties thereto in accordance with its terms, and (b) to the knowledge of Borrower, there exists no default under any Material Contract by any member of Borrower Group or, to the knowledge of the Borrower, by any other party thereto, which in either case could reasonably be expected to have a Material Adverse Effect.

Section 4.17. Permits and Licenses. Borrower Group has all licenses, permits, franchises, or other governmental authorizations necessary to the ownership of its property or to the conduct of its activities, and shall obtain all such licenses, permits, franchises, or other governmental authorizations as may be required in the future, except where the failure to have or maintain any such license, permit, franchise or other governmental authorization could not reasonably be expected to have a Material Adverse Effect.

Section 4.18. Canadian Pension Plan and Benefit Plan Compliance. None of the Canadian Benefit Plans is a defined benefit plan or contain a defined benefit component. The Canadian Pension Plans are duly registered under the Income Tax Act (Canada) and Canadian Pension Legislation. Each member of Borrower Group and, to the best knowledge of the Borrower, each funding agent of a Canadian Benefit Plan, has complied with and performed all of its obligations under and in respect of the Canadian Benefit Plans under the terms thereof, any funding agreement and all applicable laws. All employer and employee contributions or premiums to be remitted or paid to or in respect of each Canadian Benefit Plan have been remitted or paid in a timely fashion in accordance with the terms thereof, any funding agreement and all applicable laws. There have been no improper withdrawals or applications of the assets of any Canadian Benefit Plan, and there are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Canadian Benefit Plan or its assets, and no facts exist which could give rise to any such actions, suits or claims that might have a Material Adverse Effect.

Section 4.19. Anti-Terrorism Laws.

(a) No member of Borrower Group, nor an Affiliate of any the foregoing, is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(b) No member of Borrower Group, nor any Affiliate of any of the foregoing, or to her/his/its knowledge, its respective agents acting or benefiting in any capacity in connection with the Loans or other transactions hereunder, is any of the following (each a "Blocked Person"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; (v) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (vi) a Person who is affiliated or associated with a person or entity listed above.

(c) No member of Borrower Group, nor to the knowledge of Borrower any of its or their agents acting in any capacity in connection with the Loans or other transactions hereunder (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order.

Section 4.20. Disclosure. All information heretofore furnished in writing by the Borrower for purposes of or in connection with this Agreement or any other Loan Document was, and all such information hereafter furnished in writing by the Borrower will be, in each case considered as a whole, true and accurate in all material respects on the date as of which such information is stated or certified. Notwithstanding the forgoing, no representation or warranty is given herein with respect to any projections other than that the information contained therein was based upon good faith estimates and assumptions believed to be reasonable at the time made, it being recognized by the Bank that such projections as to future events are not to be viewed as fact and that actual results during the period or periods covered by any such projections may differ from the projected results.

ARTICLE V
CONDITIONS OF LENDING

Section 5.1. Conditions To Initial Revolving Credit Loan. The obligation of the Bank to make the initial Revolving Credit Loan hereunder is subject to the following conditions precedent:

(a) **Note.** On or prior to the Closing Date the Bank shall have received the Revolving Credit Note duly executed by the Borrower.

(b) **Other Loan Documents.** On or prior to the Closing Date, the Bank shall have received (i) the Security Documents duly executed by the Borrower and the other signatories thereto; (ii) UCC-1 financing statements and PPSA financing statements, as the case may be, from Borrower and each entity Guarantor, in a form deemed satisfactory by Bank; and (iii) each other Loan Document, duly executed by the signatories thereto.

(c) **Supporting Documents.** The Bank shall have received, on or prior to the Closing Date from each member of Borrower Group: (i) a certificate of an Executive Officer or manager, as the case may be, of such entity, dated the Closing Date and certifying (a) that attached thereto is a true and complete copy (including any amendments thereto) of the articles of incorporation, articles of organization, bylaws, and operating agreement, as the case may be, of such entity; (b) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors or managers, as the case may be, of such entity, authorizing the execution, delivery and performance of this Agreement and of each Loan Document to be delivered on the Closing Date to which it is a party and the borrowings hereunder; and (c) the incumbency and specimen signature of each Executive Officer or manager, as the case may be, of such entity executing each Loan Document and any certificates or instruments furnished pursuant hereto or thereto; and (ii) such other documents as the Bank may reasonably request.

(d) **No Material Adverse Effect.** There shall not have occurred any Material Adverse Effect since September 30, 2016.

(e) **Fees**. The Borrower shall have paid Bank (i) all reasonable, out-of-pocket and documented costs and expenses actually incurred by the Bank in connection with the negotiation, preparation and execution of the Loan Documents (including, without limitation, such costs and expenses constituting fees and expenses of counsel), and (ii) all fees set forth in Section 3.4 of this Agreement.

(f) **Assets Free from Liens.** Concurrent with or prior to the Closing, the Borrower shall deliver to the Bank UCC-3's terminating all UCC-1 financing statements filed against the assets of Borrower or any entity Guarantor evidencing Liens that are not Permitted Liens.

(g) **Insurance.** The Bank shall receive, on or prior to the Closing Date, proof of insurance covering the personal property and the business of the Borrower with coverage of at least Five Million ($5,000,000) Dollars, designating the Bank as lender loss payable with respect to business assets, lender loss payable and mortgagee with respect to real estate, and as additional insured and loss payee with respect to vehicles, in form and substance reasonably satisfactory to the Bank together with copies of the related insurance policies.

(h) **Borrowing Base Certificate.** The Bank shall have received a Borrowing Base Certificate which calculates the Borrowing Base as of August 31, 2017.

(i) **Other Information, Documentation.** The Bank shall receive such other and further information and documentation as it may reasonably require.

Section 5.2. Conditions to All Revolving Credit Loans. The obligation of the Bank to make each Revolving Credit Loan hereunder is further subject to the following conditions precedent:

(a) **Representations and Warranties.** The representations and warranties by the Borrower pursuant to this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Borrowing Date, with the same effect as though such representations and warranties had been made on and as of such date unless such representation is as of a specific date, in which case, as of such date.

(b) **No Default.** No Default or Event of Default shall have occurred and be continuing on the Borrowing Date or will result after giving effect to the Loan requested.

Each borrowing hereunder shall constitute a representation and warranty of the Borrower that the statements contained in clauses (a) and (b) of this Section 5.2 are true and correct on and as of the Borrowing Date as though such representation and warranty had been made on and as of such date.

ARTICLE VI
AFFIRMATIVE COVENANTS

Until the Commitment Period has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, Borrower covenants and agrees with the Bank that each member of the Borrower Group will:

Section 6.1. Corporate Existence, Properties, etc. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate or company existence and rights and comply with all laws applicable to it; at all times maintain, preserve and protect all trade names necessary for the operation of its business and preserve all of its property necessary in the conduct of its business and keep the same in good repair, working order and condition (normal wear and tear excepted), and from time to time make, or cause to be made, all needful and proper repairs, renewals, replacements, betterments and improvements thereto so that the business carried on in connection therewith may be properly conducted at all times; at all times keep its insurable properties adequately insured and maintain (a) insurance to such extent and against such risks, including fire, as Borrower has in place on the Closing Date, (b) workmen's compensation insurance in the amount required by applicable law, (c) public liability insurance as Borrower Group has in place on the Closing Date, against claims for personal injury or death on properties owned, occupied or controlled by it, (d) such other insurance as may be required by law or as may be reasonably required by the Bank. Each such policy of insurance of the Borrower Group shall name the Bank as lender loss payable with respect to business assets, lender loss payable and mortgagee with respect to real estate, and as additional insured and loss payee with respect to vehicles, and shall provide for at least thirty (30) days' prior written notice (or, with respect to non-payment, at least ten (10) days' prior written notice) to the Bank of any modification or cancellation of such policies. The Borrower shall provide to the Bank promptly upon receipt thereof evidence of the annual renewal of each such policy.

Section 6.2. Payment of Indebtedness, Taxes, etc.

(a) Pay all Indebtedness and obligations, now existing or hereafter arising, as and when due and payable, except where (i) the validity, amount, or timing thereof is being contested in good faith and by appropriate proceedings, which proceedings shall include good faith negotiations, (ii) the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP, and (iii) the failure to make such payment pending such contest could not reasonably be expected to have a Material Adverse Effect.

(b) Pay and discharge or cause to be paid and discharged promptly all taxes, assessments and government charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a lien or charge upon such properties or any part thereof; provided, however, that the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings (which proceedings may include good faith negotiations), and the Borrower, shall have set aside on its books adequate reserves determined in accordance with GAAP with respect to any such tax, assessment, charge, levy or claim so contested or the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

Section 6.3. Financial Statements, Tax Returns, Reports, etc.: Furnish to the Bank:

(a) within one hundred twenty (120) days of the end of each calendar year, commencing with the calendar year ending December 31, 2017, the consolidated and consolidating, unqualified financial statements of the Borrower Group which shall include the balance sheet of the Borrower Group as of the end of such fiscal year, together with the statements of income, cash flow and stockholders' equity for the Borrower Group subsidiaries for such fiscal year and as of the end of and for the prior fiscal year, all prepared in accordance with GAAP. The foregoing financial statements shall be audited by the CPA;

(b) within forty-five (45) days of the end of each calendar quarter, the management-prepared and Executive Officer-certified consolidated and consolidating financial statements of the Borrower Group which shall include the balance sheet of the Borrower Group as of the end of such quarter, together with the statements of income, cash flow and stockholders' equity for the Borrower Group for such quarter and as of the end of and for the prior fiscal year, all prepared in accordance with GAAP (except for the absence of footnotes and normal year-end adjustments);

(c) within forty-five (45) days of the end of each calendar quarter, the management-prepared and Executive Officer-certified compliance certificate which shall include covenant calculations and such other information as may be reasonably requested by the Bank;

(d) within fifteen (15) days of the end of each month, a Borrowing Base Certificate with the requisite supporting documentation as required thereby;

(e) within fifteen (15) days of the end of each month, a report setting forth the aging of Eligible Receivables, Eligible Inventory and accounts payable;

(f) tax returns for each of Aaron LoCascio and Adam Schoenfeld, within thirty (30) days of the date the individual in question files his tax returns. If a tax filing extension is filed, a copy thereof shall be provided to the Bank promptly;

(g) within sixty (60) days of the end of each calendar year, a personal financial statement and liquid asset statement for each of Aaron Locascio and Adam Schoenfeld; and

(h) within fifteen (15) days of the request, from time to time, such other material information regarding the operations, business affairs and condition, financial or otherwise, of the Borrower Group as the Bank may reasonably request.

Section 6.4. Field Exam, Appraisals and Access to Premises and Records. Maintain financial records in accordance with GAAP and permit representatives of the Bank to conduct annual field exams and inventory appraisals (at Borrower's expense) during which the Bank shall have access during normal business hours to the premises of the Borrower Group upon reasonable request, to examine and make excerpts from the minute books, books of accounts, reports and other records and to discuss the affairs, finances and accounts of the Borrower Group with its Executive Officers or with its CPA, and to conduct such additional field audits at the Borrower's expense, as such representatives reasonably deem necessary.

Section 6.5. Notice of Adverse Change. Promptly notify the Bank in writing of (a) any change in the business or the operations which, in the good faith judgment of Borrower's Executive Officers, could reasonably be expected to have a Material Adverse Effect, disclosing the nature thereof, and (b) any information which indicates that any financial statements which are the subject of any representation contained in this Agreement, or which are furnished to the Bank pursuant to this Agreement, failed, in any material respect, to present fairly the financial condition and results of operations purported to be presented therein for the period covered thereby, disclosing the nature thereof.

Section 6.6. Notice of Default. Promptly notify the Bank of any Default or Event of Default which shall have occurred, which notice shall include a written statement as to such occurrence, specifying the nature thereof and the action which is proposed to be taken with respect thereto.

Section 6.7. Notice of Litigation. Give the Bank prompt written notice of any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency (not previously disclosed to the Bank on or before the Closing Date) which, if adversely determined against the Borrower Group on the basis of the allegations and information set forth in the complaint or other notice of such action, suit or proceeding, or in the amendments thereof, if any, could reasonably be expected to either (a) have a Material Adverse Effect; or (b) result in a judgment in excess of Five Hundred Thousand ($500,000) Dollars.

Section 6.8. ERISA. Promptly deliver to the Bank a certificate by an Executive Officer of Borrower setting forth details as to such occurrence and such action, if any, which the Borrower Group or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Borrower Group, ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator, with respect thereto: that a Reportable Event has occurred, that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan, that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA, that proceedings may be or have been instituted to terminate a Plan, that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan, or that the Borrower Group or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA. The Borrower will deliver to the Bank a complete copy of the annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Bank pursuant to the first sentence hereof, copies of annual reports and any other notices received by the Borrower Group required to be delivered to the Bank hereunder shall be delivered to the Bank no later than ten (10) days after the later of the date such report or notice has been filed with the lnternal Revenue Service or the PBGC, given to Plan participants or received by the Borrower Group.

Section 6.9. Default in Other Agreements. Promptly notify the Bank of any default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any member of Borrower Group is a party which could reasonably be expected to have a Material Adverse Effect.

Section 6.10. Banking Relationship. Maintain its primary commercial banking relationship with the Bank, including depository and treasury management services, provided, however, the Borrower Group may maintain secondary commercial banking relationships with other banks.

Section 6.11. Preservation of Business. Keep its business and properties necessary for the conduct of its business intact in all material respects (normal wear and tear excepted), including its present operations, physical facilities, working conditions, and relationships with suppliers and clients.

Section 6.12. Compliance with Laws; Pension Plans and Benefit Plans.

(a) For each existing, or hereafter adopted, Canadian Benefit Plan, Borrower Group shall comply with and perform in all material respects all of its obligations under and in respect of the Canadian Benefit Plans under the terms thereof, any funding agreement and all applicable laws.

(b) All employer and employee contributions or premiums to be remitted or paid to or in respect of each Canadian Benefit Plan shall be remitted or paid in a timely fashion in accordance with the terms thereof, any funding agreement and all applicable laws.

(c) The Borrower shall deliver to the Bank (i) if requested by the Bank, copies of annual information returns, actuarial reports or other valuations with respect to a Canadian Pension Plan filed with any applicable Governmental Authority; (ii) promptly after receipt thereof, a copy of any direction, order, notice, ruling or opinion that Borrower Group may receive from any applicable Governmental Authority with respect to any Canadian Pension Plan; (iii) notification within 30 days of any increases having a cost to the Borrower Group in excess of $100,000 per annum in the aggregate, in the cost of providing the Canadian Benefit Plans, including the establishment of any new Canadian Benefit Plan, or the commencement of contributions to any such plan to which Borrower Group was not previously contributing; and (iv) notification, as soon as possible and in any event within 30 days, after Borrower knows or has reason to know in the ordinary course of its business procedures that any of the following events or conditions have occurred or exist, setting forth details respecting such event or condition and the action, if any, which the Borrower proposes to take with respect thereto: (A) the institution by a pension regulator of proceedings under Canadian Pension Legislation for the termination, or the appointment of an administrator, of a Canadian Pension Plan, or the occurrence of any event or condition which constitutes grounds under applicable laws for the termination of, or the appointment of an administrator to administer, a Canadian Pension Plan; (B) the withdrawal by the any member of the Borrower Group from a MEPP, or the receipt by the Borrower Group of information to the effect that a MEPP will terminate or has terminated; (C) any occurrence or event that results, or could reasonably be expected to result, in the loss of a Canadian Pension Plan's registered status; (D) the failure to satisfy funding requirements under Canadian Pension Legislation; (E) the cessation of operations at a facility where employees participating in a Canadian Pension Plan are employed; and (F) the occurrence of an act or omission which is reasonably likely to give rise to the imposition on Borrower Group of fines, penalties, taxes or related charges under Canadian Pension Legislation or the Income Tax Act (Canada).

Section 6.13. Further Assurances. Upon the request of the Bank from time to time, the Borrower shall, at its expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be reasonably necessary to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral (as defined in the Security Agreements) and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Loan Documents.

ARTICLE VII
NEGATIVE COVENANTS

Until the Commitment Period has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, Borrower covenants and agrees with the Bank that no member of Borrower Group will:

Section 7.1. Liens. lncur, create, assume or suffer to exist any Lien on any of its assets now or hereafter owned, other than the following (collectively, "Permitted Liens"):

(a) pledges or deposits, in a total amount that shall not exceed One Hundred Thousand ($100,000) Dollars without Bank's prior written consent, under workmen's compensation, unemployment insurance and social security laws or to secure statutory obligations or surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business;

(b) Liens for taxes, assessments, fees or other governmental charges or the claims of material men, mechanics, carriers, warehousemen, landlords and other similar persons, the payment of which is not overdue or is being contested in good faith by appropriate proceedings (which may include good faith negotiations) (provided that the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP (if any are so required), consistently applied, or for which the failure to make payment could not reasonably be expected to result in a Material Adverse Effect;

(c) Liens granted to the Bank and any of its Affiliates, including renewals and extensions thereof;

(d) Liens for property or equipment that is leased or financed by the Borrower Group (i.e., purchase money indebtedness);

(e) judgment liens in respect of judgments that do not constitute an Event of Default under Section 8.1 (h);

(f) easements, zoning restrictions, rights of way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower Group;

(g) unperfected Liens relating to trade payables for amounts which are not past due, attaching only to inventory purchased and which are granted to account creditors from whom the Borrower Group has purchased inventory in the ordinary course of business;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs, duties and taxes in the ordinary course of business;

(i) Liens on insurance policies and the proceeds thereof securing the financing of the premiums; and

(j) Liens incidental to the conduct of the Borrower Group's business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially detract from or impair the Bank's rights in and to the Collateral (as defined in the Security Agreements) or the value of the Borrower Group's property or assets or which do not materially impair the use thereof in the operation of the Borrower Group's business.

Section 7.2. Indebtedness. Incur, create, assume or suffer to exist or otherwise become liable with respect to any Indebtedness, other than: (a) Indebtedness to the Bank and any of its Affiliates, including renewals and extensions thereof, (b) Subordinated Debt including renewals and extensions thereof, (c) indebtedness with respect to Capital Leases, (d) Indebtedness incurred as a result of Borrower entering into non-speculative Hedge Agreements or any similar transactions used to hedge or mitigate risk, (e) unsecured Indebtedness consisting of obligations owed to trade creditors arising in the ordinary course of business and other obligations to employees, obligations to providers of utility services and obligations for taxes and similar types of Indebtedness evidencing obligations related to the day-to-day operation of the Borrower Group, (f) purchase money Indebtedness, and (g) Indebtedness between Borrower and any Guarantor.

Section 7.3. Guaranties. Guarantee, endorse, become surety for, or otherwise in any way become or be responsible for the Indebtedness or obligations of any Person (other than Indebtedness permitted under Section 7.2), whether by agreement to maintain working capital or equity capital or otherwise maintain the net worth or solvency of any Person or by agreement to purchase the Indebtedness of any other Person, or agreement for the furnishing of funds, directly or indirectly, through the purchase of goods, supplies or services for the purpose of discharging the Indebtedness of any other Person or otherwise, or enter into or be a party to any contract for the purchase of merchandise, materials, supplies or other property if such contract provides that payment for such merchandise, materials, supplies or other property shall be made regardless of whether delivery of such merchandise, supplies or other property is ever made or tendered.

Section 7.4. Sale of Assets. Sell, assign, lease, transfer or otherwise dispose of any of its now owned or hereafter acquired properties and assets, whether or not pursuant to an order of a federal agency or commission, except for (a) the sale of inventory disposed of in the ordinary course of business, (b) the sale or other disposition of properties or assets no longer used or useful in the conduct of its businesses, (c) sales, transfers and dispositions to Affiliates not prohibited hereunder, (d) sales, transfers, discounts and dispositions permitted by Section 7.5, and (e) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower Group thereof.

Section 7.5. Sales of Notes. Sell, transfer, discount or otherwise dispose of notes, accounts receivable or other obligations owing to the Borrower Group, with or without recourse, except for collection in the ordinary course of business, without the prior written consent of Bank.

Section 7.6. Nature of Business. Change or alter the nature of its business, in any material respect, from the nature of the business engaged in by it on the date hereof and businesses reasonably related thereto.

Section 7.7. Federal Reserve Regulations. Permit any Loan or the proceeds of any Loan to be used for any purpose which violates or is inconsistent with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

Section 7.8. Accounting Policies and Procedures; Tax Status. (a) Permit any change in the accounting policies and procedures of the Borrower Group, including a change in fiscal year, without the prior written consent of the Bank; provided, however, that any policy or procedure required to be changed by the FASB (or other board or committee of the FASB in order to comply with GAAP) may be so changed without the consent of the Bank, or (b) permit any change or take any action to change its tax status under the Code of the Borrower Group.

Section 7.9. Limitations on Fundamental Changes. Merge or consolidate with, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now or hereafter acquired) to any Person, or, liquidate, wind up or dissolve or suffer any liquidation or dissolution, or suffer to exist a Change of Control.

Section 7.10. Minimum Fixed Charge Coverage Ratio. Permit Borrower Group's Fixed Charge Coverage Ratio to be less than 1.25, as tested on March 31st, June 30th, September 30th, and December 31st of each year during the Commitment Period. Testing will be performed using Borrower Group's financial statements for the trailing four (4) quarter period ending on the testing day. Testing shall commence with the period ending December 31, 2017.

Section 7.11. Transactions with Affiliates. Other than as otherwise set forth herein, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate, except in the ordinary course of business and upon fair and reasonable terms no less favorable to the Borrower Group than it would obtain in a comparable arms-length transaction with a Person not an Affiliate. For purposes of this Section 7.11, "Affiliate" does not include Niche Fishing Charters LLC, a Florida limited liability company.

Section 7.12. Anti-Terrorism Laws. (a) Conduct any business or engage in any transaction or dealing with any Blocked Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order; or (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order, the USA Patriot Act or any other Anti-Terrorism Law. The Borrower shall deliver to the Bank any certification or other evidence requested from time to time by the Bank in its sole discretion, confirming the Borrower Group's compliance with this Section 7.12.

Section 7.13. Compliance with Pension and Benefit Plans. Establish any new Canadian Pension Plan which is a defined benefit plan or which contains a defined benefit component. Borrower Group shall not permit pension or other employee benefit plan obligation and liabilities to remain unfunded other than in accordance with applicable law. Borrower Group shall not voluntarily terminate any Canadian Pension Plan which is a defined benefit plan or which contains a defined benefit component.

ARTICLE VIII
EVENTS OF DEFAULT

Section 8.1. Events of Default. In the case of the happening of any of the following events (each an "Event of Default"):

(a) failure by the Borrower to pay the principal of or any interest on any Loan or any fees or other amounts payable under this Agreement or any other Loan Document;

(b) default shall be made in the due observance or performance any covenant, condition or agreement of the Borrower to be performed pursuant to this Agreement or of the Borrower or its Affiliates to be performed pursuant to any other Loan Document;

(c) any representation or warranty made or deemed made in this Agreement or any other Loan Document shall prove to be false or misleading in any material respect when made or given or when deemed made or given;

(d) any written report, certificate, financial statement or other instrument furnished in connection with this Agreement or any other Loan Document or the borrowings hereunder, shall prove to be false or misleading in any material respect when made or given or when deemed made or given;

(e) default in the performance or compliance in respect of any agreement or condition relating to any Indebtedness of the Borrower Group (other than the Indebtedness created under this Agreement), individually or in the aggregate, with a then-outstanding principal balance of One Hundred Thousand ($100,000) Dollars, if the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holder or obligee thereof (or a trustee on behalf of such holder or obligee) to cause such Indebtedness to become due prior to the stated maturity thereof;

(t) any member of Borrower Group shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal or state bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the employment of a receiver, trustee, custodian, or similar official for any member of Borrower Group or for a substantial part of its property; (iv) file an answer admitting the material allegations of a petition filed against it in such proceeding, (v) make a general assignment for the benefit of creditors, (vi) take corporate action for the purpose of effecting any of the foregoing, (vii) become unable or admit in writing its inability or fail generally to pay its debts as they become due or (viii) take corporate action for the purpose of effecting any of the foregoing;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any member of the Borrower Group or of a substantial part of its property under Title 11 of the United States Code or any other federal or state bankruptcy insolvency or similar law, (ii) the appointment of a receiver, trustee, custodian, or similar official for any member of the Borrower Group or for a substantial part of its property, or (iii) the winding-up or liquidation of any member of the Borrower Group and such proceeding or petition shall continue undisrnissed for ninety (90) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for ninety (90) days;

(h) One or more orders, judgments or decrees for the payment of money not covered by insurance shall be rendered against a member of Borrower Group and the same shall not have been paid in accordance with such judgment, order or decree, which by itself or together with all other such judgments is in excess of One Hundred Thousand ($100,000) Dollars, and either (i) an enforcement proceeding shall have been commenced by any creditor upon such judgment, order or decree, or (ii) there shall have been a period of forty-five (45) consecutive days during which a stay of enforcement of such judgment, order or decree, by reason of pending appeal or otherwise, was not in effect;

(i) any Plan shall fail to maintain the minimum funding standard required for any Plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan is the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, a Reportable Event shall have occurred with respect to a Plan or the Borrower Group or any ERISA Affiliate shall have incurred a liability in excess of Five Hundred Thousand ($500,000) Dollars to or on account of a Plan under Section 515, 4062, 4063, 4063, 4201 or 4204 of ERISA, and there shall result from any such event or events the imposition of a lien upon the assets of the Borrower Group, the granting of a security interest, or a liability to the PBGC or a Plan or a trustee appointed under ERISA or a penalty under Section 4971 of the Code;

(j) any Loan Document or any material provision thereof shall for any reason cease to be in full force and effect in accordance with its terms or a member of the Borrower Group shall so assert in writing;

(k) any of the Liens purported to be granted pursuant to any Security Document shall cease for any reason to be legal, valid and enforceable liens on the collateral purported to be covered thereby or shall cease to have the priority purported to be created thereby, unless such Lien has been released by the Bank in accordance with the terms and conditions hereof or as a result of the failure of the Bank to file UCC continuation statements after notice from the Borrower to file same;

(l) any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of a Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of the Guaranty to which it is a party;

then, at any time thereafter during the continuance of any such event, the Bank may, in its sole discretion, without notice to the Borrower, take any or all of the following actions, at the same or different times, (x) (a) terminate the Commitment and the Loans and (b) declare (i) the Revolving Credit Note, both as to principal and interest, and (ii) all other Obligations, to be forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Revolving Credit Note to the contrary notwithstanding and (y) exercise any or all of the rights and remedies afforded to the Bank by the Uniform Commercial Code, the Personal Property Security Act or otherwise possessed by the Bank; provided, however, that if an event specified in Section 8.1(f) or (g) shall have occurred, the Commitments and the Loans shall automatically terminate and interest, principal and amounts referred to in the preceding clauses (i) and (ii) shall be immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything contained herein or in the Revolving Credit Note to the contrary notwithstanding.

ARTICLE IX
MISCELLANEOUS

Section 9.1. Notices. Any notice or other communication shall be in writing and shall be conclusively deemed to have been received by a party hereto and to be effective on the day on which it was delivered to such party at the address set forth below, or, if sent by email, when actually received, or, if sent by registered or certified mail, on the third Business Day after the day on which it was mailed in the United States, addressed to such party at the address set forth below:

(a) if to the Bank, at:

Fifth Third Bank
2333 Ponce de Leon Blvd, Suite 303
Coral Gables, FL 33134
Attention: Vivian Alvarez Premock, Senior Vice President
Email: Vivian.Premock@53.com

With copies to:

Dickinson Wright PLLC
350 East Las Olas Boulevard, Ste. 1750
Fort Lauderdale, FL 33301
Attention: Clint J. Gage, Esq.
Email: cgage@dickinsonwright.com

(b) if to the Borrower, at:

Jacoby & Co. Inc.
6501 Park of Commerce Blvd., Suite 200
Boca Raton, FL 33487
Attention: Aaron LoCascio, Chief Executive Officer
Email: Aaron@gnln.com

With copies to:

Pryor Cashman LLP
7 Times Square
New York, NY 10036
Attention: Jeffrey C. Johnson, Esq.
Email: jjohnson@pryorcashman.com

as to each such party at such other address as such party shall have designated to the other in a written notice complying as to delivery with the provisions of this Section 9.1.

Section 9.2. Effectiveness; Survival of Agreement. This Agreement shall become effective on the date on which all parties hereto shall have signed a counterpart copy hereof and shall have delivered the same to the Bank. All covenants, agreements, representations and warranties made herein and in the other Loan Documents and in the certificates delivered pursuant hereto or thereto shall survive the making by the Bank of the Loans herein contemplated and the execution and delivery to the Bank of the Revolving Credit Note evidencing the Loans and shall continue in full force and effect so long as any Note is unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Bank. The Borrower may not assign or transfer any of its interest under this Agreement, the Revolving Credit Note, or any other Loan Document without the prior written consent of the Bank. The obligations of the Borrower pursuant to Section 9.3 and Section 9.10 shall survive termination of this Agreement and payment of the Obligations.

Section 9.3. Expenses of the Bank. The Borrower agrees (a) to indemnify, defend and hold harmless the Bank and its officers, directors, employees, agents, advisors and affiliates (each, an "indemnified person") from and against any and all losses, claims, damages, liabilities or judgments to which any such indemnified person may be subject and arising out of or in connection with the Loan Documents, the financings contemplated hereby, the use of any proceeds of such financings or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any of such indemnified persons is a party thereto, and to reimburse each of such indemnified persons upon notice and demand for any reasonable, out-of-pocket and documented expenses, including such expenses constituting legal fees, actually incurred in connection with the investigation or defending any of the foregoing; provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities, judgments or related expenses to the extent arising from the breach of contract, willful misconduct or gross negligence of such indemnified person; and (b) to reimburse the Bank from time to time, upon notice and demand, all reasonable, out-of-pocket and documented expenses (including such expenses of its due diligence investigation, along with disbursements and reasonable fees of counsel) actually incurred in connection with the financings contemplated under this Agreement (except where the Bank has specifically agreed herein to incur non-reimbursable expenses), the preparation, execution and delivery of this Agreement and the other Loan Documents, any amendments and waivers hereof or thereof, the security arrangements contemplated thereby and the enforcement thereof.

Section 9.4. No Waiver of Rights by the Bank. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder or under the Revolving Credit Note or any other Loan Document shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege.

Section 9.5. Submission to Jurisdiction; Jury Waiver. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE STATE OF FLORIDA, COUNTY OF MIAMI-DADE, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR INSTRUMENT REFERRED TO HEREIN OR THEREIN WHERE THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS. THE BORROWER AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR NOTICES SET FORTH IN THIS AGREEMENT OR ANY METHOD AUTHORIZED BY THE LAWS OF FLORIDA. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE REVOLVING CREDIT NOTE OR ANY OTHER LOAN DOCUMENT.

Section 9.6. Extension of Maturity. Except as otherwise expressly provided herein, whenever a payment to be made hereunder shall fall due and payable on any day other than a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall be included in computing interest.

Section 9.7. Modification of Agreement. No modification or amendment or waiver of any provision of this Agreement, the Revolving Credit Note, or any other Loan Document shall in any event be effective unless the same shall be in writing and signed by the Bank and the Borrower, and no waiver of any provision of this Agreement, the Revolving Credit Note, or any other Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstance unless required by the terms of this Agreement.

Section 9.8. Severability. In case any one or more of the provisions contained in this Agreement, the Revolving Credit Note, or in any other Loan Document should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 9.9. Sale of Participations; Assignments. The Bank reserves the right to sell participations in the Loans to such banks, lending institutions or other parties as it may choose with notice to the Borrower. The Bank reserves the right to sell and assign its rights, duties or obligations with respect to the Loans to such banks, lending institutions or other parties as it may choose but only with the prior written consent of the Borrower not to be unreasonably withheld or delayed (provided that no such consent of the Borrower shall be required if an Event of Default shall have occurred and be continuing). The Bank may furnish any information concerning the Borrower in its possession from time to time to any assignee or participant (or proposed assignee or participant), provided that the Bank shall notify any such assignee or participant (or proposed assignee or participant) in connection with any contemplated participation in, or assignment of, the Loans, that such information is confidential and shall obtain an agreement from such transferee or participant requiring that such transferee or participant treat such information as confidential and use commercially reasonable efforts to maintain the confidentiality of same.

Section 9.10. Reinstatement; Certain Payments. If claim is ever made upon the Bank for repayment or recovery of any amount or amounts received by the Bank in payment or on account of any of the Obligations under this Agreement, the Bank shall give prompt notice of such claim to the Borrower, and if the Bank repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over the Bank or any of its property, or (b) any settlement or compromise of any such claim effected by the Bank with any such claimant, then and in such event the Borrower agrees that any such judgment, decree, order, settlement or compromise shall be binding upon such Borrower notwithstanding the cancellation of the Revolving Credit Note or other instrument evidencing the Obligations under this Agreement or the termination of this Agreement, and the Borrower shall be and remain liable to the Bank hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Bank.

Section 9.11. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Bank and each other Affiliate of the Bank are each hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and ether indebtedness at any time owing by the Bank to or for the credit or the account of the Borrower against any and all the Obligations. The rights of the Bank under this Section 9.11 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have.

Section 9.12. Confidentiality. The Bank agrees to take normal and reasonable precautions to maintain the confidentiality of any non-public information relating to the Borrower or its business, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the Borrower, except that such information may be disclosed (a) to any Affiliate, director, officer, employee, agent, advisor, legal counsel, consultants or other representatives of the Bank, on a confidential basis with, in each case, a need to know such information in connection with the transactions contemplated by this Agreement, (b) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (c) to the extent requested by any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (d) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to the Bank or any Affiliate, director, officer, employee, agent, advisor, legal counsel, consultants or other representatives of the Bank on a non-confidential basis from a source other than the Borrower or any Affiliate thereof, (e) in connection with the exercise of any remedy hereunder or under any other Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Documents or the enforcement of rights hereunder or thereunder, (f) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, or (ii) any actual or prospective party to any swap or derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, or (g) with the prior written consent of the Borrower.

Section 9.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart to this Agreement by facsimile transmission or by electronic mail shall be as effective as delivery of a manually executed counterpart hereof.

Section 9.14. Headings. Section headings used herein are for convenience of reference only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

Section 9.15. Construction. This Agreement is the result of negotiations between, and has been reviewed by, the Borrower and the Bank and their respective counsel. Accordingly, this Agreement shall be deemed to be the product of each party hereto, and no ambiguity shall be construed in favor of or against either the Borrower or the Bank.

Section 9.16. USA PATRIOT Act; Anti-Money Laundering Legislation . Borrower acknowledges that, pursuant to the Anti-Terrorism Laws, and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within the United States, Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Bank may be required to obtain, verify and record information regarding Borrower, its respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of Borrower, and the transactions contemplated hereby. Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

Section 9.17. Judgment Currency. If for the purpose of obtaining a judgment in any court it is necessary to convert any amount owing or payable to Bank under this Agreement or any Loan Document from the currency in which it is due (the "Agreed Currency" into a particular currency (the "Judgment Currency"), the rate of exchange applied in that conversion shall be that at which Bank, in accordance with its normal procedures, could purchase the Agreed Currency with the Judgment Currency at or about noon on the Business Day immediately preceding the date on which judgment is given. The obligation of the Borrower in respect of any amount owing or payable under this Agreement to Bank in the Agreed Currency shall, notwithstanding any judgment and payment in the Judgment Currency, be satisfied only to the extent that the Bank, in accordance with its normal procedures, could purchase the Agreed Currency with the amount of the Judgment Currency so paid at or about noon on the next Business Day following that payment; and if the amount of the Agreed Currency which the Bank could so purchase is less than the amount originally due in the Agreed Currency the Borrower shall, as a separate obligation and notwithstanding the judgment or payment, indemnify Bank against any loss.

Section 9.18. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida without giving effect to principles of conflict or choice of laws.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Borrower and the Bank have caused this Agreement to be duly executed by their duly authorized officers, as of the day and year first above written.

FIFTH THIRD BANK

By: /s/ Vivian Alvarez Premock
Name: Vivian Alvarez Premock
Title: Senior Vice President

JACOBY & CO. INC.
By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

EXHIBIT A

FORM OF REVOLVING CREDIT NOTE

REVOLVING CREDIT NOTE

$8,000,000 October 4, 2017

FOR VALUE RECEIVED, JACOBY & CO. INC., a Nevada corporation (the "Borrower") promises to pay to the order of FIFTH THIRD BANK, an Ohio Banking Corporation (the "Bank"), on or before the Commitment Termination Date, EIGHT MILLION ($8,000,000) DOLLARS or, if less, the unpaid principal amount of all Revolving Credit Loans made by the Bank to the Borrower under the Credit Agreement referred to below.

Accrued interest on the principal balance from time to time outstanding under this Note shall be payable monthly, commencing on November 4, 2017, and continuing on the 4th day of each month thereafter.

This Note is the "Revolving Credit Note" referred to in that certain Credit Agreement dated as of October 4, 2017, between the Borrower and the Bank (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement") and is issued pursuant to and entitled to the benefits of the Credit Agreement to which reference is hereby made for a more complete statement of the terms and conditions under which the Revolving Credit Loans evidenced hereby were made and are to be repaid. Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The Bank shall record the date and amount of each Revolving Credit Loan and the date and amount of each payment or prepayment of principal of each Revolving Credit Loan on the grid schedule annexed to this Note; provided, however, that the failure of the Bank to set forth such Revolving Credit Loans, payments and other information on the attached grid schedule shall not in any manner affect the obligation of the Borrower to repay the Revolving Credit Loans made by the Bank in accordance with the terms of this Note.

This Note is subject to prepayment as provided in Section 3.3 of the Credit Agreement. Subject to the immediately preceding sentence, no reference herein to the Credit Agreement and no provision of this Note or the Credit Agreement shall alter or impair the obligation of the Borrower, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

Upon the occurrence and during the continuance of an Event of Default, the unpaid balance of the principal amount of this Note together with all accrued but unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Credit Agreement.

All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in immediately available funds at the Payment Office of the Bank, or in such other manner in accordance with the terms of the Credit Agreement and the Loan Documents.

The Borrower waives presentment, demand, protest, and notice of any kind in connection with this Note.

THIS NOTE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

[SIGNATURE ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer as of the day and year and at the place first above written.

JACOBY & CO. INC.

By: _____
Name: Aaron LoCascio
Title: Co-President

SCHEDULE OF LOANS

Date of Loan	Principal Amount of Loan	Interest Rate	Amount of Principal Paid	Notation Made by

EXHIBIT B

NOTICE OF REVOLVING CREDIT LOAN BORROWING

[Date]

Fifth Third Bank
2333 Ponce de Leon Blvd., Suite 303
Coral Gables, FL 33134
Attention: Vivian Alvarez Premock, South Florida Middle Market – Team Lead

Re: **JACOBY & CO. INC.**

Gentlemen:

Pursuant to the Credit Agreement dated as of October 4, 2017 (as the same may have been and may hereafter be amended, modified or supplemented the "Credit Agreement") by and between the undersigned Borrower and the Bank, the Borrower hereby gives the Bank notice that Borrower requests a Revolving Credit Loan as follows:

1. The requested Borrowing Date is _____,

2. The amount of the requested borrowing is $_____, which shall be deposited into the Operating Account (as designated by Borrower from time to time) on _____ (date).

The Borrower hereby certifies that (i) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true, correct and complete in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof, except for such representations and warranties that are made as of a specific date; (ii) no Default or Event of Default has occurred and is continuing under the Credit Agreement or will result after giving effect to the Loan requested hereunder; and (iii) the amount of the proposed borrowing hereunder will not cause the aggregate outstanding principal amount of Revolving Credit Loans (after giving effect to the proposed borrowing requested hereunder) to exceed the lesser of the Commitment or the Borrowing Base set forth in the last Borrowing Base Certificate delivered to the Bank.

Capitalized terms used herein but not defined shall have the respective meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, Borrower has caused this document to be executed and delivered by its Executive Officer as of the date written above.

JACOBY & CO. INC.

By: _____
Name: _____
Title: _____

Exhibit 10.7

OMNIBUS AMENDMENT NO. 1
TO
CREDIT AGREEMENT, GUARANTIES, AND SECURITY AGREEMENTS

This Amendment No. 1 to Credit Agreement, Guaranties, and Security Agreements (the "Amendment"), effective as of August 23, 2018, is by and among Greenlane Holdings, LLC, a Delaware limited liability company (formerly known as Jacoby Holdings LLC) (the "Borrower"), Jacoby & Co. Inc., a Nevada corporation (the "Company"), Mid-Atlantic Holdings Group LLC, a Delaware limited liability company ("Mid"), BioVapor Solutions LLC, a Delaware limited liability company ("Bio"), MSI Imports LLC, a Washington limited liability company ("MSI"), Aerospaced LLC, a Florida limited liability company ("Aero"), Warehouse Goods LLC, a Delaware limited liability company ("Warehouse"), Quick Draw Holdings, Inc., a Delaware corporation ("Quick Draw"), GS Fulfillment LLC, a Delaware limited liability company ("GS"), HS Products LLC, a Delaware limited liability company ("HS"), QD Products, LLC, a Delaware limited liability company ("QD" and together with the Borrower, the Company, Mid, Bio, MSI, Aero, Warehouse, Quick Draw, GS, and HS, the "Borrower Parties"), and Fifth Third Bank, an Ohio Banking Corporation (the "Bank").

RECITALS

A. The Bank and the Company are parties to a Credit Agreement dated as of October 4, 2017 (the "Agreement").

B. The Company has restructured the organization of the Company and its affiliated entities.

C. In connection therewith, the Bank and the Borrower Parties desire to amend the Agreement and certain other Loan Documents in the manner hereinafter provided.

AGREEMENT

1. DEFINITIONS. Capitalized terms used but not defined in this Amendment shall have the respective meanings given to them in the Agreement.

2. AMENDMENTS TO THE AGREEMENT.

(a) The definition of "Borrower" in the Agreement is hereby amended and restated to read as follows:

> ""Borrower" shall mean GREENLANE HOLDINGS, LLC, a Delaware limited liability company (formerly known as Jacoby Holdings LLC)."

(b) The definition of "Guarantors" in Section 1.1 of the Agreement is hereby amended and restated to read as follows:

> ""Guarantors" shall mean Aaron LoCascio, Adam Schoenfeld, Jacoby & Co. Inc., a Nevada corporation, Mid-Atlantic Holdings Group LLC, a Delaware limited liability company, BioVapor Solutions LLC, a Delaware limited liability company, MSI Imports LLC, a Washington limited liability company, Aerospaced LLC, a Florida limited liability company, Warehouse Goods LLC, a Delaware limited liability company, QD Products, LLC, a Delaware limited liability company, GS Fulfillment LLC, a Delaware limited liability company, Vape World Distribution LTD., a British Columbia corporation, and HS Products LLC, a Delaware limited liability company."

(c) The definition of "Commitment" in Section 1.1 of the Agreement is hereby amended and restated to read as follows:

> ""Commitment" shall mean the obligation of the Bank to make Revolving Credit Loans in the aggregate amount not to exceed Fifteen Million Dollars ($15,000,000)."

(d) The definition of "Commitment Termination Date" in Section 1.1 of the Agreement is hereby amended and restated to read as follows:

> ""Commitment Termination Date" shall mean August 23, 2020."

(e) Section 4.11 of the Agreement is hereby amended and restated to read as follows:

> "Section 4.11. Capitalization. As of August 22, 2018, the equity interests of Borrower are held beneficially and of record as follows: 75% by Jacoby & Co. Inc., 15% by Aaron LoCascio, 7.9% by Better Life Products, Inc., and 2.1% by Rochester Vapor Group, LLC. All such equity is validly issued, outstanding, fully paid and non-assessable (to the extent applicable). Each entity Guarantor (other than Jacoby & Co. Inc.) is a direct or indirect wholly owned subsidiary of Borrower. Borrower owns beneficially all of the issued and outstanding equity interests or stock, as the case may be, of each entity Guarantor (other than Jacoby & Co. Inc.), which securities are validly issued, outstanding, fully paid and non-assessable (to the extent applicable). The equity interests of each Guarantor that is a limited liability company are uncertificated securities, and will remain such at all times this Agreement remains in effect."

(f) All references to "Jacoby & Co. Inc." in Exhibit B of the Agreement are hereby replaced by "Greenlane Holdings, LLC".

3. AMENDMENT TO GUARANTY AGREEMENTS.

(a) That certain Guaranty by the Borrower in favor of the Bank dated October 4, 2017 (the "Jacoby Guaranty", is hereby amended by (i) replacing all references to "Jacoby Holdings LLC" with "Jacoby & Co. Inc.", and by replacing all references to "Jacoby & Co. Inc." with "Greenlane Holdings, LLC"; and (ii) deleting Recital B.

(b) That certain Guaranty by Quick Draw in favor of the Bank dated October 4, 2017 (the "QD Guaranty"), is hereby amended by replacing all references to "Quick Draw Holdings Inc." with "QD Products, LLC".

4. AMENDMENT TO SECURITY AGREEMENTS.

(a) That certain Security Agreement by and between the Company and the Bank dated October 4, 2017 ("Borrower Security Agreement"), is hereby amended by (i) replacing all references to "Jacoby & Co. Inc." with "Greenlane Holdings, LLC"; and (ii) replacing Schedule A to said Security Agreement with Schedule A attached hereto.

(b) That certain Security Agreement by and among the Bank, the Borrower, Mid, Bio, MSI, Aero, Warehouse, Quick Draw, GS, and HS, dated October 4, 2017 ("Guarantor Security Agreement"), is hereby amended by (i) replacing all references to "Jacoby Holdings LLC" with "Jacoby & Co. Inc.", and by replacing all references to "Jacoby & Co. Inc." with "Greenlane Holdings, LLC"; (ii) replacing all references to "Quick Draw Holdings, Inc." with "QD Products, LLC"; (iii) replacing Schedule A-1 to the Guarantor Security Agreement with Schedule A-1 attached hereto; and (iii) replacing Schedule A-7 to the Guarantor Security Agreement with Schedule A-7 attached hereto.

5. REPRESENTATIONS AND WARRANTIES . When the Borrower Parties sign this Amendment, They represent and warrant to the Bank that: (a) except as expressly set forth on Schedule 5(a) attached hereto, there is no event which is, or with notice or lapse of time or both would be, a default under the Agreement, (b) the representations and warranties by Borrower in the Agreement are true in all material respects as of the date of this Amendment as if made on the date of this Amendment, unless such representation or warranty is as of a specific date, in which case, as if made on such date, (c) this Amendment does not conflict with any law, agreement, or obligation by which any Borrower party is bound or subject, except to the extent such conflict would not reasonably be expected to result in a Material Adverse Effect, and (d) this Amendment is within the Borrower Parties' powers, has been duly authorized by all company and corporate action of Borrower Parties, and does not conflict with Borrower Parties' organizational documents.

6. CONDITIONS. This Amendment will be effective when the Bank receives the following items, in form and content acceptable to the Bank:

(a) Payment by Company of all costs and expenses incurred by the Bank in connection with this Amendment, including, but not limited to legal costs, recording costs, third party exam expenses and costs, and document stamp taxes;

(b) One or more counterparts of this Amendment, duly executed and delivered by the parties hereto; and

(c) The Amended and Restated Revolving Credit Note, duly executed and delivered by Borrower to the Bank.

7. EFFECT OF AMENDMENT.

(a) General. Except as expressly amended hereby, all of the provisions of the Agreement and the other Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments set forth herein are the only amendments being made by this Amendment and, in each case, the amendments shall not be deemed to be an amendment to, consent to or modification of any other term or provision of the Agreement or any other Loan Document or any transaction or further or future action on the part of the Borrower Parties which would require the consent of the Bank under the Agreement or any of the Loan Documents.

(b) Assignment and Assumption. Effective as of the Date hereof:

(i) Agreement. The Company (i) hereby assigns to Borrower and Borrower hereby assumes the Obligations, and (ii) hereby assigns to Borrower, and Borrower hereby assumes, each and every one of the covenants, promises, agreements, terms, rights, obligations, duties, indebtedness and liabilities of the Company applicable to it in its capacity as the "borrower" under the Credit Agreement, the other Loan Documents and any other document or instrument executed and delivered or furnished, or to be executed and delivered or furnished, in connection therewith.

(ii) Jacoby Guaranty. The Borrower hereby assigns to the Company and the Company hereby assumes, each and every one of the covenants, promises, agreements, terms, rights, obligations, duties, indebtedness and liabilities of the Borrower under the Jacoby Guaranty.

(iii) QD Guaranty. Quick Draw hereby assigns to QD and QD hereby assumes, each and every one of the covenants, promises, agreements, terms, rights, obligations, duties, indebtedness and liabilities of Quick Draw under the Quick Draw Guaranty.

(iv) Borrower Security Agreement. The Company hereby assigns to the Borrower and the Borrower hereby assumes, each and every one of the covenants, promises, agreements, terms, rights, obligations, duties, indebtedness and liabilities of the Company under the Borrower Security Agreement.

(v) Guarantor Security Agreement. (A) The Borrower hereby assigns to the Company and the Company hereby assumes, each and every one of the covenants, promises, agreements, terms, rights, obligations, duties, indebtedness and liabilities of the Borrower under the Guarantor Security Agreement; and (A) Quick Draw hereby assigns to QD and QD hereby assumes, each and every one of the covenants, promises, agreements, terms, rights, obligations, duties, indebtedness and liabilities of Quick Draw under the Guarantor Security Agreement.

8. ACKNOWLEDGEMENT, CONSENT AND REAFFIRMATION . Each of the undersigned hereby (i) consents to this Amendment, (ii) acknowledges, agrees and reaffirms that the terms and conditions of the Loan Documents, as amended hereby, to which it is a party remain in full force and effect and are hereby ratified and confirmed in all respects, and (iii) agrees to be bound by each and every one of the terms and conditions applicable to the undersigned in this Amendment, the Agreement as amended by the Amendment, and the other Loan Documents as amended by the Amendment.

9. COUNTERPARTS. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Any signatures delivered by a party by facsimile transmission or by other electronic transmission shall be deemed an original signature hereto.

10. APPLICABLE LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF FLORIDA WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT OR CHOICE OF LAWS. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF FLORIDA, COUNTY OF MIAMI-DADE, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY DOCUMENT OR ANY INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO AGREES (i) NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT AND (ii) NOT TO ASSERT ANY COUNTERCLAIM IN ANY SUCH SUIT, ACTION OR PROCEEDING UNLESS SUCH COUNTERCLAIM CONSTITUTES A COMPULSORY OR MANDATORY COUNTERCLAIM UNDER APPLICABLE RULES OF CIVIL PROCEDURE. EACH PARTY HERETO AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR NOTICES SET FORTH IN THIS AGREEMENT OR ANY METHOD AUTHORIZED BY THE LAWS OF FLORIDA. EACH PARTY HERETO IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

11. FINAL AGREEMENT. BY SIGNING THIS AMENDMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS AMENDMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS AMENDMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS AMENDMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

[Remainder of Page Intentionally Left Blank]

This Amendment is executed as of the date stated at the top of the first page.

FIFTH THIRD BANK

By: /s/ Vivian Alvarez Premock
Name: Vivian Alvarez Premock
Title: Senior Vice President

/s/ Aaron LoCascio
Aaron LoCascio

/s/ Adam Schoenfeld
Adam Schoenfeld

GREENLANE HOLDINGS, LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

JACOBY & CO. INC.

By: /s/ Adam Schoenfeld
Name: Adam Shoenfeld
Title: Co-President

HS PRODUCTS LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

GS FULFILLMENT LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

WAREHOUSE GOODS LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

MSI IMPORTS LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

BIOVAPOR SOLUTIONS LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

MID-ATLANTIC HOLDINGS GROUP LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

QUICK DRAW HOLDINGS, INC.

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

AEROSPACED LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

VAPE WORLD DISTRIBUTION LTD.

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

QD PRODUCTS, LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

Exhibit 10.8

AMENDED AND RESTATED CREDIT AGREEMENT

by and between

1095 BROKEN SOUND PKWY LLC
GREENLANE HOLDINGS, LLC

and

FIFTH THIRD BANK

Dated as of October 1, 2018

AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT is dated as of October 1, 2018, by and between 1095 BROKEN SOUND PKWY LLC, a Delaware limited liability company (the "RE Borrower" and a "Borrower"), GREENLANE HOLDINGS, LLC, a Delaware limited liability company (the "RLOC Borrower" and a "Borrower") and FIFTH THIRD BANK, an Ohio Banking Corporation (the "Bank").

RECITALS

The Bank and Jacoby & Co., a Nevada corporation ("Jacoby") entered into that certain Credit Agreement dated October 4, 2017 (the "Original Credit Agreement") pursuant to which the Bank extended to Jacoby a revolving credit commitment in an amount not to exceed Eight Million ($8,000,000) Dollars.

The RLOC Borrower is an indirect majority owned subsidiary of Jacoby.

In connection with a restructuring of the organization of Jacoby and affiliated entities, on August 23, 2018, the Bank, Jacoby, the RLOC Borrower and the Guarantors entered into an Omnibus Amendment No. 1 to Credit Agreement, Guaranties, and Security Agreements (the " Omnibus Amendment"), which, in part: (i) amended the Original Credit Agreement to: (a) increase the revolving credit commitment to an amount not to exceed Fifteen Million ($15,000,000) Dollars; (b) extend the maturity date of the revolving credit commitment to August 23, 2020; and (c) effectuate the assumption by the RLOC Borrower of all obligations of Jacoby as the "borrower" under the Original Credit Agreement and other Loan Documents; (ii) amended the Guaranties; and (iii) amended the Security Agreements.

The RE Borrower, an indirect wholly owned subsidiary of the RLOC Borrower, has requested that the Bank provide financing for the RE Borrower's acquisition of a certain parcel of real property, and the Bank has agreed to provide said financing.

The Bank, the RLOC Borrower, and the RE Borrower have agreed to amend and restate the Original Credit Agreement to incorporate the terms of the Omnibus Amendment that amended the Original Credit Agreement, and to add a real estate finance facility that sets forth the terms and conditions of the real estate financing described above.

Accordingly, the Borrowers and the Bank agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

Section 1.1. Definitions. As used herein, the following words and terms shall have the following meanings:

"Adjusted EBITDA" shall mean, for the period in question, Net Income plus Interest Expense plus depreciation and amortization plus taxes plus rents and operating lease payments minus distributions and dividends to members and shareholders (net of contributions, which shall not exceed distributions) plus proceeds of all Subordinated Debt plus/minus any nonrecurring/extraordinary expense or revenue items as determined by the Bank in its reasonable discretion, calculated in accordance with GAAP applied on a consistent basis but adjusted for non-cash straight-line rent adjustments and capital expenditures (other than capital expenditures financed with the proceeds of purchase money Indebtedness or Capital Leases to the extent permitted under this Agreement).

"Adjustment Protocol" shall have the meaning set forth in the definition of LIBOR Rate.

"Affiliate" shall mean with respect to any Person, any corporation, partnership, limited liability company, limited liability partnership, joint venture, trust or unincorporated organization which, directly or indirectly, controls or is controlled by or is under common control with such Person. For the purpose of this definition, "control" of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management or policies of such Person whether through the ownership of voting securities by contract or otherwise; provided that, in any event, any person who owns directly or indirectly forty (40%) percent or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or forty (40%) percent or more of the partnership, membership or other ownership interest of any Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person.

"Agreed Currency" shall have the meaning provided in Section 9.17.

"Agreement" shall mean this Amended and Restated Credit Agreement dated as of October 1, 2018, which amends and restates the Original Credit Agreement, as amended by the Omnibus Amendment, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"AML Legislation" shall have the meaning provided in Section 9.16.

"Anti-Terrorism Laws" shall mean any laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by the United States Treasury Department's Office of Foreign Asset Control, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (as any of the foregoing laws may from time to time be amended, renewed, extended, or replaced).

"Banking Services" shall mean each and any of the following commercial bank services provided to the Borrowers by the Bank: (i) commercial credit, credit cards, purchase or debit cards and (ii) cash management, treasury or related services (including, without limitation, controlled deposit accounts, overnight draft, funds transfer, automated clearinghouse, zero accounts, lockbox, account reconciliation, disbursement, ACH transactions, return items and interstate depository network services); and (iii) any interest rate swap, cap, floor, collar, or any similar transaction or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging a Borrower's exposure to fluctuations in internet rates.

"Banking Services Obligations" of the Borrowers shall mean any and all obligations of a Borrower, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Blocked Person" shall have the meaning provided in Section 4.19(b).

"Borrowing Base" shall mean, at any time, fifty (50%) percent of Borrower Group's Eligible Inventoryplus eighty (80%) percent of Borrower Group's Eligible Receivables.

"Borrowing Base Certificate" shall mean a certificate signed and certified as accurate and complete by an Executive Officer of RLOC Borrower, setting forth the calculation of the Borrowing Base, and including such other information as may be reasonably requested by Bank from time to time.

"Borrowing Date" shall mean, with respect to any Loan, the date on which such Loan is disbursed to the Borrower.

"Borrower Group" shall mean the Borrowers and each Guarantor that is a direct and indirect subsidiary of a Borrower.

"Business Day" shall mean (i) with respect to all notices and determinations in connection with the LIBOR Rate, any day (other than a Saturday or Sunday) on which commercial banks are open in London, England, New York, New York, and Cincinnati, Ohio for dealings in deposits in the London Interbank Market; and (ii) in all other cases, any day on which commercial banks in Cincinnati, Ohio are required by law to be open for business; provided that, notwithstanding anything to the contrary in this definition of "Business Day", at any time during which a rate management agreement with the Bank is then in effect with respect to all or a portion of a Note, then the definitions of "Business Day" and "Banking Day", as applicable, pursuant to such rate management agreement shall govern with respect to all applicable notices and determinations in connection with such portion of said Note subject to such rate management agreement.

"Canadian Benefit Plans" shall mean, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, any bonus, deferred compensation, incentive compensation, share purchase, share option, share appreciation, phantom share, savings, profit sharing, severance or termination pay, health, dental or other medical, life, disability insurance, mortgage insurance, employee loan, employee assistance, supplementary unemployment benefit, registered and other pension, retirement and supplementary retirement, plan, program and every other benefit plan, program, agreement, arrangement or practice maintained or contributed to for the benefit of any of the Borrower Group's employees, former employees or their respective dependent or beneficiaries or under which the Borrower Group has any liability in respect of any of its employees, former employees or their respective dependent or beneficiaries, but excluding the Canada Pension Plan, the Quebec Pension Plan, any health or drug plan established and administered by a Canadian Province and workers' compensation insurance provided by Canadian federal or provincial legislation or a comparable program established and administered outside Canada.

"Canadian Insolvency Laws" shall mean any of the Bankruptcy and Insolvency Act (Canada) the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), the Bankruptcy Code, as at now and hereafter in effect, any successors to such statutes and any other applicable insolvency or other similar law of any jurisdiction, including any law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

"Canadian Pension Legislation" shall mean the Pension Benefits Act (Ontario) and regulations adopted thereunder, and any similar Canadian provincial or federal legislation.

"Canadian Pension Plans" shall mean a Canadian Benefit Plan which is a registered pension plan, as that term is defined in the Income Tax Act (Canada), other than a MEPP.

"Capital Lease" shall mean (i) any lease of property, real or personal, if the then present value of the minimum rental commitment thereunder should, in accordance with GAAP applied on a consistent basis, be capitalized on the balance sheet of the lessee, and (ii) any other such lease the obligations of which are required to be capitalized on the balance sheet of the lessee.

"Change of Control" shall mean any event which results in any Person, or two or more Persons acting in concert, in each case, acquiring beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended), directly or indirectly, by contract or otherwise, or entering into a contract or arrangement which upon consummation will result in its or their acquisition of, or control over, securities of a Borrower (or other securities convertible into such securities) representing fifty (50%) percent or more of the combined voting power of all securities of said Borrower entitled to vote in the election of managers of said Borrower.

"Closing Date" shall mean October 1, 2018.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" shall mean the obligation of the Bank to make Revolving Credit Loans to the RLOC Borrower in the aggregate amount not to exceed Fifteen Million ($15,000,000) Dollars.

"Commitment Period" shall mean the period from and including the Closing Date to, but not including, August 23, 2020, or such earlier date as the Commitment shall terminate as provided herein.

"Commitment Termination Date" shall mean the last day of the Commitment Period. "CPA" shall have the meaning set forth in Section 4.3.

"Default" shall mean any event or condition which upon notice, lapse of time, or both, would constitute an Event of Default.

"Dollar" and the symbol "$" shall mean lawful money of the United States of America.

"Eligible Inventory" means at any time, Borrower Group's inventory of finished goods held for use or sale in the ordinary course of Borrower Group's business, valued by the Bank at the lower of cost or fair market value on a first in, first out basis; provided that Eligible Inventory shall not include the following: (i) raw materials and work-in-process; (ii) obsolete items; (iii) samples and packing materials; (iv) returned items; (v) any inventory in which the Bank does not have a valid, first priority and fully perfected security interest; (vi) any inventory evidenced by negotiable warehouse receipts or documents of title which have not been issued in the name of the Bank; and (viii) any inventory not in the actual possession of the Borrower Group or located at any leased location or public warehouse, unless a reasonably satisfactory landlord or warehouseman lien subordination or waiver has been delivered to the Bank or reserves reasonably satisfactory to the Bank in its discretion have been established by the Borrower Group with respect thereto, provided, however, inventory in transit shall, notwithstanding the foregoing, be considered Eligible Inventory under this Section (viii) to the extent said inventory is properly insured, as determined by the Bank in its reasonable discretion, with the Bank named as a loss-payee on any applicable insurance policy. Inventory, which is deemed to be Eligible Inventory, but which subsequently fails to meet the foregoing criteria for Eligible Inventory, shall immediately cease to be Eligible Inventory for the purpose of determining the Borrowing Base. To the extent that such inventory once again meets the foregoing criteria for Eligible Inventory, such inventory shall immediately be Eligible Inventory for purposes of determining the Borrowing Base.

"Eligible Receivables" shall mean, at any time, Borrower Group's accounts receivable that are not more than ninety (90) days past the original invoice date (less contra accounts); provided that Eligible Receivables shall not include the following: (i) accounts receivable with respect to which the account debtor is a member, officer, employee, agent or Affiliate of any of the Borrower Group; (ii) accounts receivable with respect to which the debtor is not a resident of, or does not have its principal place of business in, the United States or Canada, provided, however, said accounts receivable may be deemed eligible by the Bank on a case by case basis, if satisfactory letters of credit, credit insurance, or other requested documentation is received by the Bank; (iii) if the total accounts receivable owed by a debtor to the Borrower Group total more than twenty (20%) percent of Borrower Group's total accounts receivable, then Eligible Receivables shall not include any such accounts receivable owed by said debtor to the Borrower Group that exceed twenty (20%) percent of Borrower Group's total accounts receivable; and (iv) any and all accounts receivable owed by a particular debtor if twenty-five (25%) percent or more of the total accounts receivable owed by said debtor to the Borrower Group are due and outstanding more than ninety (90) days from the original invoice date. In the event that an Eligible Receivable ceases to be an Eligible Receivable hereunder, the RLOC Borrower shall notify the Bank thereof on and at the time of submission to the Bank of the next Borrowing Base Certificate. In determining the amount of an Eligible Receivable, the face amount of an account may, in the Bank's discretion, be reduced, without duplication, to the extent not reflected in such face amount, by: (a) the amount of all accrued and actual rebates, discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances and (b) the aggregate amount of all cash received in respect of such account but not yet applied by the Borrower Group to reduce the amount of such account.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which, together with the Borrower Group, would be deemed to be a member of the same "controlled group" within the meaning of Section 414(b) and (c) of the Code.

"Event of Default" shall mean any Event of Default set forth in Article VIII.

"Executive Officer" shall mean the chief executive officer or chief financial officer of a Borrower or entity Guarantor, as applicable, and any other officer or similar official thereof with significant responsibility for the administration of the obligations of the Borrower or entity Guarantor in respect of this Agreement and the other Loan Documents.

"Executive Order" shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Fixed Charge Coverage Ratio" shall mean the ratio of Borrower Group's consolidated (i) Adjusted EBITDA to (ii) the sum of (a) all principal and interest payments with respect to Indebtedness that were paid or were due and payable by the Borrower Group during the period in question, and (b) all rents that were paid or payable and all operating lease payments that were paid or payable by the Borrower Group during the period in question, calculated in accordance with GAAP applied on a consistent basis but adjusted for non-cash straight-line rent adjustments.

"Governmental Authority" shall mean any nation or government, any state, province, city or municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board or similar body, whether federal, state, provincial, territorial, local or foreign.

"Guaranties" shall mean guaranties executed by each of the Guarantors, as the same may be amended, restated, supplemented or modified, from time to time.

"Guarantors" shall mean Aaron LoCascio, Adam Schoenfeld, Jacoby & Co. Inc., a Nevada corporation, Mid-Atlantic Holdings Group LLC, a Delaware limited liability company, BioVapor Solutions LLC, a Delaware limited liability company, MSI Imports LLC, a Washington limited liability company, Aerospaced LLC, a Florida limited liability company, Warehouse Goods LLC, a Delaware limited liability company, QD Products, LLC, a Delaware limited liability company, GS Fulfillment LLC, a Delaware limited liability company, Vape World Distribution LTD., a British Columbia corporation, HS Products LLC, a Delaware limited liability company, and RLOC Borrower.

"Hazardous Materials" shall mean any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49) U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601,et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule or regulation.

"Hedge Agreement" shall mean any agreement between a Borrower and Bank or any affiliate of Bank, now existing or hereafter entered into, which provides for an interest rate swap, cap, floor, collar, or any similar transaction or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging a Borrower's exposure to fluctuations in interest rates.

"Indebtedness" shall mean, without duplication, as to any Person or Persons (i) indebtedness for borrowed money; (ii) indebtedness for the deferred purchase price of property or services; (iii) indebtedness evidenced by bonds, debentures, notes or other similar instruments; (iv) obligations and liabilities secured by a Lien upon property owned by such Person, whether or not owing by such Person and even though such Person has not assumed or become liable for the payment thereof; (v) obligations or liabilities created or arising under any conditional sales contract or other title retention agreement with respect to property used and/or acquired by such Person; (vi) obligations of such Person as lessee under Capital Leases; (vii) liabilities of such Person under Hedge Agreements and foreign currency exchange agreements, as calculated on a basis reasonably satisfactory to the Bank and in accordance with accepted practice; (viii) all obligations of such Person in respect of bankers' acceptances; (ix) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and (x) all guaranties of such Person of the type of Indebtedness described in clauses (i) through (ix) above. The amount of any Indebtedness of a Person for which recourse is limited to an identified asset or assets of such Person shall be equal to the lesser of (x) the amount of such Indebtedness and (y) the fair market value of such asset or assets. For purposes of this definition, the amount of any Indebtedness represented by a guaranty shall be the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instruments embodying such Indebtedness.

"Interest Expense" shall mean all interest expense of the Borrower Group determined on a consolidated basis in accordance with GAAP applied on a consistent basis.

"Judgment Currency" shall have the meaning provided in Section 9.17.

"Jurisdiction" shall mean the state in the United States where the Bank's branch which maintains Borrower Group's major deposits is located, or if Borrower Group does not have deposits with the Bank, the Bank's office in a state of the United States where Borrower Group's major banking relationship with it is conducted; if neither of the foregoing apply, then jurisdiction shall mean the State of Florida.

"Landlord Waivers" shall mean the Landlord waivers with respect to properties occupied by the Borrower Group, executed for the benefit of the Bank, as same may be amended, restated, supplemented or modified, from time to time.

"LIBOR Rate" shall mean, as of any date of determination, the rate of interest rounded upwards (the "Rounding Adjustment"), if necessary, to the next 1/8 of 1% (and adjusted for reserves if the Bank is required to maintain reserves with respect to relevant advances) fixed by ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, approved by the Bank, each an "Alternate LIBOR Source") at approximately 11:00 a.m., London, England time (or the relevant time established by ICE Benchmark Administration Limited, an Alternate LIBOR Source, or the Bank, as applicable), two Business Days prior to such date of determination, relating to quotations for the one month London InterBank Offered Rates on U.S. Dollar deposits, as displayed by Bloomberg LP (or any successor thereto, or replacement thereof, as approved by the Bank, each an "Approved Bloomberg Successor"), or, if no longer displayed by Bloomberg LP (or any Approved Bloomberg Successor), such rate as shall be determined in good faith by the Bank from such sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor), all as determined by the Bank in accordance with the Bank's loan systems and procedures periodically in effect.

Notwithstanding anything to the contrary contained herein, in no event shall the LIBOR Rate be less than 0% as of any date (the "LIBOR Rate Minimum"); provided that, at any time during which a rate management agreement with the Bank is then in effect with respect to all or a portion of the Obligations, the LIBOR Rate Minimum, the Rounding Adjustment and the Adjustment Protocol (as defined below) shall all be disregarded and no longer of any force and effect with respect to such portion of the Obligations subject to such Rate Management Agreement. Each determination by the Bank of the LIBOR Rate shall be binding and conclusive in the absence of manifest error. The LIBOR Rate shall be initially determined as of the date of the initial advance of funds to Borrower under the Revolving Credit Note and shall be effective until the first Business Day of the month following the period commencing on the date of such initial advance (such first Business Day being the "First Adjustment Date"). The interest rate based upon the LIBOR Rate shall be adjusted automatically on the First Adjustment Date and on the first Business Day of each month thereafter (the "Adjustment Protocol").

Notwithstanding anything herein contained to the contrary, if the Bank, by written or telephonic notice, notifies Borrowers that: (i) any change in any law, regulation or official directive, or in the interpretation thereof, by any governmental body charged with the administration thereof, has made it unlawful for the Bank to fund or maintain its funding in Eurodollars of any portion of any advance subject to the LIBOR Rate or otherwise give effect to the Bank's obligations as contemplated hereby; or (i) (a) LIBOR deposits for periods of one month are not readily available in the London Interbank Offered Rate Market, (b) by reason of circumstances affecting such market or other economic conditions, adequate and reasonable methods do not exist for ascertaining the rate of interest applicable to such deposits, or (iii) the LIBOR Rate as determined by the Bank will not adequately and fairly reflect the cost to the Bank of making or maintaining advances bearing interest with reference to the LIBOR Rate (including inaccurate or inadequate reflection of actual costs resulting from the calculation of rates by reporting sources), then, in any of such events: (A) the Bank's obligations in respect of the LIBOR Rate shall terminate forthwith, (B) the LIBOR Rate with respect to the Bank shall forthwith cease to be in effect, (C) the affected Borrower's right to utilize LIBOR Rate index pricing as set forth in this Agreement and the Note in question shall be terminated forthwith, and (D) amounts outstanding under said Note shall, on and after such date, bear interest at a rate per annum equal to: (1) 0.5% plus (2) the floating rate of interest established from time to time by the Bank at its principal office as its "Prime Rate", whether or not the Bank shall at times lend to borrowers at lower rates of interest or, if there is no such Prime Rate, then such other rate as may be substituted by the Bank for such Prime Rate. Each determination by the Bank of the Prime Rate shall be binding and conclusive in the absence of manifest error. In the event of a change in the Prime Rate, the interest rate accruing hereunder based upon the Prime Rate shall be changed immediately with such change to be based upon such new Prime Rate.

"Lien" shall mean any lien (statutory or otherwise), security interest, mortgage, deed of trust, pledge, charge, conditional sale, title retention agreement, Capital Lease or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

"Loans" shall mean, collectively, the Revolving Credit Loans, the Real Estate Loan, and any other loans and advances made by the Bank pursuant to this Agreement.

"Loan Documents" shall mean, collectively, this Agreement, the Notes, the Security Documents, Hedge Agreements, and each other agreement executed in connection with the transactions contemplated hereby or thereby.

"London Business Day" shall mean any day on which commercial banks in London, England are open for general business.

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, properties or condition (financial or otherwise) of the Borrower Group, or (ii) the ability of the Borrower Group to perform any of its material obligations under any Loan Document to which it is a party.

"Material Contract" shall mean, with respect to any Person, each contract, instrument or agreement to which such Person is a party which is material to the business, operations, properties, prospects or condition (financial or otherwise) of such Person or which, if terminated, could reasonably be expected to result in a Material Adverse Effect.

"MEPP" shall mean a Canadian Benefit Plan which is a multi-employer pension plan, as that term is defined by Canadian Pension Legislation.

"Mortgage" shall mean that certain first priority mortgage and assignment of leases and rents with respect to the Mortgaged Premises, executed and delivered to the Bank by the RE Borrower, as the same may be amended, supplemented, modified, or restated from time to time.

"Mortgaged Premises" shall mean the real property described in the Mortgage.

"Net Income" shall mean, for any period, the net income (or net loss) for such period calculated in accordance with GAAP applied on a consistent basis.

"Notes" shall mean the Revolving Credit Note and the Real Estate Note.

"Notice of Revolving Credit Loan Borrowing" shall mean the Notice of Revolving Credit Loan Borrowing substantially in the form attached hereto asExhibit A.

"Obligations" shall mean the RLOC Obligations and the Real Estate Obligations.

"Operating Accounts" shall mean RLOC Borrower's account #7434398447 at the Bank, or any other account at the Bank maintained by a member of Borrower Group as designated by the Borrowers from time to time, into which (i) Bank shall credit the proceeds from each Loan hereunder; and (ii) all payments made to Borrower Group shall be deposited, wired or ACH'd.

"Payment Office" shall mean the Bank's office located at 2333 Ponce de Leon Blvd, Suite 303, Coral Gables, FL 33134, Attention: Commercial Loan Administration, or such other office hereinafter designated by the Bank as its Payment Office.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Permitted Liens" shall have the meaning set forth in Section 7.1.

"Person" shall mean any natural person, corporation, limited liability company, limited liability partnership, business trust, joint venture, association, company, partnership or Governmental Authority.

"Plan" shall mean any multi-employer or single-employer plan defined in Section 4001 of ERISA which is subject to Title IV of ERISA, which is maintained, or at any time during the five calendar years preceding the date of this Agreement was maintained for employees of the Borrower Group or an ERISA Affiliate.

"Purchase Agreement" shall have the meaning set forth in Section 5.1(1).

"Real Estate Loan" shall have the meaning set forth in Section 2.3(a).

"Real Estate Note" shall have the meaning set forth in Section 2.3(b).

"Real Estate Obligations" shall mean (i) all obligations, liabilities and indebtedness of the RE Borrower to the Bank, whether now existing or hereafter created, absolute or contingent, direct or indirect, due or not, arising under this Agreement, the Real Estate Note or any other Loan Document, including, without limitation, all obligations, liabilities and indebtedness of the RE Borrower with respect to the principal of and interest on the Real Estate Loans, (ii) any Banking Services Obligations of the RE Borrower, and (iii) all fees, costs, expenses and indemnity obligations of the RE Borrower hereunder or under any other Loan Document.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as the same may be amended or supplemented from time to time.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Revolving Credit Loan" shall have the meaning set forth in Section 2.1.

"Revolving Credit Note" shall mean that certain Revolving Credit Note dated October 4, 2017, issued by Jacoby to the Bank, as amended and restated by that certain Amended and Restated Revolving Credit Note dated August 23, 2018, issued by the RLOC Borrower to the Bank, as same may be amended, restated, supplemented or modified, from time to time.

"RLOC Obligations" shall mean (i) all obligations, liabilities and indebtedness of the RLOC Borrower to the Bank, whether now existing or hereafter created, absolute or contingent, direct or indirect, due or not, arising under this Agreement, the Revolving Credit Note or any other Loan Document, including, without limitation, all obligations, liabilities and indebtedness of the RLOC Borrower with respect to the principal of and interest on the Revolving Credit Loans, (ii) any Banking Services Obligations of the RLOC Borrower, and (iii) all fees, costs, expenses and indemnity obligations of the RLOC Borrower hereunder or under any other Loan Document.

"Security Agreements" shall mean the Security Agreements executed by the Borrowers and each entity Guarantor, for the benefit of the Bank, as same may be amended, restated, supplemented or modified, from time to time.

"Security Documents" shall mean, collectively, the Security Agreements, the Guaranties, the Mortgage, the Subordination, Non-Disturbance and Attornment Agreements, the Landlord Waivers, and each other collateral security document delivered to the Bank hereunder.

"Subordinated Debt" shall mean all Indebtedness which is subordinated in right of payment to the payment of the Obligations on terms set forth in a subordination agreement that is reasonably satisfactory to the Bank.

"Subordination, Non-Disturbance and Attornment Agreement " shall mean those certain Subordination, Non-Disturbance and Attornment Agreements to be executed and delivered by each of the Tenants and the Bank, as the same may be amended, restated, supplemented or modified from time to time.

"Tenants" shall mean the following tenants of the Mortgaged Premises: Active Data Technologies, Inc.; BMI Elite Holdings, LLC; A Better Process, Inc.; Visually, Inc. (via merger with ION Interactive, Inc.), and; 4Voice, LLC.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

Section 1.2. Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. The term "including" shall not be limited or exclusive, unless specifically indicated to the contrary. The word "will" shall be construed to have the same meaning in effect as the word "shall". The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole, including the exhibits and schedules hereto, all of which are by this reference incorporated into this Agreement.

Section 1.3. Accounting Terms. Except as otherwise herein specifically provided, each accounting term used herein shall have the meaning given to it under GAAP. "GAAP" shall mean those generally accepted accounting principles and practices which are recognized as such by the American Institute of Certified Public Accountants acting through the Financial Accounting Standards Board ("FASB") or through other appropriate boards or committees thereof, except that any accounting principle or practice required, in the good faith opinion of the CPA, to be changed by the FASB (or other appropriate board or committee of the FASB) in order to continue as a generally accepted accounting principle or practice may be so changed. Any dispute or disagreement between the Borrower and the Bank relating to the determination of GAAP shall, in the absence of manifest error, be conclusively resolved for all purposes hereof by a written opinion with respect thereto delivered to the Bank by the CPA.

ARTICLE II
LOANS

Section 2.1. Revolving Credit Loans.

(a) Subject to the terms and conditions, and relying upon the representations and warranties, set forth herein, the Bank agrees to make loans (individually a "Revolving Credit Loan" and, collectively, the "Revolving Credit Loans") to the RLOC Borrower at any time or from time to time on or after the date hereof and until the Commitment Termination Date, provided, however, that no Revolving Credit Loan shall be made if, after giving effect to such Revolving Credit Loan, the aggregate outstanding principal amount of all Revolving Credit Loans would exceed the lesser of the Commitment or the Borrowing Base in effect at such time. During the Commitment Period, the RLOC Borrower may from time to time borrow, repay and reborrow hereunder, subject to the terms, provisions and limitations set forth herein.

(b) The RLOC Borrower shall, not later than 10:00 a.m., Miami, Florida time, on the date of each proposed Revolving Credit Loan under this Section 2.1, deliver to the Bank a duly completed Notice of Revolving Credit Loan Borrowing, executed by an Executive Officer of RLOC Borrower. Such notice shall be irrevocable.

(c) The Commitment shall automatically terminate on the Commitment Termination Date. Upon such termination, the RLOC Borrower shall immediately repay in full the principal amount of the Revolving Credit Loans then outstanding, together with all accrued and unpaid interest thereon and all other amounts due and payable hereunder.

Section 2.2. Revolving Credit Note. The Revolving Credit Loans made by the Bank shall be

evidenced by the Revolving Credit Note. RLOC Borrower shall be liable for all amounts outstanding under the Revolving Credit Note. The date and amount of each Revolving Credit Loan and the date and amount of each payment or prepayment of principal of each Revolving Credit Loan may be recorded on the grid schedule annexed to the Revolving Credit Note, and the RLOC Borrower authorizes the Bank to make such recordation; provided, however, that the failure of the Bank to set forth each such Revolving Credit Loan, payment and other information on such grid shall not in any manner affect the obligation of the RLOC Borrower to repay each Revolving Credit Loan made by the Bank in accordance with the terms of the Revolving Credit Note and this Agreement. The Revolving Credit Note and the books and records of the Bank shall constitute conclusive evidence of the information so recorded absent manifest error. The aggregate unpaid amount of the Revolving Credit Loans of the Bank at any time shall be the principal amount owing on the Revolving Credit Note of the RLOC Borrower at such time.

Section 2.3. Real Estate Loan.

(a) Subject to the terms and conditions and relying upon the representations and warranties set forth herein, the Bank agrees to make a term loan (Real Estate Loan") to the RE Borrower on the Closing Date in the amount of Eight Million Five Hundred Thousand ($8,500,000) Dollars. Upon repayment of any principal amount of the Real Estate Loan, the RE Borrower may not re-borrow such amount under the Real Estate Loan.

(b) The Real Estate Loan made by the Bank shall be evidenced by the Real Estate Note payable to the Bank in an original principal amount equal to Eight Million Five Hundred Thousand ($8,500,000) Dollars, appropriately completed, duly executed and delivered on behalf of the RE Borrower, as the same may be amended, supplemented, modified, or restated from time to time (the "Real Estate Note"). The RE Borrower shall be liable for all amounts outstanding under the Real Estate Note. Payments of principal and interest with respect to the Real Estate Loan shall be made in accordance with the terms and provisions of the Real Estate Note.

(c) Subject to the RE Borrower's right to contest same in accordance with Section 7.1 hereof, the RE Borrower shall pay all real estate taxes and assessments on or for the Mortgaged Premises prior to delinquency or imposition of a penalty or interest. In addition, the RE Borrower shall, within thirty (30) days after the date of such delinquency deliver to the Bank copies of receipts or cancelled checks evidencing the payment of the same. The RE Borrower shall pay all insurance premiums on or for the Mortgaged Premises prior to such premiums becoming due and payable due and shall promptly provide to Bank evidence of such payment. Upon the request of the Bank after the occurrence and during the continuance of an Event of Default, the Bank shall have the right to promptly require the RE Borrower to escrow with the Bank sums necessary for the annual payment of (i) the real estate taxes and assessments on or for the Mortgaged Premises (taking into account any discounts) and (ii) insurance premiums for the Mortgaged Premises. To the extent the Bank shall require the RE Borrower to escrow with the Bank sums necessary for the annual payment of the real estate taxes, assessments and insurance premiums on or for the Mortgaged Premises pursuant to the terms and conditions of this section, in addition to the monthly payments set forth in the Real Estate Note, the RE Borrower shall pay to the Bank on the first (1st) day of each calendar month an amount equal to one twelfth (1/12) of the annual real estate taxes, assessments and insurance premiums on or for the Mortgaged Premises, as estimated by the Bank in its reasonable discretion, which Bank shall make available to the RE Borrower to pay such real estate taxes, assessments and insurance premiums. No interest shall be paid on such funds. Upon the Event of Default being cured, any amounts held by Bank under this Section 2.3(c) shall be promptly returned by Bank to the RE Borrower.

ARTICLE III
INTEREST RATE; FEES AND PAYMENTS; USE OF PROCEEDS

Section 3.1. Interest Rates.

(a) Base Interest Rates.

(i) Revolving Credit Loan. The Revolving Credit Loans shall bear interest on the unpaid principal amount thereof at a rate per annum equal to the LIBOR Rate plus three and one-half (3.50%) percent. The interest rate shall be adjusted pursuant to the Adjustment Protocol.

(ii) Real Estate Credit Loan. The Real Estate Loan shall bear interest on the unpaid principal amount thereof at a rate per annum equal to the LIBOR Rate plus two and 39/100 (2.39%) percent. The interest rate shall be adjusted pursuant to the Adjustment Protocol.

(b) Default Interest Rates. Upon the occurrence and during the continuance of an Event of Default, the outstanding principal amount of each Loan, shall, at the option of the Bank, bear interest payable on demand, at a rate per annum equal to rate set forth under Section 3.1(a) plus five (5.00%) percent per annum.

(c) Late Charges. A late charge of five (5.00%) percent shall be imposed on each and every payment required hereunder that is not received by Bank within ten (10) days after it is due. The late charge is not a penalty, but liquidated damages to defray administrative and related expenses due to such late payment. The late charge shall be immediately due and payable and shall be paid by the Borrowers to the Bank without notice or demand. This provision for late charge is not and shall not be deemed a grace period, and Bank has no obligation to accept a late payment. Further, the acceptance of a late payment shall not constitute a waiver of any Event of Default then existing or thereafter arising.

(d) Maximum Allowable Interest Rates. Anything in this Agreement or in the Notes to the contrary notwithstanding, the obligation of the Borrowers to make payments of interest shall be subject to the limitation that payments of interest shall not be required to be paid to the Bank to the extent that the charging or receipt thereof would not be permissible under the law or laws applicable to the Bank limiting the rates of interest that may be charged or collected by the Bank. In each such event payments of interest required to be paid to the Bank shall be calculated at the highest rate permitted by applicable law until such time as the rates of interest required hereunder may lawfully be charged and collected by the Bank. If the provisions of this Agreement or the Notes would at any time otherwise require payment by the Borrowers to the Bank of any amount of interest in excess of the maximum amount then permitted by applicable law, the interest payments to the Bank shall be reduced to the extent necessary so that the Bank shall not receive interest in excess of such maximum amount. Any amount paid or collected by the Bank as interest which would be in excess of the amount permitted by applicable law shall be deemed applied to the reduction of the principal balance of the Obligations and not to the payment of interest, but if such Obligations have been or are thereby paid in full, the excess shall be returned to the Borrowers, such application to the principal balance of the Obligations or the refunding of excess to be a complete settlement and acquittance thereof.

(e) Interest Rate Calculations. Interest on each Loan shall be calculated on the basis of a year of three hundred sixty (360) days and shall be payable for the actual days elapsed. Each determination by the Bank of an interest rate or fee hereunder shall, absent manifest error, be conclusive and binding for all purposes, so long as such determination is made on a reasonable basis and in good faith.

Section 3.2. Use of Proceeds. The proceeds of the Revolving Credit Loans shall be used by the RLOC Borrower to finance the RLOC Borrower's general working capital requirements in the ordinary course of business, and the proceeds of the Real Estate Loan shall be used by the RE Borrower to partially fund the purchase of the Mortgaged Premises.

Section 3.3. Prepayments; Termination of Commitment.

(a) The Borrowers may prepay from time to time the then outstanding Loans, in whole or in part, without premium or penalty, upon irrevocable written notice to the Bank, specifying the date and amount of repayment. If such notice is given, the Borrowers shall make such repayment and the repayment amount specified in such notice shall be due and payable, on the date specified therein, together with accrued and unpaid interest to such date on the amount repaid to the Bank. Notwithstanding the foregoing, a notice of prepayment of the Obligations delivered by the Borrowers may state that such notice is conditioned upon the effectiveness of other credit facilities or securities offerings, in which case if such condition is not satisfied (i) such notice may be revoked by the Borrowers (by notice to the Bank on or prior to the specified effective date) or (ii) with the consent of the Bank (not to be unreasonably withheld, delayed or conditioned), the repayment date set forth in such notice may be extended.

(b) To the extent that the aggregate outstanding principal amount of Revolving Credit Loans exceeds the lesser of the Commitment and the Borrowing Base as then in effect, the RLOC Borrower shall, within five (5) Business Days, prepay the Revolving Credit Loans to the extent necessary to cause compliance therewith.

(c) Each prepayment of principal of a Loan pursuant to this Section 3.3 shall be accompanied by accrued and unpaid interest on the amount prepaid through the date of prepayment.

Section 3.4. Fees. The Borrowers shall pay the Bank a one-time facility fee on the Real Estate Loan in the amount of Twenty-One Thousand Two Hundred Fifty ($21,250) Dollars. The Bank acknowledges that Fifteen Thousand ($15,000) Dollars in respect of such fee has previously been paid by the Borrowers.

Section 3.5. Other Events.

(a) In the event that any introduction of or change in, on or after the date hereof, any applicable law, regulation, treaty, order, directive or in the interpretation or application thereof (including, without limitation, any request, guideline or policy, whether or not having the force of law, of or from any central bank or other governmental authority, agency or instrumentality and including, without limitation, Regulation D), by any authority charged with the administration or interpretation thereof shall occur, which: (i) shall subject the Bank to any tax of any kind whatsoever with respect to this Agreement, the Notes, the Loans, or change the basis of taxation of payments to the Bank of principal, interest, fees or any other amount payable hereunder (other than any tax that is measured with respect to the overall net income of the Bank or lending office of the Bank and that is imposed by the United States of America, or any political subdivision or taxing authority thereof or therein, or by any jurisdiction in which the Bank's lending office is located, or by any jurisdiction in which the Bank is organized, has its principal office or is managed and controlled); or (ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement (whether or not having the force of law) against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Bank; or (iii) shall impose on the Bank any other condition, or change therein directly relating to this Agreement, the Notes or the Loans; and the result of any of the foregoing is to increase the cost to the Bank of making, renewing or maintaining or participating in advances or extensions of credit hereunder or to reduce any amount receivable hereunder, in each case by an amount which the Bank reasonably deems material, then, in any such case, the Borrowers shall pay the Bank, upon demand, such additional amount or amounts as will reimburse the Bank for such increased costs or reduction.

(b) If the Bank shall have determined in its reasonable discretion that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank (or any lending office of the Bank) or the Bank's holding company, with any request or directive regarding capital adequacy (whether or not having the force of the law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank's capital or on the capital of the Bank's holding company as a consequence of its obligations hereunder to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy) by an amount reasonably deemed by the Bank to be material, then from time to time, the Borrowers shall pay to the Bank, the additional amount or amounts as will reimburse the Bank or the Bank's holding company for such reduction directly relating to this Agreement, the Notes or the Loans.

(c) A certificate of the Bank prepared in good faith and setting forth the basis and calculation of any such determination, and the amount or amounts payable pursuant to Sections 3.5(a) and 3.5(b) above, shall be conclusive absent manifest error. The Borrowers shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

Section 3.6. Taxes. Except as required by law, all payments made by the Borrowers under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding income and franchise taxes imposed on the Bank by (a) the United States of America or any political subdivision or taxing authority thereof or therein, (b) the jurisdiction under the laws of which the Bank is organized or in which it has its principal office or is managed and controlled or any political subdivision or taxing authority thereof or therein, or (c) any jurisdiction in which the Bank's lending office is located or any political subdivision or taxing authority thereof or therein (such non-excluded taxes being called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Bank hereunder, or under the Notes, the amount so payable to the Bank shall be increased to the extent necessary to yield to the Bank (after payment of all Taxes and free and clear of all liability in respect of such Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes. If a Borrower fails to pay Taxes when due to the appropriate taxing authority the Borrowers shall indemnify the Bank for any incremental taxes, interest or penalties that may become payable by the Bank as a result of any such failure together with any actual expenses payable by the Bank in connection therewith.

Section 3.7. Disbursement of Loans. The Bank shall make the Loans available to the Borrowers by crediting an amount equal to the Loan to the Operating Account designated by Borrowers from time to time, unless otherwise agreed upon by the parties hereto.

Section 3.8. Payments.

(a) All payments (including prepayments) to be made by the Borrowers to the Bank on account of principal, interest, fees and reimbursement obligations shall be made without set-off or counterclaim and shall be made to the Bank, at the Payment Office of the Bank in Dollars in immediately available funds not later than 4:00 p.m., Ft. Lauderdale, Florida time, on the date on which they are payable.

(b) The Bank may, in its sole discretion while an Event of Default has occurred and is continuing, but shall not be obligated to, directly charge the Operating Account or one or more of the Borrowers other accounts at the Payment Office or other office of the Bank for all interest and principal payments due in respect of the Loans and all fees payable hereunder. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Agreement and to make the Loans as provided herein, the Borrowers, jointly and severally, represent and warrant to the Bank as follows:

Section 4.1. Organization, Corporate Powers, etc. Each member of the Borrower Group (a) is a limited liability company or corporation duly formed, validly existing and in good standing under the laws of the State or Province in which it was formed, (b) has the organizational power and authority to own properties and to carry on its business as now being conducted, (c) is duly qualified to do business in every jurisdiction wherein the conduct of its business or the ownership of its properties are such as to require such qualification except where the failure to be qualified could not reasonably be expected to have a Material Adverse Effect, (d) has the organizational power to execute and perform each of the Loan Documents to which it is a party, (e) that is a Borrower has the power to borrow hereunder and to execute and deliver the Notes, and (f) is in compliance with all applicable federal, state and local laws, rules and regulations except where the failure to be in compliance could not reasonably be expected to have a Material Adverse Effect.

Section 4.2. Authorization of Borrowing, Enforceable Obligations. The execution, delivery and performance by the Borrowers of this Agreement, and by each member of the Borrower Group of the other Loan Documents to which any is a party, and the borrowings by the Borrowers hereunder, (a) have been duly authorized by all requisite corporate or company action, (b) will not violate or require any consent under the articles of organization, bylaws or other organizational documents of any member of the Borrower Group, except such consents as shall have been delivered to the Bank at Closing, (c) will not violate or require any consent under (i) any provision of law applicable to the Borrower Group, any governmental rule or regulation, except such consents as shall have been delivered to the Bank at Closing, or (ii) any order of any court or other agency of government binding on any member of the Borrower Group, any indenture, agreement or other instrument to which any member of Borrower Group is a party, or by which any member of the Borrower Group or any of its property is bound, except in each case for such violations which individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect, and (d) will not be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower Group other than as contemplated by this Agreement or the other Loan Documents, except in each case for such breaches and defaults which individually or in the aggregate could not reasonably be expected to result in a Material Adverse Effect. This Agreement and each other Loan Document to which any member of the Borrower Group is a party constitutes a legal, valid and binding obligation of said party, enforceable against said party in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Financial Condition. The Borrowers have heretofore furnished to the Bank the (a) consolidated balance sheet of the Borrower Group, the related consolidated statements of income and stockholders' equity and cash flow of the Borrower Group for the year ended December 31, 2017, audited by independent certified public accountants of recognized standing selected by the Borrowers and reasonably satisfactory to the Bank (the "CPA"), and (b) unaudited consolidated balance sheet of the Group, and the related consolidated statements of income, cash flow, and stockholders' equity of the Borrower Group, compiled by Borrowers' management, for the six months ended June 30, 2018. Such financial statements were prepared in conformity with GAAP consistently applied (except, with respect to the interim financial statements, for the absence of footnotes and normal year-end adjustments) and fairly present the financial position and results of operations of the Borrower Group as of the date of such financial statements and for the periods to which they relate and, since the date of such financial statements, no material adverse change in the business, operations or assets or financial condition of the Borrower Group has occurred. There are no material obligations or liabilities contingent or otherwise, of the Borrower Group which are not reflected on such statements other than obligations incurred in the ordinary course of business since the date of such financial statements.

Section 4.4. Taxes. All assessed deficiencies resulting from Internal Revenue Service examinations of the federal income tax returns of the Borrower Group have been discharged or reserved against in accordance with GAAP. The Borrowers have filed or caused to be filed (after giving effect to any extensions actually filed) all federal income tax returns and all other material tax returns that are required to be filed by any member of the Borrower Group, and has paid or has caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due, except where such taxes are being contested in good faith and have been reserved for in accordance with GAAP or for which the failure to make payment would not reasonably be expected to result in a Material Adverse Effect.

Section 4.5. Title to Properties. Each member of the Borrower Group has good and marketable title to its properties and assets necessary for the conduct of its business, except for such properties and assets as have been disposed of since the date of such financial statements as no longer used or useful in the conduct of its business, as have been disposed of in the ordinary course of business or as otherwise permitted by the Loan Documents, and all such properties and assets are free and clear of all Liens, except Permitted Liens.

Section 4.6. Litigation. There are no actions, suits or proceedings (whether or not purportedly on behalf of the any member of the Borrower Group) pending or, to the knowledge of the Borrowers, threatened against or affecting Borrower Group at law or in equity or before or by any Governmental Authority, which involve any of the Loan Documents or which, if adversely determined against any member of the Borrower Group, could reasonably be expected to result in a Material Adverse Effect; and no member of the Borrower Group is in default with respect to any judgment, writ, injunction, decree, rule or regulation of any Governmental Authority which default could reasonably be expected to result in a Material Adverse Effect.

Section 4.7. Agreements. No member of the Borrower Group is subject to any charter or other corporate restriction or any judgment, order, writ, injunction, decree or regulation which could reasonably be expected to have a Material Adverse Effect.

Section 4.8. Compliance with ERISA. Each Plan (if any) is in material compliance with ERISA; no Plan is insolvent or in reorganization, no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency or permitted decreases in its funding standard account within the meaning of Section 412 of the Code; no member of the Borrower Group nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 4062, 4063, 4064, 4201 or 4204 of ERISA or expects to incur any liability under any of the foregoing sections on account of the termination of participation in or contributions to any such Plan, no proceedings have been instituted to terminate any Plan, no condition known to Borrowers exists which presents a material risk to a member of the Borrower Group of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no lien imposed under the Code or ERISA on the assets of the Borrower Group exists or is likely to arise on account of any Plan; and the Borrower Group may terminate contributions to any other employee benefit plans maintained by it without incurring any material liability to any person interested therein, excluding welfare benefits payable to employees or former employees of Borrower Group in the ordinary course of business.

Section 4.9. Federal Reserve Regulations; Use of Proceeds.

(a) Borrower Group is not engaged principally in, nor has as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any "margin stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States, as amended to the date hereof). If requested by the Bank, the Borrowers will furnish to the Bank such a statement on Federal Reserve Form U-1.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or to carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock, or to refund indebtedness originally incurred for such purposes, or (ii) for any purpose which violates or is inconsistent with the provisions of the Regulations T, U, or X of the Board of Governors of The Federal Reserve System.

(c) The proceeds of each Loan shall be used solely for the purposes permitted under Section 3.2.

Section 4.10. Approvals. As of the Closing Date, no registration with or consent or approval of, or other action by, any Governmental Authority or any other Person is required in connection with the execution, delivery and performance of this Agreement or the other Loan Documents by the Borrower Group, except such as has been delivered by Borrowers at Closing.

Section 4.11. Capitalization. As of the Closing Date: (a) the membership interests of the RLOC Borrower are held beneficially and of record by Adam Schoenfeld, Jacoby, Better Life Products, Inc., and Rochester Vapor Group, LLC, which membership interests are validly issued, outstanding, fully paid and non-assessable (to the extent applicable); and (b) the membership interests of the RE Borrower are held beneficially and of record by Warehouse Goods LLC, which membership interests are validly issued, outstanding, fully paid and non-assessable (to the extent applicable). Each entity Guarantor is a direct or indirect wholly owned subsidiary of the RLOC Borrower. RLOC Borrower owns beneficially all of the issued and outstanding equity interests or stock, as the case may be, of each entity Guarantor, which securities are validly issued, outstanding, fully paid and non-assessable (to the extent applicable). The equity interests of each Guarantor that is a limited liability company are uncertificated securities, and will remain such at all times this Agreement remains in effect.

Section 4.12. Hazardous Materials. To the best knowledge of the Borrowers, (a) the Borrower Group is in compliance with all federal, state or local laws, ordinances, rules, regulations or policies governing Hazardous Materials, (b) Borrower Group has not used Hazardous Materials on, from, or affecting any property now owned or occupied or hereafter owned or occupied by the Borrower Group in any manner which violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials and (c) no prior owner of any such property or any tenant, subtenant, prior tenant or prior subtenant have used Hazardous Materials on, from, or affecting such property in any manner which violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except, in the case of clauses (a), (b) and (c) of this Section, where failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 4.13. Investment Company Act. No member of Borrower Group is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

Section 4.14. Security Document. Each Security Document shall constitute a valid and continuing lien on and security interest in the collateral referred to in such Security Document in favor of the Bank which shall be, upon the filing of the Uniform Commercial Code financing statements and Personal Property Security Act financing statements delivered on the Closing Date on behalf of Borrower Group at the Florida Secured Transactions Registry and Ontario, to the extent such lien may be perfected by the filing of a financing statement under the applicable Uniform Commercial Code or Personal Property Security Act, prior to all other Liens, claims and right of all other Persons other than Permitted Liens, and shall be enforceable as such against all other Persons other than the holders of Permitted Liens.

Section 4.15. No Default or Event of Default. No Default or an Event of Default has occurred and is continuing.

Section 4.16. Material Contracts. Each Material Contract of any member of Borrower Group (a) is in full force and effect and is binding upon and enforceable, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, against said party, as the case may be, and, to the knowledge of the Borrowers, all other parties thereto in accordance with its terms, and (b) to the knowledge of Borrowers, there exists no default under any Material Contract by any member of Borrower Group or, to the knowledge of the Borrowers, by any other party thereto, which in either case could reasonably be expected to have a Material Adverse Effect.

Section 4.17. Permits and Licenses. Borrower Group has all licenses, permits, franchises, or other governmental authorizations necessary to the ownership of its property or to the conduct of its activities, and shall obtain all such licenses, permits, franchises, or other governmental authorizations as may be required in the future, except where the failure to have or maintain any such license, permit, franchise or other governmental authorization could not reasonably be expected to have a Material Adverse Effect.

Section 4.18. Canadian Pension Plan and Benefit Plan Compliance. None of the Canadian Benefit Plans is a defined benefit plan or contain a defined benefit component. The Canadian Pension Plans are duly registered under the Income Tax Act (Canada) and Canadian Pension Legislation. Each member of Borrower Group and, to the best knowledge of the Borrower, each funding agent of a Canadian Benefit Plan, has complied with and performed all of its obligations under and in respect of the Canadian Benefit Plans under the terms thereof, any funding agreement and all applicable laws. All employer and employee contributions or premiums to be remitted or paid to or in respect of each Canadian Benefit Plan have been remitted or paid in a timely fashion in accordance with the terms thereof, any funding agreement and all applicable laws. There have been no improper withdrawals or applications of the assets of any Canadian Benefit Plan, and there are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Canadian Benefit Plan or its assets, and no facts exist which could give rise to any such actions, suits or claims that might have a Material Adverse Effect.

Section 4.19. Anti-Terrorism Laws.

(a) No member of Borrower Group, nor an Affiliate of any the foregoing, is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(b) No member of Borrower Group, nor any Affiliate of any of the foregoing, or to her/his/its knowledge, its respective agents acting or benefiting in any capacity in connection with the Loans or other transactions hereunder, is any of the following (each a "Blocked Person"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; (v) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (vi) a Person who is affiliated or associated with a person or entity listed above.

(c) No member of Borrower Group, nor to the knowledge of Borrowers any of its or their agents acting in any capacity in connection with the Loans or other transactions hereunder (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order.

Section 4.20. Disclosure. All information heretofore furnished in writing by the Borrowers for purposes of or in connection with this Agreement or any other Loan Document was, and all such information hereafter furnished in writing by the Borrowers will be, in each case considered as a whole, true and accurate in all material respects on the date as of which such information is stated or certified. Notwithstanding the forgoing, no representation or warranty is given herein with respect to any projections other than that the information contained therein was based upon good faith estimates and assumptions believed to be reasonable at the time made, it being recognized by the Bank that such projections as to future events are not to be viewed as fact and that actual results during the period or periods covered by any such projections may differ from the projected results.

ARTICLE V
CONDITIONS OF LENDING

Section 5.1. Conditions To Real Estate Loan. The obligation of the Bank to make the Real Estate Loan hereunder is subject to the following conditions precedent:

(a) **Note.** On or prior to the Closing Date the Bank shall have received the Real Estate Note duly executed by the RE Borrower.

(b) **Other Loan Documents.** On or prior to the Closing Date, the Bank shall have received (i) the Security Documents duly executed by the Borrowers and the other signatories thereto; (ii) UCC-1 financing statements and PPSA financing statements, as the case may be, from Borrowers and each entity Guarantor, in a form deemed satisfactory by Bank; and (iii) each other Loan Document, duly executed by the signatories thereto.

(c) **Supporting Documents.** The Bank shall have received, on or prior to the Closing Date from each member of Borrower Group: (i) a certificate of an Executive Officer or manager, as the case may be, of such entity, dated the Closing Date and certifying (a) that attached thereto is a true and complete copy (including any amendments thereto) of the articles of incorporation, articles of organization, bylaws, and operating agreement, as the case may be, of such entity; (b) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors or managers, as the case may be, of such entity, authorizing the execution, delivery and performance of this Agreement and of each Loan Document to be delivered on the Closing Date to which it is a party and the borrowings hereunder; and (c) the incumbency and specimen signature of each Executive Officer or manager, as the case may be, of such entity executing each Loan Document and any certificates or instruments furnished pursuant hereto or thereto; and (ii) such other documents as the Bank may reasonably request.

(d) **No Material Adverse Effect.** There shall not have occurred any Material Adverse Effect since June 30, 2018.

(e) **Fees.** The Borrowers shall have paid Bank (i) all reasonable, out-of-pocket and documented costs and expenses actually incurred by the Bank in connection with the negotiation, preparation and execution of the Loan Documents (including, without limitation, such costs and expenses constituting fees and expenses of counsel), and (ii) all fees set forth in Section 3.4 of this Agreement.

(f) **Assets Free from Liens.** Concurrent with or prior to the Closing, the Borrowers shall deliver to the Bank UCC-3's terminating all UCC-1 financing statements filed against the assets of Borrowers or any entity Guarantor evidencing Liens that are not Permitted Liens.

(g) **Compliance With Governmental Requirements.** The intended use of the Mortgaged Premises complies in all material respects with all applicable Governmental Requirements and all restrictive covenants applicable to the Borrowers.

(h) **Insurance.** The Borrowers shall have provided (i) evidence of insurance in such form as the Bank may reasonably require evidencing property and hazard insurance, public liability, loss of rents/business interruption (12 months) and flood (if applicable) and with respect to the Mortgaged Premises, as required pursuant to the terms of this Agreement and the Mortgage, and (ii) evidence, in form and substance reasonably satisfactory to the Bank, that the Bank has been named mortgagee, lender's loss payee, additional insured, and certificate holder, as applicable, with respect to all policies of insurance covering the Mortgaged Premises. All such policies of insurance shall be issued by insurance companies and in such amounts as the Bank may reasonably require, and shall contain provisions for at least thirty (30) days' notice to the Bank prior to cancellation or reduction of coverage thereof.

(i) **Title Policy.** The Borrowers shall have provided the Bank with a "marked–up" commitment to issue a mortgagee's policy of title insurance issued by a title insurer approved by the Bank (or a pro-forma of such policy), insuring the Mortgage, in the principal amount of the Real Estate Note, without exception for filed or unfiled mechanics' liens or claims or matters of survey (other than survey matters shown on the survey provided pursuant to clause (k) below) or any other exception objectionable to the Bank, in its reasonable discretion, and with such endorsements as reasonably required by the Bank.

(j) **Survey.** The Bank shall have received an A.L.T.A. survey of the Mortgaged Premises prepared and certified by a registered surveyor or engineer showing or locating thereon all improvements, easements, encroachments and other matters of record and inspection on or in any way affecting the Mortgaged Premises, in form and substance satisfactory to the Bank in its reasonable discretion.

(k) **Pay-off Letter; Termination Statements; Release Statements and Satisfaction Pieces.** The Borrowers shall have provided the Bank with evidence reasonably satisfactory to the Bank that all necessary termination statements, release statements and mortgage satisfaction pieces in connection with any and all Liens with respect to the Borrowers or the Mortgaged Premises that are not Permitted Liens have been filed or satisfactory arrangements have been made for such filing (including payoff letters in form and substance reasonably satisfactory to the Bank).

(l) **Purchase Agreement.** The Bank shall have received a fully executed purchase agreement providing for the acquisition of the Mortgaged Premises by the RE Borrower, and all amendments and supplements thereto (the "Purchase Agreement"), which purchase agreement shall contain terms that are reasonably satisfactory to the Bank; all parties to the Purchase Agreement shall be in compliance with the terms thereof; and RE Borrower shall have closed on the acquisition of the Mortgaged Premises pursuant to the terms set forth in the Purchase Agreement.

(m) **Other Information, Documentation.** The Bank shall receive such other and further information and documentation as it may reasonably require.

Section 5.2. Conditions to All Loans. The obligation of the Bank to make each Loan hereunder is further subject to the following conditions precedent:

(a) **Representations and Warranties.** The representations and warranties by the Borrowers pursuant to this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the Borrowing Date, with the same effect as though such representations and warranties had been made on and as of such date unless such representation is as of a specific date, in which case, as of such date.

(b) **No Default.** No Default or Event of Default shall have occurred and be continuing on the Borrowing Date or will result after giving effect to the Loan requested.

Each borrowing hereunder shall constitute a representation and warranty of the Borrowers that the statements contained in clauses (a) and (b) of this Section 5.2 are true and correct on and as of the Borrowing Date as though such representation and warranty had been made on and as of such date.

ARTICLE VI
AFFIRMATIVE COVENANTS

Until the Commitment Period has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, each Borrower covenants and agrees with the Bank that each member of the Borrower Group will:

Section 6.1. Corporate Existence, Properties, etc. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate or company existence and rights and comply with all laws applicable to it; at all times maintain, preserve and protect all trade names necessary for the operation of its business and preserve all of its property necessary in the conduct of its business and keep the same in good repair, working order and condition (normal wear and tear excepted), and from time to time make, or cause to be made, all needful and proper repairs, renewals, replacements, betterments and improvements thereto so that the business carried on in connection therewith may be properly conducted at all times; at all times keep its insurable properties adequately insured and maintain (a) insurance to such extent and against such risks, including fire, as Borrowers have in place on the Closing Date, (b) workmen's compensation insurance in the amount required by applicable law, (c) public liability insurance as Borrower Group has in place on the Closing Date, against claims for personal injury or death on properties owned, occupied or controlled by it, (d) such other insurance as may be required by law or as may be reasonably required by the Bank. Each such policy of insurance of the Borrower Group shall name the Bank as lender loss payable with respect to business assets, lender loss payable and mortgagee with respect to real estate, and as additional insured and loss payee with respect to vehicles, and shall provide for at least thirty (30) days' prior written notice (or, with respect to non-payment, at least ten (10) days' prior written notice) to the Bank of any modification or cancellation of such policies. The Borrowers shall provide to the Bank promptly upon receipt thereof evidence of the annual renewal of each such policy.

Section 6.2. Payment of Indebtedness, Taxes, etc.

(a) Pay all Indebtedness and obligations, now existing or hereafter arising, as and when due and payable, except where (i) the validity, amount, or timing thereof is being contested in good faith and by appropriate proceedings, which proceedings shall include good faith negotiations, (ii) the Borrowers have set aside on their books adequate reserves with respect thereto in accordance with GAAP, and (iii) the failure to make such payment pending such contest could not reasonably be expected to have a Material Adverse Effect.

(b) Pay and discharge or cause to be paid and discharged promptly all taxes, assessments and government charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a lien or charge upon such properties or any part thereof; provided, however, that the Borrowers shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings (which proceedings may include good faith negotiations), and the Borrowers, shall have set aside on their books adequate reserves determined in accordance with GAAP with respect to any such tax, assessment, charge, levy or claim so contested or the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

Section 6.3. Financial Statements, Tax Returns, Reports, etc.: Furnish to the Bank:

(a) within one hundred twenty (120) days of the end of each calendar year, commencing with the calendar year ending December 31, 2018, the consolidated and consolidating, unqualified financial statements of the Borrower Group which shall include the balance sheet of the Borrower Group as of the end of such fiscal year, together with the statements of income, cash flow and stockholders' equity for the Borrower Group subsidiaries for such fiscal year and as of the end of and for the prior fiscal year, all prepared in accordance with GAAP. The foregoing financial statements shall be audited by the CPA;

(b) within forty-five (45) days of the end of each calendar quarter, the management-prepared and Executive Officer-certified consolidated and consolidating financial statements of the Borrower Group which shall include the balance sheet of the Borrower Group as of the end of such quarter, together with the statements of income, cash flow and stockholders' equity for the Borrower Group for such quarter and as of the end of and for the prior fiscal year, all prepared in accordance with GAAP (except for the absence of footnotes and normal year-end adjustments);

(c) within forty-five (45) days of the end of each calendar quarter, the management-prepared and Executive Officer-certified compliance certificate which shall include covenant calculations and such other information as may be reasonably requested by the Bank;

(d) within fifteen (15) days of the end of each month, a Borrowing Base Certificate with the requisite supporting documentation as required thereby;

(e) within fifteen (15) days of the end of each month, a report setting forth the aging of Eligible Receivables, Eligible Inventory and accounts payable;

(f) tax returns for each of Aaron LoCascio and Adam Schoenfeld, within thirty (30) days of the date the individual in question files his tax returns. If a tax filing extension is filed, a copy thereof shall be provided to the Bank promptly;

(g) within sixty (60) days of the end of each calendar year, a personal financial statement and liquid asset statement for each of Aaron LoCascio and Adam Schoenfeld; and

(h) within fifteen (15) days of the request, from time to time, such other material information regarding the operations, business affairs and condition, financial or otherwise, of the Borrower Group as the Bank may reasonably request.

Section 6.4. Field Exam, Appraisals and Access to Premises and Records. Maintain financial records in accordance with GAAP and permit representatives of the Bank to conduct annual field exams and inventory appraisals (at Borrowers' expense) during which the Bank shall have access during normal business hours to the premises of the Borrower Group upon reasonable request, to examine and make excerpts from the minute books, books of accounts, reports and other records and to discuss the affairs, finances and accounts of the Borrower Group with its Executive Officers or with its CPA, and to conduct such additional field audits at the Borrowers' expense, as such representatives reasonably deem necessary.

Section 6.5. Notice of Adverse Change. Promptly notify the Bank in writing of (a) any change in the business or the operations which, in the good faith judgment of Borrowers' Executive Officers, could reasonably be expected to have a Material Adverse Effect, disclosing the nature thereof, and (b) any information which indicates that any financial statements which are the subject of any representation contained in this Agreement, or which are furnished to the Bank pursuant to this Agreement, failed, in any material respect, to present fairly the financial condition and results of operations purported to be presented therein for the period covered thereby, disclosing the nature thereof.

Section 6.6. Notice of Default. Promptly notify the Bank of any Default or Event of Default which shall have occurred, which notice shall include a written statement as to such occurrence, specifying the nature thereof and the action which is proposed to be taken with respect thereto.

Section 6.7. Notice of Litigation. Give the Bank prompt written notice of any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency (not previously disclosed to the Bank on or before the Closing Date) which, if adversely determined against the Borrower Group on the basis of the allegations and information set forth in the complaint or other notice of such action, suit or proceeding, or in the amendments thereof, if any, could reasonably be expected to either (a) have a Material Adverse Effect; or (b) result in a judgment in excess of Five Hundred Thousand ($500,000) Dollars.

Section 6.8. ERISA. Promptly deliver to the Bank a certificate by an Executive Officer of Borrowers setting forth details as to such occurrence and such action, if any, which the Borrower Group or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Borrower Group, ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator, with respect thereto: that a Reportable Event has occurred, that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan, that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA, that proceedings may be or have been instituted to terminate a Plan, that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan, or that the Borrower Group or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA. The Borrowers will deliver to the Bank a complete copy of the annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Bank pursuant to the first sentence hereof, copies of annual reports and any other notices received by the Borrower Group required to be delivered to the Bank hereunder shall be delivered to the Bank no later than ten (10) days after the later of the date such report or notice has been filed with the Internal Revenue Service or the PBGC, given to Plan participants or received by the Borrower Group.

Section 6.9. Default in Other Agreements. Promptly notify the Bank of any default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any member of Borrower Group is a party which could reasonably be expected to have a Material Adverse Effect.

Section 6.10. Banking Relationship. Maintain its primary commercial banking relationship with the Bank, including depository and treasury management services, provided, however, the Borrower Group may maintain secondary commercial banking relationships with other banks.

Section 6.11. Preservation of Business. Keep its business and properties necessary for the conduct of its business intact in all material respects (normal wear and tear excepted), including its present operations, physical facilities, working conditions, and relationships with suppliers and clients.

Section 6.12. Compliance with Laws; Pension Plans and Benefit Plans

(a) For each existing, or hereafter adopted, Canadian Benefit Plan, Borrower Group shall comply with and perform in all material respects all of its obligations under and in respect of the Canadian Benefit Plans under the terms thereof, any funding agreement and all applicable laws.

(b) All employer and employee contributions or premiums to be remitted or paid to or in respect of each Canadian Benefit Plan shall be remitted or paid in a timely fashion in accordance with the terms thereof, any funding agreement and all applicable laws.

(c) The Borrowers shall deliver to the Bank (i) if requested by the Bank, copies of annual information returns, actuarial reports or other valuations with respect to a Canadian Pension Plan filed with any applicable Governmental Authority; (ii) promptly after receipt thereof, a copy of any direction, order, notice, ruling or opinion that Borrower Group may receive from any applicable Governmental Authority with respect to any Canadian Pension Plan; (iii) notification within 30 days of any increases having a cost to the Borrower Group in excess of $100,000 per annum in the aggregate, in the cost of providing the Canadian Benefit Plans, including the establishment of any new Canadian Benefit Plan, or the commencement of contributions to any such plan to which Borrower Group was not previously contributing; and (iv) notification, as soon as possible and in any event within 30 days, after Borrowers know or have reason to know in the ordinary course of its business procedures that any of the following events or conditions have occurred or exist, setting forth details respecting such event or condition and the action, if any, which the Borrowers propose to take with respect thereto: (A) the institution by a pension regulator of proceedings under Canadian Pension Legislation for the termination, or the appointment of an administrator, of a Canadian Pension Plan, or the occurrence of any event or condition which constitutes grounds under applicable laws for the termination of, or the appointment of an administrator to administer, a Canadian Pension Plan; (B) the withdrawal by the any member of the Borrower Group from a MEPP, or the receipt by the Borrower Group of information to the effect that a MEPP will terminate or has terminated; (C) any occurrence or event that results, or could reasonably be expected to result, in the loss of a Canadian Pension Plan's registered status; (D) the failure to satisfy funding requirements under Canadian Pension Legislation; (E) the cessation of operations at a facility where employees participating in a Canadian Pension Plan are employed; and (F) the occurrence of an act or omission which is reasonably likely to give rise to the imposition on Borrower Group of fines, penalties, taxes or related charges under Canadian Pension Legislation or the Income Tax Act (Canada).

Section 6.13. Further Assurances. Upon the request of the Bank from time to time, the Borrowers shall, at their expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be reasonably necessary to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral (as defined in the Security Agreements) and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Loan Documents.

ARTICLE VII
NEGATIVE COVENANTS

Until the Commitment Period has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, each Borrower covenants and agrees with the Bank that no member of Borrower Group will:

Section 7.1. Liens. Incur, create, assume or suffer to exist any Lien on any of its assets now or hereafter owned, other than the following (collectively, "Permitted Liens"):

(a) pledges or deposits, in a total amount that shall not exceed One Hundred Thousand ($100,000) Dollars without Bank's prior written consent, under workmen's compensation, unemployment insurance and social security laws or to secure statutory obligations or surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business;

(b) Liens for taxes, assessments, fees or other governmental charges or the claims of material men, mechanics, carriers, warehousemen, landlords and other similar persons, the payment of which is not overdue or is being contested in good faith by appropriate proceedings (which may include good faith negotiations) (provided that the Borrowers have set aside on their books adequate reserves with respect thereto in accordance with GAAP (if any are so required), consistently applied, or for which the failure to make payment could not reasonably be expected to result in a Material Adverse Effect;

(c) Liens granted to the Bank and any of its Affiliates, including renewals and extensions thereof;

(d) Liens for property or equipment that is leased or financed by the Borrower Group (i.e., purchase money indebtedness);

(e) judgment liens in respect of judgments that do not constitute an Event of Default under Section 8.1(h);

(f) easements, zoning restrictions, rights of way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower Group;

(g) unperfected Liens relating to trade payables for amounts which are not past due, attaching only to inventory purchased and which are granted to account creditors from whom the Borrower Group has purchased inventory in the ordinary course of business;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs, duties and taxes in the ordinary course of business;

(i) Liens on insurance policies and the proceeds thereof securing the financing of the premiums; and

(j) Liens incidental to the conduct of the Borrower Group's business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially detract from or impair the Bank's rights in and to the Collateral (as defined in the Security Agreements) or the value of the Borrower Group's property or assets or which do not materially impair the use thereof in the operation of the Borrower Group's business.

Section 7.2. Indebtedness. Incur, create, assume or suffer to exist or otherwise become liable with respect to any Indebtedness, other than: (a) Indebtedness to the Bank and any of its Affiliates, including renewals and extensions thereof, (b) Subordinated Debt including renewals and extensions thereof, (c) indebtedness with respect to Capital Leases, (d) Indebtedness incurred as a result of Borrowers entering into non-speculative Hedge Agreements or any similar transactions used to hedge or mitigate risk, (e) unsecured Indebtedness consisting of obligations owed to trade creditors arising in the ordinary course of business and other obligations to employees, obligations to providers of utility services and obligations for taxes and similar types of Indebtedness evidencing obligations related to the day-to-day operation of the Borrower Group, (f) purchase money Indebtedness, and (g) Indebtedness between either Borrower and any Guarantor.

Section 7.3. Guaranties. Guarantee, endorse, become surety for, or otherwise in any way become or be responsible for the Indebtedness or obligations of any Person (other than Indebtedness permitted under Section 7.2), whether by agreement to maintain working capital or equity capital or otherwise maintain the net worth or solvency of any Person or by agreement to purchase the Indebtedness of any other Person, or agreement for the furnishing of funds, directly or indirectly, through the purchase of goods, supplies or services for the purpose of discharging the Indebtedness of any other Person or otherwise, or enter into or be a party to any contract for the purchase of merchandise, materials, supplies or other property if such contract provides that payment for such merchandise, materials, supplies or other property shall be made regardless of whether delivery of such merchandise, supplies or other property is ever made or tendered.

Section 7.4. Sale of Assets. Sell, assign, lease, transfer or otherwise dispose of any of its now owned or hereafter acquired properties and assets, whether or not pursuant to an order of a federal agency or commission, except for (a) the sale of inventory disposed of in the ordinary course of business, (b) the sale or other disposition of properties or assets no longer used or useful in the conduct of its businesses, (c) sales, transfers and dispositions to Affiliates not prohibited hereunder, (d) sales, transfers, discounts and dispositions permitted by Section 7.5, and (e) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower Group thereof.

Section 7.5. Sales of Notes. Sell, transfer, discount or otherwise dispose of notes, accounts receivable or other obligations owing to the Borrower Group, with or without recourse, except for collection in the ordinary course of business, without the prior written consent of Bank.

Section 7.6. Nature of Business. Change or alter the nature of its business, in any material respect, from the nature of the business engaged in by it on the date hereof and businesses reasonably related thereto.

Section 7.7. Federal Reserve Regulations. Permit any Loan or the proceeds of any Loan to be used for any purpose which violates or is inconsistent with the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

Section 7.8. Accounting Policies and Procedures; Tax Status. (a) Permit any change in the accounting policies and procedures of the Borrower Group, including a change in fiscal year, without the prior written consent of the Bank; provided, however, that any policy or procedure required to be changed by the FASB (or other board or committee of the FASB in order to comply with GAAP) may be so changed without the consent of the Bank, or (b) permit any change or take any action to change its tax status under the Code of the Borrower Group.

Section 7.9. Limitations on Fundamental Changes. Merge or consolidate with, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now or hereafter acquired) to any Person, or, liquidate, wind up or dissolve or suffer any liquidation or dissolution, or suffer to exist a Change of Control.

Section 7.10. Minimum Fixed Charge Coverage Ratio. Permit Borrower Group's Fixed Charge Coverage Ratio to be less than 1.25, as tested on March 31", June 30t^{h}, September 30th, and December 31" of each year during the Commitment Period. Testing will be performed using Borrower Group's financial statements for the trailing four (4) quarter period ending on the testing day.

Section 7.11. Transactions with Affiliates. Other than as otherwise set forth herein, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate, except in the ordinary course of business and upon fair and reasonable terms no less favorable to the Borrower Group than it would obtain in a comparable arms-length transaction with a Person not an Affiliate. For purposes of this Section 7.11, "Affiliate" does not include Niche Fishing Charters LLC, a Florida limited liability company.

Section 7.12. Anti-Terrorism Laws. (a) Conduct any business or engage in any transaction or dealing with any Blocked Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order; or (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order, the USA Patriot Act or any other Anti-Terrorism Law. The Borrowers shall deliver to the Bank any certification or other evidence requested from time to time by the Bank in its sole discretion, confirming the Borrower Group's compliance with this Section 7.12.

Section 7.13. Compliance with Pension and Benefit Plans. Establish any new Canadian Pension Plan which is a defined benefit plan or which contains a defined benefit component. Borrower Group shall not permit pension or other employee benefit plan obligation and liabilities to remain unfunded other than in accordance with applicable law. Borrower Group shall not voluntarily terminate any Canadian Pension Plan which is a defined benefit plan or which contains a defined benefit component.

ARTICLE VIII
EVENTS OF DEFAULT

Section 8.1. Events of Default. In the case of the happening of any of the following events (each an 'Event of Default"):

(a) failure by the Borrowers to pay the principal of or any interest on any Loan or any fees or other amounts payable under this Agreement or any other Loan Document;

(b) default shall be made in the due observance or performance any covenant, condition or agreement of the Borrowers to be performed pursuant to this Agreement or of the Borrowers or their Affiliates to be performed pursuant to any other Loan Document;

(c) any representation or warranty made or deemed made in this Agreement or any other Loan Document shall prove to be false or misleading in any material respect when made or given or when deemed made or given;

(d) any written report, certificate, financial statement or other instrument furnished in connection with this Agreement or any other Loan Document or the borrowings hereunder, shall prove to be false or misleading in any material respect when made or given or when deemed made or given;

(e) default in the performance or compliance in respect of any agreement or condition relating to any Indebtedness of the Borrower Group (other than the Indebtedness created under this Agreement), individually or in the aggregate, with a then-outstanding principal balance of One Hundred Thousand ($100,000) Dollars, if the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holder or obligee thereof (or a trustee on behalf of such holder or obligee) to cause such Indebtedness to become due prior to the stated maturity thereof;

(f) any member of Borrower Group shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal or state bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the employment of a receiver, trustee, custodian, or similar official for any member of Borrower Group or for a substantial part of its property; (iv) file an answer admitting the material allegations of a petition filed against it in such proceeding, (v) make a general assignment for the benefit of creditors, (vi) take corporate action for the purpose of effecting any of the foregoing, (vii) become unable or admit in writing its inability or fail generally to pay its debts as they become due or (viii) take corporate action for the purpose of effecting any of the foregoing;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any member of the Borrower Group or of a substantial part of its property under Title 11 of the United States Code or any other federal or state bankruptcy insolvency or similar law, (ii) the appointment of a receiver, trustee, custodian, or similar official for any member of the Borrower Group or for a substantial part of its property, or (iii) the winding-up or liquidation of any member of the Borrower Group and such proceeding or petition shall continue undismissed for ninety (90) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for ninety (90) days;

(h) One or more orders, judgments or decrees for the payment of money not covered by insurance shall be rendered against a member of Borrower Group and the same shall not have been paid in accordance with such judgment, order or decree, which by itself or together with all other such judgments is in excess of One Hundred Thousand ($100,000) Dollars, and either (i) an enforcement proceeding shall have been commenced by any creditor upon such judgment, order or decree, or (ii) there shall have been a period of forty-five (45) consecutive days during which a stay of enforcement of such judgment, order or decree, by reason of pending appeal or otherwise, was not in effect;

(i) any Plan shall fail to maintain the minimum funding standard required for any Plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code, any Plan is the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, a Reportable Event shall have occurred with respect to a Plan or the Borrower Group or any ERISA Affiliate shall have incurred a liability in excess of Five Hundred Thousand ($500,000) Dollars to or on account of a Plan under Section 515, 4062, 4063, 4063, 4201 or 4204 of ERISA, and there shall result from any such event or events the imposition of a lien upon the assets of the Borrower Group, the granting of a security interest, or a liability to the PBGC or a Plan or a trustee appointed under ERISA or a penalty under Section 4971 of the Code;

(j) any Loan Document or any material provision thereof shall for any reason cease to be in full force and effect in accordance with its terms or a member of the Borrower Group shall so assert in writing;

(k) any of the Liens purported to be granted pursuant to any Security Document shall cease for any reason to be legal, valid and enforceable liens on the collateral purported to be covered thereby or shall cease to have the priority purported to be created thereby, unless such Lien has been released by the Bank in accordance with the terms and conditions hereof or as a result of the failure of the Bank to file UCC continuation statements after notice from the Borrowers to file same;

(l) any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of a Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of the Guaranty to which it is a party;

then, at any time thereafter during the continuance of any such event, the Bank may, in its sole discretion, without notice to the Borrowers, take any or all of the following actions, at the same or different times, (x) (a) terminate the Commitment and the Loans and (b) declare (i) the Notes, both as to principal and interest, and (ii) all other Obligations, to be forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding and (y) exercise any or all of the rights and remedies afforded to the Bank by the Uniform Commercial Code, the Personal Property Security Act or otherwise possessed by the Bank; provided, however, that if an event specified in Section 8.1(f) or (g) shall have occurred, the Commitments and the Loans shall automatically terminate and interest, principal and amounts referred to in the preceding clauses (i) and (ii) shall be immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything contained herein or in the Notes to the contrary notwithstanding.

ARTICLE IX
MISCELLANEOUS

Section 9.1. Notices. Any notice or other communication shall be in writing and shall be conclusively deemed to have been received by a party hereto and to be effective on the day on which it was delivered to such party at the address set forth below, or, if sent by email, when actually received, or, if sent by registered or certified mail, on the third Business Day after the day on which it was mailed in the United States, addressed to such party at the address set forth below:

(a) if to the Bank, at:

Fifth Third Bank
2333 Ponce de Leon Blvd, Suite 303
Coral Gables, FL 33134
Attention: Vivian Alvarez Premock, Senior Vice President
Email: Vivian.Premock@53.com

With copies to:

Dickinson Wright PLLC
350 East Las Olas Boulevard, Ste. 1750
Fort Lauderdale, FL 33301
Attention: Clint J. Gage, Esq.
Email: cgage@dickinsonwright.com

(b) if to the Borrower, at:

Jacoby & Co. Inc.
6501 Park of Commerce Blvd., Suite 200
Boca Raton, FL 33487
Attention: Aaron LoCascio, Chief Executive Officer
Email: Aaron@gnln.com

With copies to:

Pryor Cashman LLP
7 Times Square
New York, NY 10036
Attention: Jeffrey C. Johnson, Esq.
Email: jjohnson@pryorcashman.com

as to each such party at such other address as such party shall have designated to the other in a written notice complying as to delivery with the provisions of this Section 9.1.

Section 9.2. Effectiveness; Survival of Agreement. This Agreement shall become effective on the date on which all parties hereto shall have signed a counterpart copy hereof and shall have delivered the same to the Bank. All covenants, agreements, representations and warranties made herein and in the other Loan Documents and in the certificates delivered pursuant hereto or thereto shall survive the making by the Bank of the Loans herein contemplated and the execution and delivery to the Bank of the Note evidencing the Loans and shall continue in full force and effect so long as any Note is unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrowers which are contained in this Agreement shall bind and inure to the benefit of the respective successors and assigns of the Bank. The Borrowers may not assign or transfer any of their interest under this Agreement, the Notes, or any other Loan Document without the prior written consent of the Bank. The obligations of the Borrowers pursuant to Section 9.3 and Section 9.10 shall survive termination of this Agreement and payment of the Obligations.

Section 9.3. Expenses of the Bank. Each Borrower agrees (a) to indemnify, defend and hold harmless the Bank and its officers, directors, employees, agents, advisors and affiliates (each, an "indemnified person") from and against any and all losses, claims, damages, liabilities or judgments to which any such indemnified person may be subject and arising out of or in connection with the Loan Documents, the financings contemplated hereby, the use of any proceeds of such financings or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any of such indemnified persons is a party thereto, and to reimburse each of such indemnified persons upon notice and demand for any reasonable, out-of-pocket and documented expenses, including such expenses constituting legal fees, actually incurred in connection with the investigation or defending any of the foregoing; provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities, judgments or related expenses to the extent arising from the breach of contract, willful misconduct or gross negligence of such indemnified person; and (b) to reimburse the Bank from time to time, upon notice and demand, all reasonable, out-of-pocket and documented expenses (including, but not limited to, such expenses of its due diligence investigation, appraisal fees, environmental assessment fees and title insurance fees, along with disbursements and reasonable fees of counsel) actually incurred in connection with the financings contemplated under this Agreement (except where the Bank has specifically agreed herein to incur non-reimbursable expenses), the preparation, execution and delivery of this Agreement and the other Loan Documents, any amendments and waivers hereof or thereof, the security arrangements contemplated thereby and the enforcement thereof.

Section 9.4. No Waiver of Rights by the Bank. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder or under the Notes or any other Loan Document shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege.

Section 9.5. Submission to Jurisdiction; Jury Waiver. EACH BORROWER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT IN THE STATE OF FLORIDA, COUNTY OF MIAMI-DADE, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR INSTRUMENT REFERRED TO HEREIN OR THEREIN WHERE THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS. EACH BORROWER AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR NOTICES SET FORTH IN THIS AGREEMENT OR ANY METHOD AUTHORIZED BY THE LAWS OF FLORIDA. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT.

Section 9.6. Extension of Maturity. Except as otherwise expressly provided herein, whenever a payment to be made hereunder shall fall due and payable on any day other than a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall be included in computing interest.

Section 9.7. Modification of Agreement. No modification or amendment or waiver of any provision of this Agreement, the Notes, or any other Loan Document shall in any event be effective unless the same shall be in writing and signed by the Bank and the Borrowers, and no waiver of any provision of this Agreement, the Notes, or any other Loan Document, nor consent to any departure by the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrowers in any case shall entitle the Borrowers to any other or further notice or demand in the same, similar or other circumstance unless required by the terms of this Agreement.

Section 9.8. Severability. In case any one or more of the provisions contained in this Agreement, the Notes, or in any other Loan Document should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 9.9. Sale of Participations; Assignments. The Bank reserves the right to sell participations in the Loans to such banks, lending institutions or other parties as it may choose with notice to the Borrowers. The Bank reserves the right to sell and assign its rights, duties or obligations with respect to the Loans to such banks, lending institutions or other parties as it may choose but only with the prior written consent of the Borrowers not to be unreasonably withheld or delayed (provided that no such consent of the Borrowers shall be required if an Event of Default shall have occurred and be continuing). The Bank may furnish any information concerning the Borrowers in its possession from time to time to any assignee or participant (or proposed assignee or participant), provided that the Bank shall notify any such assignee or participant (or proposed assignee or participant) in connection with any contemplated participation in, or assignment of, the Loans, that such information is confidential and shall obtain an agreement from such transferee or participant requiring that such transferee or participant treat such information as confidential and use commercially reasonable efforts to maintain the confidentiality of same.

Section 9.10. Reinstatement; Certain Payments. If claim is ever made upon the Bank for repayment or recovery of any amount or amounts received by the Bank in payment or on account of any of the Obligations under this Agreement, the Bank shall give prompt notice of such claim to the Borrowers, and if the Bank repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over the Bank or any of its property, or (b) any settlement or compromise of any such claim effected by the Bank with any such claimant, then and in such event the Borrowers agree that any such judgment, decree, order, settlement or compromise shall be binding upon such Borrowers notwithstanding the cancellation of the Notes or other instrument(s) evidencing the Obligations under this Agreement or the termination of this Agreement, and the Borrowers shall be and remain liable to the Bank hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Bank.

Section 9.11. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Bank and each other Affiliate of the Bank are each hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Borrowers against any and all the Obligations. The rights of the Bank under this Section 9.11 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have.

Section 9.12. Confidentiality. The Bank agrees to take normal and reasonable precautions to maintain the confidentiality of any non-public information relating to the Borrowers or their business, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the Borrowers, except that such information may be disclosed (a) to any Affiliate, director, officer, employee, agent, advisor, legal counsel, consultants or other representatives of the Bank, on a confidential basis with, in each case, a need to know such information in connection with the transactions contemplated by this Agreement, (b) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (c) to the extent requested by any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (d) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to the Bank or any Affiliate, director, officer, employee, agent, advisor, legal counsel, consultants or other representatives of the Bank on a non-confidential basis from a source other than the Borrowers or any Affiliate thereof, (e) in connection with the exercise of any remedy hereunder or under any other Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Documents or the enforcement of rights hereunder or thereunder, (f) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, or (ii) any actual or prospective party to any swap or derivative or other transaction under which payments are to be made by reference to the Borrowers and their obligations, this Agreement or payments hereunder, or (g) with the prior written consent of the Borrowers.

Section 9.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart to this Agreement by facsimile transmission or by electronic mail shall be as effective as delivery of a manually executed counterpart hereof.

Section 9.14. Headings. Section headings used herein are for convenience of reference only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

Section 9.15. Construction. This Agreement is the result of negotiations between, and has been reviewed by, the Borrowers and the Bank and their respective counsel. Accordingly, this Agreement shall be deemed to be the product of each party hereto, and no ambiguity shall be construed in favor of or against either the Borrowers or the Bank.

Section 9.16. USA PATRIOT Act; Anti-Money Laundering Legislation . Each Borrower acknowledges that, pursuant to the Anti-Terrorism Laws, and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within the United States, Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Bank may be required to obtain, verify and record information regarding Borrowers, their respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of Borrowers, and the transactions contemplated hereby. Borrowers shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

Section 9.17. Judgment Currency. If for the purpose of obtaining a judgment in any court it is necessary to convert any amount owing or payable to Bank under this Agreement or any Loan Document from the currency in which it is due (the "Agreed Currency") into a particular currency (the "Judgment Currency"), the rate of exchange applied in that conversion shall be that at which Bank, in accordance with its normal procedures, could purchase the Agreed Currency with the Judgment Currency at or about noon on the Business Day immediately preceding the date on which judgment is given. The obligation of the Borrowers in respect of any amount owing or payable under this Agreement to Bank in the Agreed Currency shall, notwithstanding any judgment and payment in the Judgment Currency, be satisfied only to the extent that the Bank, in accordance with its normal procedures, could purchase the Agreed Currency with the amount of the Judgment Currency so paid at or about noon on the next Business Day following that payment; and if the amount of the Agreed Currency which the Bank could so purchase is less than the amount originally due in the Agreed Currency the Borrowers shall, as a separate obligation and notwithstanding the judgment or payment, indemnify Bank against any loss.

Section 9.18. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida without giving effect to principles of conflict or choice of laws.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Borrowers and the Bank have caused this Agreement to be duly executed by their duly authorized officers, as of the day and year first above written.

FIFTH THIRD BANK

By: /s/ Vivian Alvarez Premock
Name: Vivian Alvarez Premock
Title: Senior Vice President

GREENLANE HOLDINGS, LLC

By: _____
Name: _____
Title: _____

1095 BROKEN SOUND PKWY, LLC

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Borrowers and the Bank have caused this Agreement to be duly executed by their duly authorized officers, as of the day and year first above written.

FIFTH THIRD BANK

By: _____
Name: Vivian Alvarez Premock
Title: Senior Vice President

GREENLANE HOLDINGS, LLC

By: /s/ Aaron Locascio
Name: Aaron Locascio
Title: CO-PRESIDENT

1095 BROKEN SOUND PKWY, LLC

By: /s/ Aaron Locascio
Name: Aaron Locascio
Title: CO-PRESIDENT

EXHIBIT A

NOTICE OF REVOLVING CREDIT LOAN BORROWING

[Date]

Fifth Third Bank
2333 Ponce de Leon Blvd., Suite 303
Coral Gables, FL 33134
Attention: Vivian Alvarez Premock, South Florida Middle Market — Team Lead

Re: **GREENLANE HOLDINGS, LLC**

Gentlemen:

Pursuant to the Credit Agreement dated as of October 1, 2018 (as the same may have been and may hereafter be amended, modified or supplemented the "Credit Agreement") by and between the undersigned RLOC Borrower, 1095 Broken Sound Pkwy LLC, and the Bank, the RLOC Borrower hereby gives the Bank notice that RLOC Borrower requests a Revolving Credit Loan as follows:

1. The requested Borrowing Date is _____

2. The amount of the requested borrowing is $_____, which shall be deposited into the Operating Account (as designated by RLOC Borrower from time to time) on_____ (date).

The RLOC Borrower hereby certifies that (i) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true, correct and complete in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof, except for such representations and warranties that are made as of a specific date; (ii) no Default or Event of Default has occurred and is continuing under the Credit Agreement or will result after giving effect to the Loan requested hereunder; and (iii) the amount of the proposed borrowing hereunder will not cause the aggregate outstanding principal amount of Revolving Credit Loans (after giving effect to the proposed borrowing requested hereunder) to exceed the lesser of the Commitment or the Borrowing Base set forth in the last Borrowing Base Certificate delivered to the Bank.

Capitalized terms used herein but not defined shall have the respective meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, RLOC Borrower has caused this document to be executed and delivered by its Executive Officer as of the date written above.

GREENLANE HOLDINGS, LLC

By: _____
Name: _____
Title: _____

Exhibit 10.10

Execution Version

CONTRIBUTION AGREEMENT

DATED AS OF FEBRUARY 20, 2018

BY AND AMONG

JACOBY HOLDINGS LLC,

THE SELLERS NAMED HEREIN,

AND

BETTER LIFE PRODUCTS, INC., AS SELLER REPRESENTATIVE

TABLE OF CONTENTS

EXHIBITS

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "***Agreement***"), dated as of the 20th day of February, 2018, is made and entered into by and among Jacoby Holdings LLC, a Delaware limited liability company (the "***Purchaser***"), the persons listed as Sellers on the signature page hereof (each a "***Seller***" and collectively the "***Sellers***"), and Better Life Products, Inc., a California corporation ("***BLP***"), as Seller Representative. Capitalized terms used, but not defined herein shall have the meanings ascribed to them in Exhibit A attached hereto.

WITNESSETH:

WHEREAS, the Sellers, collectively, are the owners of all of the issued and outstanding limited liability company membership interests (the "***Contributed Interests***") of Better Life Holdings, LLC, a Delaware limited liability company (the "***Company***"), in the amounts and Percentage Interests set forth onExhibit B, attached hereto; and

WHEREAS, the Purchaser desires to receive from each Seller, and each Seller desires to contribute to the Purchaser, the Contributed Interests upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

ARTICLE I
CONTRIBUTION OF THE EQUITY INTERESTS

Section 1.01. Contribution of the Contributed Interests. On the terms and subject to the conditions set forth in this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, the Purchaser hereby receives, acquires and accepts from each Seller, and each Seller hereby contributes, transfers, assigns, conveys and delivers to the Purchaser, all of such Seller's right, title and interest in and to the Contributed Interests to be contributed by such Seller pursuant to this Agreement, in accordance with the terms of the Governing Documents of the Company, free and clear of all Encumbrances (other than any restrictions under the Securities Act or applicable state securities Laws).

Section 1.02. Contribution Consideration. As consideration for the contribution and transfer of the Contributed Interests, the Purchaser shall issue to each of the Sellers (the "***Contribution Consideration***"), pro rata based on each such Seller's Percentage Interest, membership interests representing in the aggregate ten percent (10.0%) of the issued and outstanding membership interests of the Purchaser (the "***Jacoby Interests***"), in accordance with the terms of the Governing Documents of the Purchaser and free and clear of all Encumbrances (other than any restrictions under the Securities Act or applicable state securities Laws or as set forth in the Purchaser's Governing Documents).

Section 1.03. Withholding. Notwithstanding any provision contained herein to the contrary, Purchaser shall be entitled to deduct and withhold from any consideration payable to any Seller pursuant to this Agreement to the extent required under any provision of Tax Law. If the Purchaser so deducts or withholds amounts and timely pays them to the appropriate Governmental Entity, such amounts shall be treated for all purposes of this Agreement as having been paid to such Seller in respect of which such deduction, withholding and payment was made.

Section 1.04. Tax Treatment. It is the intent of the Purchaser and the Sellers that, for U.S. federal income tax purposes, the contribution by the Sellers of the Contributed Interests in exchange for the Jacoby Interests be governed by Section 721 of the Code. The parties shall not take any action or position inconsistent with this Section 1.04, except as otherwise required by Law.

ARTICLE II
CLOSING

Section 2.01. Closing Date. The closing of the transactions contemplated by this Agreement (the "***Closing***") shall take place concurrently with the execution of this Agreement (the "***Closing Date***"), effective as of 11:59 p.m. on the Closing Date, provided that the Parties have received, or waived the receipt of, the deliverables set forth in Sections 2.02 and 2.03. In lieu of an in-person Closing, the Closing may instead be accomplished by electronic transmission to the respective offices of legal counsel for the parties of the requisite documents, duly executed where required, delivered upon actual confirmed receipt. The parties hereto acknowledge and agree that all proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously on the Closing Date, and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

Section 2.02. Deliveries by the Seller Representative. At the Closing, the Seller Representative shall deliver (or cause to be delivered) to the Purchaser originals or copies, if specified, of the following:

(a) assignments or other instruments of transfer with respect to all of the Contributed Interests as requested by the Purchaser, duly endorsed in blank, and, to the extent the Contributed Interests are certificated, certificates representing all of the Contributed Interests;

(b) a signature page to the amended and restated operating agreement of the Purchaser dated as of the date hereof (the "***Jacoby Operating Agreement***"), in form and substance satisfactory to the Purchaser, in its reasonable discretion, duly executed by each of the Sellers;

(c) a personal guarantee of the payment obligations of each of the Sellers under this Agreement, in form and substance satisfactory to the Purchaser, in its reasonable discretion, duly executed by the beneficial owner of BLP;

(d) a pledge agreement, in form and substance satisfactory to the Purchaser, in its reasonable discretion, duly executed by each Seller, pledging the Jacoby Interests as collateral security for each such Seller's payment obligations arising under this Agreement;

(e) resignations of those officers, directors and managers of the Company identified in writing by the Purchaser at least one (1) day prior to the Closing, effective as of the Closing Date;

(f) counterparts of all other agreements, documents and instruments required to be delivered by the Seller Representative and/or the Sellers pursuant to this Agreement or any of the Related Agreements, duly executed by such Seller Representative and/or Seller(s);

(g) copies of each consent, waiver, authorization and approval required in connection with the consummation of the transactions contemplated hereby, including those contemplated pursuant to Section 4.04 of this Agreement, in each case, in form and substance satisfactory to the Purchaser;

(h) a Certificate of Good Standing of the Company issued by the Secretary of State of the State of Delaware and of each other state or jurisdiction in which the Company is qualified to do business, dated within five (5) Business Days of the Closing Date;

(i) a copy of all Governing Documents of the Company, including: (i) the Certificate of Formation or similar document of the Company, together with all amendments thereto, certified as true, complete and correct by the Secretary of State of the State of Delaware; and (ii) the Amended and Restated Operating Agreement of the Company, together with all amendments thereto and/or restatements thereof (the "***Operating Agreement***") certified as true, complete and correct and in full force and effect by the Manager of the Company;

(j) a certificate from the corporate secretary (or similar officer or beneficial owner) of each Seller that is a non-individual Person dated as of the Closing Date and certifying (i) that correct and complete copies of the Governing Documents of such Seller are attached thereto and (ii) that correct and complete copies of the resolutions of the Persons governing such Seller approving this Agreement, the Related Agreements, and the transactions contemplated hereby and thereby are attached thereto;

(k) affidavits dated as of the Closing Date in form and substance reasonably satisfactory to the Purchaser, sworn under penalty of perjury and in form and substance required under Section 1446(f) of the Code and the Treasury Regulations issued pursuant to Section 1445 of the Code stating that each Seller is not a "foreign person" as defined in Section 1445 of the Code;

(l) evidence in form and substance reasonably satisfactory to the Purchaser of the termination of any related party agreements to be identified by the Purchaser;

(m) evidence of revised bank access documentation providing Aaron LoCascio and Adam Schoenfeld with access and control upon Closing over the accounts referenced in Schedule 4.27 from and after Closing;

(n) consulting agreements duly executed by each of BLP and Clive Fleissig, in substantially the form attached hereto as Exhibit C-1 and C-2, respectively (collectively, the "***Consulting Agreements***"); and

(o) all other documentation reasonably requested by the Purchaser.

Section 2.03. Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver (or cause to be delivered) originals or copies, if specified, of the following agreements, documents and other items:

(a) the Consulting Agreements duly executed by the Purchaser;

(b) counterparts of all agreements, documents and instruments required to be delivered by the Purchaser pursuant to this Agreement or any of the Related Agreements, duly executed by the Purchaser;

(c) certificates to each Seller representing the Jacoby Interests, to the extent certificated, pro rata based on each Seller's Percentage Interest in the aggregate of ten percent (10.0%);

(d) copies of each consent, waiver, authorization and approval required in connection with the consummation of the transactions contemplated hereby, including those contemplated pursuant to Section 5.03 of this Agreement, in each case, in form and substance satisfactory to the Seller Representative;

(e) a certificate from the corporate secretary (or similar officer or beneficial owner) of Purchaser dated as of the Closing Date and certifying that correct and complete copies of the Governing Documents of Purchaser are attached thereto; and

(f) all other documentation reasonably requested by the Seller Representative.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each of the Sellers, severally and not jointly (and solely with respect to himself), hereby represents and warrants to the Purchaser that, solely with respect to such Seller, the statements contained in this Article III are true, correct and complete as of the date hereof.

Section 3.01. Organization; Power; Capacity. Such Seller has all requisite power and authority, and legal capacity, to: (a) execute and deliver this Agreement and the Related Agreements to which such Seller is a party; (b) to carry out such Seller's obligations hereunder and thereunder; (c) to comply with and fulfill the terms and conditions of this Agreement and the Related Agreements to which such Seller is a party; and (d) to consummate the transactions contemplated hereby and thereby.

Section 3.02. Authorization and Validity of Agreement. The execution, delivery and performance of this Agreement and the other Related Agreements to which such Seller is a party have been duly authorized by such Seller. This Agreement has been, and each other Related Agreement to which such Seller is a party have been, duly executed and delivered by such Seller and constitutes such Seller's valid and binding obligation enforceable against such Seller in accordance with its terms and conditions, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditor's rights generally or by general principles of equity (whether applied in a proceeding at law or equity).

Section 3.03. Title to the Contributed Interests. Such Seller has good and marketable title to, and is the sole record and beneficial owner of, all of the Contributed Interests to be contributed by such Seller pursuant to this Agreement, free and clear of all Encumbrances or any restrictions on transfer (other than any restrictions under the Securities Act or applicable state securities Laws). Such Seller has complete and unrestricted power and the unqualified right to contribute, convey, assign, transfer and deliver such Seller's respective portion of the Contributed Interests, and the instruments of assignment and transfer to be executed and delivered by such Seller to the Purchaser at the Closing shall be valid and binding obligations of such Seller. At the Closing, such Seller shall transfer to the Purchaser good and marketable title to the Contributed Interests to be sold by such Seller pursuant to this Agreement, free and clear of all Encumbrances or any restrictions on transfer, other than any restrictions under the Securities Act or applicable state securities Laws.

Section 3.04. No Conflict; Required Filings and Consents. The execution, delivery and consummation of this Agreement by such Seller does not, and the execution, delivery and consummation of the Related Agreements to which such Seller is a party and the performance of this Agreement and such Related Agreements will not: (a) violate in any material respect any Law applicable to such Seller or which affects the Contributed Interests to be sold by such Seller; (b)(i) require any consent or approval other than as set forth in this Agreement or (ii) violate or result in any breach of or constitute (with or without due notice or the passage of time or both) a default under any judicial consent, order, decree or any Contract to which such Seller is a party or to which the Contributed Interests to be sold by such Seller are subject; or (c) result in the imposition of any Encumbrance or restriction on such Seller's Contributed Interests (with or without due notice or the passage of time or both).

Section 3.05. Litigation. To such Seller's Knowledge, there are no Proceedings pending or threatened against or affecting such Seller, which would affect the ability of such Seller to consummate the transactions contemplated by this Agreement or any Related Agreement to which such Seller is a party. To such Seller's Knowledge, there are no currently existing events, facts or circumstances which could reasonably be expected to form the basis for any Proceeding or order, or decree of any court or Governmental Entity which would affect the ability of such Seller to consummate the transactions contemplated by this Agreement or any Related Agreement to which such Seller is a party.

Section 3.06. Acquisition for Own Account. Each Seller is acquiring the Jacoby Interests for Seller's own account, or the account of another Seller or Person identified to the Purchaser in writing, as principal, not as a nominee or agent, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof in whole or in part and no other Person has a direct or indirect beneficial interest in such Jacoby Interests. Further, such Seller does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Jacoby Interests other than as may be set forth in the Jacoby Operating Agreement.

Section 3.07. Seller Diligence. Each Seller has been given the opportunity for a reasonable time prior to the date hereof to ask questions of, and receive answers from, the Purchaser or its representatives concerning the terms and conditions of this Agreement, and other matters pertaining to its receipt of the Jacoby Interests, and has been given the opportunity for a reasonable time prior to the date hereof to obtain such additional information in connection with the Purchaser in order for such Seller to evaluate the merits and risks of its acquisition of Jacoby Interests, to the extent the Purchaser possesses such information or can acquire it without unreasonable effort or expense Each Seller has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of holding the Jacoby Interests.

Section 3.08. Accredited Investor. Each Seller is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act. Such Seller agrees to furnish any additional information requested by the Purchaser or any of its Affiliates to assure compliance with applicable U.S. federal and state securities Laws in connection with the acquisition and transfer of the Jacoby Interests.

Section 3.09. No Bad Actor Disqualification. Each Seller and its Rule 506(d) Related Parties (defined below) are not subject to any "Bad Actor" disqualifying events described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "***Disqualification Event***"), except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable. Such Seller hereby agrees that it shall notify the Purchaser promptly in writing in the event a Disqualification Event becomes applicable to such Seller or any of its Rule 506(d) Related Parties, except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable. For purposes of this Section 3.08, "***Rule 506(d) Related Party***" shall mean a Person that is a beneficial owner of such Seller's securities for purposes of Rule 506(d) of the Securities Act.

Section 3.10. Limited Liquidity; Economic Risk. Each Seller understands that (i) it may not be able to readily resell any of the Jacoby Interests acquired by such Seller pursuant to this Agreement because (a) there may only be a limited market, if any exists, for any of the Jacoby Interests and (b) none of the Jacoby Interests have been registered under the Securities Act or any applicable state "blue sky" laws; and (ii) the Purchaser has the absolute right to refuse to consent to the transfer or assignment of the Jacoby Interests if such transfer or assignment does not comply with applicable Laws, including the Securities Act and any applicable state "blue sky" laws, or the Governing Documents of the Purchaser. Each Seller has the financial ability to bear the economic risk of a total diminution in value of the Jacoby Interests, has adequate means for providing for such Seller's current needs and personal contingencies and has no need for liquidity with respect to such Seller's acquisition of Jacoby Interests.

Section 3.11. Anti-Terrorism and Money Laundering Activities. Each Seller acknowledges that the Purchaser is required by United States Federal Law to obtain, verify and record information that identifies each Person who makes contributions to the Purchaser in consideration for the Jacoby Interests. Such Seller acknowledges and agrees that it will furnish to the Purchaser upon request a copy of such Seller's identifying documents that will assist the Purchaser to properly identify the such Seller as required by Federal Law. Such documents may include, without limitation, in the case of an individual, such Seller's driver's license, passport or other appropriate identifying documents or, in the case of a corporation, partnership or other entity, a copy of such entity's organizational documents and evidence of the authority of the person executing this Agreement on behalf of such entity that such person has full authority to execute and deliver this Agreement on behalf of such entity and otherwise to act on behalf of such entity in connection with such entity's receipt of Jacoby Interests.

Section 3.12. Broker's and Finder's Fees. No broker, finder or other Person is entitled to any commission or finder's fee in connection with this Agreement or with the transactions contemplated hereby as a result of any actions or commitments of such Seller.

Section 3.13. Independent Investigation. Each Seller acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, such Seller has relied solely upon its own investigation and the express representations and warranties the Purchaser set forth in Article V of this Agreement and (b) neither the Purchaser nor any other Person has made any representation or warranty as to the Purchaser or this Agreement, except as expressly set forth in in Article V of this Agreement.

Section 3.14. No Reliance on IPO. The Purchaser has not made any express or implied representation that the Purchaser or any of its Affiliates will consummate or otherwise participate in an IPO, and each of the Sellers acknowledge and agree that in entering into this Agreement, it is not relying on any express or implied representation or other statement of the Purchaser regarding the Purchaser consummating or otherwise participating in an IPO.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

The Company hereby represent and warrant to the Purchaser, subject to such exceptions as are specifically disclosed in the Disclosure Schedules delivered by the Sellers concurrently with the execution of this Agreement (the "***Disclosure Schedules***"); provided, however, that disclosure in one such section or subsection of the Disclosure Schedules may be deemed to qualify another section or subsection if it is reasonably clear, upon a reading of such disclosure without any independent knowledge on the part of the reader regarding the matter disclosed and without the need for reference to any other document, that the disclosure would be expected to apply to such other Section or subsection), that the statements contained in this Article IV are true, correct and complete as of the date hereof.

Section 4.01. Organization; Power. The Company is a limited liability company duly organized and validly existing under the Laws of the State of Delaware. The Company is qualified as a foreign entity to transact business in, and is validly existing under the Laws of, the states listed on Schedule 4.01, and is not required to be qualified as a foreign entity in any other states or jurisdictions, except where such non-qualification would not reasonably be expected to have a Material Adverse Effect. The Company has all requisite power and authority to own, operate, lease and encumber its properties and carry on its business as now conducted and currently proposed to be conducted.

Section 4.02. Capitalization.

(a) The Contributed Interests constitute all of the authorized limited liability company membership interests of the Company, as set forth onSchedule 4.02(a). All of the Contributed Interests are held of record and beneficially owned by the Sellers and are owned in the respective amounts and percentages set forth on Exhibit B. The Contributed Interests constitute all of the issued and outstanding limited liability company interests, Equity Securities, or similar interests of the Company and are duly authorized and were validly issued in compliance with the Company's Governing Documents and all applicable securities Laws.

(b) Except as set forth on Schedule 4.02(b), there are no contracts, options, warrants, call rights, puts, convertible securities, exchangeable securities, understandings or other rights, arrangements or understandings of any kind to issue, repurchase, redeem, sell, deliver or otherwise acquire or cause to be issued, repurchased, redeemed, sold, delivered or acquired, any limited liability company interests, Equity Securities, Debt or similar interests in the Company.

(c) The Company has no Subsidiaries, nor does the Company directly or indirectly own any Equity Securities, Debt or similar interest in, or any interest convertible into or exchangeable for, at any time, any equity or similar interest in any other Person.

Section 4.03. No Conflict or Violation. Except as set forth on Schedule 4.03, the execution, delivery, consummation and performance of this Agreement and each of the Related Agreements does not and shall not: (a) violate or conflict with any provision of the Governing Documents of the Company, (b) violate in any material respect any provision of Law applicable to the Company, (c) violate or result in a breach of or constitute (with or without due notice or the passage of time, or both) a default under any judicial consent, order, decree or material Contract to which the Company is a party, or by which the Company's material assets or properties may be bound, or (d) result in the imposition of any Encumbrance or restriction on the Business (with or without due notice or the passage of time, or both).

Section 4.04. Consents and Approvals. Except as set forth on Schedule 4.04, to the Knowledge of the Company, no consent, waiver, authorization or approval of any Governmental Entity, or of any other Person, or declaration or notice to or filing or registration with any Governmental Entity or other Person, is required in connection with the consummation of the transactions contemplated hereby.

Section 4.05. Financial Statements; No Undisclosed Liabilities.

(a) Attached hereto as Schedule 4.05(a) are copies of the internal unaudited financial statements of the Company as of and for the year ended December 31, 2017 and audited financial statements for the Company as and for the years ended December 31, 2016 and December 31, 2015, which are comprised of the balance sheets as of December 31, 2017, December 31, 2016, and December 31, 2015, respectively, and the related statements of comprehensive income and owners' equity for the years then ended and, for the years ended December 31, 2016 and December 31, 2015, cash flows (collectively, the "***Financial Statements***").

(b) There are no material Liabilities, exceeding, in the aggregate, $100,000, against, relating to or affecting the Company or the Business except for (i) Liabilities fully disclosed in the Financial Statements, (ii) Liabilities accruing after December 31, 2017 in the Ordinary Course of Business, (iii) Liabilities incurred as a result of the transactions contemplated by this Agreement, and (iv) as set forth on Schedule 4.05(b).

Section 4.06. Tax Matters.

(a) The Company has timely filed or caused to be timely filed all Tax Returns that are or were required to be filed by the Company pursuant to applicable Law. All Tax Returns filed by the Company are true, correct and complete in all material respects and were prepared in compliance with all applicable Laws. The Company has paid all Taxes owed by the Company (whether or not shown on any Tax Returns), except such Taxes, if any, which are not yet delinquent. The Company is not currently the beneficiary of any extension of time within which to file any income Tax Return. The Company has received no written claim made by any Governmental Entity in a jurisdiction where the Company does not file Tax Returns asserting that the Company is or may be subject to taxation by that jurisdiction. There are no Encumbrances for Taxes (other than for Taxes not yet due and payable) upon any of the assets of the Company.

(b) The Company has delivered or made available to the Purchaser copies of all Tax Returns filed by the Company and any audit materials, examination reports and statements of deficiencies with respect to Taxes of the Company, in each case, received by the Company or any Seller from a Governmental Entity, with respect to all tax years of the Company from inception. None of the Sellers, nor the Company has received written notice from a Governmental Entity indicating that such Governmental Entity intends to assess any additional Taxes against the Company for any period for which Tax Returns have been filed. To the Knowledge of the Company, there are no pending audits, assessments, disputes or claims concerning any Taxes of the Company. The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, in each case, that are either in force or outstanding. Schedule 4.06(b) sets forth all of the jurisdictions where the Company files Tax Returns.

(c) There is no Tax sharing agreement, Tax allocation agreement, Tax indemnity obligation or similar Contract with respect to Taxes (including any advance pricing agreement, closing agreement or other arrangement relating to Taxes) that shall require any payment by the Company after the Closing Date (other than customary commercial agreements the primary subject of which is not Taxes).

(d) The Company has never been a member of an affiliated group filing a consolidated federal income Tax Return or any similar group for federal, state, local or foreign Tax purposes. The Company has no Liability for Taxes of any other Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor, by Contract or otherwise (other than customary commercial agreements the primary subject of which is not Taxes).

(e) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) "closing agreement" as described in Section 7121 of the Code (or any similar provision of state, local or foreign Law) executed on or prior to the Closing Date, (iii) installment sale or open transaction disposition made on or prior to the Closing Date, (iv) prepaid income received on or prior to the Closing Date, (v) method of accounting that defers recognition of income to any period ending after the Closing Date, or (vi) election under Section 108(i) of the Code.

(f) The Company has timely withheld and paid all amounts of Taxes required by Law to have been withheld and paid by it (i) in connection with any amounts paid as compensation by the Company to its employees and independent contractors (including distributors) and (ii) to its members, creditors, holders of securities or other third parties. The Company has complied with all information reporting and backup withholding requirements of Law in all material respects.

(g) The Company is not the subject of any private ruling from a taxing authority or Contract with a taxing authority.

(h) The Company has not: (i) taken a reporting position on a Tax Return that, if not sustained, would give rise to a penalty for substantial understatement of federal income Tax under Section 6662 of the Code (or any similar provision of state, local or foreign law); or (ii) entered into any transaction identified as a (x) "listed transaction," within the meaning of Treasury Regulations Section 1.6011-4(b)(2), (y) a "transaction of interest," within the meaning of Treasury Regulations Section 1.6011-4(b)(6), or (z) any transaction that is "substantially similar" (within the meaning of Treasury Regulations Section 1.6011-4(c)(4)) to a "listed transaction" or "transaction of interest."

Section 4.07. Absence of Certain Changes. Since November 30, 2017 there has not occurred any event, change or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 4.07, since November 30, 2017 there has not been any:

(a) damage or destruction affecting any portion of the material assets or properties of the Company;

(b) change in the Company's accounting policies, procedures or methodologies;

(c) sale or transfer of any tangible or intangible asset of the Company, except in the Ordinary Course of Business;

(d) mortgage, pledge or imposition of any Encumbrances (except for Permitted Encumbrances) on any asset of the Company;

(e) declaration or payment of any distribution in respect of any Equity Securities of the Company or, directly or indirectly, any purchase, redemption, issuance, or other acquisition or disposition by the Company of any of their respective Equity Securities;

(f) increase in the salary, benefits or other compensation payable to any of the employees or consultants or officers or directors of the Company, or commitment to pay any bonus or other additional salary, benefits or compensation to any of the employees or consultants or officers or directors of the Company, or any entry into, grant, adoption, amendment or termination of any Employee Plan in any manner, except as otherwise required by Law;

(g) incurrence of any capital expenditure, obligation or other liability in connection therewith by the Company other than in the Ordinary Course of Business not in excess of $25,000;

(h) acquisition by the Company of a Person (including by merger, consolidation or stock purchase), or any acquisition of a substantial portion of the assets of any business of any other person;

(i) discharge or satisfaction by the Company of any material Encumbrance or material liability, other than Liabilities discharged or satisfied in the Ordinary Course of Business;

(j) amendment to the Governing Documents of the Company;

(k) incurrence, assumption or prepayment of any Debt by the Company, including long term debt or the issuance of any debt securities;

(l) assumption, guarantee, endorsement or otherwise becoming liable or responsible, whether directly, contingently or otherwise, by the Company for the Debt of any other Person;

(m) making of any loans, advances or capital contributions to or investments in any other Person by the Company;

(n) entry into, amendment or termination of, or waiver of any rights under, any Material Contract;

(o) initiation, settlement or compromise by or against the Company of any pending or threatened Proceeding;

(p) making, changing or rescinding by the Company of any election relating to Taxes, settlement or compromise by the Company of any claim, action, suit, litigation, proceeding, arbitration, investigation, or audit controversy relating to Taxes, consent by the Company to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, filing by the Company of any Tax Return, amendment of any Tax Return by the Company or making by the Company of any change to any of its respective methods of accounting in respect of Taxes;

(q) excess sales of inventory or return privileges granted to any customer of the Company with respect thereto (whether explicitly or through favorable concessions granted to the customer); or

(r) agreement or commitment entered into by the Company to do any act described in clauses (a) through (q) above.

Section 4.08. Owned Real Property. The Company does not own, nor has ever owned, any real property or any interest therein.

Section 4.09. Leased Real Property.

(a) Schedule 4.09(a) identifies all real property leased or subleased or used by the Company as of the date hereof, including the landlord's name (the "***Leased Real Property***"). All Leased Real Property is leased to the Company, pursuant to written leases, true, correct and complete copies of which have been previously delivered to the Purchaser (collectively the "***Real Property Leases***"). The Company has a valid leasehold interest in the Leased Real Property, free and clear of all Encumbrances. Other than as set forth in Schedule 4.09(a), the Company has not subleased any Leased Real Property and the Leased Real Property is not otherwise subject to any third-party licenses, concessions, leases or tenancies of any kind. The Real Property Leases are in full force and effect and there are no other amendments, agreements or understandings relating to the Real Property Leases. All rent, additional rent and other charges due under the Real Property Leases were paid in full through the end of the month applicable to the Closing Date (i.e., if the Closing Date is March 1, 2018 then through March 31, 2018). There are no material defaults on the part of the Company or the landlord under the Real Property Leases. The Company has performed all of its obligations to be performed under the Real Property Leases. There are no claims by any landlord against the Company under the Real Property Leases. There are no rent concessions, abatements, or contributions owed to the Company under any Real Property Leases.

(b) Except as set forth on Schedule 4.09(b), the Company has not received written notice that the use or occupancy of the Leased Real Property violates in any material respect any covenants, conditions or restrictions that encumber such property, or that any such property is subject to any restriction for which any material permits necessary to the current use thereof have not been obtained.

(c) There are no pending or, to the Knowledge of the Company, threatened condemnation proceedings with respect to any portion of the Leased Real Property. There are no actual or, to the Knowledge of the Company, threatened or imminent changes in the present zoning of any Leased Real Property or any part thereof or any restrictions, limitations or regulations issued, or proposed or under consideration by any Governmental Entity having or asserting jurisdiction over the Leased Real Property.

Section 4.10. Accounts Receivable. Except as set forth on Schedule 4.10, the accounts receivable reflected on the Financial Statements and the accounts receivable arising after November 30, 2017: (a) arose from bona fide sales transactions in the Ordinary Course of Business and are payable in the Ordinary Course of Business on terms consistent with the Company's past practices; (b) are legal, valid and binding obligations of the respective debtors enforceable in accordance with their terms; (c) are not subject to any valid set-off or counterclaim by the debtor; (d) do not represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement; (e) to the Knowledge of the Company, are collectible in full, but in no event later than ninety (90) days of the applicable invoice date thereof, in the Ordinary Course of Business in the aggregate recorded amounts thereof; (f) are not owed by any Affiliate of the Company; and (g) are not the subject of any Proceeding. Except as set forth on Schedule 4.10, the Company has not received any notice from any account debtor regarding any dispute over any of the accounts receivable. None of the accounts receivable constitutes duplicate billings of other accounts receivable. There are no security arrangements or collateral securing the repayment or other satisfaction of the accounts receivable.

Section 4.11. Intellectual Property.

(a) Schedule 4.11(a) sets forth a list of all patents and patent applications; registered and trademarks, service marks, trade names; domain names; registered copyrights; software (other than commercial-off-the-shelf software licensed on a "click-through" or similar basis for the internal use of the Company); and technology and processes owned by or licensed to the Company pursuant to any Contract and used by the Company in the operation of the Business as presently conducted. The Company owns, free and clear of Encumbrances, or has the right to use pursuant to valid and effective Contracts, all such intellectual property, and all software licenses, trade secrets, technical knowledge, know-how and other confidential proprietary information used to conduct the Business (collectively referred to as "***Intellectual Property***"). None of the Intellectual Property is owned by or licensed to the Company by any of the Sellers or any other Affiliate, officer, director, contractor, or employee of the Company. The Intellectual Property constitutes all intellectual property rights necessary for the continued conduct of the Business of the Company in substantially the same manner as conducted before the date of this Agreement. For each item of Intellectual Property licensed from third parties, Schedule 4.11(a) lists the Contract under which the Company has acquired rights in such Intellectual Property (each, an "***Intellectual Property License***"), including the date, title and parties for each such Intellectual Property License. Each Intellectual Property License is valid and binding on the Company and the applicable licensor in accordance with its terms and is in full force and effect. Neither the Company nor, to the Knowledge of the Company, any other party thereto is in breach of or default under, or has provided or received any notice of breach or default of or any intention to terminate, any Intellectual Property License. No claims are pending or, to the Knowledge of the Company, threatened, and the Company has received no communication alleging that the Company violated any rights relating to Intellectual Property of any third party. To the Knowledge of the Company, no third party is misappropriating, infringing, diluting, or violating any Company rights in Intellectual Property.

(b) Except as set forth on Schedule 4.11(b), neither the Company, nor any Company Product, manufactured by Company, nor the marketing, distribution, sale or use of any Company Product, manufactured by Company, for its intended purpose infringes, violates, dilutes or misappropriates any intellectual property rights of another Person.

(c) The Company has not made any claim of a violation, infringement, misuse or misappropriation by any Person (including any employee, former employee or independent contractor of the Company or any of its Subsidiaries) of its rights to, or in connection with, any Company Intellectual Property, and to the Knowledge of the Company, no basis for such a claim exists. Except as set forth in Schedule 4.11(c), neither the Company nor any of its Subsidiaries has entered into any agreement to indemnify any other Person against any charge of infringement of any Intellectual Property, other than indemnification provisions contained in agreements entered into in the Ordinary Course of Business.

(d) The Company has taken all commercially reasonable measures to maintain and protect the proprietary nature of the Company Intellectual Property, including the signing by all Persons hired by the Company and all of its Subsidiaries of nondisclosure agreements, and the signing of valid and binding non-disclosure agreement by all Third Parties with responsibility for the conception, reduction to practice, authoring or other creation or development of, or having access to, or to whom a disclosure has been made of, know-how or trade secret information or other Company Intellectual Property. Except as set forth in Schedule 4.11(d), the Company has secured valid and binding written assignments from all consultants, contractors and employees and all other Persons who contributed to the conception, reduction to practice, authorship, creation or development of any Intellectual Property by or on behalf of the Company or any of its Subsidiaries of all rights to such contributions that the Company or its Subsidiary, as applicable, does not already own by operation of law.

(e) Except as set forth on Schedule 4.11(d), no Person (other than the Company) has contributed to or participated in the conception and development of Intellectual Property that is necessary to or used by the Company in the operation of the Business.

(f) Neither the Company nor any of its Subsidiaries has granted to any Person an exclusive license or equivalent right with respect to any Company Intellectual Property, or assigned or conveyed to any Person any ownership interest (including joint ownership rights) therein, and no third party owns or holds any such right, license or interest.

(g) Other than as listed on Schedule 4.11(g), neither it nor any of its Subsidiaries has included any "open source" code (as defined by the Open Source Initiative) or "Free" code (as defined by the Free Software Foundation) (collectively, "***Open Source Code***") in, or linked to, any Product constituting or incorporating any software that the Company or any of its Subsidiaries licenses, distributes or makes available to a third party (collectively, "***Company Software Products***"). The Company further represents and warrants that neither the Company nor any of its Subsidiaries has included Open Source Code in, or linked Open Source Code to, any Company Software Products, in any manner: (a) that would impose any requirements on how any Company Software Products, other than the licensed-in Open Source Code itself, must be used, licensed or disclosed to third parties, or (b) that would have the effect of requiring that any portion of the Company Software Product, other than the licensed-in Open Source Code itself: (i) be disclosed or distributed, proactively or at the request of a third party, in source code form, (ii) be licensed for the purpose of making derivative works, (iii) be redistributable at no charge, or (iv) be licensed under any open source or free software license or licensing scheme of the Free Software Foundation, Open Source Initiative or any similar program.

(h) Except as set forth on Schedule 4.11(h), neither the Company nor any of its Subsidiaries has disclosed or delivered to any escrow agent or any other Person any of the source code relating to any Company Intellectual Property, and no other Person has the right, contingent or otherwise, to obtain access to or use any such source code. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time or both) will, or could reasonably be expected to, result in the delivery, license, or disclosure of any source code to any Person who is not, as of the date of this Agreement, a current employee.

(i) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (i) materially alter or impair any rights of the Company in any Intellectual Property used in the Business or owned by the Company, or (ii) result in the Company being obligated to license any Intellectual Property used in the Business or owned by the Company to any other Person, or to pay any royalties or other material amounts, to accelerate the payment of any royalties or any other material amounts, or to offer any discounts to any third party in excess of those payable by, or required to be offered by, the Company in the absence of this Agreement.

(j) The information technology systems owned, leased or licensed by the Company, including the software, firmware, hardware (whether general or special purpose), networks and interfaces (collectively, the "***Company Systems***") are sufficient for the current needs of the Company for its operation of the Business, including as to peak volume capacity and processing ability. In the twelve month period prior to the date of this Agreement, there have been no material failures, breakdowns, or continued substandard performance of any Company Systems which have caused the substantial disruption or interruption in the use of the Company Systems or the operation of the Business of the Company.

(k) With respect to sensitive personally identifiable information, the Company has taken all commercially reasonable steps (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to ensure that the information is protected against loss and against unauthorized access, use, modification, disclosure or other misuse. To the Knowledge of the Company, there has been no unauthorized access to or other misuse of such information.

Section 4.12. Employee Benefit Plans

(a) Schedule 4.12 contains a list of all Employee Plans. Each Employee Plan is being administered in accordance with its terms and with all applicable Laws, and contributions required to be made under the terms of any of the Employee Plans, if any, as of the date of this Agreement have been timely made. With respect to each Employee Plan, the Company has remained in material compliance with all tax, annual reporting and other governmental filing requirements under applicable Law, and such taxes, reports and other filings have, in all material respects, been timely filed with the appropriate Governmental Entity and all notices and disclosures have been timely provided to participants. Each Employee Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS as to its qualified status or may rely upon a prototype opinion letter, and that the trust established in connection with such Employee Plan which is intended to be exempt from federal income taxation under Section 501(a) of the Code is so exempt, and no fact or event has occurred that could reasonably be expected to adversely affect the qualified status of any such Employee Plan or the exempt status of any such trust. Neither the Company nor any Subsidiary has any express or implied commitment, whether legally enforceable or not, to (i) create, incur liability with respect to, or cause to exist any Employee Plan (or any plan, program or arrangement which would be a Employee Plan if in effect on the date hereof), (ii) to enter into any contract or agreement to provide compensation or benefits to any individual, or (iii) to modify, change or terminate any Employee Plan, other than with respect to a modification, change or termination required by ERISA or by the Code.

(b) With respect to each Employee Plan, the Company has furnished to the Purchaser, as applicable: (i) a true and complete copy of each Employee Plan and underlying trust (or, in the case of an unwritten arrangement, a written description of its terms and conditions); (ii) copies of the most recent summary plan description and all summaries of material modifications; (iii) copies of the three (3) most recently filed Form 5500 annual reports and accompanying schedules, if any; (iv) a copy of the most recently received IRS determination letter or opinion letter; (v) copies of the non-discrimination testing results, audited financial statements, actuarial reports, and attorney's responses to an auditor's request for information, if any, for the three (3) most recent plan years; (vi) all material correspondence to or from any governmental entity in the past three (3) years relating to any Employee Plan; (vii) all material communications relating to any established or proposed Employee Plan that relates to any material amendments, terminations, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any liability to the Company or its Subsidiaries; and (viii) all prospectuses prepared in connection with each Employee Plan. The Company has not made any material express or implied proposal, assurance or commitment, to establish, modify, change or terminate any Employee Plan (other than with respect to a modification, change or termination required by ERISA or the Code), or to any employee or other service provider of the Company regarding any improvement to terms of employment or regarding the increase or improvement in the rate or quantum of remuneration, benefits or other compensation.

(c) (i) No event has occurred and no condition exists that would subject the Company or any ERISA Affiliate, to any tax, fine, lien, penalty or other liability imposed by ERISA, the Code or other applicable Laws, rules and regulations; (ii) for each Employee Plan with respect to which a Form 5500 has been filed, no material change has occurred with respect to the matters covered by the most recent Form since the date thereof; (iii) no "reportable event" (as such term is defined in ERISA Section 4043), "prohibited transaction" (as such term is defined in ERISA Section 406 and Code Section 4975) or "accumulated funding deficiency" (as such term is defined in ERISA Section 302 and Code Section 412 (whether or not waived)) has occurred with respect to any Employee Plan; (iv) all awards, grants or bonuses made pursuant to any Employee Plan have been, or will be, fully deductible to the Company or its Subsidiaries notwithstanding the provisions of Section 162(m) of the Internal Revenue Code and the regulations promulgated thereunder; and (v) except to the extent limited by applicable Law, each Employee Plan may be amended, terminated or otherwise discontinued after the Closing Date in accordance with its terms without liability to the Company or any Subsidiary (other than ordinary administration expenses).

(d) Full payment has been made of all amounts (other than current outstanding routine claims for benefits) that the Company and any Subsidiary is required to contribute or pay under the terms of any Employee Plan, if any, and all contributions to any Employee Plan that are required or recommended with respect to any period of time prior to the Closing have been made or such amounts have been accrued in accordance with GAAP. There are no funded benefit obligations for which contributions have not been made or properly accrued and there are no unfunded benefit obligations that have not been accounted for by reserves, or otherwise properly footnoted in accordance with GAAP on the financial statements of the Company.

(e) No Employee Plan is a Multiemployer plan or a pension plan within the meaning of Section 3(2) of ERISA that is subject to Title IV of ERISA or similar minimum funding requirements under applicable foreign Law (each such arrangement being a "***Pension Plan***"), and neither the Company nor any ERISA Affiliate has ever sponsored or contributed to or been required to contribute to a Multiemployer Plan or Pension Plan. No material liability under Title IV of ERISA or similar applicable foreign Law has been incurred by the Company or any ERISA Affiliate that has not been satisfied in full, and no condition exists that presents a risk to the Company or any ERISA Affiliate of incurring or being subject (whether primarily, jointly or secondarily) to a liability thereunder or to any lien arising under ERISA.

(f) With respect to any Employee Plan, (i) no actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or threatened and (ii) to the Knowledge of the Company, no facts or circumstances exist that could give rise to any such actions, suits or claims. There are no audits, inquiries or proceedings pending or to the knowledge of the Company or any member of the Company's Controlled Group, threatened by the Internal Revenue Service, the Department of Labor, or any similar governmental entity with respect to any Employee Plan.

(g) The Company has not granted any loans or advances in excess of $1,000, or provided any guarantees or financial assistance in excess of $1,000, to any of its officers or directors (past or present), which are currently outstanding. For the avoidance of doubt, this representation does not apply to any loans or advances (if any) which are (or were) made in connection with any Employee Plan which is intended to be qualified under Section 401(a) of the Code.

(h) Except as set out on Schedule 4.12(h), there is no term of employment for any employee which provides that a change of control (i) shall be a deemed a breach of his or her service or employment contract, or (ii) would entitle the employee concerned to the vesting or acceleration of any payment or benefit whatsoever or entitle such employee to be treated as redundant or otherwise dismissed or released from any such obligation.

(i) Except as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations (including proposed regulations) thereunder and any similar state Law, no Employee Plan provides any post-termination or retiree medical or retiree welfare benefits to any Person.

(j) All "nonqualified deferred compensation plans" (as defined in Section 409A of the Code and the Treasury Regulations promulgated thereunder) of the Company have been operated in material compliance with Section 409A of the Code and all applicable guidance (including the Treasury Regulations) promulgated thereunder. The Company is not a party to, or otherwise obligated under, any Employee Plan that provides for the gross-up of the tax imposed by Section 409A(a)(1)(B) of the Code.

(k) No payment or benefit provided pursuant to any Employee Plan, including the grant, vesting or exercise of any equity-based award, will or may provide for the deferral of compensation subject to Section 409A of the Code, whether pursuant to the execution and delivery of this Agreement or the consummation of the Transactions (either alone or upon the occurrence of any additional or subsequent events) or otherwise. The Company is not a party to, or otherwise obligated under, any Employee Plan that provides for the gross-up of the tax imposed by Section 409A(a)(1)(B) of the Code. The execution and delivery of this Agreement by the Company and the consummation of the transactions contemplated by this Agreement and the Related Agreements will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any Employee Plan or Contract that will or may result in any payment of deferred compensation which will not be in compliance with Section 409A of the Code.

(l) The Company has no employees who are providing services at a location which are subject to the Laws of any jurisdiction outside of the United States.

(m) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any other event, such as individual's termination of employment) constitute an event under any Employee Plan that will or may result in (A) any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any employee of the Company or any member of the Company's "Controlled Group" and (B) any payment, vesting of benefits or compensation or provision of benefits or compensation which could be characterized as or deemed to be a "parachute payment", within the meaning of Code Section 280G(b)(2). There is no Employee Plan, contract, plan or arrangement to which the Company (or any member of its Controlled Group) is a party or by which it is bound, that requires the Company (or any member of the its Controlled Group) to compensate any employee, former employee or any person providing services to the Company (or any member of its Controlled Group) for excise taxes paid pursuant to Code Section 4999.

Section 4.13. Personnel; Labor Relations.

(a) Schedule 4.13 lists the name of each employee of the Company ("***Employee***") and, with respect to each such Employee, his or her: (i) work location; (ii) position; (iii) hire date; (iv) classification (i.e., exempt or non-exempt); (v) rate of compensation (base salary or hourly rate of pay); (vi) bonus (or commission) opportunity; and (vii) visa or green card status.

(b) The Company is not a party to or bound by any collective bargaining or labor contract, voluntary recognition agreement or other binding commitment to any labor union, trade union, works council or employee organization in respect of any of its employees. There are not currently, and in the five (5) years preceding the date hereof there have not been, nor are there now threatened, any: (i) strikes, work stoppages, slowdowns, lockouts or arbitrations; or (ii) employee or union grievances, claims, charges, unfair labor practice charges, grievances or complaints or other labor disputes with respect to the Company. During the five (5) years preceding the date hereof, none of the employees of the Company is or has been represented by any labor union or other employee collective bargaining organization, was a party to, or bound by, any labor or other collective bargaining agreement in connection with such employment or has been subject to or involved in, or threatened, any union elections, petitions or other organizational or recruiting activities, nor are any such labor organizing activities now pending or threatened against the Company.

(c) The Company is in compliance in all material respects with all applicable Laws relating to employment or termination of employment, including those related to wages, hours, compensation, terms and conditions of employment, workplace health and safety, discrimination or harassment, retaliation, human rights, pay equity, notice of termination, classification of workers (i.e., as employees versus independent contractors, or as exempt versus non-exempt employees), immigration, collective bargaining and the payment and withholding of taxes and other sums as required by the appropriate Governmental Entity. The Company has paid in full to all employees, or adequately accrued for in accordance with GAAP consistently, applied all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees through the pay period preceding the date hereof. Other than as set forth in Schedule 4.13(c), there is no claim with respect to employment or termination of employment, or payment of wages, salary or overtime pay that has been asserted or is now pending or threatened before any Governmental Entity, and no audit or investigation by any Governmental Entity is currently pending or threatened. The Company has no liability, whether direct or indirect, absolute or contingent, including any obligations under any Employee Plans, with respect to any misclassification of a Person performing services as an independent contractor or consultant rather than as an employee. To the knowledge of the Company, no group of employees and no key employee, manager or executive has any current plans to terminate employment in connection with the Closing.

Section 4.14. Environmental Compliance.

(a) The Company is in compliance, in all material respects, with all applicable Environmental Laws. The Company does not possess any Environmental Permits for the operation of the Business. There is no Environmental Claim pending or threatened against the Company.

(b) The Company has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, released or exposed any Person to any Hazardous Substances or owned, used or operated any property or facility (and no such property or facility is contaminated by any Hazardous Substance), so as to give rise to any Environmental Claim.

(c) Without limiting the generality of the foregoing, the Company has no outstanding legal or contractual obligation under any applicable Environmental Law, or any unresolved enforcement action, Liability or other Proceeding pursuant to any Environmental Law, including any outstanding investigation, cleanup, removal, response activity, remediation, or corrective action obligation under any applicable Environmental Law or any outstanding indemnification obligation owed to any third party under any applicable Environmental Law relating to the Leased Real Property, any formerly owned real property, any formerly owned, used or operated property, or any offsite disposal location.

(d) Neither this Agreement nor the consummation of the transactions contemplated hereby will result in any obligations for site investigation or cleanup, or notification to or consent of any governmental entity or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental Laws.

(e) There are no current or any abandoned or former underground storage tanks (USTs) located at any real property owned, used or operated by the Company and any such USTs that do exist are in compliance with applicable Environmental Laws.

Section 4.15. Licenses and Permits. The Company has obtained and maintained, and currently maintains, in full force and effect all Licenses and Permits required to operate the Business as presently conducted in the Ordinary Course of Business and as currently proposed to be conducted, each of which is set forth on Schedule 4.15. To the Knowledge of the Company, the consummation of the transactions contemplated hereby shall not give any Governmental Entity the right to terminate any of the Licenses and Permits or the conduct of the Business or require any amendments, registration, or renewal of any such Licenses and Permits. The Company is in compliance in all material respects with all terms, conditions and requirements of all Licenses and Permits and no Proceeding is pending or threatened relating to the revocation or limitation of any of such Licenses or Permits.

Section 4.16. Insurance. Schedule 4.16 sets forth a list of all policies of title, liability, fire, casualty, business interruption, workers' compensation and all other forms of insurance (including self-insurance arrangements) (collectively, the "***Policies***" and individually, each a "***Policy***") insuring the properties, assets or other operations of the Company. A true, correct and complete copy of each Policy has been made available to the Purchaser. Each of the Policies is in full force and effect. The Company is not in default under any provisions of any Policy, and the Company has not received notice of cancellation of any Policy. There is no claim by the Company pending under any Policy as to which coverage has been denied or disputed by the underwriters of any Policy. The Company has not received any notice from or on behalf of any insurance carrier issuing any Policy that insurance rates therefor shall hereafter be materially increased or that there shall hereafter be a cancellation or an increase in a deductible (or a material increase in premiums in order to maintain an existing deductible) or non-renewal of any Policy.

Section 4.17. Payment Card Standards. The Company and its Subsidiaries have collected, stored, maintained, used, shared and processed Personal Information in material compliance with all Applicable Privacy and Data Security Laws and have taken commercially reasonable steps to protect against any anticipated or actual threats or hazards to the security or integrity of Personal Information, and from the loss of Personal Information. Company's and its Subsidiaries' practices, policies and procedures with regard to payment instrument information are in material compliance with all rules, regulations, standards and guidelines adopted or required (i) by all payment card brands that are accepted as a form of payment by, or whose instrument information is otherwise handled by, Company, and (ii) by the Payment Card Industry Security Standards Council, in either case relating to privacy, data security or the safeguarding, disclosure or handling of payment instrument information, including but not limited to (1) the Payment Card Industry Data Security Standards, (2) the Payment Card Industry's Payment Application Data Security Standard, (3) the Payment Card Industry's PIN Transaction Security requirements, (4) Visa's Cardholder Information Security Program and Payment Application Best Practices, (5) American Express's Data Security Operating Policy, (6) MasterCard's Site Data Protection Program and POS Terminal Security program, and (7) the analogous security programs implemented by other card brands, in each case referenced in this sentence as they may be amended from time to time (collectively referred to herein as the "***PCI Requirements***"). Other than as set forth on Schedule 4.17, neither Company nor its Subsidiaries have suffered a breach of Personal Information that was required to be reported to a data subject or a data owner or licensee pursuant to any Applicable Privacy and Data Security Laws or any other Applicable Laws. Company and its Subsidiaries have written agreements with each third party service provider or partner having access to Personal Information requiring compliance with Applicable Privacy and Data Security Laws, including the PCI Requirements to the extent applicable. Company and its Subsidiaries maintain records of their customers' communications preferences, such as opt-ins and opt-outs for various forms of direct marketing, behavioral advertising, and customer tracking, sufficient for Company and its Subsidiaries to honor such preferences and comply with all Applicable Privacy and Data Security Laws. The Company and its Subsidiaries are and have always been in compliance with their published privacy policies.

Section 4.18. Contracts and Commitments. Schedule 4.18 contains a list of all of the following Contracts (collectively, the "***Material Contracts***"):

(a) each employment agreement and consulting agreement (which requires payment in excess of $50,000 on an annual basis) currently in effect, along with all bonus, profit-sharing, percentage compensation, deferred compensation, pension, welfare, retirement, stock purchase or stock option plans or other Contracts with or relating to the Personnel of the Company; further, the Company is not party to any employment agreements other than at-will employment agreements;

(b) each Contract currently in effect with a customer representing annual revenues in excess of $100,000;

(c) Contracts currently in effect evidencing any Debt of the Company, including Contracts for the repayment or borrowing of money by the Company, or for a line of credit (including credit card agreements), as well as guarantees of, indemnification for or agreements to acquire any obligations of others, and all security or pledge agreements related thereto;

(d) Contracts currently in effect relating to any joint venture, partnership, strategic alliance or sharing of profits or losses with any Person to which the Company is a party or by which it or any of its assets is bound;

(e) Contracts currently in effect that evidence or relate to any obligations of the Company with respect to the issuance, sale, repurchase or redemption Equity Securities;

(f) Contracts that relate to any Proceeding involving the Company at any time during the last four years;

(g) Contracts relating to the acquisition or disposition of any Equity Securities, business or product line of any other Person pursuant to which any economic obligations (whether or not contingent) remain outstanding;

(h) Contracts currently in effect that contain covenants limiting the freedom of the Company to compete in any business in any material respect or in any geographic area;

(i) Contracts currently in effect with respect to any Intellectual Property owned or licensed by the Company;

(j) Contracts currently in effect pursuant to which the Company has granted any exclusive agency, marketing, sales representative relationship or distribution right to any third party;

(k) Contracts currently in effect providing for capital expenditures by the Company in excess of $25,000;

(l) Contracts currently in effect that require the Company to make other payments equal to more than $25,000 in any calendar year; and

(m) Contracts currently in effect not made in the Ordinary Course of Business.

The Company has made available to the Purchaser true, correct and complete copies of all Material Contracts. All of the Material Contracts are in full force and effect. Neither the Company, nor any other party thereto, has breached any material provision of, or is in material default under the terms of does any condition exist which (with or without due notice or the passage of time, or both), would cause the Company or any other party to be in default under any of the Material Contracts. Except as set forth on Schedule 4.188, the consummation of the transactions contemplated by this Agreement shall not afford any other party the right to terminate any such Material Contract or require notice to or consent of any Person party to a Material Contract, or result in any increase or acceleration of any obligation under any Material Contract or the payment by the Company of any amount under any Material Contract.

Section 4.19. Customers and Suppliers.

(a) Schedule 4.19(a) sets forth a list of the names of the Company's top ten (10) customers for the twelve-month period ended December 31, 2017, based on total revenues for such period. Since December 31, 2017, no customer set forth on Schedule 4.19(a) has terminated or adversely modified its relationship with the Company.

(b) Schedule 4.19(b) sets forth a list of the names of the Company's top ten (10) suppliers for the twelve-month period ended December 31, 2017 based on the dollar amount of expenditures by the Company for such period. Since December 31, 2017, no supplier set forth on Schedule 4.19(b) has terminated or adversely modified its relationship with the Company.

(c) Since December 31, 2017, there has been no written communication from any customer set forth on Schedule 4.19(a) or any supplier set forth on Schedule 4.19(b) that would lead the Company reasonably to believe that such customer or supplier, as applicable, is planning to terminate or materially reduce or modify the terms of its business relationship with the Company.

Section 4.20. Compliance with Law.

(a) The Company is in compliance in all material respects with all applicable Laws. The Company is not in default or violation with respect to any order, writ, judgment, award, injunction or decree of any Governmental Entity or arbitrator applicable to it, or any of its assets. The Company has not received, at any time during the prior four (4) years from the date of this Agreement, any written notice from any Governmental Entity regarding any actual, alleged, or potential violation of, or failure to comply with, any term or requirement of any Law applicable to the Company.

(b) Neither the Company nor any of its managers, directors, officers, equity holders, agents and employees has: (i) used any organizational funds of the Company for unlawful contributions, gifts, entertainment or other unlawful expenses related to political activity, (ii) made any unlawful payments to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (iii) made or received any other payment prohibited under any applicable Law. Neither the Company, nor any of its managers, directors, officers, equity holders, nor, to the Knowledge of the Company, any of its or their respective agents or employees, is or has been the subject of any investigation, inquiry or enforcement proceeding by any Governmental Entity regarding any offense or alleged offense under anti-bribery, anti-corruption or anti-fraud legislation in any jurisdiction and no such investigation, inquiry or proceedings has been threatened.

Section 4.21. Litigation. Except as set forth on Schedule 4.211, (a) there are no Proceedings pending or threatened by or against the Company or any of its assets or Personnel (with respect to Personnel, in such individual's capacity as such), (b) there are no unsatisfied judgments of any kind against or in favor of the Company or any of its assets or Personnel (with respect to Personnel, in such individual's capacity as such), and (c) neither the Company nor any of its Personnel (with respect to Personnel, in such individual's capacity as such) is subject to any outstanding judgment, order, or decree of any court or Governmental Entity. The Company is not currently planning to initiate any Proceeding. Except as set forth on Schedule 4.21, there are no currently existing events, facts or circumstances which could reasonably be expected to form the basis for any Proceeding or order, or decree of any court or Governmental Entity by or against the Company, or any of its Personnel (with respect to Personnel, in such individual's capacity as such).

Section 4.22. Title to and Sufficiency of Assets and Related Matters. The Company has good and marketable title to all of the respective assets owned by it and reflected on the Financial Statements, free and clear of all Encumbrances (other than Permitted Encumbrances), except as disposed of since December 31, 2017 in the Ordinary Course of Business. The equipment currently used in the Business is in reasonable working order. The assets and properties owned and leased by the Company comprise all the assets and properties that are necessary or advisable for the operation of the Business as presently conducted and as presently contemplated to be conducted without restriction, interruption or limitation, other than any restriction or limitation under any applicable Law.

Section 4.23. Broker's and Finder's Fees. No broker, finder or other Person is entitled to any commission or finder's fee in connection with this Agreement or with the transactions contemplated by this Agreement as a result of any actions or commitments of the Company.

Section 4.24. Affiliate Transactions. Except as disclosed on Schedule 4.13 or Schedule 4.24, the Company is not presently a party to any Contract with any owner, equity holder, manager, director, officer or employee of the Company (or any relative or other Affiliate of such persons), nor does any of the foregoing have any interest in any of the properties or assets owned or used by the Company in connection with the operation of the Business. The Company does not provide or cause to be provided any assets, services, or facilities to any Seller or any manager, director, officer, employee or Affiliate (other than the Company) of any Seller.

Section 4.25. Inventory. Except as disclosed on Schedule 4.25, all items of inventory reflected on the Financial Statements or acquired after December 31, 2017 and prior to the Closing Date consist of a quality and quantity usable and saleable in the Ordinary Course of Business except for obsolete items and work-in-process goods, all of which have been written off or written down to current fair market value on the Financial Statements or on the accounting records of the Company as of December 31, 2017, as the case may be.

Section 4.26. Product Matters. With respect to the Company Products, the Company does not have any liability, whether based on strict liability, gross negligence, breach of Contract or otherwise, with respect to any product, component or other item designed, manufactured, distributed, assembled, produced, leased or sold by the Company to others, other than standard warranty obligations (to replace, repair, or refund) made by the Company in the Ordinary Course of Business consistent with past practice to the purchasers of its products. Schedule 4.26 sets forth true, correct and complete copies of the standard terms and conditions of sale for each of the products or services of the Company. Since January 1, 2015, the Company has not received notice as to any claim or allegation of any material defect or material failure of any product, of personal injury, death, or property or economic damages, any claim for punitive or exemplary damages, any claim for contribution or indemnification, or any claim for injunctive relief in connection with any product sold or distributed by, or in connection with any service provided by, or based on any error or omission or negligent act in the performance of services by, the Company, and there is no basis for any such claim and no such claim is threatened. Schedule 4.26 completely and correctly describes all such claims since January 1, 2015, together in each case with the date such claim was made, the amount claimed, the disposition or status of such claim (including settlement or judgment amount), and the amount of attorney's fees incurred in connection with such claim. The Company has not had a product recall.

Section 4.27. Bank Accounts. Schedule 4.27 sets forth a list of all of the bank accounts, investment accounts, safe deposit boxes, lock boxes and safes held by, or in the name of, the Company, and the names of all managers, directors, officers, employees or other individuals who have access thereto or are authorized to make withdrawals therefrom or dispositions thereof.

Section 4.28. Plans and Designs. True, correct and complete copies of the plans, designs, test reports, other reports, specifications, description and manuals relating to the products and services sold, provided or otherwise distributed by the Company (such products and services, "***Company Products***" and such plans, designs, test reports, other reports, specifications, descriptions and manuals, collectively the "***Product Plans***") have been provided to the Purchaser.

Section 4.29. Privacy.

(a) Schedule 4.29 sets forth a list of all Personal Information held by the Company. The Company undertakes commercially reasonable efforts to adequately secure all Personal Information held by the Company.

(b) The Company has not received any notice of any claims, investigations, or alleged violations of Law with respect to Personal Information possessed by or otherwise subject to the control of the Company, and there are no facts or circumstances which could form the basis for any such violation.

(c) To the Knowledge of the Company, there have been no data breaches involving any Personal Information of any of the Company's customers, suppliers or employees.

Section 4.30. Full Disclosure. No representation, warranty, covenant or agreement made by any Seller in this Agreement or in any Related Agreements contains any false or misleading statement of a material fact, or omits any material fact required to be stated therein or necessary in order to make the statements therein not false or misleading.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to each of the Sellers that the statements contained in this Article V are true, correct and complete as of the date hereof.

Section 5.01. Organization; Power. The Purchaser is a limited liability company duly organized, validly existing, and in good standing under the Laws of the State of Delaware and has all requisite limited liability company power and authority to own its properties and assets and to conduct its business as it is now conducted.

Section 5.02. Title to the Jacoby Interests. The issuance of the Jacoby Interests to each Seller is duly authorized in compliance with the Purchaser's Governing Documents and all applicable securities Laws. Once issued, each Seller shall possess their respective Jacoby Interests free and clear of all Encumbrances or any restrictions on transfer other than as set forth in the Purchaser's Governing Documents, under the Securities Act, or under applicable state securities Laws.

Section 5.03. Authorization and Validity of Agreement. The Purchaser has all requisite limited liability company power and authority to enter into this Agreement and each of the Related Agreements to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the Related Agreements to which it is a party and the performance of the obligations of the Purchaser hereunder and thereunder have been duly authorized by all necessary limited liability company action of the Purchaser, and no other limited liability company proceedings on the part of the Purchaser are necessary to authorize the execution, delivery or performance of this Agreement and each of the Related Agreements to which it is a party. This Agreement and each of the Related Agreements to which it is a party has been duly executed and delivered by the Purchaser and constitutes the Purchaser's valid and binding obligation, enforceable against the Purchaser in accordance with its terms and conditions, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditor's rights generally or by general principles of equity (whether applied in a proceeding at law or equity).

Section 5.04. No Conflict or Violation. The execution, delivery and performance of this Agreement and each of the Related Agreements to which it is a party by the Purchaser does not and shall not: (a) violate or conflict with any provision of its Governing Documents; (b) violate in any material respect any applicable provision of Law; or (c)(i) require any consent or approval or (ii) violate or result in a breach of or constitute (with or without due notice or the passage of time, or both) a default under any judicial consent, order or decree or any Contract to which the Purchaser is a party or by which it or any of its assets or properties are bound.

Section 5.05. Consents and Approvals. No consent, waiver, authorization or approval of any Governmental Entity, or of any other Person, or declaration to or filing or registration with any Governmental Entity, is required in connection with (a) the execution and delivery of this Agreement or any of the Related Agreements by the Purchaser, or any agreement, document or instrument contemplated hereby or thereby by the Purchaser, or (b) the performance by the Purchaser of its obligations hereunder or thereunder.

Section 5.06. Broker's and Finder's Fees. No broker, finder or other Person is entitled to any commission or finder's fee in connection with this Agreement or the transactions contemplated by this Agreement as a result of any actions or commitments of the Purchaser or its Affiliates.

Section 5.07. Independent Investigation. Purchaser acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser has relied solely upon its own investigation and the express representations and warranties of Sellers and Company set forth in Articles III and IV of this Agreement (including the related portions of the Disclosure Schedules) and (b) none of the Sellers, the Company, or any other Person has made any representation or warranty as to the Seller, the Company, or this Agreement, except as expressly set forth in Articles III and IV of this Agreement (including the related portions of the Disclosure Schedules).

ARTICLE VI
INDEMNIFICATION; SURVIVAL

Section 6.01. Indemnification By the Sellers.

(a) Subject to the applicable provisions of this Article VI and the last paragraph of this Section 6.01, the Sellers shall, jointly, but not severally, indemnify and hold harmless the Purchaser and its successors and assigns, members, directors, managers, partners, Personnel, representatives and agents, and those of its Affiliates (including the Company, on and after the Closing Date) (collectively, the "***Purchaser Indemnified Parties***"), from and against any and all Indemnity Losses directly or indirectly arising from:

(i) any misrepresentation or breach of any warranty regarding the Company contained in this Agreement or any Related Agreement, including, without limitation, as set forth in Article IV;

(ii) (x) any Taxes (or the non-payment thereof) of the Company, for any Pre-Closing Tax Period (including that portion of any Straddle Period ending on the Closing Date, apportioned in accordance with Section 7.03(b)); and (y) any Taxes of any Person imposed on the Company, as transferee or successor, by Contract, pursuant to any Law (including Treasury Regulation Section 1.1502-6 or any analogous or similar state, local or foreign law or regulation) or otherwise, which Taxes relate to an event or transaction occurring before the Closing;

(iii) the presence of Hazardous Substances at, on or beneath the real property that are within the Company's possession, use or control on or before the Closing Date or any Environmental Claims existing, or based upon circumstances or conditions existing, on or before the Closing Date;

(iv) any claim based on actual fraud or willful misconduct by or on behalf of the Company arising out of factors or circumstances existing prior to or as of the Closing; and/or

(v) the matters set forth on Schedule 6.01.

(b) Notwithstanding anything to the contrary contained herein, each Seller shall individually and not jointly with the other Sellers indemnify the Purchaser Indemnified Parties for any Indemnity Loss arising from:

(i) any misrepresentation or breach of any warranty of such Seller regarding such Seller contained in this Agreement or any Related Agreement, including, without limitation, as set forth in Article III;

(ii) any breach or failure to perform by such Seller of such Seller's respective covenants, obligations or agreements contained in this Agreement or any Related Agreement;

(iii) any Taxes (or non-payment thereof) of such Seller, including such Seller's share of Transfer Taxes under Section 7.02; and/or

(iv) any claim based on actual fraud or willful misconduct by or on behalf of such Seller.

Section 6.02. Indemnification by the Purchaser. The Purchaser shall indemnify and hold harmless the Sellers (and each of them) and their respective successors, assigns, heirs, representatives and agents (collectively, the "***Seller Indemnified Parties***") from and against any and all Indemnity Losses directly or indirectly arising from or relating to (a) any misrepresentation or breach of any warranty of the Purchaser contained in this Agreement, or (b) any breach or failure to perform by the Purchaser of any of its covenants or obligations contained in this Agreement.

Section 6.03. Indemnification Notice; Litigation Notice.

(a) If a party believes that it has suffered or incurred any Indemnity Loss for which it is entitled to indemnification pursuant to Section 6.01 or Section 6.02 (such party, the "***Claimant***"), such Claimant shall notify, as the case may be, (i) the Purchaser, in the event such Claimant is a Seller Indemnified Party, or (ii) the Seller Representative, in the event such Claimant is a Purchaser Indemnified Party, promptly in writing (x) identifying the party or parties which such Claimant believes has or have an obligation to indemnify (the "***Indemnifying Party***") and (y) describing such Indemnity Loss in reasonable detail, including the amount thereof, if known (or estimated amount as necessary) (such written notice, the "***Indemnification Notice***"). If any Proceeding is instituted by a third party against the Claimant with respect to which the Claimant intends to claim any Liability or expense as an Indemnity Loss under this Article VI (a "***Third Party Claim***"), such Claimant shall promptly notify the Indemnifying Party in writing of such Third Party Claim describing such Indemnity Loss in reasonable detail, including the amount thereof, if known (or estimated amount as necessary) (such written notice, a "***Litigation Notice***"). For the avoidance of doubt, in the event that a Third Party Claim arises prior to the time an Indemnification Notice is issued by a Claimant, the Indemnification Notice and Litigation Notice may be combined into a single notice so long as such notice contains the information required in both an Indemnification Notice and a Litigation Notice. Notwithstanding the foregoing, the failure or delay to notifying the Indemnifying Party of any Indemnity Loss or Third Party Claim shall not affect the Claimant's rights or the Indemnifying Party's obligations hereunder, except to the extent that the Indemnifying Party demonstrates that it was materially and adversely prejudiced thereby.

(b) If a claim is one that is asserted directly by the Claimant against an Indemnifying Party, within thirty (30) calendar days after receipt of the applicable Indemnification Notice, the Indemnifying Party shall, by written notice to the Claimant (a "***Claim Response***"), either concede or deny liability for the claim set forth in such Indemnification Notice. If an Indemnifying Party shall deny liability, in whole or in part, such Claim Response shall be accompanied by a reasonably detailed description of the basis for such denial. If an Indemnifying Party fails to deliver a Claim Response within such thirty (30) calendar day period by 5:00 p.m., Eastern time, on the last day of such period, such Indemnifying Party shall be deemed to have conceded, subject only to the limitations set forth herein, the entire amount of such claim and, subject to the limitations set forth in this Article VI, the Claimant shall be entitled to the entire amount of such Indemnity Loss. If an Indemnifying Party denies liability for a claim, in whole or in part, the Purchaser and the Seller Representative shall attempt to resolve such dispute as promptly as possible. If the Purchaser and the Seller Representative fail to resolve such dispute within thirty (30) calendar days after receipt of the Claim Response corresponding to such dispute, any party may commence appropriate legal proceedings in order to obtain a final judgment of a court of competent jurisdiction that is not subject to further appeal as provided in Section 8.12.

Section 6.04. Defense of Third Party Claims. Upon receipt of a Litigation Notice, the applicable Indemnifying Party shall have thirty (30) calendar days after receipt of a Litigation Notice to notify the Claimant in writing that it elects to conduct and control any Proceeding with respect to an identifiable claim (the "***Election Notice***") with legal counsel reasonably satisfactory to the applicable Indemnified Parties so long as the Third Party Claim (i) seeks solely money damages (and not injunctive or other equitable relief) and, in the event that the Seller Representative, a Seller, or any of their respective Affiliates would be the Indemnifying Party, (ii) will have no continuing material adverse effect on the Business or the Company. In the event the Indemnifying Party so assumes the conduct and control of any such Third Party Claim, such assumption of the conduct and control by the Indemnifying Party shall conclusively establish for purposes of this Agreement that all Indemnity Losses incurred by the Indemnified Parties in connection with such Third Party Claim are within the scope of and subject to indemnification hereunder. If the Indemnifying Party does not give the foregoing Election Notice during such thirty (30) day period, then the Claimant shall have the right (but not the obligation) to defend, contest, settle or compromise such Third Party Claim in the exercise of its reasonable discretion. If the Indemnifying Party timely gives the foregoing Election Notice, then the Indemnifying Party shall have the right to undertake, conduct and control, at the Indemnifying Party's sole reasonable cost and expense, the conduct and settlement of such Third Party Claim, and the Claimant shall cooperate, at the Indemnifying Party's sole reasonable cost and expense, including by providing reasonable access during regular business hours to records and Personnel of the Company, as applicable, to the Indemnifying Party in connection therewith; *provided*, *however*, that (a) the Indemnifying Party shall permit the Claimant to participate in such conduct or settlement through legal counsel chosen by the Claimant, but the fees and expenses of such legal counsel shall be borne solely by the Claimant, and (b) the Indemnifying Party shall not have authority to compromise or settle any such claim without the prior written consent of the Claimant; *provided*, *however* that Claimant's consent shall not be unreasonably withheld, conditioned or delayed if such compromise or settlement (1) contains an unconditional release from all Liability of the Claimant and its Affiliates with respect to such Third Party Claim, (2) does not result in any Liability to or equitable relief against the Claimant and its Affiliates, (3) would not restrict the future activity of the Claimant or any of its Affiliates and (4) would not result in the admission or finding of a violation of Law by the Claimant or any of its Affiliates.

Section 6.05. Survival.

(a) Claims for indemnification under Section 6.01(a)(i), 6.01(b)(i), and 6.01(b)(ii) shall only be valid to the extent that such claims are made prior to the twelve (12) month anniversary of the Closing Date. If a Indemnification Notice or Litigation Notice is provided with respect to such claim prior to the expiration of such period, then the applicable representations and/or warranties shall survive only as to such claim until such claim has been fully resolved.

(b) Claims arising under the other provisions of Section 6.01, including, without limitation, Section 6.01 (a)(v), or from any breach of the Fundamental Representations may be made up to the applicable statute of limitation for such claim, without limitation.

(c) Claims arising from any breach of Section 4.14 (the "***Environmental Representations***") may be made until the six (6) year anniversary of the Closing Date.

Section 6.06. Additional Indemnification Provisions.

(a) The Sellers indemnity obligations for Indemnified Losses arising under Section 6.01(a)(i), shall not exceed $5,000,000 (the "***Indemnification Cap***"); *provided*, *however*, that the Indemnification Cap shall not apply to indemnification for Indemnified Losses the Purchaser Indemnified Party may suffer resulting from, arising out of, relating to, the breach or alleged breach of any of the following (the "***Specified Provisions***"); (i) the Fundamental Representations; (ii) the Environmental Representations, (iii) the items set forth on Schedule 6.01 or (iv) the covenants of the Sellers contained in this Agreement, and no such Damages shall be taken into account to determine whether the Indemnification Cap has been exceeded with respect to claims for Indemnification not referred to in this proviso. Notwithstanding the foregoing, Sellers' indemnity obligations for Indemnified Losses under the indemnification provisions of the Specified Provisions shall not exceed $10,000,000 if such claim is made prior to the twelve (12) month anniversary of the Closing Date and shall not exceed $5,000,000 if any such claim is mad thereafter and through the applicable survival period as set forth in Section 6.05(b).

(b) No Indemnifying Party shall be required to indemnify applicable Indemnified Parties for Indemnity Losses arising under Section 6.01(a)(i) or Section 6.02(a), as applicable, unless and until, and only to the extent that the aggregate amount of all such Indemnity Losses for which such Indemnified Parties are otherwise entitled to indemnification pursuant to this Article VI exceeds an amount equal to $50,000 (the "***Aggregate Minimum Loss***"), following which the Indemnified Parties shall be entitled to recover all of their respective Indemnity Losses, subject to the provisions set forth in subsection (b) below; *provided*, *however*, that the limitations in this Section 6.06(a) shall not apply to Indemnity Losses from claims for indemnification arising out of the Specified Provisions.

(c) For purposes of this Article VI, any inaccuracy in or breach of any representation or warranty (and any Indemnity Losses arising therefrom or related thereto) shall be determined without regard to any materiality, "***Material Adverse Effect***" or similar qualification contained in or otherwise applicable to such representation or warranty.

Section 6.07. Special Rule for Fraud. Notwithstanding anything to the contrary contained in this Agreement, in the event of any breach of a representation or warranty by any party hereto that constitutes a criminal, fraudulent, or otherwise intentionally wrongful action or omission, by or on behalf of any Seller, on the one hand, or the Purchaser, on the other hand, then (a) such representation or warranty shall survive indefinitely, and (b) the limitations set forth in Section 6.06, as applicable, shall not apply to any Indemnity Loss that the Purchaser Indemnified Parties with respect to the Seller that committed the fraud or the Seller Indemnified Parties, as the case may be, may suffer, sustain or become subject to, as a result of, arising out of, relating to or in connection with any such breach.

Section 6.08. Sole Remedy. Subject to Section 7.08, the right to indemnification under this Article VI, subject to all of the terms, conditions and limitations hereof, shall constitute the sole and exclusive right and remedy available to any party hereto (or any specified third party) for any actual or threatened breach of this Agreement, and none of the parties hereto shall initiate or maintain any Proceeding against any other party hereto which is directly or indirectly related to any breach or threatened breach of this Agreement, except that any party may pursue legal or equitable relief against any other party for any claim based upon fraud or intentional misconduct by or on behalf of the party that committed such fraud or intentional misconduct. The foregoing shall not limit the rights of a party to seek or obtain injunctive relief based upon the actual breach of any covenant contained herein and/or to enforce each of the covenants contained herein, pursuant to the terms of this Agreement (including pursuant to Section 7.08).

Section 6.09. Determination of Loss Amount. The amount of any and all Indemnified Losses under this Article VI will be determined net of any amounts actually recovered by any Indemnified Party or any of such of Indemnified Party's Affiliate or pursuant to any insurance policy or title insurance policy pursuant to which or under which such Indemnified Party or such Indemnified Party's Affiliates is a party or has rights (collectively, "***Alternative Arrangements***") less any Losses incurred in obtaining the amount recovered under such Alternative Arrangements.

Section 6.10. Mitigation. Each Indemnified Party entitled to indemnification hereunder will take commercially reasonable steps to mitigate all Losses after becoming aware of any event which could reasonably be expected to give rise to any Indemnified Losses that are indemnifiable or recoverable hereunder or in connection herewith. In the event that an Indemnifying Party makes any payment to any Indemnified Party for indemnification for which such Indemnified Party could have collected on a claim against a third party (including under any contract and any insurance claims), such Indemnifying Party will be entitled to pursue claims and conduct litigation on behalf of such Indemnified Party and any of its successors, to pursue and collect on any indemnification or other remedy available to such indemnified party thereunder with respect to such claim and generally to be subrogated to the rights of such Indemnified Party. Except pursuant to a settlement agreed to by the Indemnifying Party, the Indemnified Party will not waive or release any contractual right to recover from a third party any loss subject to indemnification hereby without the prior written consent of such Indemnifying Party. The Indemnified Party will, and will cause its Affiliates (including the Company if the Company is an Affiliate) to, cooperate with the Indemnifying Party, at such Indemnifying Party's expense, with respect to any such effort to pursue and collect with respect thereto. Notwithstanding the provisions of this Section 6.10 or the foregoing Section 6.09, in no event shall an Indemnified Party be obligated to seek recovery for all or any portion of any Indemnified Losses from any third party, including, without limitation, under any Alternative Arrangement, as a condition to obtaining damages from the applicable Indemnifying Party.

Section 6.11. Adjustments to Contribution Consideration. Except as required by applicable Law, all indemnification payments under this Article VI shall be treated as an adjustment to the Contribution Consideration for all Tax purposes.

ARTICLE VII
OTHER AGREEMENTS

Section 7.01. Confidential Information.

(a) Each Seller acknowledges and agrees that the Confidential Information of the Company is an asset that the Purchaser will acquire pursuant to this Agreement. For purposes of this Agreement, "Confidential Information" shall mean the Company's trade secrets, other Intellectual Property and other information regarding the Company, the Business and the other business operations of the Company, which information: (i) was used in the Business and was proprietary to, about or created by the Company (including the Company's Personnel) for use in the Business; (ii) is used in the Business as of the Closing Date and is proprietary to, about or created by the Company (including the Company's Personnel) for use in the Business; (iii) is designated and/or, in fact, treated as confidential by the Company; or (iv) is not generally known by any Persons other than Personnel. Each Seller agrees to maintain the confidentiality of, and refrain from using or disclosing to any Person, all Confidential Information, except to the extent disclosure of any such information is required by Law or in connection with any claims, disputes or Proceedings against the Purchaser. Notwithstanding the foregoing, "Confidential Information" shall not include information which: (i) was in the public domain on the date hereof or comes into the public domain other than through the fault or negligence of such Seller; (ii) was or is independently developed by Seller after the Closing Date without making use of any Confidential Information; (iii) is required to be disclosed during the course of pursuing or defending indemnification claims (or the matters underlying such indemnification claims) or in connection with any disputes between the Purchaser, on the one hand, and the Sellers (or any of them), on the other hand; or (iv) is required to be disclosed pursuant to applicable Laws or regulations or the order of any court or Governmental Entity, provided that such Seller shall first notify the Purchaser and the Company of any such order and afford the Purchaser and/or the Company the opportunity to seek a protective order relating to any such disclosure.

(b) If a Seller or any of its Affiliates (other than the Company) is required by interrogatories, requests for information or documents, subpoenas or similar processes to disclose any Confidential Information, such Person shall provide the Purchaser with prompt prior written notice of such request or requirement so that the Purchaser may seek an appropriate protective order (and if the Purchaser seeks such an order, each Seller will, and will cause such Seller's representatives to, provide such cooperation, at the expense of the Purchaser, as such the Purchaser shall reasonably request). If, in the absence of a protective order, any Seller or such Seller's representative(s) is nonetheless required to disclose Confidential Information, such Seller or representative(s), as the case may be: (i) may, and will cause each of such Seller's representatives to, disclose only that portion of the Confidential Information that they are legally compelled to disclose; and (ii) shall, and shall cause each of such Seller's representatives to, at the request of the Purchaser, use its commercially reasonable efforts, at the expense of the Purchaser, to obtain assurance that confidential treatment will be accorded to such Confidential Information.

Section 7.02. Transfer Taxes. All transfer, documentary, sales, use, stamp, duty, recording, registration, value added and other such similar Taxes and fees (including any penalties, interest and additions to Tax) (collectively, "***Transfer Taxes***") incurred in connection with this Agreement and Related Agreements shall be borne and paid fifty percent (50%) by Sellers, on the one hand, and fifty percent (50%) by the Purchaser, on the other. The parties agree to cooperate in the preparation and filing of all such Tax Returns or other applicable documents for or with respect to Transfer Taxes, including timely signing and delivering such Tax Returns and documents as may be necessary or appropriate to file such Tax Returns or establish an exemption from (or otherwise reduce) Transfer Taxes.

Section 7.03. Preparation of Tax Returns; Payment of Taxes.

(a) Seller Representative shall, at Seller Representative's expense, prepare, or cause to be prepared, all income Tax Returns with respect to the Company for the Tax period ending December 31, 2017 and the Tax period ending on the Closing Date ("***Pre-Closing Income Tax Returns***"). Such Pre-Closing Income Tax Returns shall be prepared in a manner that is consistent with the prior practice of the Company, except as required by applicable Law. At least twenty (20) days prior to filing such Pre-Closing Income Tax Returns (taking into account any extension), the Seller Representative shall submit a copy of such Pre-Closing Income Tax Returns to the Purchaser for the Purchaser's review, comment and approval. Seller Representative shall revise, or cause to be revised, such Pre-Closing Income Tax Returns to reflect the Purchaser's comments to such Pre-Closing Income Tax Returns, if any, prior to filing each such Pre-Closing Income Tax Return with the applicable Governmental Entity; however, if Purchaser's revisions to such Pre-Closing Income Tax Returns increase the tax liability of Sellers by more than $25,000, Sellers may submit such revisions to the Accounting Firm for its determination of whether such revisions are required by applicable Law to be made to such Pre-Closing Income Tax Returns. The determination of the Accounting Firm shall be rendered within 30 days, and the Purchaser and Sellers' Representative agree to file such Pre-Closing Income Tax Returns consistently with such determination. The Company shall timely pay to the appropriate Governmental Entity the full amount of any Taxes due and payable by the Company with respect to such Pre-Closing Income Tax Returns. Each Seller shall pay to the Purchaser no later than five (5) business days before the due date of such Pre-Closing Income Tax Return (taking into account any extension) such Seller's allocable share (in accordance with such Seller's Percentage Interest) of the amount equal to the Taxes payable by the Company with respect to such Pre-Closing Income Tax Return.

(b) the Purchaser shall, at its expense, prepare and timely file, or cause to be prepared and timely filed, (i) all Tax Returns with respect to the Company for any Tax period ending on or prior to the Closing Date but that are required to be filed after the Closing Date (other than Pre-Closing Income Tax Returns, which are governed by Section 7.03(a) above), and (ii) any Tax Return required to be filed by the Company for a Straddle Period (a "***Straddle Period Tax Return***"). All such Tax Returns shall be prepared and filed in a manner that is consistent with the prior practice of the Company, except as required by applicable Law. With respect to Taxes of the Company relating to a Straddle Period, the parties agree that the portion of such Tax that relates to the portion of such Straddle Period ending on the Closing Date shall (i) in the case of any Taxes other than Taxes based upon or related to income, receipts, profits, wages, capital, net worth or expenses, be deemed to be the amount of such Tax for the entire Straddle Period *multiplied* by a fraction (A) the numerator of which is the number of days in the portion of the Straddle Period ending on the Closing Date and (B) the denominator of which is the total number of days in the entire Straddle Period, and (ii) in the case of any Tax based upon or related to income, receipts, profits, wages, capital, net worth or expenses, be determined as though the taxable year of the Company terminated at the close of business on the Closing Date. Each Seller shall pay to the Purchaser at least five (5) days before the filing of such Tax Return (taking into account any extension) such Seller's allocable share (in accordance with such Seller's Percentage Interest) of the portion of the Taxes shown as due on such Tax Return (or, with respect to a Straddle Period Tax Return, the portion of the Taxes shown as due on such Tax Return that relate to the portion of such Straddle Period ending on the Closing Date (as determined pursuant to this Section 7.03(b))).

(c) Without the consent of the Seller Representative, which consent shall not be unreasonably withheld, conditioned or delayed, the Purchaser shall not amend or cause to be amended any Tax Return of the Company for any Taxable period ending on or before the Closing Date unless required by applicable Law.

Section 7.04. Cooperation on Tax Matters.

(a) The parties hereto shall cooperate, and shall cause their respective representatives to cooperate, including by agreeing to furnish or cause to be furnished to the other, upon request, as promptly as practicable, such information and assistance relating to Taxes, including access to books and records, as is reasonably necessary in preparing and filing all Tax Returns, in making any election relating to Taxes, in handling audits, examinations, investigations and administrative, court or other Proceedings relating to Taxes, in resolving all disputes, audits and refund claims with respect to Tax Returns and Taxes and in all other relevant Tax matters. Any information obtained by any party or its Affiliates from another party or its Affiliates in connection with any Tax matters to which this Agreement relates shall be kept confidential, except: (i) as may be otherwise necessary (A) in connection with the filing of Tax Returns or an audit or other Proceeding relating to Taxes or as may be otherwise required by applicable Law, (B) to enforce rights under this Agreement or (C) to pursue any claim for refund or contest any proposed Tax assessment; or (ii) for any external disclosure in audited financial statements or regulatory filings which a party reasonably believes is required by applicable Law or stock exchange or similar applicable rules.

(b) Notwithstanding the provisions of Section 7.04(a), and in addition to all other obligations imposed by this Section 7.04, each of the Sellers and the Purchaser agree to give the other party reasonable written notice prior to transferring, destroying or discarding any Files and Records with respect to Tax matters and, if the other party so requests, shall allow the other party to take possession of such Files and Records.

Section 7.05. Tax Contests.

(a) the Purchaser or the Company, on the one hand, and the Sellers, on the other hand, shall promptly notify each other upon receipt by such party of written notice of any inquiries, claims, assessments, audits, proceeding or similar events with respect to Taxes or Tax Returns of the Company relating to a Pre-Closing Tax Period (any such inquiry, claim, assessment, audit, proceeding or similar event, a "***Tax Matter***").

(b) Purchaser shall have sole control of the conduct of all Tax Matters, including any conduct, control, settlement or compromise thereof; provided, however, that Purchaser shall not settle or compromise any such Tax Matter without the prior written consent of Seller Representative (not to be unreasonably withheld, conditioned or delayed).

Section 7.06. Release. Effective as of the Closing, each Seller, on behalf of itself, and such Seller's Affiliates and each of its and their respective heirs, successors and assigns (collectively, the "***Releasing Parties***"), hereby releases, acquits and forever discharges the Company, and any and all of its successors and assigns, together with all their present and former equity holders, directors, managers, officers and employees (collectively, the "***Released Parties***"), from any and all manner of claims, actions, suits, damages, demands and liabilities whatsoever in law or equity, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, which the Releasing Party ever had, has or may have against any of the Released Parties for, upon, or by reason of any matter, transaction, act, omission or thing whatsoever arising under or in connection with any of the Released Parties, from facts or circumstances existing from the beginning of time to and including the Closing Date, other than obligations arising under this Agreement or any transactions or documents contemplated thereby or executed in connection therewith.

Section 7.07. Non-Competition; Non-Solicitation. Each of the Sellers hereby acknowledges that: (i) in addition to disposing of such Seller's beneficial ownership interest in the Company as set forth in this Agreement, such Seller is selling all the goodwill of the Company associated with or attributable to the Contributed Interests; (ii) such Seller has contributed to the development of the goodwill of the Company; and (iii) the parties hereto have agreed upon the consideration for the Contributed Interests to specifically include and reflect such sale of goodwill. In consideration of the sale of such Seller's beneficial ownership in the Company, including the sale of all goodwill, and the Purchaser's agreement to issue to such Seller such Seller's allocation of Jacoby Interests (subject to the terms and conditions set forth herein), such Seller agrees that:

(a) Except as provided in this Section 7.07, during the period commencing at the Closing and up to and through the earlier of (x) the fourth (4th) anniversary of the Closing Date and (y) such date that is three (3) years after the termination of such party's applicable Consulting Agreement (the "***Restricted Period***"), neither BLP nor Clive Fleissig, whether directly or indirectly, shall for itself or himself, on behalf of or in conjunction with any other Person in any capacity (as a principal, equity holder, joint-venturer, partner, director, officer, agent, executive, consultant, contractor, employee, lender or otherwise), and such party shall cause such party's respective Affiliates not to (whether or not for pecuniary benefit) (collectively, the "***Covenanting Party***"):

(i) induce, solicit, hire, recruit or attempt to persuade any Person to terminate such Person's employment or other relationship with the Company or any of its Affiliates (collectively, "***Company Parties***") or not to establish an employment or other relationship with any Company Party, whether or not such Person is or would be an employee, consultant, contractor, manager, director, officer and/or employee, whether or not such relationship is or would be pursuant to a written or oral agreement and whether or not such relationship is for a specific period of time or is at-will, other than through general solicitations published or otherwise distributed to the public at large, not targeting nor delivered directly to, or for the ultimate receipt by, any Company Party;

(ii) employ or establish a business relationship with (or attempt to employ or establish a business relationship with), or encourage or assist any Person to employ or establish a business relationship with, any individual who is, was at any time within the six (6) month period prior to the date hereof, or will be at any time during the Restricted Period, an employee, consultant, contractor, manager, officer, director or employee of any Company Party other than through general solicitations published or otherwise distributed to the public at large, not targeting nor delivered directly to, or for the ultimate receipt by, any Company Party;

(iii) direct or engage in any act which may interfere with or materially and adversely affect, alter or change the relationship (contractual or otherwise) of any Company Party with any Person that is a Client, Prospective Client, vendor, supplier or contractor of any Company Party, or otherwise induce or attempt to induce any such Person to cease doing business, reduce or otherwise limit its business with any Company Party, in each case, to the extent such Covenanting Party has Knowledge of any such Client, Prospective Client, vendor, supplier or contractor and their relationship or interactions with any Company Party;

(iv) solicit business from any Client or Prospective Client, or do business with any Client or Prospective Client, involving the Business or any business that is directly competitive with the Business; or

(v) engage or participate in, manage, operate, be employed by, consult with, advise, or be financially interested in, any Person engaged in the Business anywhere where the Company transacts the Business during the three (3) year period immediately prior to the Closing Date (provided, however, that nothing contained in this Section 7.07 shall prevent the holding for passive investment of less than five percent (5%) of any class of equity securities of a company whose securities are publicly traded on a national securities exchange or in a national market system).

(b) For purposes of this Section 7.07, "***Client***" means a Person for whom or which any Company Party performed services or to whom or which any Company Party sold or licensed its products, during the prior twelve (12) months. "***Prospective Client***" means Persons whose business was solicited by any Company Party during the prior twelve (12) months.

(c) This Section 7.07 shall not restrict or limit a Seller from: (i) soliciting or hiring (x) any employee or former employee (1) whose employment or relationship with any Company Party was terminated at least (A) 180 days before such solicitation in the event such employment or relationship was terminated by the applicable Company Party or (B) one year before such solicitation in the event such employment or relationship was terminated by the former employee, or (2) by general solicitations not specifically directed at any such employee; or (ii) performing services for the Purchaser, the Company or any Affiliate thereof pursuant to any employment agreement to be entered into at Closing.

(d) The Sellers acknowledge that the restrictions contained in this Section 7.07 are reasonable and necessary to protect the legitimate interests of the Purchaser and its Affiliates (including the Company) and constitute a material inducement to the Purchaser to enter into this Agreement and the Related Agreements and to consummate the transactions contemplated by this Agreement and the Related Agreements. In the event that any covenant contained in this Section 7.07 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Laws in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Laws. The covenants contained in this Section 7.07 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 7.08. Remedies. (a) Each Seller acknowledges that remedies at law may be inadequate to protect the Purchaser and the Company against any actual or threatened breach of Section 7.01 or Section 7.07 by such Seller. Without limiting any other rights or remedies available to the Purchaser, the Purchaser will, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to obtain equitable relief from an actual or threatened violation of Section 7.01 or Section 7.07, including specific performance and temporary or permanent injunctive relief. To obtain any such equitable relief, the Purchaser need not post a bond or other security or prove actual damages.

Section 7.09. Seller Representative.

(a) Each Seller hereby irrevocably appoints BLP as such Seller's representative, agent and attorney in fact for and on behalf of the Sellers, and BLP is hereby the Seller Representative for all purposes under this Agreement. Without limiting the generality of the foregoing, the Seller Representative has full power and authority, on behalf of each Seller and such Seller's successors and assigns, to (i) interpret the terms and provisions of this Agreement and the Related Agreements, (ii) execute and deliver and receive deliveries of all agreements, certificates, statements, notices, approvals, extensions, waivers, undertakings, amendments and other documents required or permitted to be given in connection with the consummation of the transactions contemplated by this Agreement and any Related Agreement, (iii) receive service of process in connection with any claims under this Agreement or any Related Agreement, (iv) agree to, negotiate and enter into settlements and compromises of, assume the defense of claims, and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgment of the Seller Representative for the accomplishment of the foregoing, (v) give and receive notices and communications, (vi) take all actions necessary or appropriate in the judgment of the Seller Representative on behalf of the Sellers in connection with this Agreement, and (vii) authorize recovery by any the Purchaser Indemnified Party of claims brought by any the Purchaser Indemnified Party for Indemnity Losses.

(b) From and after the Closing, a decision, act, consent or instruction of the Seller Representative will constitute a decision of all Sellers and will be final, binding, conclusive and non-appealable upon each Seller, and the Purchaser is hereby entitled to rely upon any decision, act, consent or instruction of the Seller Representative as being the decision, act, consent or instruction of each Seller. Any notice or communication delivered by the Purchaser or any Company Party to the Seller Representative after the Closing shall, as between the Purchaser and such Company Party, on the one hand, and the Sellers, on the other hand, be deemed to have been delivered to all Sellers. The Purchaser, the Company, and each of their respective Affiliates shall be entitled to rely exclusively upon any communication or writings given or executed by the Seller Representative in connection with any claims for indemnity and shall not be liable in any manner whatsoever for any action taken or not taken in reliance upon the actions taken or not taken or communications or writings given or executed by the Seller Representative. The Purchaser, the Company, and each of their respective Affiliates shall be entitled to disregard any notices or communications given or made by the Sellers in connection with any claims for indemnity unless given or made through the Seller Representative in accordance with the provisions of this Agreement.

ARTICLE VIII
MISCELLANEOUS

Section 8.01. Public Announcements. No party to this Agreement, other than Purchaser, shall make any public announcement of the transactions provided for in, or contemplated by, this Agreement or any of the Related Agreements unless the form and substance of the announcement is agreed upon by the Purchaser at Purchaser's sole, absolute and unfettered discretion, or unless public disclosure is necessary to comply with applicable Laws, provided the Person required to make such disclosure gives Purchaser reasonable prior notice thereof and cooperates in good faith with Purchaser's efforts to prevent or limit such disclosure, and shall then only make such disclosure as is necessary to comply with the applicable Laws, as so modified, if at all, by Purchaser. The Purchaser shall not make any public announcement prior to the Closing Date without the prior consent of Sellers, which consent shall not be unreasonably withheld, conditioned or delayed. Purchaser may make any public announcement at any time following the Closing Date.

Section 8.02. Costs and Expenses. Purchaser shall at its sole cost and expense bear all expenses and costs incurred by the Parties herein in connection with this Agreement and the Related Agreements and the transactions contemplated by any of them, including the fees and disbursements of any legal counsel, independent accountants or any other Person or representative whose services have been used by the Parties.

Section 8.03. Further Assurances. From and after the date of this Agreement, the parties shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under this Agreement or any of the Related Agreements, and shall: (a) furnish upon request to each other such further information, (b) execute and deliver to each other such other documents, and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of transactions contemplated by this Agreement and the Related Agreements.

Section 8.04. Addresses for Notices, Etc.. All notices, requests, demands and other communications that are required or may be given pursuant to the terms of this Agreement shall be in writing, and delivery shall be deemed sufficient in all respects and to have been duly given, as follows: (a) on the actual date of service if delivered personally, (b) at the time of receipt of confirmation by the transmitting party if by electronic transmission, (c) at the time of receipt if given by electronic mail to the e-mail addresses set forth in this Section 8.04, *provided* that a party sending notice by electronic delivery shall bear the burden of authentication and of proving transmittal, receipt and time of receipt, or (d) on the day after delivery to a nationally recognized overnight courier service during its business hours or the Express Mail service maintained by the United States Postal Service during its business hours for overnight delivery against receipt, and properly addressed as set forth in this Section 8.04:

If to the Sellers or the Seller Representative:	Jeffrey Sherman Better Life Products, Inc. 359 Van Ness Way, Torrance, CA 90501 E-mail: Jsherman@vapornation.com With copy to: Jeffrey Sherman Better Life Products, Inc. c/o Clive Fleissig 10561 Rochester Avenue Los Angeles, CA, 90024 E-mail cfleissig@rochesteradvisors.com
With a copy to (which copy shall not constitute notice hereunder):	Royse Law Firm, P.C. 149 Commonwealth Ave. Suite 1001 Menlo Park, CA 94025 Attn: Harpreet Walia Facsimisle: (650) 813-9777 E-mail: hwalia@rroyselaw.com
If to the Purchaser:	Jacoby Holdings LLC 6501 Park of Commerce Blvd., Suite 200 Boca Raton, FL 33487 Attn: Aaron LoCascio E-mail: aaron@gnln.com
With a copy to (which copy shall not constitute notice hereunder):	Pryor Cashman LLP 7 Times Square New York, NY 10036 Attn: Jeffrey C. Johnson Facsimile: (212) 326-0118 E-mail: jjohnson@pryorcashman.com

Any party may change its address or other contact information for notice by giving notice to each other party in accordance with the terms of this Section 8.04.

Section 8.05. Headings. The Article, Section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 8.06. Construction.

(a) The parties have participated jointly in the negotiation and drafting of this Agreement and the Related Agreements, and, in the event of an ambiguity or a question of intent or a need for interpretation arises, this Agreement and the Related Agreements shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or any of the Related Agreements.

(b) Except as otherwise specifically provided in this Agreement or any of the Related Agreements (such as by use of the words "sole", "absolute discretion", "complete discretion" or words of similar import), if any provision of this Agreement or any of the Related Agreements requires or provides for the consent, waiver or approval of a party, such consent, waiver or approval shall not be unreasonably withheld, conditioned or delayed.

(c) The Disclosure Schedules referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

(d) Words of any gender used in this Agreement or any of the Related Agreements shall be held and construed to include any other gender; words in the singular shall be held to include the plural and words in the plural shall be held to include the singular, unless and only to the extent the context indicates otherwise.

(e) "Hereunder," "hereof," "hereto," "herein," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof.

(f) "Including" (and with correlative meaning "includes" or "include") means including without limiting the generality of any description preceding such term.

(g) References to documents, instruments or agreements shall be deemed to refer as well to all addenda, appendices, Exhibits, Schedules or amendments thereto.

Section 8.07. Severability. The invalidity or unenforceability of any provision of this Agreement or any of the Related Agreements shall in no way affect the validity or enforceability of any other provision of this Agreement or any of the Related Agreements. Wherever possible, each provision hereof shall be interpreted in such a manner as to be effective and valid under applicable Law. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability, without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

Section 8.08. Entire Agreement and Amendment. This Agreement and the Related Agreements, including the Exhibits and Schedules referred to and incorporated by reference herein and therein that form a part of this Agreement and the Related Agreements, contain the entire understanding of the parties with respect to the subject matter of this Agreement and the Related Agreements. This Agreement and the Related Agreements supersede all prior agreements and understandings among the parties hereto with respect to the transactions contemplated by this Agreement and the Related Agreements, including any and all letters of intent, memoranda of understanding, term sheets or the like. This Agreement may not be amended, supplemented or otherwise modified except by a written agreement executed by each of the Purchaser and the Seller Representative, and any such amendment, supplement or modification set forth in such executed written agreement shall be binding on all of the parties hereto.

Section 8.09. No Waiver; Cumulative Remedies. Except as specifically set forth herein, the rights and remedies of the parties to this Agreement are cumulative and not alternative. No failure or delay on the part of any party in exercising any right, power or remedy under this Agreement or any of the Related Agreements shall operate as a waiver of such right, power or remedy, and no single or partial exercise of any such right, power or remedy shall preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. To the maximum extent permitted by applicable Law: (a) no claim or right arising out of this Agreement or any of the Related Agreements can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party, (b) no waiver that may be given by a party shall be applicable except in the specific instance for which it is given, and (c) no notice to or demand on one party shall be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or any of the Related Agreements.

Section 8.10. Parties in Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Purchaser and each of the Sellers and their respective successors and permitted assigns and the Purchaser Indemnified Parties and the Seller Indemnified Parties under Article VI; *provided*, *however*, that the Company shall be a third party beneficiary of the covenants and agreements set forth in Sections 7.01, 7.07 and 7.08.

Section 8.11. Successors and Assigns; Assignment. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and permitted assigns. No Seller shall assign or delegate such Seller's rights or duties hereunder or under any of the Related Agreements, in whole or in part, without the prior written consent of the Purchaser. The Sellers hereby consent to the Purchaser's assignment of this Agreement and the rights hereunder to its Affiliates and to the collateral assignment of the Purchaser's rights under this Agreement and the Related Agreements to lenders of the Purchaser or its Affiliates. Any purported assignment made in contravention of this Section 8.11 shall be null and void.

Section 8.12. Governing Law; Jurisdiction and Venue. This Agreement, and all claims or causes of action (whether at law, in contract, in tort or otherwise) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance hereof, shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware. Each of the parties hereto irrevocably (a) consents to submit itself to the personal jurisdiction of the United States District Court for the Southern District of New York in the event any dispute arises out of this Agreement or any of the transactions contemplated hereby, and, in connection with any such matter, to service of process by notice as otherwise provided herein, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than in the United States Court for the Southern District of New York. Any party may make service on another party by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 8.04.

Section 8.13. Waiver of Jury Trial. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON LAW, CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

Section 8.14. Counterparts. This Agreement may be executed in multiple original, electronic or facsimile counterparts, each of which will be deemed an original, but all of which when taken together shall constitute one and the same agreement.

[Signatures Begin on Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this Contribution Agreement to be executed as of the date first written above.

THE PURCHASER

JACOBY HOLDINGS LLC

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

SELLERS

BETTER LIFE PRODUCTS, INC.

By: /s/ Jeffrey Sherman
Name: Jeffrey Sherman
Title: President

ROCHESTER VAPOR GROUP, LLC

By: /s/ Clive Fleissig
Name: Clive Fleissig
Title: Manager

SELLER REPRESENTATIVE

BETTER LIFE PRODUCTS, INC.

By: /s/ Jeffrey Sherman
Name: Jeffrey Sherman
Title: President

EXHIBIT A

Definitions

As used in this Agreement, the following terms have the meanings indicated below:

"***Accounting Firm***" means Grant Thornton LLP, or such other accounting firm of similar standing that has no preexisting relationship with any party hereto, as mutually agreed by Purchaser and Sellers' Representative.

"***Affiliate***" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with such Person, as the case may be. As used in this definition, "control" (including, its correlative meanings "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of ten percent (10%) or more of outstanding voting securities or partnership or other ownership interests, by Contract or otherwise).

"***Applicable Privacy and Data Security Laws***" means (a) all privacy, security, data collection, data protection, data sharing, direct marketing, consumer protection, location tracking, customer tracking, behavioral marketing, and workplace privacy laws, rules and regulations of any applicable jurisdiction and all then-current industry standards, guidelines and practices with respect to privacy, security, data protection, data sharing, direct marketing, consumer protection, location tracking, customer tracking, behavioral marketing, and workplace privacy, including the collection, processing, storage, protection and disclosure of Personal Information, and (b) the applicable data security and privacy policies of the Company and its Subsidiaries.

"***Business***" means the sale and distribution of tobacco vaporizers and other similar products.

"***Business Day***" means any day other than Saturday, Sunday and any day on which commercial banks in the State of New York are authorized by Law to be closed.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Contract***" means any contract, agreement, indenture, note, bond, loan, instrument, lease, conditional sale contract, mortgage, license, franchise, insurance policy, commitment or other arrangement or agreement, whether written or oral.

"***Debt***" means, with respect to any Person: (a) all indebtedness of such Person for borrowed money, amounts payable under debt or like instruments, including outstanding promissory notes or letter of credit facilities and any principal, interest, overdrafts, premiums, make whole premiums or payments, fees and prepayment, termination and other penalties and expenses with respect to the foregoing; (b) for the reimbursement of amounts drawn on any letter of credit and in respect of bankers' acceptances or similar transactions; (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person; (d) all obligations of such Person issued or assumed as the deferred purchase price of property, goods or services (including earn outs but excluding trade payables or accruals incurred in the Ordinary Course of Business); (e) all indebtedness of any other Person with respect to borrowed money, notes payable or amounts outstanding under letter of credit facilities, which amounts are secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property or assets owned by such Person, whether or not the obligations secured thereby have been assumed; (f) all guarantees, whether direct or indirect, by such Person of indebtedness of any other Person with respect to borrowed money, notes payable or amounts outstanding under letter of credit facilities; (g) all capital lease obligations that have or should have been capitalized in accordance with GAAP; (h) customer deposits and sums received in advance from customers; (i) all amounts owed by the Company to any Person under any noncompetition, bonus, and severance agreements or retirement and termination arrangements (to the extent any amounts owed pursuant to such agreements or arrangements do not become payable as a result of any action taken by the Purchaser or any of its Affiliates post-Closing), consulting or deferred compensation arrangements arising in connection with a transaction not in the Ordinary Course of Business, (including the transaction contemplated under this Agreement); (j) any Company credit card balances that are unrelated to the Business; and (k) all negative cash and obligations arising from cash/book overdrafts. For the avoidance of doubt, all of the Company's debt obligations to any Seller or other equityholder of the Company shall be considered Debt of the Company.

"***Employee Plans***" means any "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA) and each other plan, policy, program, practice, agreement, understanding or arrangement (whether written or oral) providing compensation or other benefits to any current or former director, manager, officer, employee or consultant (or to any dependent or beneficiary thereof) of the Company or any ERISA Affiliate of the Company, which is now, or was maintained, sponsored or contributed to by the Company or any ERISA Affiliate of the Company, or under which the Company or any ERISA Affiliate of the Company has or may have any obligation or liability, whether actual or contingent, including all incentive, bonus, deferred compensation, change in control, employment, severance, retirement, vacation, holiday, cafeteria, fringe benefit, medical, disability, stock purchase, sick leave, option, stock appreciation, phantom stock, restricted stock or other stock-based compensation plans, policies, programs, practices or arrangements.

"***Encumbrance***" means all liens (statutory or other), leases, mortgages, pledges, security interests, conditional sales agreements, charges, claims, options, easements, rights of way (other than easements of record) and other encumbrances of any kind or nature whatsoever.

"***Environmental Claim***" means any and all administrative, regulatory or judicial actions, suits or proceedings as well as any actions, suits or proceedings initiated by a third party, public or private, alleging liability arising out of or resulting from: (a) the presence or Release into the environment of any Hazardous Substance at the real property that is within the Company's possession, use or control; or (b) any violation or alleged violation of Environmental Law.

"***Environmental Laws***" means all federal, state or local statutes, laws, regulations, judgments and orders relating to protection of human health or the environment, including laws and regulations relating to Releases or threatened Releases of Hazardous Substances, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

"***Environmental Permits***" means all Licenses and Permits issued pursuant to Environmental Law.

"***Equity Securities***" means, with respect to a Person that is an entity, any shares of capital stock, limited liability company interests, options, warrants, phantom equity, convertible notes or other convertible debt instruments or other equity securities of such Person which have ever been offered or sold by such Person.

"***ERISA***" means the Employee Retirement Income Security Act of 1974 and the rules of regulations promulgated thereunder from time to time.

"***ERISA Affiliate***" means any Person that, together with the Company, is required to be treated as a single employer under Section 414 of the Code.

"***Files and Records***" means all financial and accounting files, records and other information of the Company.

"***Fundamental Representation***" means any representation or warranty set forth in Section 3.01 (Organization; Power; Capacity), Section 3.02 (Authorization and Validity of Agreement), Section 3.03 (Title to the Contributed Interests), Section 3.06 (Acquisition for Own Account), Section 3.08 (Accredited Investor), Section 3.09 (No Bad Actor Disqualification), Section 3.11 (Anti-Terrorism and Money Laundering Activities), Section 3.12 (Broker's and Finder's Fees), Section 4.01 (Organization; Power), Section 4.02 (Capitalization), Section 4.06 (Tax Matters), the first sentence of Section 4.22 (Title to Assets and Related Matters), Section 4.23 (Broker's and Finder's Fees), Section 5.01 (Organization; Power), Section 5.02 (Title to the Jacoby Interests), Section 5.03 (Authorization and Validity of Agreement).

"***GAAP***" means the prevailing generally accepted accounting principles in the United States, in effect from time to time, consistently applied with past practices of the Company.

"***Governing Documents***" means, with respect to any particular entity: (a) if a corporation, the articles or certificate of incorporation and the bylaws of such entity; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and the limited liability company operating agreement; (e) if another type of Person, any other charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (f) all equity holders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any Person or relating to the rights, duties and obligations of the equity holders of any Person; and (g) any amendment, restatement or supplement to any of the foregoing.

"***Governmental Entity***" means any court, government agency, department, commission, board, bureau or instrumentality of the United States, any local, county, state, federal or political subdivision thereof, or any foreign governmental entity of any kind.

"***Hazardous Substances***" means any chemicals, materials or substances which are defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants" or similar terms under, or otherwise regulated under, any Environmental Law.

"***Indemnified Parties***" means the Purchaser Indemnified Parties or the Seller Indemnified Parties, as the context requires.

"***Indemnity Loss***" means, net of any applicable insurance proceeds, actual damages, losses, obligations, Liabilities, Taxes, deficiencies, claims, encumbrances, penalties, costs, disbursements and expenses, including reasonable costs of investigation and defense and reasonable attorneys' fees and expenses; provided, however, that "Indemnity Loss" shall not include consequential damages, indirect damages, exemplary damages, speculative damages, lost profits, diminution in value, or special or punitive damages (other than special or punitive damages payable to a third party).

"***IPO***" means an initial public offering of equity securities pursuant to an effective registration statement filed under the Securities Act or, if earlier, the registration of such equity securities pursuant to Section 12(b) or Section 12(g) of the Securities Exchange Act of 1934, as amended, or any Canadian Law equivalents.

"***Knowledge***" or words of similar import, means, with respect to any Person, the actual knowledge of such Person, in each case with such additional knowledge as such Person would acquire after having undertaken reasonable due inquiry. With respect to the Company, "Knowledge" means the Knowledge of Jeffrey Sherman and Clive Fleissig.

"***Law***" means any local, county, state, federal, foreign or other law, statute, regulation, ordinance, rule, order, decree, judgment, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed or imposed by any Governmental Entity.

"***Liability***" with respect to any Person, means any Debt, liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person. For the avoidance of doubt, with respect to the Company, Liability shall include Debt.

"***Licenses and Permits***" means all licenses, permits, franchises, certificates, approvals and authorizations that relate directly or indirectly to, or are necessary for, the conduct of the Business or the operation of the assets and all pending applications therefor or renewals thereof, including any of the foregoing required under Environmental Law.

"***Material Adverse Effect***" when used with respect to the Company, means any event, change, circumstance or effect that, individually or in the aggregate, has had, or is reasonably likely to have, a materially adverse effect upon the assets, financial condition or results of operations of the Company; provided, however, that none of the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (a) any adverse change, event, development or effect arising from or relating to (i) general business or economic conditions, including such conditions related to the Business, (ii) national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in Law, (v) the taking of any action contemplated by this Agreement and the other agreements contemplated hereby, (vi) any "act of God," including weather, natural disasters and earthquakes, or (vii) changes resulting from the announcement of the execution of this Agreement or the transactions contemplated hereunder; except, with respect to clauses (i), (iii) or (iv), to the extent that such change, event, development or effect has a materially disproportionate effect on the business of the Company relative to other businesses in the industry in which the Company operates.

"***Multiemployer Plan***" means any Employee Plan that is a "multiemployer plan" within the meaning of Section 4001(a)(3) or Section 3(37) of ERISA.

"***Ordinary Course of Business***" means any action taken by a Person if such action is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person.

"***Percentage Interest***" means, with respect to a Seller, such Seller's aggregate economic percentage interest of the equity of the Company as set forth on Exhibit B attached hereto.

"***Permitted Encumbrance***" means any of the following: (a) carriers, workmen, warehousemen, repairmen, mechanics, contractors, materialmen and other similar Persons and other liens imposed by applicable Laws; (b) with respect to the real property that is within the Company's possession, use or control, the provisions of all applicable zoning Laws; (c) purchase money liens securing rental payments under capital lease arrangements that will be released as of the Closing; (d) Encumbrances created by, or for the benefit of, the Purchaser; and (e) Encumbrances for Taxes not yet due and payable or for Taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided on the books and records of the Company in accordance with GAAP.

"***Person***" means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust or unincorporated organization, or any Governmental Entity, officer, department, commission, board, bureau or instrumentality thereof.

"***Personal Information***" means, in addition to any definitions provided by the Company for any similar term (e.g., "personally identifiable information" or "PII") in the Company's privacy policy or other public-facing statement, all information regarding or capable of being associated with an individual person or device, including (a) information that identifies, could be used to identify or is otherwise identifiable with an individual, including an individual's name, physical address, telephone number, email address, financial account number or government-issued identifier (including Social Security number and driver's license number), medical, biometric, health or insurance information, gender, date of birth, educational or employment information, religious or political views or affiliations, marital or other status, and any other data used or intended to be used to identify, contact or precisely locate an individual (e.g., geolocation data), (b) information that is created, maintained, or accessed by an individual (e.g., videos, audio or individual contact information), (c) any data regarding an individual's activities online or on a mobile device or other application (e.g., searches conducted, web pages or content visited or viewed) and (d) Internet Protocol addresses, unique device identifiers or other persistent identifiers. Personal Information may relate to any individual, including a current, prospective or former customer or employee of any Person. Personal Information includes information in any form, including paper, electronic and other forms.

"***Personnel***" means any manager, director, officer or employee of a particular Person.

"***Pre-Closing Tax Period***" means any Tax period ending on or before the Closing Date and that portion of any Straddle Period ending on the Closing Date.

"***Proceeding***" means any judicial, administrative or arbitral actions, suits or proceedings (public or private) by or before any Governmental Entity or before any arbitrator, mediator or other alternative dispute resolution provider pursuant to any collective bargaining agreement, contractual agreement or Law, and including any audit or examination, or other administrative or court proceeding with respect to Taxes or Tax Returns.

"***Related Agreements***" means all other agreements, documents and certificates entered into pursuant to this Agreement, except for the Consulting Agreements.

"***Release***" means any release, spill, emission, emptying, leaking, injection, deposit, disposal, discharge, dispersal, leaching, pumping, pouring, or migration into the atmosphere, soil, surface water, groundwater or property.

"***Securities Act***" means the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder from time to time.

"***Seller Representative***" means the Person appointed agent and attorney in fact for and on behalf of the Sellers pursuant to Section 7.09.

"***Straddle Period***" means any Tax period beginning on or before and ending after the Closing Date.

"***Subsidiary***" means a Person of which more than twenty-five percent (25%) of the voting power of the Equity Securities is owned, directly or indirectly, by the specified Person.

"***Tax***" or "***Taxes***" means all federal, state, local and foreign taxes (including income taxes, excise taxes, value added taxes, occupancy taxes, employment taxes, withholding taxes, escheat or unclaimed property, unemployment taxes, ad valorem taxes, custom duties and transfer taxes) and similar fees, levies, imposts, impositions, assessments and governmental charges imposed upon a Person, including all taxes and governmental charges imposed upon any of the personal properties, real properties, tangible or intangible assets, income, receipts, payrolls, transactions, equity transfers, equity, net worth or franchises of a Person (including all sales, use, withholding or other taxes which a Person is required to collect or pay over to any government), and all related additions to tax, penalties or interest thereon.

"***Tax Return***" means and includes all returns, statements, declarations, estimates, forms, reports, information returns and any other documents (including all consolidated, affiliated, combined or unitary versions of the same) relating to Taxes, including all related and supporting information, in each case, filed or required by Law to be filed with any Governmental Entity in connection with the determination, assessment, reporting, payment, collection or administration of any Taxes, and including Treasury Form TD F 90-22.1 and FinCEN Form 114.

"***Treasury Regulations***" means the Treasury Regulations promulgated under the Code, as such Treasury Regulations may be amended from time to time. Any reference herein to a particular provision of the Treasury Regulations means, where appropriate, the corresponding successor provision.

"***Warranty Claims***" means any claims arising in respect of the Company's obligations under any extended warranties sold by the Company covering Company Products, but specifically excluding warranty claims arising from any manufacturer's warranty covering Company Products.

Each of the following terms is defined in the Section set forth opposite such term:

Defined Terms	Section
Aggregate Minimum Loss	Section 6.06(b)
Agreement	Preamble
Alternative Arrangements	Section 6.09)
BLP	Preamble
Claim Response	Section 6.03(b)
Claimant	Section 6.03(a)
Client	Section 7.07(b)
Closing	Section 2.01
Closing Date	Section 2.01
Company	Recitals
Company Parties	Section 7.07(a)(i)
Company Products	Section 4.28
Company Software Products	Section 4.11(g)
Company Systems	Section 4.11(j)
Consulting Agreements	Section 2.02(n)
Contributed Interests	Recitals
Contribution Consideration	Section 1.02
Covenanting Party	Section 7.07(a)
Disclosure Schedules	Article IV
Disqualification Event	Section 3.09
Election Notice	Section 6.04
Employee	Section 4.13(a)
Environmental Representations	Section 6.05(c)
Financial Statements	Section 4.05(a)
Indemnification Cap	Section 6.06(a)
Indemnification Notice	Section 6.03(a)
Indemnifying Party	Section 6.03(a)
Intellectual Property	Section 4.11(a)
Intellectual Property License	Section 4.11(a)
Jacoby Interests	Section 1.02
Jacoby Operating Agreement	Section 2.02(b)
Leased Real Property	Section 4.09(a)
Litigation Notice	Section 6.03(a)
Material Adverse Effect	Section 6.06(c)
Material Contracts	Section 4.18
Open Source Code	Section 4.11(g)
Operating Agreement	Section 2.02(i)
PCI Requirements	Section 4.17
Pension Plan	Section 4.12(e)
Policy or Policies	Section 4.16
Pre-Closing Income Tax Returns	Section 7.03(a)
Product Plans	Section 4.28
Prospective Client	Section 7.07(b)
Purchaser	Preamble
Purchaser Indemnified Parties	Section 6.01(a)
Real Property Leases	Section 4.09(a)
Released Parties	Section 7.06
Releasing Parties	Section 7.06
Restricted Period	Section 7.07(a)
Rule 506(d) Related Party	Section 3.09
Seller or Sellers	Preamble
Specified Provisions	Section 6.06(a)
Straddle Period Tax Return	Section 7.03(b)
Tax Matter	Section 7.05(a)
Third Party Claim	Section 6.03(a)
Transfer Taxes	Section 7.02

EXHIBIT B

Sellers

Seller	Interests	Percentage Interest
Better Life Products, Inc.	12,000,000 Class A Common Units	79.019%
Rochester Vapor Group, LLC	3,186,166 Class B Common Units	20.981%

EXHIBIT C-1

BLP Consulting Agreement

(See attached.)

EXHIBIT C-2

Fleissig Consulting Agreement

(See attached.)

Exhibit 10.11

Jacoby & Co., Inc.
6501 Park of Commerce Boulevard, #200
Boca Raton, Florida 33487

Execution Version

October 28, 2015

Mr. Aaron LoCascio
1570 SE 14th Court
Deerfield Beach, FL 33441

Re: Offer of Employment/Letter Agreement

Dear Aaron:

Jacoby & Co., Inc. (the "Company") is pleased to offer you (the "Executive") employment as Co-President pursuant to the following terms and conditions. If the following terms and conditions are acceptable, sign below where indicated and return this letter to the Company. Upon your execution of this letter, it shall constitute your employment agreement ("Agreement") with the Company.

1. Employment and Terms. The Company hereby agrees to employ the Executive and the Executive hereby agrees to continue to serve the Company for the period commencing on the date this Letter Agreement is executed by the Executive (the "Effective Date") and expiring three (3) years from that date (the "Initial Term"). The term hereof shall automatically extend and renew for additional periods of twelve (12) months on each date upon which the term otherwise would have expired, unless either the Company or the Executive notifies the other party in writing of its or his intention not to extend or renew said Agreement at least sixty (60) days prior to the expiration date. The Initial Term as such term may be extended hereunder, is hereinafter referred to as the "Term."

1.1 Duties of Executive. The Executive shall perform the duties commensurate with the office of Co-President, which is the highest ranking executive in conjunction with the other Co-President, including without limitation, hiring, firing and other personnel matters with respect to employees, determination of the appropriate level of compensation for all of the Company's non-executive employees and the oversight of all of the day to day operations of the Company, in each case subject to the terms and conditions of that certain Amended and Restated Shareholder Agreement, dated as of October 28, 2015, by and among the Company, the Executive and Aaron LoCascio (the "Shareholder Agreement"), including, without limitation, Section 2.2 thereof. The Executive shall report directly to the Board of Directors (the "Board"). The Executive shall diligently perform all services assigned to him consistent with his title and with the employment policies of the Company. The Company will not reduce the amount of Executive's employee compensation unless the other Co-President experiences a pro rata reduction in his employee compensation.

1.2 Required Time Commitment. The Executive agrees to devote at least thirty-five (35) hours per week to the performance of the business of the Company and its affiliates. Executive and Company acknowledge that Executive is a frequent traveler and that he performs a substantial part of his duties while away from the Company offices (both electronically and otherwise), and that such work time away from the Company offices shall be counted towards the foregoing thirty-five (35) hour required time commitment.

1.3 Self-Identification as Executive of the Company. The Executive agrees to, while engaging in activities on behalf of the Company, related to the Company or constituting the "Business" (as such term is defined in the Shareholder Agreement), to identify himself as an executive of the Company. Methods of such self-identification shall include, without limitation, the following: (a) use of a business card identifying the Company and indicating that the Executive is a Co-President of the Company and (b) use of the Executive's Company email address.

2. Compensation.

2.1 Base Salary. Commencing on the first normal pay period following the Effective Date, the Executive shall be entitled to a base salary at the rate of $280,000 per annum (the base salary in effect from time to time is hereinafter referred to as the "Base Salary") with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. The Base Salary of each Co-President shall be the same while Co-Presidents are serving. Commencing with calendar year 2016, if the Executive and Adam Schoenfeld are unable to agree on the Base Salary of the Co-Presidents (a "Salary Event") for a particular calendar year (a "Salary Event Year"), the Base Salary for such Salary Event Year shall be equal to the Base Salary of the immediately preceding year ended December 31. If either of the Executive or Adam Schoenfeld becomes a resident of a state that has (a) progressive income tax rates and a highest marginal rate of four percent (4%) or greater, inclusive of any local tax and excluding any federal taxes, or (b) a flat income tax rate of four percent (4%) or greater, inclusive of any local tax and excluding any federal taxes (a "Tax Event"), then the Base Salary of each of the Executive and Adam Schoenfeld shall thereafter be no less than $460,000 per annum; provided, however, that if a Salary Event occurs during the continuance of a Tax Event, each of the Executive and Adam Schoenfeld shall be entitled to total salary and bonus compensation for such Salary Event Year of no less than the greater of (i) $460,000 and (ii) the Base Salary plus the applicable Salary Event Bonus as provided in Section 2.2 for such Salary Event Year plus any additional awarded bonuses under Section 2.2.

2.2 Bonus. The Executive may receive bonuses on such dates, in such amounts and on such other terms as may be determined by the Board in its sole discretion and as received by the other Co-President while one is serving; provided, however, that for any Salary Event Year, unless otherwise mutually agreed by the Executive and Schoenfeld, the Executive shall receive a bonus of no less than thirty percent (30%) of the Base Salary for such Salary Event Year (a "Salary Event Bonus") payable no later than December 31 of the Salary Event Year and payable to the Executive and Adam Schoenfeld on the same date.

3. Benefits.

(a) The Executive shall be entitled to participate in such benefit plans as the Company provides to its executives from time to time in accordance with the Company's policies. Such participation will be subject to the terms and conditions of such plans, and any other restrictions or limitations imposed by law. The scope and terms of any benefit plans shall be determined by the Board in its sole discretion.

(b) The Executive shall be entitled to twenty (20) business days of paid vacation per year of employment as well as five (5) paid personal days per year of employment. Any unused portion of vacation days or personal days in a particular year of employment will expire at the end of such year of employment. Notwithstanding anything to the contrary in Section 7 of this Agreement, in the event of a conflict between this Section 3(b) and the last sentence of Section 2.3 of the Shareholder Agreement, this Section 3(b) shall govern.

(c) The Company may, at its expense, obtain "key man" life insurance on the life the Executive naming the Company as beneficiary in such amount as the Company deems appropriate and the Executive will cooperate with the Company with respect to obtaining such insurance but shall not be required to submit to invasive blood or other testing.

4. Termination.

4.1 Termination for Cause. (a) This Agreement may be terminated by the Company for Cause. "Cause" shall mean: (i) a material breach of the provisions of Section 1.2 (Required Time Commitment) of this Agreement; *provided* such breach remains uncured for a period of ten (10) days after written notice describing the same is given to the Executive; (ii) a violation of the provisions of Section 6.1 (Activities Not Related to the Business) of the Shareholder Agreement; (iii) the Executive's indictment for any crime involving violence, fraud, intentional or reckless dishonesty (which shall not include controlled substance offenses), misappropriation or embezzlement; (iv) any material breach by the Executive of the provisions of his Proprietary Rights Agreement (as defined below); or (v) any breach by the Executive of any non-competition and/or non-solicitation provisions of the Shareholder Agreement (provided that any such breach that is non-material shall be subject to a ten (10) day cure period, or, if retroactive cure is not possible, the Executive shall cease such non-material breach, and that there shall be no cure period with respect to any such breach that is material).

(b) If the Executive's employment is terminated for Cause, Executive shall receive his Base Salary to the date of termination, any bonus that has accrued but is unpaid as of the date of termination and any reimbursable expenses not yet reimbursed as of such date.

4.2 Death and Disability. (a) This Agreement shall terminate immediately upon the death of the Executive.

(b) The Company may terminate this Agreement upon written notice to the Executive if the Executive is unable to substantially perform the essential functions of his job, with or without reasonable accommodation, as contemplated by Section 1.1 of this Agreement, by reason of a physical or mental illness or other condition, on a full-time basis for the entire period of six consecutive months.

(c) In the case of termination of employment due to death or Disability (as such term is defined in the Shareholder Agreement) of the Executive, the Executive (or his estate) shall receive his Base Salary for six (6) months after the date of termination, any bonus that has accrued but is unpaid as of the date of termination, payment for any accrued but unused vacation days and any reimbursable expenses not yet reimbursed as of such date.

5. Governing Law.

(a) This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction (including, without limitation, the State of Nevada), that would cause the application of laws of any jurisdiction other than those of the State of Florida.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF FLORIDA, IN EACH CASE LOCATED IN THE COUNTY OF PALM BEACH, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) If any civil action, arbitration or other legal proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach or default in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs (including all such fees, taxes, costs and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Attorneys' fees shall include paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the prevailing party.

6. Amendment. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. The failure of a party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by a party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, or any one or more or continuing waivers of any such breach, shall constitute a waiver of the breach of any other term or covenant contained in this Agreement.

7. Other Documents. Executive shall execute the Company's Employee Proprietary Rights and Confidentiality Agreement (the "Proprietary Rights Agreement") in the form attached hereto as Exhibit A simultaneously with the execution of this Agreement. The Proprietary Rights Agreement shall be binding upon the Executive and the Company as if it were part of this Agreement. Except as specifically provided in this Agreement or the Shareholder Agreement, this Agreement shall be subject in all respects to the Shareholder Agreement. In the event of any conflict between this Agreement and the Shareholder Agreement, the Shareholder Agreement shall in all respects govern. Notwithstanding the foregoing, this Section 7 shall not affect Section 3(b) of this Agreement.

8. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The parties hereto agree that electronic and facsimile signatures shall be acceptable.

9. Successors and Assigns. This Agreement shall be binding upon the legal representatives, heirs, distributees, successors and assigns of the parties hereto.

[*remainder of page intentionally left blank; signature page follows*]

By signing below, the parties are agreeing to the terms hereof.

Very truly yours,

JACOBY & CO., INC.

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

By: /s/ Adam Schoenfeld
Name: Adam Schoenfeld
Title: Co-President

Agreed And Accepted:

/s/ Aaron LoCascio
Aaron LoCascio

Dated: October 28, 2015 (the "Effective Date")

EXHIBIT A

EMPLOYEE PROPRIETARY RIGHTS AND CONFIDENTIALITY AGREEMENT

Execution Version

EMPLOYEE PROPRIETARY RIGHTS
AND CONFIDENTIALITY AGREEMENT

This Agreement, made the 28th day of October, 2015, is between JACOBY & CO., INC. ("Company") and AARON LOCASCIO ("Employee").

WHEREAS, subject to Employee's agreement to, and compliance with, this Agreement Company has agreed to employ Employee, and Employee has agreed to be employed by Company; and

WHEREAS, Company and Employee each acknowledge and agree that, as part of Employee's job duties, Employee will from time-to-time have access to Confidential Information as more specifically defined below and may from time-to-time conceive of, author, or otherwise create or assist in the conception, authorship or development of certain Inventions and Works of Authorship as more specifically defined below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and Employee agree as follows:

1. Intellectual Property.

   a. Ownership and Works Made For Hire. Employee hereby agrees that Company shall be the sole and exclusive owner of any and all ideas, inventions, discoveries, computer hardware and software, algorithms, improvements and devices relating thereto, and other information and know-how heretofore or hereinafter conceived, developed or made by Employee on behalf of or for the benefit of Company, either alone or with others, during the course of Employee's employment by Company, or which are conceived, developed or made using Company equipment or resources, or by reason of knowledge gained from such employment (hereinafter "Inventions"), together with any graphic designs, narrative works, business plans, financial analyses, lab notes, designs, specifications, programming, source code, object code, flow charts, data, compilations of data and other information and works of authorship of any nature compiled, authored or otherwise developed by Employee and relating to such Inventions or otherwise created during the course of Employee's employment with Company or using Company equipment or resources on behalf of or for the benefit of Company (the "Works of Authorship") and all trademark, copyright, trade secret, patent and other intellectual and industrial property rights of whatever nature throughout the world covering or embodied by such Inventions and Works of Authorship, that the Works of Authorship constitute "works made for hire" (as that term is defined in the United States Copyright Act as amended) by Employee because they have either been prepared by Employee while acting within the scope of Employee's employment with Company or they have been specifically ordered or commissioned from Employee for use by Company and that, as such, Company is the author and owner of such Works of Authorship.

b. Assignment. Employee hereby acknowledges and agrees that, to the extent any Inventions or Works of Authorship are not, for whatever reason, deemed to be "works made for hire" or otherwise solely and exclusively owned by Company, Employee hereby grants, transfers, conveys and assigns to Company and its successors and assigns all of Employee's right, title, interest, ownership and all subsidiary rights in and to such Inventions and Works of Authorship and all trademark, trade secret, copyright, patent and other intellectual and industrial property rights of whatever nature throughout the world covering or embodied by such Inventions and Works of Authorship, including the right to apply for, register, obtain, maintain, enforce and defend the foregoing in any jurisdiction throughout the world.

c. Disclosure. Employee hereby agrees to keep and maintain current and complete records of, and to disclose promptly and in writing to Company, all Inventions and Works of Authorship to which Company is or may arguably be entitled as provided above, and agrees not to (i) disclose such Inventions and Works of Authorship to others, except as required in accordance with Employee's duties as an employee of Company, or (ii) move copies of such written records to, or keep copies of such records at, locations other than Company's premises, in either case without the express prior written consent of Company.

d. Continuing Assistance. Employee hereby further agrees that during the term of Employee's employment with Company and at any time thereafter, Employee shall execute and deliver to Company any written documents necessary or appropriate, in Company's sole discretion, to effectuate the assignment to Company of any and all rights in such Inventions and Works of Authorship to which Company is entitled as provided above, and will execute all papers and perform any other lawful acts requested by Company for the preparation, prosecution, procurement, maintenance, enforcement and defense of any trademark, trade secret, copyright, patent and/or other intellectual or industrial property rights in and for such Inventions and Works of Authorship throughout the world, and will execute all documents and perform any other lawful act necessary to vest title in Company to such Inventions and Works of Authorship and all trademarks, trade secrets, copyrights, patents and other intellectual and industrial property rights relating thereto. To the extent that, for any reason or no reason, including without limitation Employee's physical or mental incapacity, Employee fails to comply with Employee's obligations described above in this paragraph 1(d), Employee hereby appoints Company as Employee's agent and attorney in fact, and grants to Company a power-of-attorney with full power of substitution, to execute, deliver and file any documents, and perform any acts, Employee would otherwise lawfully be obligated to execute, deliver, file or perform pursuant to this paragraph 1(d), with the same legal force and effect as if executed, delivered, filed or performed by Employee. Such power of attorney shall be deemed coupled with an interest for the purposes of effecting the foregoing assignments, prosecutions, procurement, maintenance, enforcement and defense.

e. Pre-existing Rights. In the event that Employee uses or incorporates into any Inventions, Works of Authorship or other work product of Employee created in the course of Employee's employment with Company any (i) ideas, inventions, discoveries, computer hardware and software, algorithms, improvements and devices relating thereto conceived, developed or made by Employee prior to, or outside the scope of, Employee's employment with Company, or (ii) any graphic designs, narrative works, business plans, financial analyses, lab notes, designs, specifications, programming, source code, object code, flow charts, data, compilations of data and other information compiled, authored, developed or otherwise created by Employee prior to, or outside the scope of, Employee's employment with Company (collectively, the "Pre-existing Inventions and Works"), then Employee shall be deemed to have granted to Company a perpetual, irrevocable, fully-paid, royalty-free, non-exclusive, transferable, assignable, sublicenseable right, under any and all trademarks, trade secrets, copyrights, patents and other intellectual and industrial property rights of whatever nature throughout the world covering or embodied by the Pre-existing Inventions and Works, to make, have made, use, copy, distribute, display, perform, modify, translate, offer to sell, sell, and otherwise transfer or dispose of the Preexisting Inventions and Works and any products and services embodying or covered by such trademarks, trade secrets, copyrights, patents and other intellectual and industrial property rights. Employee covenants and agrees that it shall notify Company in writing of all Pre-existing Inventions and Works prior to incorporating the same into any Inventions, Works of Authorship or other work product created in the course of Employee's employment with Company.

f. Moral Rights Waiver. Employee hereby releases, waives and assigns in favor of Company any and all "moral" rights related to the Works of Authorship, including without limitation: the right of paternity (i.e., acknowledgment of authorship), disclosure, withdrawal and integrity (i.e., right to prevent changes to the work).

2. Confidentiality and Non-disparagement.

a. Non-Disclosure. For so long as Employee is employed by Company and thereafter for so long as the Confidential Information (as hereinafter defined) has not otherwise been publicly disclosed by Company, Employee hereby expressly agrees that (i) Employee shall not divulge, directly or indirectly, other than in the regular and proper course of business of Company, any Confidential Information, and (ii) Employee shall not use, directly or indirectly, any Confidential Information for the benefit of anyone other than Company; provided, however, that Employee shall have no obligation, express or implied, to refrain from using or disclosing to others any Confidential Information which is or hereafter shall become generally available to the public other than through Employee's breach of this Agreement. Notwithstanding anything to the contrary in this Agreement, (i) in the event that Employee is required by law, regulation, legal or regulatory process, court order, or other governmental requirement (each a "Governmental Requirement") to disclose any Confidential Information, Employee shall, to the extent permitted by law, provide Company with notice of any such request or requirement so that Company may seek a protective order or other appropriate remedy (and Employee will reasonably cooperate with Company in such efforts, at Company's request) or waive compliance with the provisions of this Agreement and (ii) if, in the absence of a protective order or other remedy or the receipt of a waiver from Company, Employee is advised by legal counsel that it is nonetheless required to disclose Confidential Information, Employee may, without liability under this Agreement, disclose only that portion of the Confidential Information required to be so disclosed (provided that Employee will cooperate with Company, at Company's request, to obtain assurance that confidential treatment will be accorded such disclosed information). In the event Employee makes or learns of any unauthorized disclosure of Confidential Information, Employee shall promptly notify Company of such unauthorized disclosure and in good faith cooperate with Company's efforts to ameliorate the effects of, or otherwise enforce its rights in connection with, such unauthorized disclosure. Notwithstanding the foregoing, Employee may disclose Confidential Information to his attorneys, accountants or other professional advisors if such Confidential Information is necessary to address Employee's legal, tax or accounting issues (provided that any such advisor other than an attorney or accountant shall be required to be bound by nondisclosure obligations at least as restrictive as the restrictions contained in this paragraph 2(a) prior to Confidential Information being disclosed to any such advisor).

b. Confidential Information. For the purposes of this Agreement, the term "Confidential Information" shall mean any information, whether oral or written and whether in a tangible or intangible form, not generally known in the relevant trade or industry (i.e. any trade or industry in which Company engages or is then engaged) or otherwise not generally available to the public, which was obtained from or disclosed to Employee by Company, its affiliates or their predecessors or which was learned, discovered, developed, conceived, originated or prepared by Employee in the course of Employee's employment with Company, including, without limitation, Inventions, Works of Authorship, and any other product, service, marketing, operating and financial information, computer software, source code, object codes, and flow charts proprietary to Company.

c. Possession. All Confidential Information in Employee's possession at any time shall be the exclusive property of Company, shall not be copied, summarized, extracted from, or removed from the premises of Company, except in pursuit of the business of Company and at the direction of Company, and shall be delivered to Company, without Employee retaining any copies, upon the termination of Employee's employment with Company or at any earlier time as requested by Company.

d. Prior Obligations. Employee warrants that the performance of its duties and obligations under this Agreement will not constitute a breach or default under any other agreement to which Employee is bound, that it is not bound by any pre-existing (i.e., before the date of this Agreement first set forth above) obligation of confidentiality or duty to assign rights in any Inventions or Works of Authorship (whether written, oral or otherwise) to any other person or entity that may foreseeably interfere with or conflict with Employee's job duties or compliance with this Agreement, nor is there any pending or threatened proceeding, investigation or action alleging (or to Employee's knowledge any basis for such a proceeding, investigation or action) that Employee is bound by any such obligation or duty. Employee covenants and agrees that, for so long as Employee is employed by Company, Employee shall (i) comply with any pre-existing confidentiality obligations, (ii) in the event Employee's job duties with Company may in the future potentially conflict with such obligations, inform Company of such conflict and refrain from making any disclosures or otherwise taking any action that violate Employee's pre-existing confidentiality obligations, (iii) at all times in good faith work with Company to determine a course of action which will allow Employee to perform Employee' job duties without violating any pre-existing confidentiality obligations, and (iv) not hereafter enter into any agreement with any other person or entity that imposes upon Employee obligations of confidentiality that conflict with, or may foreseeably conflict with, the proper performance of Employee's job duties with Company. Employee hereby consents to Company notifying any subsequent employers of Employee that Employee is bound by obligations of confidentiality as set forth in this Agreement.

e. Non-disparagement. Employee covenants and agrees that, for so long as Employee is employed by Company and for five (5) years thereafter, Employee shall not make, publish or otherwise disseminate disparaging or derogatory statements or allegations, whether written, oral or otherwise, regarding Company or its affiliates, or any officers, directors, employees, products, services, policies or operations of Company or its affiliates. The provisions of this paragraph 2(e) in no way restrict or prohibit Employee from providing truthful testimony when such testimony is lawfully compelled pursuant to any court order or other legal process.

3. Non-Competition; Non-Solicitation.

For so long as Employee is employed by Company or Employee or any of Employee's Permitted Transferees (as such term is defined in the Amended and Restated Shareholder Agreement of Company, dated as of October 28, 2015 (the "Shareholder Agreement")) own any Securities of Company and for a period of twenty-four (24) months beginning on the later of (a) the date of Employee's termination of employment with Company and (b) the date that Employee or any of Employee's Permitted Transferees no longer owns any Securities of Company, Employee shall not: (i) other than as requested in writing by and on behalf of Company and/or its subsidiaries, directly or indirectly through an affiliate or any other person, as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, member, proprietor, investor, joint venture, lender or guarantor of any person, or in any other capacity, anywhere in the world (the "Restricted Territory") either directly or indirectly participate or engage in, or manage, advise, direct, rend services to or lend credit to persons participating or engaged in the Business (as such term is defined in the Shareholder Agreement) in the Restricted Territory (provided, however, that, notwithstanding anything to the contrary in this paragraph 3, the passive investment by Employee and Employee's affiliates in less than five percent (5%), in the aggregate, of the outstanding publicly traded securities (in the aggregate) of any company engaged in the Business shall not, in and of itself, constitute a violation of this paragraph 3); or (ii) without the prior written consent of Company, directly or indirectly through an affiliate or any other person (and shall not assist or encourage others to), directly or indirectly, solicit to hire or hire (or cause or seek to cause to leave the employ of Company or any subsidiary or affiliate), any employee of Company or any subsidiary or affiliates or any person who has left the employ of Company during the six months immediately preceding such solicitation or hiring, except pursuant to a general solicitation that is not directed specifically to any employees or independent contractors of Company, any of Company's subsidiaries or any of their respective affiliates.

"Securities" shall mean, at any time, without duplication, shares of the common stock, no par value per share, of Company (the "Common Stock"), shares of preferred stock, warrants, options, convertible securities or indebtedness, exchangeable securities or indebtedness, subscription rights or other rights, exercisable for or convertible or exchangeable into, directly or indirectly, the Common Stock or other equity of Company, whether at the time of issuance, upon the passage of time, or the occurrence of some future event.

4. No Further Consideration.

Employee acknowledges and agrees that, except as compensated in accordance with Employee's status as an employee of Company, Employee shall not be entitled to any further or additional compensation in consideration of (i) the assignment by Employee of Employee's rights in any Inventions and/or Works of Authorship as provided for above in paragraphs 1 (a) and (b), (ii) the licenses (if any) granted to Company as provided for above in paragraph 1(e), (iii) complying with the confidentiality and non-disparagement obligations set forth above in paragraph 2, and (iv) the provision of any services as provided for above in paragraph 1(d); provided, however, that Employee shall be reimbursed for actual out-of-pocket expenses incurred in rendering to Company the services specified in paragraph 1(d).

5. Term.

This Agreement shall commence and be effective as of the date of this Agreement first set forth above and shall terminate on the date Employee ceases to be an employee of Company. Notwithstanding the above, Employee's obligations arising pursuant to paragraphs 1, 2, 3 and 4 above, and paragraphs 6 and 7(c), (d), (e) and (f) below, shall survive termination of this Agreement. In addition, those rights, duties and obligations of Company and Employee set forth in this Agreement that, by their nature, are intended to survive the termination of this Agreement shall survive the termination of this Agreement.

6. Originality.

Employee hereby warrants and represents to Company that, to the best of Employee's knowledge after reasonable inquiry and except as expressly disclosed to Company in writing by Employee, all Inventions, Works of Authorship and Pre-existing Inventions and Works shall be original and shall not have been conceived, reduced to practice, authored or otherwise developed by misappropriating the trade secrets or other proprietary technology or intellectual property of any third parties. Employee hereby agrees to indemnify, defend and hold Company harmless from and against any and all third party claims, and any costs, damages and liabilities resulting therefrom, made against or imposed upon Company as a result of Employee's breach of the above representation and warranty. The foregoing representation and warranty shall be deemed first made on the date hereof and shall run continuously thereafter and apply to all Inventions, Works of Authorship and Pre-existing Inventions and Works governed by this Agreement.

7. Miscellaneous.

a. Survival, Assignability. Employee shall not assign this Agreement without the express prior written consent of Company, which consent may be withheld for any reason or no reason at Company's sole discretion. Except as otherwise provided herein, this Agreement shall be binding upon the respective heirs, successors, and permitted assigns of the parties hereto. Company shall be free to assign its rights hereunder to any other party without the consent of Employee.

b. Severability. Any provision of this Agreement which is determined to be illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof which shall be severable and enforceable according to their terms and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Notwithstanding anything to the contrary in the immediately foregoing sentence, but otherwise without limiting the generality of the immediately foregoing sentence, if, at the time of enforcement of any provision of this Agreement (including, without limitation, paragraph 3 hereof), a court of competent jurisdiction shall hold that the period or scope restrictions or any other restriction stated in this Agreement are unreasonable under circumstances then existing, the parties agree that the maximum period or scope reasonable under such circumstances shall be substituted for the stated period or scope and that the court shall be allowed and directed to revise the restrictions contained in this Agreement to cover the maximum period or scope permitted by applicable law.

c. Specific Performance and Equitable Relief. Employee acknowledges and agrees that Company would suffer irreparable harm if Company's rights in the Inventions and Works of Authorship were not protected and/or the Confidential Information was disclosed to third parties without Company's consent. Accordingly, Employee hereby consents to and agrees that, in the event of a breach or threatened breach of this Agreement by Employee, Company shall have the right to exercise any and all rights by appropriate action either by law or in equity, including specific performance of Employee's obligations arising pursuant to paragraphs 1, 2 and 3 above, and that Company shall be entitled to equitable relief, including injunctive relief, in connection with any breach or threatened breach, by Employee, of Employee's obligations arising pursuant to paragraphs 2(a), 2(c), 2(d), 2(e) and 3 above. Employee further agrees that Employee shall not request that Company post, nor shall Company be obligated to post, a bond in connection with any equitable relief authorized pursuant to this paragraph 7(c) and in fact requested by Company.

d. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida and, to the extent applicable, the laws and regulations of the United States of America governing intellectual property matters, without giving effect to the provisions, policies or principles under Florida State law respecting conflict or choice of law. EMPLOYEE ACKNOWLEDGES AND AGREES THAT, PRIOR TO EXECUTING THIS AGREEMENT, EMPLOYEE WAS AFFORDED AN OPPORTUNITY TO OBTAIN THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THIS AGREEMENT. ACCORDINGLY, THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.

e. Choice of Forum. Each of the parties hereby consents to the jurisdiction of any state or federal court located within the County of Palm Beach, State of Florida, and irrevocably agrees that all actions or proceedings relating to this Agreement must be litigated in such courts, and each of the parties waives any objections which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in such court.

f. Entire Agreement. This Agreement, the Shareholder Agreement and that certain Employment Agreement by and between Company and Employee, dated October 28, 2015, contain the entire understanding of the parties with respect to its subject matter, and supersedes all prior written or oral agreements and understandings between the parties with respect to its subject matter. This Agreement may not be changed orally, and any written change or amendment must be signed and accepted by Company.

g. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement (and all signatures need not appear on any one counterpart), and this Agreement shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement and caused it to be binding and effective upon each of them in accordance with its terms.

JACOBY & CO., INC.

By: _____
Name: Aaron LoCascio
Title: Co-President

By: _____
Name: Adam Schoenfeld
Title: Co-President

EMPLOYEE

_____
Aaron LoCascio

Exhibit 10.12

Execution version

JACOBY & CO., INC.
6501 Park of Commerce Boulevard, #200
Boca Raton, Florida 33487

October 28, 2015

Mr. Adam Schoenfeld
3606 S. Ocean Boulevard #901
Highland Beach, FL 33487

Re: Offer of Employment/Letter Agreement

Dear Adam:

Jacoby & Co., Inc. (the "Company") is pleased to offer you (the "Executive") employment as Co-President pursuant to the following terms and conditions. If the following terms and conditions are acceptable, sign below where indicated and return this letter to the Company. Upon your execution of this letter, it shall constitute your employment agreement ("Agreement") with the Company.

1. Employment and Terms. The Company hereby agrees to employ the Executive and the Executive hereby agrees to continue to serve the Company for the period commencing on the date this Letter Agreement is executed by the Executive (the "Effective Date") and expiring three (3) years from that date (the "Initial Term"). The term hereof shall automatically extend and renew for additional periods of twelve (12) months on each date upon which the term otherwise would have expired, unless either the Company or the Executive notifies the other party in writing of its or his intention not to extend or renew said Agreement at least sixty (60) days prior to the expiration date. The Initial Term as such term may be extended hereunder, is hereinafter referred to as the "Term."

1.1 Duties of Executive. The Executive shall perform the duties commensurate with the office of Co-President, which is the highest ranking executive in conjunction with the other Co-President, including without limitation, hiring, firing and other personnel matters with respect to employees, determination of the appropriate level of compensation for all of the Company's non-executive employees and the oversight of all of the day to day operations of the Company, in each case subject to the terms and conditions of that certain Amended and Restated Shareholder Agreement, dated as of October 28, 2015, by and among the Company, the Executive and Aaron LoCascio (the "Shareholder Agreement"), including, without limitation, Section 2.2 thereof. The Executive shall report directly to the Board of Directors (the "Board"). The Executive shall diligently perform all services assigned to him consistent with his title and with the employment policies of the Company. The Company will not reduce the amount of Executive's employee compensation unless the other Co-President experiences a pro rata reduction in his employee compensation.

1.2 Required Time Commitment. The Executive agrees to devote at leastthirty-five (35) hours per week to the performance of the business of the Company and its affiliates. Executive and Company acknowledge that Executive is a frequent traveler and that he performs a substantial part of his duties while away from the Company offices (both electronically and otherwise), and that such work time away from the Company offices shall be counted towards the foregoing thirty-five (35) hour required time commitment.

1.3 Self-Identification as Executive of the Company. The Executive agrees to, while engaging in activities on behalf of the Company, related to the Company or constituting the "Business" (as such term is defined in the Shareholder Agreement), to identify himself as an executive of the Company. Methods of such self-identification shall include, without limitation, the following: (a) use of a business card identifying the Company and indicating that the Executive is a Co-President of the Company and (b) use of the Executive's Company email address.

2. Compensation.

2.1 Base Salary. Commencing on the first normal pay period following the Effective Date, the Executive shall be entitled to a base salary at the rate of $280,000 per annum (the base salary in effect from time to time is hereinafter referred to as the "Base Salary") with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. The Base Salary of each Co-President shall be the same while Co-Presidents are serving. Commencing with calendar year 2016, if the Executive and Aaron LoCascio are unable to agree on the Base Salary of the Co-Presidents (a "Salary Event") for a particular calendar year (a "Salary Event Year"), the Base Salary for such Salary Event Year shall be equal to the Base Salary of the immediately preceding year ended December 31. If either of the Executive or Aaron LoCascio becomes a resident of a state that has (a) progressive income tax rates and a highest marginal rate of four percent (4%) or greater, inclusive of any local tax and excluding any federal taxes, or (b) a flat income tax rate of four percent (4%) or greater, inclusive of any local tax and excluding any federal taxes (a "Tax Event"), then the Base Salary of each of the Executive and Aaron LoCascio shall thereafter be no less than $460,000 per annum; provided, however, that if a Salary Event occurs during the continuance of a Tax Event, each of the Executive and Aaron LoCascio shall be entitled to total salary and bonus compensation for such Salary Event Year of no less than the greater of (i) $460,000 and (ii) the Base Salary plus the applicable Salary Event Bonus as provided in Section 2.2 for such Salary Event Year plus any additional awarded bonuses under Section 2.2.

2.2 Bonus. The Executive may receive bonuses on such dates, in such amounts and on such other terms as may be determined by the Board in its sole discretion and as received by the other Co-President while one is serving; provided, however, that for any Salary Event Year, unless otherwise mutually agreed by the Executive and Schoenfeld, the Executive shall receive a bonus of no less than thirty percent (30%) of the Base Salary for such Salary Event Year (a "Salary Event Bonus") payable no later than December 31 of the Salary Event Year and payable to the Executive and Aaron LoCascio on the same date.

3. Benefits.

(a) The Executive shall be entitled to participate in such benefit plans as the Company provides to its executives from time to time in accordance with the Company's policies. Such participation will be subject to the terms and conditions of such plans, and any other restrictions or limitations imposed by law. The scope and terms of any benefit plans shall be determined by the Board in its sole discretion.

(b) The Executive shall be entitled to twenty (20) business days of paid vacation per year of employment as well as five (5) paid personal days per year of employment. Any unused portion of vacation days or personal days in a particular year of employment will expire at the end of such year of employment. Notwithstanding anything to the contrary in Section 7 of this Agreement, in the event of a conflict between this Section 3(b) and the last sentence of Section 2.3 of the Shareholder Agreement, this Section 3(b) shall govern.

(c) The Company may, at its expense, obtain "key man" life insurance on the life the Executive naming the Company as beneficiary in such amount as the Company deems appropriate and the Executive will cooperate with the Company with respect to obtaining such insurance but shall not be required to submit to invasive blood or other testing.

4. Termination.

4.1 Termination for Cause. (a) This Agreement may be terminated by the Company for Cause. "Cause" shall mean: (i) a material breach of the provisions of Section 1.2 (Required Time Commitment) of this Agreement; *provided* such breach remains uncured for a period of ten (10) days after written notice describing the same is given to the Executive; (ii) a violation of the provisions of Section 6.1 (Activities Not Related to the Business) of the Shareholder Agreement; (iii) the Executive's indictment for any crime involving violence, fraud, intentional or reckless dishonesty (which shall not include controlled substance offenses), misappropriation or embezzlement; (iv) any material breach by the Executive of the provisions of his Proprietary Rights Agreement (as defined below); or (v) any breach by the Executive of any non-competition and/or non-solicitation provisions of the Shareholder Agreement (provided that any such breach that is non-material shall be subject to a ten (10) day cure period, or, if retroactive cure is not possible, the Executive shall cease such non-material breach, and that there shall be no cure period with respect to any such breach that is material).

(b) If the Executive's employment is terminated for Cause, Executive shall receive his Base Salary to the date of termination, any bonus that has accrued but is unpaid as of the date of termination and any reimbursable expenses not yet reimbursed as of such date.

4.2 Death and Disability. (a) This Agreement shall terminate immediately upon the death of the Executive.

(b) The Company may terminate this Agreement upon written notice to the Executive if the Executive is unable to substantially perform the essential functions of his job, with or without reasonable accommodation, as contemplated by Section 1.1 of this Agreement, by reason of a physical or mental illness or other condition, on a full-time basis for the entire period of six consecutive months.

(c) In the case of termination of employment due to death or Disability (as such term is defined in the Shareholder Agreement) of the Executive, the Executive (or his estate) shall receive his Base Salary for six (6) months after the date of termination, any bonus that has accrued but is unpaid as of the date of termination, payment for any accrued but unused vacation days and any reimbursable expenses not yet reimbursed as of such date.

5. Governing Law.

(a) This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction (including, without limitation, the State of Nevada), that would cause the application of laws of any jurisdiction other than those of the State of Florida.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF FLORIDA, IN EACH CASE LOCATED IN THE COUNTY OF PALM BEACH, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) If any civil action, arbitration or other legal proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach or default in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs (including all such fees, taxes, costs and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that civil action, arbitration or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Attorneys' fees shall include paralegal fees, investigative fees, administrative costs, sales and use taxes and all other charges billed by the attorney to the prevailing party.

6. Amendment. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. The failure of a party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by a party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, or any one or more or continuing waivers of any such breach, shall constitute a waiver of the breach of any other term or covenant contained in this Agreement.

7. Other Documents. Executive shall execute the Company's Employee Proprietary Rights and Confidentiality Agreement (the "Proprietary Rights Agreement") in the form attached hereto as Exhibit A simultaneously with the execution of this Agreement. The Proprietary Rights Agreement shall be binding upon the Executive and the Company as if it were part of this Agreement. Except as specifically provided in this Agreement or the Shareholder Agreement, this Agreement shall be subject in all respects to the Shareholder Agreement. In the event of any conflict between this Agreement and the Shareholder Agreement, the Shareholder Agreement shall in all respects govern. Notwithstanding the foregoing, this Section 7 shall not affect Section 3(b) of this Agreement.

8. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The parties hereto agree that electronic and facsimile signatures shall be acceptable.

9. Successors and Assigns. This Agreement shall be binding upon the legal representatives, heirs, distributees, successors and assigns of the parties hereto.

[*remainder of page intentionally left blank; signature page follows*]

By signing below, the parties are agreeing to the terms hereof.

Very truly yours,

JACOBY & CO., INC.

By: /s/ Aaron LoCascio
Name: Aaron LoCascio
Title: Co-President

By: /s/ Adam Schoenfeld
Name: Adam Schoenfeld
Title: Co-President

Agreed and Accepted:

/s/ Adam Schoenfeld
Adam Schoenfeld

Dated:. October 28, 2015 (the "Effective Date")

[Singnature Page Schoenfeld Employment Agmt.]

EXHIBIT A

EMPLOYEE PROPRIETARY RIGHTS AND CONFIDENTIALITY AGREEMENT

Execution Version

EMPLOYEE PROPRIETARY RIGHTS
AND CONFIDENTIALITY AGREEMENT

This Agreement, made the 28th day of October, 2015, is between JACOBY & CO., INC. ("Company") and ADAM SCHOENFELD ("Employee").

WHEREAS, subject to Employee's agreement to, and compliance with, this Agreement Company has agreed to employ Employee, and Employee has agreed to be employed by Company; and

WHEREAS, Company and Employee each acknowledge and agree that, as part of Employee's job duties, Employee will from time-to-time have access to Confidential Information as more specifically defined below and may from time-to-time conceive of, author, or otherwise create or assist in the conception, authorship or development of certain Inventions and Works of Authorship as more specifically defined below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and Employee agree as follows:

1. Intellectual Property.

   a. Ownership and Works Made For Hire. Employee hereby agrees that Company shall be the sole and exclusive owner of any and all ideas, inventions, discoveries, computer hardware and software, algorithms, improvements and devices relating thereto, and other information and know-how heretofore or hereinafter conceived, developed or made by Employee on behalf of or for the benefit of Company, either alone or with others, during the course of Employee's employment by Company, or which are conceived, developed or made using Company equipment or resources, or by reason of knowledge gained from such employment (hereinafter "Inventions"), together with any graphic designs, narrative works, business plans, financial analyses, lab notes, designs, specifications, programming, source code, object code, flow charts, data, compilations of data and other information and works of authorship of any nature compiled, authored or otherwise developed by Employee and relating to such Inventions or otherwise created during the course of Employee's employment with Company or using Company equipment or resources on behalf of or for the benefit of Company (the "Works of Authorship") and all trademark, copyright, trade secret, patent and other intellectual and industrial property rights of whatever nature throughout the world covering or embodied by such Inventions and Works of Authorship, that the Works of Authorship constitute "works made for hire" (as that term is defined in the United States Copyright Act as amended) by Employee because they have either been prepared by Employee while acting within the scope of Employee's employment with Company or they have been specifically ordered or commissioned from Employee for use by Company and that, as such, Company is the author and owner of such Works of Authorship.

b. Assignment. Employee hereby acknowledges and agrees that, to the extent any Inventions or Works of Authorship are not, for whatever reason, deemed to be "works made for hire" or otherwise solely and exclusively owned by Company, Employee hereby grants, transfers, conveys and assigns to Company and its successors and assigns all of Employee's right, title, interest, ownership and all subsidiary rights in and to such Inventions and Works of Authorship and all trademark, trade secret, copyright, patent and other intellectual and industrial property rights of whatever nature throughout the world covering or embodied by such Inventions and Works of Authorship, including the right to apply for, register, obtain, maintain, enforce and defend the foregoing in any jurisdiction throughout the world.

c. Disclosure. Employee hereby agrees to keep and maintain current and complete records of, and to disclose promptly and in writing to Company, all Inventions and Works of Authorship to which Company is or may arguably be entitled as provided above, and agrees not to (i) disclose such Inventions and Works of Authorship to others, except as required in accordance with Employee's duties as an employee of Company, or (ii) move copies of such written records to, or keep copies of such records at, locations other than Company's premises, in either case without the express prior written consent of Company.

d. Continuing Assistance. Employee hereby further agrees that during the term of Employee's employment with Company and at any time thereafter, Employee shall execute and deliver to Company any written documents necessary or appropriate, in Company's sole discretion, to effectuate the assignment to Company of any and all rights in such Inventions and Works of Authorship to which Company is entitled as provided above, and will execute all papers and perform any other lawful acts requested by Company for the preparation, prosecution, procurement, maintenance, enforcement and defense of any trademark, trade secret, copyright, patent and/or other intellectual or industrial property rights in and for such Inventions and Works of Authorship throughout the world, and will execute all documents and perform any other lawful act necessary to vest title in Company to such Inventions and Works of Authorship and all trademarks, trade secrets, copyrights, patents and other intellectual and industrial property rights relating thereto. To the extent that, for any reason or no reason, including without limitation Employee's physical or mental incapacity, Employee fails to comply with Employee's obligations described above in this paragraph 1(d), Employee hereby appoints Company as Employee's agent and attorney in fact, and grants to Company a power-of-attorney with full power of substitution, to execute, deliver and file any documents, and perform any acts, Employee would otherwise lawfully be obligated to execute, deliver, file or perform pursuant to this paragraph 1(d), with the same legal force and effect as if executed, delivered, filed or performed by Employee. Such power of attorney shall be deemed coupled with an interest for the purposes of effecting the foregoing assignments, prosecutions, procurement, maintenance, enforcement and defense.

e. Pre-existing Rights. In the event that Employee uses or incorporates into any Inventions, Works of Authorship or other work product of Employee created in the course of Employee's employment with Company any (i) ideas, inventions, discoveries, computer hardware and software, algorithms, improvements and devices relating thereto conceived, developed or made by Employee prior to, or outside the scope of, Employee's employment with Company, or (ii) any graphic designs, narrative works, business plans, financial analyses, lab notes, designs, specifications, programming, source code, object code, flow charts, data, compilations of data and other information compiled, authored, developed or otherwise created by Employee prior to, or outside the scope of, Employee's employment with Company (collectively, the "Pre-existing Inventions and Works"), then Employee shall be deemed to have granted to Company a perpetual, irrevocable, fully-paid, royalty-free, non-exclusive, transferable, assignable, sublicenseable right, under any and all trademarks, trade secrets, copyrights, patents and other intellectual and industrial property rights of whatever nature throughout the world covering or embodied by the Pre-existing Inventions and Works, to make, have made, use, copy, distribute, display, perform, modify, translate, offer to sell, sell, and otherwise transfer or dispose of the Preexisting Inventions and Works and any products and services embodying or covered by such trademarks, trade secrets, copyrights, patents and other intellectual and industrial property rights. Employee covenants and agrees that it shall notify Company in writing of all Pre-existing Inventions and Works prior to incorporating the same into any Inventions, Works of Authorship or other work product created in the course of Employee's employment with Company.

f. Moral Rights Waiver. Employee hereby releases, waives and assigns in favor of Company any and all "moral" rights related to the Works of Authorship, including without limitation: the right of paternity (i.e., acknowledgment of authorship), disclosure, withdrawal and integrity (i.e., right to prevent changes to the work).

2. Confidentiality and Non-disparagement.

a. Non-Disclosure. For so long as Employee is employed by Company and thereafter for so long as the Confidential Information (as hereinafter defined) has not otherwise been publicly disclosed by Company, Employee hereby expressly agrees that (i) Employee shall not divulge, directly or indirectly, other than in the regular and proper course of business of Company, any Confidential Information, and (ii) Employee shall not use, directly or indirectly, any Confidential Information for the benefit of anyone other than Company; provided, however, that Employee shall have no obligation, express or implied, to refrain from using or disclosing to others any Confidential Information which is or hereafter shall become generally available to the public other than through Employee's breach of this Agreement. Notwithstanding anything to the contrary in this Agreement, (i) in the event that Employee is required by law, regulation, legal or regulatory process, court order, or other governmental requirement (each a "Governmental Requirement") to disclose any Confidential Information, Employee shall, to the extent permitted by law, provide Company with notice of any such request or requirement so that Company may seek a protective order or other appropriate remedy (and Employee will reasonably cooperate with Company in such efforts, at Company's request) or waive compliance with the provisions of this Agreement and (ii) if, in the absence of a protective order or other remedy or the receipt of a waiver from Company, Employee is advised by legal counsel that it is nonetheless required to disclose Confidential Information, Employee may, without liability under this Agreement, disclose only that portion of the Confidential Information required to be so disclosed (provided that Employee will cooperate with Company, at Company's request, to obtain assurance that confidential treatment will be accorded such disclosed information). In the event Employee makes or learns of any unauthorized disclosure of Confidential Information, Employee shall promptly notify Company of such unauthorized disclosure and in good faith cooperate with Company's efforts to ameliorate the effects of, or otherwise enforce its rights in connection with, such unauthorized disclosure. Notwithstanding the foregoing, Employee may disclose Confidential Information to his attorneys, accountants or other professional advisors if such Confidential Information is necessary to address Employee's legal, tax or accounting issues (provided that any such advisor other than an attorney or accountant shall be required to be bound by nondisclosure obligations at least as restrictive as the restrictions contained in this paragraph 2(a) prior to Confidential Information being disclosed to any such advisor).

b. Confidential Information. For the purposes of this Agreement, the term "Confidential Information" shall mean any information, whether oral or written and whether in a tangible or intangible form, not generally known in the relevant trade or industry (i.e. any trade or industry in which Company engages or is then engaged) or otherwise not generally available to the public, which was obtained from or disclosed to Employee by Company, its affiliates or their predecessors or which was learned, discovered, developed, conceived, originated or prepared by Employee in the course of Employee's employment with Company, including, without limitation, Inventions, Works of Authorship, and any other product, service, marketing, operating and financial information, computer software, source code, object codes, and flow charts proprietary to Company.

c. Possession. All Confidential Information in Employee's possession at any time shall be the exclusive property of Company, shall not be copied, summarized, extracted from, or removed from the premises of Company, except in pursuit of the business of Company and at the direction of Company, and shall be delivered to Company, without Employee retaining any copies, upon the termination of Employee's employment with Company or at any earlier time as requested by Company.

d. Prior Obligations. Employee warrants that the performance of its duties and obligations under this Agreement will not constitute a breach or default under any other agreement to which Employee is bound, that it is not bound by any pre-existing (i.e., before the date of this Agreement first set forth above) obligation of confidentiality or duty to assign rights in any Inventions or Works of Authorship (whether written, oral or otherwise) to any other person or entity that may foreseeably interfere with or conflict with Employee's job duties or compliance with this Agreement, nor is there any pending or threatened proceeding, investigation or action alleging (or to Employee's knowledge any basis for such a proceeding, investigation or action) that Employee is bound by any such obligation or duty. Employee covenants and agrees that, for so long as Employee is employed by Company, Employee shall (i) comply with any pre-existing confidentiality obligations, (ii) in the event Employee's job duties with Company may in the future potentially conflict with such obligations, inform Company of such conflict and refrain from making any disclosures or otherwise taking any action that violate Employee's pre-existing confidentiality obligations, (iii) at all times in good faith work with Company to determine a course of action which will allow Employee to perform Employee' job duties without violating any pre-existing confidentiality obligations, and (iv) not hereafter enter into any agreement with any other person or entity that imposes upon Employee obligations of confidentiality that conflict with, or may foreseeably conflict with, the proper performance of Employee's job duties with Company. Employee hereby consents to Company notifying any subsequent employers of Employee that Employee is bound by obligations of confidentiality as set forth in this Agreement.

e. Non-disparagement. Employee covenants and agrees that, for so long as Employee is employed by Company and for five (5) years thereafter, Employee shall not make, publish or otherwise disseminate disparaging or derogatory statements or allegations, whether written, oral or otherwise, regarding Company or its affiliates, or any officers, directors, employees, products, services, policies or operations of Company or its affiliates. The provisions of this paragraph 2(e) in no way restrict or prohibit Employee from providing truthful testimony when such testimony is lawfully compelled pursuant to any court order or other legal process.

3. Non-Competition; Non-Solicitation.

For so long as Employee is employed by Company or Employee or any of Employee's Permitted Transferees (as such term is defined in the Amended and Restated Shareholder Agreement of Company, dated as of October 28, 2015 (the "Shareholder Agreement")) own any Securities of Company and for a period of twenty-four (24) months beginning on the later of (a) the date of Employee's termination of employment with Company and (b) the date that Employee or any of Employee's Permitted Transferees no longer owns any Securities of Company, Employee shall not: (i) other than as requested in writing by and on behalf of Company and/or its subsidiaries, directly or indirectly through an affiliate or any other person, as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, member, proprietor, investor, joint venture, lender or guarantor of any person, or in any other capacity, anywhere in the world (the "Restricted Territory") either directly or indirectly participate or engage in, or manage, advise, direct, rend services to or lend credit to persons participating or engaged in the Business (as such term is defined in the Shareholder Agreement) in the Restricted Territory (provided, however, that, notwithstanding anything to the contrary in this paragraph 3, the passive investment by Employee and Employee's affiliates in less than five percent (5%), in the aggregate, of the outstanding publicly traded securities (in the aggregate) of any company engaged in the Business shall not, in and of itself, constitute a violation of this paragraph 3); or (ii) without the prior written consent of Company, directly or indirectly through an affiliate or any other person (and shall not assist or encourage others to), directly or indirectly, solicit to hire or hire (or cause or seek to cause to leave the employ of Company or any subsidiary or affiliate), any employee of Company or any subsidiary or affiliates or any person who has left the employ of Company during the six months immediately preceding such solicitation or hiring, except pursuant to a general solicitation that is not directed specifically to any employees or independent contractors of Company, any of Company's subsidiaries or any of their respective affiliates. "Securities" shall mean, at any time, without duplication, shares of the common stock, no par value per share, of Company (the "Common Stock"), shares of preferred stock, warrants, options, convertible securities or indebtedness, exchangeable securities or indebtedness, subscription rights or other rights, exercisable for or convertible or exchangeable into, directly or indirectly, the Common Stock or other equity of Company, whether at the time of issuance, upon the passage of time, or the occurrence of some future event.

4. No Further Consideration.

Employee acknowledges and agrees that, except as compensated in accordance with Employee's status as an employee of Company, Employee shall not be entitled to any further or additional compensation in consideration of (i) the assignment by Employee of Employee's rights in any Inventions and/or Works of Authorship as provided for above in paragraphs 1 (a) and (b), (ii) the licenses (if any) granted to Company as provided for above in paragraph 1(e), (iii) complying with the confidentiality and non-disparagement obligations set forth above in paragraph 2, and (iv) the provision of any services as provided for above in paragraph 1(d); provided, however, that Employee shall be reimbursed for actual out-of-pocket expenses incurred in rendering to Company the services specified in paragraph 1(d).

5. Term.

This Agreement shall commence and be effective as of the date of this Agreement first set forth above and shall terminate on the date Employee ceases to be an employee of Company. Notwithstanding the above, Employee's obligations arising pursuant to paragraphs 1, 2, 3 and 4 above, and paragraphs 6 and 7(c), (d), (e) and (f) below, shall survive termination of this Agreement. In addition, those rights, duties and obligations of Company and Employee set forth in this Agreement that, by their nature, are intended to survive the termination of this Agreement shall survive the termination of this Agreement.

6. Originality.

Employee hereby warrants and represents to Company that, to the best of Employee's knowledge after reasonable inquiry and except as expressly disclosed to Company in writing by Employee, all Inventions, Works of Authorship and Pre-existing Inventions and Works shall be original and shall not have been conceived, reduced to practice, authored or otherwise developed by misappropriating the trade secrets or other proprietary technology or intellectual property of any third parties. Employee hereby agrees to indemnify, defend and hold Company harmless from and against any and all third party claims, and any costs, damages and liabilities resulting therefrom, made against or imposed upon Company as a result of Employee's breach of the above representation and warranty. The foregoing representation and warranty shall be deemed first made on the date hereof and shall run continuously thereafter and apply to all Inventions, Works of Authorship and Pre-existing Inventions and Works governed by this Agreement.

7. Miscellaneous.

a. Survival, Assignability. Employee shall not assign this Agreement without the express prior written consent of Company, which consent may be withheld for any reason or no reason at Company's sole discretion. Except as otherwise provided herein, this Agreement shall be binding upon the respective heirs, successors, and permitted assigns of the parties hereto. Company shall be free to assign its rights hereunder to any other party without the consent of Employee.

b. Severability. Any provision of this Agreement which is determined to be illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof which shall be severable and enforceable according to their terms and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Notwithstanding anything to the contrary in the immediately foregoing sentence, but otherwise without limiting the generality of the immediately foregoing sentence, if, at the time of enforcement of any provision of this Agreement (including, without limitation, paragraph 3 hereof), a court of competent jurisdiction shall hold that the period or scope restrictions or any other restriction stated in this Agreement are unreasonable under circumstances then existing, the parties agree that the maximum period or scope reasonable under such circumstances shall be substituted for the stated period or scope and that the court shall be allowed and directed to revise the restrictions contained in this Agreement to cover the maximum period or scope permitted by applicable law.

c. Specific Performance and Equitable Relief. Employee acknowledges and agrees that Company would suffer irreparable harm if Company's rights in the Inventions and Works of Authorship were not protected and/or the Confidential Information was disclosed to third parties without Company's consent. Accordingly, Employee hereby consents to and agrees that, in the event of a breach or threatened breach of this Agreement by Employee, Company shall have the right to exercise any and all rights by appropriate action either by law or in equity, including specific performance of Employee's obligations arising pursuant to paragraphs 1, 2 and 3 above, and that Company shall be entitled to equitable relief, including injunctive relief, in connection with any breach or threatened breach, by Employee, of Employee's obligations arising pursuant to paragraphs 2(a), 2(c), 2(d), 2(e) and 3 above. Employee further agrees that Employee shall not request that Company post, nor shall Company be obligated to post, a bond in connection with any equitable relief authorized pursuant to this paragraph 7(c) and in fact requested by Company.

d. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida and, to the extent applicable, the laws and regulations of the United States of America governing intellectual property matters, without giving effect to the provisions, policies or principles under Florida State law respecting conflict or choice of law. EMPLOYEE ACKNOWLEDGES AND AGREES THAT, PRIOR TO EXECUTING THIS AGREEMENT, EMPLOYEE WAS AFFORDED AN OPPORTUNITY TO OBTAIN THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND HAS READ AND UNDERSTOOD ALL OF THIS AGREEMENT. ACCORDINGLY, THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.

e. Choice of Forum. Each of the parties hereby consents to the jurisdiction of any state or federal court located within the County of Palm Beach, State of Florida, and irrevocably agrees that all actions or proceedings relating to this Agreement must be litigated in such courts, and each of the parties waives any objections which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in such court.

f. Entire Agreement. This Agreement, the Shareholder Agreement and that certain Employment Agreement by and between Company and Employee, dated October 28, 2015, contain the entire understanding of the parties with respect to its subject matter, and supersedes all prior written or oral agreements and understandings between the parties with respect to its subject matter. This Agreement may not be changed orally, and any written change or amendment must be signed and accepted by Company.

g. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement (and all signatures need not appear on any one counterpart), and this Agreement shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement and caused it to be binding and effective upon each of them in accordance with its terms.

JACOBY & CO., INC.

By: _____
Name: Aaron LoCascio
Title: Co-President

By: _____
Name: Adam Schoenfeld
Title: Co-President

EMPLOYEE

_____
Adam Schoenfeld

Exhibit 10.13

WAREHOUSE GOODS, LLC EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into by and between Warehouse Goods, LLC a Delaware Limited Liability Company, hereinafter referred to as "Warehouse Goods or "Employer" and Sasha Kadey hereinafter referred to as "Employee," on the 14th day of April, 2016.

WITNESSETH:

WHEREAS, Warehouse Goods has instituted a network of employed and contracted employees to assist in the receipt, processing, and dissemination of orders for vaporizers and associated products.

WHEREAS, Warehouse Goods' agreements with vendors authorize Warehouse Goods to sell vaporizers to customers.

WHEREAS, Warehouse Goods and Employee mutually desire to enter into an Agreement whereby Employee agrees to provide certain services to Warehouse Goods within accepted standards of care and under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1 Recitations. The aforestated recitations are true and correct and are incorporated herein by reference.

2 Definitions. Whenever used in this Agreement, the following terms shall have the definitions contained in this section.

Effective Date: means the last date specified on the signature portion of this Agreement

3 Employment. Warehouse Goods hereby employs Employee as, and in the specific capacity of Chief Marketing Officer and Employee accepts said employment upon the terms and conditions of this Agreement.

4 Employee's Duties and Responsibilities.

4.1 Employee shall be responsible for, but not limited to task and duties relating to the position of Chief Marketing Officer.

4.2 Employee shall at all times conduct himself or herself in compliance with all applicable federal, state, and local laws and their rules and regulations and in compliance with Warehouse Goods' policies and procedures, and the terms of this Agreement.

4.3 Employee will occasionally be asked to work additional hours, including but not limited to working trade shows, weekends, and mandatory meetings. No additional compensation will be provided to employee for working additional hours.

5 Employer's Responsibilities.

5.1 Administration. Warehouse Goods shall perform the appropriate administrative, regulatory, marketing, enrollment and other functions necessary for administration of the company, pursuant to applicable state and federal law. Employer shall make all employment, termination, supervision, discipline and promotion decisions concerning its employees, and will assign employees, at its discretion, to assist Employee with Employee's performance hereunder. Employer shall provide Employee such office space, facilities, and supplies as reasonably necessary, in its discretion, to permit Employee to provide the services described herein. Employee shall abide by policies and procedures established by Warehouse Goods.

5.2 Accounting. Warehouse Goods shall maintain, in accordance with generally accepted accounting principles, such financial accounting records as shall be necessary, appropriate and convenient to carry out the purposes of this Agreement. Warehouse Goods may contract with a third party to carry out any or all of these functions.

5.3 Information. Warehouse Goods shall provide the Employee with information and data reasonably necessary to carry out the terms and conditions of this Agreement.

6 Compensation & Benefits. Warehouse Goods shall provide compensation and benefits to the Employee for the continual and complete discharge of his or her duties under this Agreement as specified in attached Exhibit A.

7 Relocation Expense Reimbursements. Warehouse Goods shall provide relocation expense reimbursements under this agreement as specified in attached Exhibit B, if applicable. N/A

8 Term of Agreement/Termination.

8.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue for the period of one year thereafter. This Agreement shall automatically renew for successive one year periods, unless either party notifies the other of its desire not to renew the Agreement at least 60 days prior to the next scheduled renewal date. This Agreement may also be w terminated in accordance with any applicable provision of this Agreement.

8.2 Termination – Without Cause. Either party may terminate this Agreement at any time without cause.

8.3 Employer Right To Terminate – For Cause. Employer may terminate the Agreement for cause immediately in the event of the occurrence of any of the following events:

8.3.1 Employee violates any applicable law;

8.3.2 Employee's commission of any act or omission that, in Warehouse Goods' sole judgment, subjects Warehouse Goods to shame or ridicule, or otherwise materially diminishes the reputation and good name of Warehouse Goods;

8.3.3 Employee is in violation of or engages in conduct which in Warehouse Goods' reasonably exercised judgment, is inconsistent with Employer's policies, and procedures, business or professional interests;

8.3.4 Employee commits any act or omission that, in Warehouse Goods' reasonably exercised judgment creates a conflict of interest or places the Employee in a posture adverse to the best interests of Warehouse Goods;

8.3.5 Employee becomes unable to perform Employee's duties and obligations pursuant to this Agreement, with reasonable accommodation, for a continuous period of more than thirty (30) days or for period of sixty (60) days during any consecutive three hundred sixty-five (365) day period;

8.3.6 Death of Employee; and

8.3.7 A breach by Employee of any other term or condition of this Agreement which remains uncured for a period of ten (10) days following receipt of notification from Warehouse Goods of such breach.

8.4 Obligations upon Termination. Upon termination of this Agreement, neither party shall have any further obligation hereunder except for obligations accruing prior to the date of termination, and those obligations, promises or covenants contained herein which are expressly made to extend beyond the term of the Agreement.

8.5 Employee's Cooperation Upon Termination. Employee agrees that for the period of his employment and thereafter for a period of twenty-four (24) months, Warehouse Goods has the right to receive, open, and / or intercept all mail, and other communications (whether written, or in electronic or other form) addressed to Employee at Warehouse Goods' address or received by Warehouse Goods by means of any electronic media, and the right to take possession, for Warehouse Goods' own account, any mail or other communication provided such communication relates to Warehouse Goods' business, and Warehouse Goods shall have the further right to endorse Employee's name on financial instruments "for deposit" and to deposit for the account of Warehouse Goods any check, money order or other financial instrument payable to Employee that is received from any person as payment for product or professional or other services rendered by Warehouse Goods during the term of this Agreement.

9 Acknowledgements. Warehouse Goods is engaged in the business of providing vaporizers and related equipment to members of the public and retailers and engages in competition with other businesses that provide herbal vaporizers to members of the public and retailers. Through great time, energy and expense, Warehouse Goods has developed expertise, programs, systems, methods, practices, and other information as well as contractual and business relationships with vendors and others that enable Warehouse Goods to compete in the industry. Employee acknowledges that:

9.1 Warehouse Goods' business is highly specialized;

9.2 The expertise, programs, systems, methods, practices, and other information developed, used and maintained by Warehouse Goods are not generally known by competitors in the industry;

9.3 Warehouse Goods has a proprietary interest in its programs, systems, methods, practices, and other information developed and maintained by Warehouse Goods;

9.4 Documents and other information regarding Warehouse Goods' business methods, relationships, strategies, costs, programs, systems, methods, practices, and other information developed, used and maintained by Warehouse Goods are highly confidential and constitute trade secrets; and

9.5 Disclosure of Warehouse Goods' confidential and trade secret information would irreparably harm Warehouse Goods and give unfair advantage to any other person competing with Warehouse Goods in the industry.

10 Intellectual Property and Confidential Information. In order to induce Company to hire and to thereafter continue to employ Employee, Employee and Company have entered into a Proprietary Rights and Confidentiality Agreement.

11 Restrictive Covenant. During the term of this Agreement, and for a period of eighteen (18) months after this Agreement has been terminated for any reason, regardless of whether the, termination is initiated by Warehouse Goods or Employee, Employee will not without written consent from Warehouse Goods directly or indirectly, on behalf of himself or herself or on behalf of any other person, firm, company, partnership or business entity:

11.1 solicit any business from any person who is or was a customer or supplier of Warehouse Goods during a period of five (5) years prior to the termination of Employee's employment;

11.2 recruit or solicit any employee of Warehouse Goods, or person who was employed by Warehouse Goods during a period of one (1) year prior to the termination of Employee's employment, for employment with any other organization which engages directly or indirectly in the business of providing vaporizers and related goods to members of the public;

11.3 own, manage, operate, control, be employed by, participate in, or be connected in any manner whatsoever with the ownership, — management, operation, or control of any business engaged in the vaporizer industry or any other business similar to the type of business conducted by Warehouse Goods.

12 Injunction For Breach. In the event of a breach or threatened breach by Employee of any of the promises contained in this Agreement, Employee acknowledges that Warehouse Goods' remedy at law for damages will be inadequate and that Warehouse Goods will be entitled to an injunction, without the requirement of an injunction bond, to prevent and enjoin Employee from breaching or threatening to breach any of the provisions contained herein. Warehouse Goods' application to a court of law for an injunction under this paragraph will not constitute a waiver by Warehouse Goods or in any way limit or prohibit Warehouse Goods from pursuing any other remedies available to it in law or equity. Employee further agrees that:

12.1 the obligations of paragraphs 10 and 11 of this Agreement are independent of any other obligations of Warehouse Goods, and the existence of any claim or cause of action of the Employee against Warehouse Goods, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by Warehouse Goods of the provisions of paragraphs 10 and 11;

12.2 the restrictive covenant provisions of this Agreement are reasonable and necessary to protect Warehouse Goods' legitimate business interests, including but not limited to the protection of Warehouse Goods' trade secrets and confidential information, relationships with existing and prospective customers and other business relationships, goodwill, and Warehouse Goods' investment in training Employee;

12.3 if any portion of the restrictive covenants of this Agreement are held by a court to be unreasonable, arbitrary, or against public policy for any reason, the restrictive covenant shall be enforced as to a lesser scope, time or geographic area, to the fullest extent possible such that the provision shall not be considered. unreasonable or unenforceable;

12.4 if proceedings have to be brought by Warehouse Goods against Employee to enforce the restrictive covenant provisions of this Agreement, the period of restriction shall be deemed to begin to run on the date of entry of an order granting Warehouse Goods injunctive relief, and shall continue uninterrupted for the next succeeding twelve (12) months.

13 Dispute Resolution. In the event of any dispute or claim regarding this Agreement or any part thereof, the parties agree to submit such dispute or claim to binding arbitration. A single arbitrator shall be chosen by mutual agreement between the parties and their respective counsel, who shall render an award within 30 days of the arbitration hearing. The venue for any such arbitration shall be Palm Beach County, Florida. The determination or award rendered therein shall be binding and conclusive upon the parties, and judgment may be entered thereon in accordance with applicable law in any court having jurisdiction over the parties. The prevailing party in any such arbitration proceeding shall recover from the other party his/her/its attorneys fees and costs, which amounts shall be determined by the arbitrator. This paragraph will not be deemed a waiver of Warehouse Goods' right to injunctive relief as provided for in this Agreement.

14 Representation. The Employee hereby represents and warrants to Warehouse Goods that: (a) this Agreement constitutes the legal, valid and binding obligation to the Employee, enforceable against the Employee in accordance with its terms; (b) the execution, delivery and performance of this Agreement has been duly authorized by all required action of the Employee and (c) such execution, delivery and performance does not violate any provisions of any agreement to which the Employee is a party, or any laws or regulations applicable to the Employee.

15 Indemnification. Employee shall indemnify and hold harmless, to the fullest extent permitted by law, Warehouse Goods, its officers, directors, and shareholders with regard to any threatened, pending or contemplated claim, action, suit, or other type of proceeding, or any final judgment, assessment, fine, or penalty, including, without limitation: (a) any obligations to repay any sums previously paid, directly or indirectly, to Warehouse Goods with respect to services rendered by Employee on behalf of Warehouse Goods if such overpayment results from or is based on Employee: (i) the Internal Revenue Service upon audit or examination determine that business deductions to Employee are disallowed as ineligible business deductions to Warehouse Goods; (ii) professional or general liability claims or judgments are asserted against Warehouse Goods with respect to acts or omissions of Employee which exceed applicable insurance proceeds or which are determined to be non-covered by insurance; and (iii) any breach by Employee of any of the representations and warranties of Employee contained herein.

16 No Ownership Interest. During the term of this Agreement, Employee shall not be required to contribute any money towards Warehouse Goods' equipment or operations, but likewise Employee will have no financial interest in the accounts receivable, furniture, equipment, leasehold improvements, property, assets, goodwill or the like of Warehouse Goods unless otherwise stated in Exhibit A.

17 Reporting Legal Actions.

17.1 Summons or Complaint. Employee will notify Warehouse Goods in writing within five (5) working days of being served with a summons, complaint, written claim, or other document alleging negligence or other injury, whether before or during employment by Warehouse Goods.

17.2 Occurrence or Event. Employee will orally notify Warehouse Goods within five (5) working days of any event which raises a reasonable probability that it will result in a legal claim or action against Employee relating to his/her employment duties.

17.3 Arrest, Indictment or Conviction. Employee will orally notify Warehouse Goods immediately, and in writing within five (5) days, of any arrest, indictment or conviction for other than a misdemeanor motor vehicle license infraction.

17.4 Cooperation in Dispute Resolution. Employee recognizes that certain disputes may arise between Warehouse Goods and third parties, the resolution of which may require the cooperation of Employee, including, but not limited to, Employee's providing factual information and giving depositions and testimony in judicial and administrative proceedings. Employee shall, during the term hereof and at all times after termination for a period of five (5) years, cooperate with Warehouse Goods to allow it to advance its position with respect to such disputes. Warehouse Goods shall provide reasonable compensation to employee and reimburse Employee for all out-of-pocket expenses incurred in connection with such cooperation, provided that Employee obtains Warehouse Goods' agreement in advance for such expenses and provides Warehouse Goods with an itemized written account of such reimbursable expenses. The temis and conditions of this Paragraph shall survive termination of this Agreement.

18 Miscellaneous.

18.1 Applicable law. This Agreement, and the rights and obligations of the parties herein, shall be construed, interpreted and enforced in accordance with, and governed by, the laws of the State of Florida, without reference to conflicts of laws principles as applied in that State. Subject to the arbitration provisions of Section 13 above, the parties each consent to the exclusive jurisdiction of any state or federal court located in the County of Palm Beach, State of Florida in all actions or proceedings relating to this Agreement.

18.2 Confidentiality. The parties hereto agree that each shall hold this Agreement and the information contained in this Agreement as confidential and shall not disclose this Agreement or any of its terms or information contained in this Agreement to any non party, except as necessary to carry out the terms herein or as required by state or federal law.

18.3 Heading and captions. Headings and captions used in this Agreement are for convenience only and should not be considered in interpreting the provisions hereof.

18.4 Federal and state law regulations. This Agreement, and the performance thereof, is subject to the requirements of all applicable state and federal laws. Provisions required thereby to be in this Agreement shall be incorporated herein by this reference and shall bind the parties to this Agreement whether or not specifically provided herein.

18.5 Modification. This Agreement, and the attachments hereto, constitute the entire understanding of the parties hereto and no changes, amendments or alterations shall be effective unless in writing and signed by both parties.

18.6 Enforceability. The invalidity or un-enforceability of any terms or conditions hereof shall in no way affect the validity or enforceability of any other term or provision.

18.7 Notice. Any notice required to be given under this Agreement shall be in writing and shall be delivered by certified mail, return receipt requested, to the Employee's last known residence or to Warehouse Goods, Inc., Attention Aaron LoCascio, Boca Raton, Florida.

18.8 Complete Agreement. This Agreement, together with the Proprietary Rights and Confidentiality Agreement entered into by the parties contemporaneously herewith, constitute the entire understanding of the parties in respect of its subject matter, and supersedes all prior oral agreements and understandings between the parties with respect to its subject matter.

18.9 Waiver. No waiver of any default in the performance of any of the duties or obligations arising under this Agreement shall be valid unless in writing and signed by the waiving party. Waiver of any one default shall not constitute or be construed as creating a waiver of any other default or defaults. No course of dealing between the parties shall operate as a waiver or preclude the exercise of any rights or remedies under this Agreement. Failure on the part of either party to object to any act or failure to act of the other party, or to declare the other party in default, regardless of the extent of such default, shall not constitute a waiver by such party of its rights hereunder.

/s/ Aaron LoCascio
Aaron LoCascio, CEO
Warehouse Goods, LLC.

Date 4/15/16

/s/ Sasha Kadey
Sasha Kadey

Date 4/14/16

EXHIBIT A

Compensation. Warehouse Goods shall pay, to or for the benefit of Employee as compensation ("Salary") in the amount of $9,166.67 semi-monthly ($220,000.00 per year), along with a 10% discretionary annual bonus. Warehouse Goods shall withhold from each compensation payment made to Employee the required withholding and other employment-related taxes, as well as any benefits to which Employee makes a contribution, and any personal expenses incurred by Employee, the payment for which was advanced by Warehouse Goods.

Profit Interest. Employee will also receive 2.0% profit interest in the company with a four-year vesting period according to the terms and conditions upon the formation of the Warehouse Goods' Profit Interest Program. The profit interest distributed to Employee shall include the following stipulations:

1. The profit interest will provide Employee with an entitlement to a percentage of the net proceeds paid to the Members of Jacoby Holdings LLC on a Change in Control (as defined below) , which percentage will be based upon the appreciation in the equity value of Jacoby Holdings LLC from the original grant date to the Change in Control event.
2. As of the grant date, the 2.0% profits interest is completely unvested. The 2.0% profits interest will vest 25% per year for each year, beginning on the earlier of (I) the first anniversary of the grant date, or (ii) July 1, 2017 (such date, as applicable, the "Initial Vesting Date"), and continuing to vest on each anniversary of the Initial Vesting Date thereafter until the fourth anniversary of the Initial Vesting Date, provided that Employee is still working full-time at Warehouse Goods.
3. Upon a Change in Control (as defined below) of Jacoby Holdings LLC, the Employee's unvested profit interest shall immediately vest fully, provided that Employee is still working full-time at Warehouse Goods.
4. If the Employee's employment at Warehouse Good is terminated for any reason, other than termination by Warehouse Good for Cause (as defined below), then Employee will be entitled to keep the vested portion of his profit interest.

Profits Interest Definitions.
For purposes of this Exhibit A:

"Change in Control" means "one or a series of related transactions pursuant to which: (i) an unrelated third party acquires all or substantially all of the assets of the Company (other than in connection with financing transactions, sale and leaseback transactions or other similar transactions), or (ii) an unrelated third party acquires more than 50% of the membership interests of the Company, provided that in the event of a series of related transactions, the Change in Control shall occur upon the closing of the final transaction."

"Cause" means "(i) breach of any provision of this Agreement; (ii) the Employee's indictment for a felony or being charged with a crime of moral turpitude; (iii) commission by the Employee of an act or fraud, embezzlement, misappropriation, theft or breach of fiduciary duty; or (iv) the Employee's engagement in conduct which, in the Company's reasonable judgment, is detrimental to the Company's business, goodwill or good name. Notwithstanding the foregoing, a termination by the Company for Cause pursuant to clause (i), and/or (iv) above shall be effective only if, within ten (10) days following delivery of a written notice by the Company to the Employee specifying the circumstances giving rise to Cause, and the Employee has failed to cure the circumstances giving rise to Cause to the Company's reasonable satisfaction

Temporary Housing Allowance. After Employee works thirty (30), sixty (60), and ninety (90) days each, he will receive $1,500 ($4,500 total) to partially reimburse him for some of the costs associated with relocating to the Boca Raton area to work for Warehouse Goods.

Reviews and Probation Period. Employee will be under a sixty (60) day introductory period, after which Employee will have an evaluation to review performance and goals.

Payroll Schedule. All employees are paid semi-monthly on the 5th and the 20th for the corresponding previous work period. In the event that a regularly scheduled payday falls on a weekend or holiday, you will be paid on the last day of work before the scheduled payday.

Benefits. Employee will receive benefits based on employment status in accordance with requirements as stated in the company's summary of benefits.

In addition the Employee will also receive:

17 PTO Days upon Hire
$500.00 Monthly Car Allowance

Employee agrees to keep the terms of this Agreement confidential, and shall not disclose any of the terms and conditions of this Agreement to third parties or otherwise make the terms and conditions of this Agreement public except pursuant to the order of a court of competent jurisdiction or in connection with legal proceedings to enforce the terms and conditions of this Agreement. Employee acknowledges that Employee's breach of this provision is grounds for immediate termination, and further acknowledges that such a breach would cause Warehouse Goods irreparable harm for which monetary compensation alone would be an inadequate remedy. Accordingly, without limiting any other remedies available to Warehouse Goods in connection with a breach or threatened breach of this provision, Warehouse Goods shall be entitled to injunctive relief if Employee breaches or threatens to breach this provision.

/s/ Aaron LoCascio
Aaron LoCascio, CEO
Warehouse Goods, LLC

Date 4/15/16

/s/ Sasha Kadey
Sasha Kadey

Date 4/14/16

Exhibit 10.14

WAREHOUSE GOODS, INC. EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into by and between Warehouse Goods, Inc., a Florida corporation, hereinafter referred to as "Warehouse Goods" or "Employer" and Jay Scheiner hereinafter referred to as "Employee," on the 13 day of April, 2015.

WITNESSETH:

WHEREAS, Warehouse Goods has instituted a network of employed and contracted employees to assist in the receipt, processing, and dissemination of orders for vaporizers and associated products.

WHEREAS, Warehouse Goods' agreements with vendors authorize Warehouse Goods to sell vaporizers to customers.

WHEREAS, Warehouse Goods and Employee mutually desire to enter into an Agreement whereby Employee agrees to provide certain services to Warehouse Goods within accepted standards of care and under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1 Recitations. The aforestated recitations are true and correct and are incorporated herein by reference.

2 Definitions. Whenever used in this Agreement, the following terms shall have the definitions contained in this section.

Effective Date: means the last date specified on the signature portion of this Agreement.

3 Employment. Warehouse Goods hereby employs Employee as, and in the specific capacity of, Chief Operating Officer and Employee accepts said employment upon the terms and conditions of this Agreement.

4 Employee's Duties and Responsibilities.

4.1 Employee shall be responsible for, but not limited to task and duties relating to the position of Chief Operating Officer.

4.2 Employee shall at all times conduct himself or herself in compliance with all applicable federal, state, and local laws and their rules and regulations and in compliance with Warehouse Goods' policies and procedures, and the terms of this Agreement.

4.3 Employee will occasionally be asked to work additional hours, including but not limited to working trade shows, weekends, and mandatory meetings. No additional compensation will be provided to employee for working additional hours.

5 *Employer's Responsibilities.*

5.1 Administration. Warehouse Goods shall perform the appropriate administrative, regulatory, marketing, enrollment and other functions necessary for administration of the company, pursuant to applicable state and federal law. Employer shall make all employment, termination, supervision, discipline and promotion decisions concerning its employees, and will assign employees, at its discretion, to assist Employee with Employee's performance hereunder. Employer shall provide Employee such office space, facilities, and supplies as reasonably necessary, in its discretion, to permit Employee to provide the services described herein. Employee shall abide by policies and procedures established by Warehouse Goods.

5.2 Accounting. Warehouse Goods shall maintain, in accordance with generally accepted accounting principles, such financial accounting records as shall be necessary, appropriate and convenient to carry out the purposes of this Agreement. Warehouse Goods may contract with a third party to carry out any or all of these functions.

5.3 Information. Warehouse Goods shall provide the Employee with information and data reasonably necessary to carry out the terms and conditions of this Agreement.

6 Compensation & Benefits. Warehouse Goods shall provide compensation and benefits to the Employee for the continual and complete discharge of his or her duties under this Agreement as specified in attached Exhibit A.

7 *Relocation Expense Reimbursements.* Warehouse Goods shall provide relocation expense reimbursements under this agreement as specified in attached Exhibit B, if applicable. N/A

8 Term of Agreement/Termination.

8.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue for the period of one year thereafter. This Agreement shall automatically renew for successive one year periods, unless either party notifies the other of its desire not to renew the Agreement at least 60 days prior to the next scheduled renewal date. This Agreement may also be terminated in accordance with any applicable provision of this Agreement.

8.2 Termination – Without Cause . Either party may terminate this Agreement at any time without cause. Should Employee be terminated without cause the Employer will provide the Employee with six (6) months of salary continuance with benefits in force excluding the monthly car and cell phone allowances.

8.3 Employer Right To Terminate – For Cause. Employer may terminate the Agreement for cause immediately in the event of the occurrence of any of the following events:

8.3.1 Employee violates any applicable law;

8.3.2 Employee's commission of any act or omission that, in Warehouse Goods' sole judgment, subjects Warehouse Goods to shame or ridicule, or otherwise materially diminishes the reputation and good name of Warehouse Goods;

8.3.3 Employee is in violation of or engages in conduct which in Warehouse Goods' reasonably exercised judgment, is inconsistent with Employer's policies, and procedures, business or professional interests;

8.3.4 Employee commits any act or omission that, in Warehouse Goods' reasonably exercised judgment creates a conflict of interest or places the Employee in a posture adverse to the best interests of Warehouse Goods;

8.3.5 Employee becomes unable to perform Employee's duties and obligations pursuant to this Agreement, with reasonable accommodation, for a continuous period of more than thirty (30) days or for period of sixty (60) days during any consecutive three hundred sixty-five (365) day period;

8.3.6 Death of Employee; and

8.3.7 A breach by Employee of any other term or condition of this Agreement which remains uncured for a period of ten business (10) days following receipt of notification from Warehouse Goods of such breach.

8.4 Obligations upon Termination. Upon termination of this Agreement, neither party shall have any further obligation hereunder except for obligations accruing prior to the date of termination, and those obligations, promises or covenants contained herein which are expressly made to extend beyond the term of the Agreement. Such as in 8.2.

8.5 Employee's Cooperation Upon Termination. Employee agrees that for the period of his employment and thereafter for a period of twenty-four (24) months, Warehouse Goods has the right to receive, open, and / or intercept all mail, and other communications (whether written, or in electronic or other form) addressed to Employee at Warehouse Goods' address or received by Warehouse Goods by means of any electronic media, and the right to take possession, for Warehouse Goods' own account, any mail or other communication provided such communication relates to Warehouse Goods' business, and Warehouse Goods shall have the further right to endorse Employee's name on financial instruments "for deposit" and to deposit for the account of Warehouse Goods any check, money order or other financial instrument payable to Employee that is received from any person as payment for product or professional or other services rendered by Warehouse Goods during the term of this Agreement.

9 Acknowledgements. Warehouse Goods is engaged in the business of providing vaporizers and related equipment to members of the public and retailers and engages in competition with other businesses that provide herbal vaporizers to members of the public and retailers. Through great time, energy and expense, Warehouse Goods has developed expertise, programs, systems, methods, practices, and other information as well as contractual and business relationships with vendors and others that enable Warehouse Goods to compete in the industry. Employee acknowledges that:

9.1 Warehouse Goods' business is highly specialized;

9.2 The expertise, programs, systems, methods, practices, and other information developed, used and maintained by Warehouse Goods are not generally known by competitors in the industry;

9.3 Warehouse Goods has a proprietary interest in its programs, systems, methods, practices, and other information developed and maintained by Warehouse Goods;

9.4 Documents and other information regarding Warehouse Goods' business methods, relationships, strategies, costs, programs, systems, methods, practices, and other information developed, used and maintained by Warehouse Goods are highly confidential and constitute trade secrets; and

9.5 Disclosure of Warehouse Goods' confidential and trade secret information would irreparably harm Warehouse Goods and give unfair advantage to any other person competing with Warehouse Goods in the industry.

10 Intellectual Property and Confidential Information. In order to induce Company to hire and to thereafter continue to employ Employee, Employee and Company have entered into a Confidentiality, Non-Disclosure, and Non-Solicitation Agreement signed and dated as of February 6, 2015.

11 Restrictive Covenant. During the term of this Agreement, and for a period of eighteen (18) months after this Agreement has been terminated for any reason, regardless of whether the termination is initiated by Warehouse Goods or Employee, Employee will not without written consent from Warehouse Goods directly or indirectly, on behalf of himself or herself or on behalf of any other person, firm, company, partnership or business entity:

11.1 solicit any business from any person who is or was a customer or supplier of Warehouse Goods during a period of five (5) years prior to the termination of Employee's employment;

11.2 recruit or solicit any employee of Warehouse Goods, or person who was employed by Warehouse Goods during a period of one (1) year prior to the termination of Employee's employment, for employment with any other organization which engages directly or indirectly in the business of providing vaporizers and related goods to members of the public;

11.3 own, manage, operate, control, be employed by, participate in, or be connected in any manner whatsoever with the ownership, management, operation, or control of any business engaged in the vaporizer industry or any other business similar to the type of business conducted by Warehouse Goods.

12 Injunction For Breach. In the event of a breach or threatened breach by Employee of any of the promises contained in this Agreement, Employee acknowledges that Warehouse Goods' remedy at law for damages will be inadequate and that Warehouse Goods will be entitled to an injunction, without the requirement of an injunction bond, to prevent and enjoin Employee from breaching or threatening to breach any of the provisions contained herein. Warehouse Goods' application to a court of law for an injunction under this paragraph will not constitute a waiver by Warehouse Goods or in any way limit or prohibit Warehouse Goods from pursuing any other remedies available to it in law or equity. Employee further agrees that:

12.1 the obligations of paragraphs 10 and 11 of this Agreement are independent of any other obligations of Warehouse Goods, and the existence of any claim or cause of action of the Employee against Warehouse Goods, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by Warehouse Goods of the provisions of paragraphs 10 and 11;

12.2 the restrictive covenant provisions of this Agreement are reasonable and necessary to protect Warehouse Goods' legitimate business interests, including but not limited to the protection of Warehouse Goods' trade secrets and confidential information, relationships with existing and prospective customers and other business relationships, goodwill, and Warehouse Goods' investment in training Employee;

12.3 if any portion of the restrictive covenants of this Agreement are held by a court to be unreasonable, arbitrary, or against public policy for any reason, the restrictive covenant shall be enforced as to a lesser scope, time or geographic area, to the fullest extent possible such that the provision shall not be considered unreasonable or unenforceable;

12.4 if proceedings have to be brought by Warehouse Goods against Employee to enforce the restrictive covenant provisions of this Agreement, the period of restriction shall be deemed to begin to run on the date of entry of an order granting Warehouse Goods injunctive relief, and shall continue uninterrupted for the next succeeding twelve (12) months.

13 Dispute Resolution. In the event of any dispute or claim regarding this Agreement or any part thereof, the parties agree to submit such dispute or claim to binding arbitration. A single arbitrator shall be chosen by mutual agreement between the parties and their respective counsel, who shall render an award within 30 days of the arbitration hearing. The venue for any such arbitration shall be Palm Beach County, Florida. The determination or award rendered therein shall be binding and conclusive upon the parties, and judgment may be entered thereon in accordance with applicable law in any court having jurisdiction over the parties. The prevailing party in any such arbitration proceeding shall recover from the other party his/her/its attorneys fees and costs, which amounts shall be determined by the arbitrator. This paragraph will not be deemed a waiver of Warehouse Goods' right to injunctive relief as provided for in this Agreement.

14 Representation. The Employee hereby represents and warrants to Warehouse Goods that: (a) this Agreement constitutes the legal, valid and binding obligation to the Employee, enforceable against the Employee in accordance with its terms; (b) the execution, delivery and performance of this Agreement has been duly authorized by all required action of the Employee and (c) such execution, delivery and performance does not violate any provisions of any agreement to which the Employee is a party, or any laws or regulations applicable to the Employee.

15 Indemnification. Employee shall indemnify and hold harmless, to the fullest extent permitted by law, Warehouse Goods, its officers, directors, and shareholders with regard to any threatened, pending or contemplated claim, action, suit, or other type of proceeding, or any final judgment, assessment, fine, or penalty, including, without limitation: (a) any obligations to repay any sums previously paid, directly or indirectly, to Warehouse Goods with respect to services rendered by Employee on behalf of Warehouse Goods if such overpayment results from or is based on Employee: (i) the Internal Revenue Service upon audit or examination determine that business deductions to Employee are disallowed as ineligible business deductions to Warehouse Goods; (ii) professional or general liability claims or judgments are asserted against Warehouse Goods with respect to acts or omissions of Employee which exceed applicable insurance proceeds or which are determined to be non-covered by insurance; and (iii) any breach by Employee of any of the representations and warranties of Employee contained herein.

16 No Ownership Interest. During the term of this Agreement, Employee shall not be required to contribute any money towards Warehouse Goods' equipment or operations, but likewise Employee will have no financial interest in the accounts receivable, furniture, equipment, leasehold improvements, property, assets, goodwill or the like of Warehouse Goods.

17 Reporting Legal Actions.

17.1 Summons or Complaint. Employee will notify Warehouse Goods in writing within five (5) working days of being served with a summons, complaint, written claim, or other document alleging negligence or other injury, whether before or during employment by Warehouse Goods.

17.2 Occurrence or Event. Employee will orally notify Warehouse Goods within five (5) working days of any event which raises a reasonable probability that it will result in a legal claim or action against Employee relating to his/her employment duties.

17.3 Arrest Indictment or Conviction. Employee will orally notify Warehouse Goods immediately, and in writing within five (5) days, of any arrest, indictment or conviction for other than a misdemeanor motor vehicle license infraction.

17.4 Cooperation in Dispute Resolution. Employee recognizes that certain disputes may arise between Warehouse Goods and third parties, the resolution of which may require the cooperation of Employee, including, but not limited to, Employee's providing factual information and giving depositions and testimony in judicial and administrative proceedings. Employee shall, during the term hereof and at all times after termination for a period of five (5) years, cooperate with Warehouse Goods to allow it to advance its position with respect to such disputes. Warehouse Goods shall provide reasonable compensation to employee and reimburse Employee for all out-of-pocket expenses incurred in connection with such cooperation, provided that Employee obtains Warehouse Goods' agreement in advance for such expenses and provides Warehouse Goods with an itemized written account of such reimbursable expenses. The terms and conditions of this Paragraph shall survive termination of this Agreement.

18 Miscellaneous.

18.1 Applicable law. This Agreement, and the rights and obligations of the parties herein, shall be construed, interpreted and enforced in accordance with, and governed by, the laws of the State of Florida, without reference to conflicts of laws principles as applied in that State. Subject to the arbitration provisions of Section 13 above, the parties each consent to the exclusive jurisdiction of any state or federal court located in the County of Palm Beach, State of Florida in all actions or proceedings relating to this Agreement.

18.2 Confidentiality. The parties hereto agree that each shall hold this Agreement and the information contained in this Agreement as confidential and shall not disclose this Agreement or any of its terms or information contained in this Agreement to any non party, except as necessary to carry out the terms herein or as required by state or federal law.

18.3 Heading and captions. Headings and captions used in this Agreement are for convenience only and should not be considered in interpreting the provisions hereof.

18.4 Federal and state law regulations. This Agreement, and the performance thereof, is subject to the requirements of all applicable state and federal laws. Provisions required thereby to be in this Agreement shall be incorporated herein by this reference and shall bind the parties to this Agreement whether or not specifically provided herein.

18.5 Modification. This Agreement, and the attachments hereto, constitute the entire understanding of the parties hereto and no changes, amendments or alterations shall be effective unless in writing and signed by both parties.

18.6 Enforceability. The invalidity or un-enforceability of any terms or conditions hereof shall in no way affect the validity or enforceability of any other term or provision.

18.7 Notice. Any notice required to be given under this Agreement shall be in writing and shall be delivered by certified mail, return receipt requested, to the Employee's last known residence or to Warehouse Goods, Inc., Attention Aaron Locascio, Boca Raton, Florida.

18.8 Complete Agreement. This Agreement, together with the Proprietary Rights and Confidentiality Agreement entered into by the parties contemporaneously herewith, constitute the entire understanding of the parties in respect of its subject matter, and supersedes all prior oral agreements and understandings between the parties with respect to its subject matter.

18.9 Waiver. No waiver of any default in the performance of any of the duties or obligations arising under this Agreement shall be valid unless in writing and signed by the waiving party. Waiver of any one default shall not constitute or be construed as creating a waiver of any other default or defaults. No course of dealing between the parties shall operate as a waiver or preclude the exercise of any rights or remedies under this Agreement. Failure on the part of either party to object to any act or failure to act of the other party, or to declare the other party in default, regardless of the extent of such default, shall not constitute a waiver by such party of its rights hereunder.

/s/ Aaron LoCascio
Aaron LoCascio, CEO
Warehouse Goods, Inc.

Date 4/17/15

/s/ Jay Scheiner
Jay Scheiner

Date 4/13/15

EXHIBIT A

Compensation. Warehouse Goods shall pay, to or for the benefit of Employee as compensation ("Salary") in the amount of $7,500.00 semi-monthly ($180,000.00 per year), along with a discretionary annual bonus. Warehouse Goods shall withhold from each compensation payment made to Employee the required withholding and other employment-related taxes, as well as any benefits to which Employee makes a contribution, and any personal expenses incurred by Employee, the payment for which was advanced by Warehouse Goods.

Should a compensatory stock plan become available you will be eligible to participate in a manner consistent with other employees with similar responsibilities.

Reviews and Probation Period. Employee will be under a sixty (60) day introductory period. After which, Employee will have an evaluation to review performance and goals.

Payroll Schedule. All employees are paid semi-monthly on the 5th and the 20th for the corresponding previous work period. In the event that a regularly scheduled payday falls on a weekend or holiday, you will be paid on the last day of work before the scheduled payday.

Benefits. Employee will receive benefits based on employment status in accordance with requirements as stated in the company's summary of benefits. For the purpose of determining the Employee's eligibility, the hire date used will be the date consulting services began (2/2/15); with the exception of the Employer's 401 (k) Retirement Plan which will be based on the Employee hire date (4/16/15).

In addition the Employee will also receive:

12 PTO days upon hire date
$500.00 Monthly car allowance ($250.00 per pay period)
$100.00 Monthly cell phone allowance ($50.00 per pay period)

Employee agrees to keep the terms of this Agreement confidential, and shall not disclose any of the terms and conditions of this Agreement to third parties or otherwise make the terms and conditions of this Agreement public except pursuant to the order of a court of competent jurisdiction or in connection with legal proceedings to enforce the terms and conditions of this Agreement. Employee acknowledges that Employee's breach of this provision is grounds for immediate termination, and further acknowledges that such a breach would cause Warehouse Goods irreparable harm for which monetary compensation alone would be an inadequate remedy. Accordingly, without limiting any other remedies available to Warehouse Goods in connection with a breach or threatened breach of this provision, Warehouse Goods shall be entitled to injunctive relief if Employee breaches or threatens to breach this provision.

/s/ Aaron LoCascio
Aaron LoCascio, CEO
Warehouse Goods, Inc.

Date 4/17/15

/s/ Jay Scheiner
Jay Scheiner

Date 4/13/15

Exhibit 10.15

WAREHOUSE GOODS, INC. EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into by and between Warehouse Goods, Inc., a Florida corporation, hereinafter referred to as "Warehouse Goods" or "Employer" and Zachary Tapp hereinafter referred to as "Employee," on the ____ day of _____, 2013.

WITNESSETH:

WHEREAS, Warehouse Goods has instituted a network of employed and contracted employees to assist in the receipt, processing, and dissemination of orders for vaporizers and associated products.

WHEREAS, Warehouse Goods' agreements with vendors authorize Warehouse Goods to sell vaporizers to customers,

WHEREAS, Warehouse Goods and Employee mutually desire to enter into an Agreement whereby Employee agrees to provide certain services to Warehouse Goods' customers in accordance with the terms of Warehouse Goods' agreements with vendors, within accepted standards of care and under the terms and conditions set forth herein.

WHEREAS, Employee agrees to delegate and hereby assigns to Warehouse Goods the exclusive right to contract with all vendors without interference from Employee. Employee further agrees not to engage in discussions or negotiations with any vendor to change the terms of this Agreement or the terms of Warehouse Goods' agreement with the vendor, without the written consent of Warehouse Goods.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. *Recitations.* The aforestated recitations are true and correct and are incorporated herein by reference.

2. *Definitions.* Whenever used in this Agreement, the following terms shall have the definitions contained in this section.

Effective Date: means the last date specified on the signature portion of this Agreement.

3. *Employment.* Warehouse Goods hereby employs Employee as, and in the specific capacity of, Chief Financial Officer and Employee accepts said employment upon the terms and conditions of this Agreement.

4. *Employee's Duties and Responsibilities.*

4.1 Employee shall be responsible for, but not limited to task and duties relating to the position of Chief Financial Officer.

4.2 Compliance with Law. Employee shall at all times conduct himself or herself in compliance with all applicable federal, state, and local laws and their rules and regulations and in compliance with Warehouse Goods' policies and procedures, and the terms of this Agreement.

4.3 Employee will occasionally be asked to work additional hours, including but not limited to working: trade shows, weekends, and mandatory meetings No additional compensation will be provided to salaried employees. Additional pay for non-salaried employees is at the discretion of Employer.

5 *Employer's Responsibilities.*

1 Administration. Warehouse Goods shall perform the appropriate administrative, regulatory, marketing, enrollment and other functions necessary for administration of the company, pursuant to applicable state and federal law. Employer shall make all employment, termination, supervision, discipline and promotion decisions concerning its employees, and will assign employees, at its discretion, to assist Employee with Employee's performance hereunder. Employer shall provide Employee such office space, facilities, and supplies as reasonably necessary, in its discretion, to permit Employee to provide the services described herein. Employee shall abide by policies and procedures established by Warehouse Goods.

2 Accounting. Warehouse Goods shall maintain, in accordance with generally accepted accounting principles, such financial accounting records as shall be necessary, appropriate and convenient to carry out the purposes of this Agreement. Warehouse Goods may contract with a third party to carry out any or all of these functions.

3 Information. Warehouse Goods shall provide the Employee with information and data reasonably necessary to carry out the terms and conditions of this Agreement.

4 Hold harmless. Employee agrees that in no event, including, but not limited to non-payment by Warehouse Goods, insolvency of Warehouse Goods, or breach of this Agreement by Warehouse Goods, shall the Employee bill, charge or collect a deposit from, seek compensation from, or have a recourse against customers or persons, and any other authorized federal or state governmental agency or authority for his or her provision of any Covered Services under this Agreement. This provision shall survive the termination or expiration of this Agreement for any reason.

6 *Compensation & Benefits.* Warehouse Goods shall provide compensation and benefits to the Employee for the continual and complete discharge of his or her duties under this Agreement as specified in attached Exhibit A.

7 *Term of Agreement/Termination.*

7.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue for the period of one year thereafter. This Agreement shall automatically renew for successive one year periods, unless either party notifies the other of its desire not to renew the Agreement at least 60 days prior to the next scheduled renewal date. This Agreement may also be terminated in accordance with any applicable provision of this Agreement.

7.2 Termination — Without Cause. Either party may terminate this Agreement at any time with or without cause, by providing written notice to the other party at least thirty (30) business days prior to the effective date of termination.

7.3 Employer Right To Terminate — For Cause. Employer may terminate the Agreement for cause immediately upon written notice to Employee, in the event of the occurrence of any of the following events:

7.3.1 Employee violates any applicable law;

7.3.2 Employee's commission of any act or omission that, in Warehouse Goods' sole judgment, subjects Warehouse Goods to shame or ridicule, or otherwise materially diminishes the reputation and good name of Warehouse Goods;

7.3.3 Employee is in violation of or engages in conduct which in Warehouse Goods' reasonably exercised judgment, is inconsistent with Employer's policies, and procedures, business or professional interests;

7.3.4 Employee commits any act or omission that, in Warehouse Goods' reasonably exercised judgment creates a conflict of interest or places the Employee in a posture adverse to the best interests of Warehouse Goods;

7.3.5 Employee becomes unable to perform Employee's duties and obligations pursuant to this Agreement, with reasonable accommodation, for a continuous period of more than thirty (30) days or for period of sixty (60) days during any consecutive three hundred sixty-five (365) day period;

7.3.6 Death of Employee; and

7.3.7 A breach by Employee of any other term or condition of this Agreement which remains uncured for a period of five (5) days following receipt of notification from Warehouse Goods of such breach.

7.4 *Obligations upon Termination.* Upon termination of this Agreement, neither party shall have any further obligation hereunder except for obligations accruing prior to the date of termination, and those obligations, promises or covenants contained herein which are expressly made to extend beyond the term of the Agreement.

7.5 Employee's Cooperation Upon Termination. Employee agrees that for the period of his employment and thereafter for a period of twenty-four (24) months, Warehouse Goods has the right to receive, open, and / or intercept all mail, and other communications (whether written, or in electronic or other form) addressed to Employee at Warehouse Goods' address or received by Warehouse Goods by means of any electronic media, and the right to take possession, for Warehouse Goods' own account, any mail or other communication provided such communication relates to Warehouse Goods' business, and Warehouse Goods shall have the further right to endorse Employee's name on financial instruments "for deposit" and to deposit for the account of Warehouse Goods any check, money order or other financial instrument payable to Employee that is received from any person as payment for professional or other services rendered by Warehouse Goods during the term of this Agreement.

8 *Acknowledgements.* Warehouse Goods is engaged in the business of providing vaporizers and related equipment to members of the public and engages in competition with other businesses that provide herbal vaporizers to members of the public. Through great time, energy and expense, Warehouse Goods has developed expertise, programs, systems, methods, practices, and other information as well as contractual and business relationships with vendors and others that enable Warehouse Goods to compete in the industry. Employee acknowledges that:

1 Warehouse Goods' business is highly specialized;

2 The expertise, programs, systems, methods, practices, and other information developed, used and maintained by Warehouse Goods are not generally known by competitors in the industry;

3 Warehouse Goods has a proprietary interest in its programs, systems, methods, practices, and other information developed and maintained by Warehouse Goods;

4 Documents and other information regarding Warehouse Goods' business methods, relationships, strategies, costs, programs, systems, methods, practices, and other information developed, used and maintained by Warehouse Goods are highly confidential and constitute trade secrets; and

5 Disclosure of Warehouse Goods' confidential and trade secret information would irreparably harm Warehouse Goods and give unfair advantage to any other person competing with Warehouse Goods in the industry.

9 *Intellectual Property and Confidential Information.* In order to induce Company to hire and to thereafter continue to employ Employee, Employee and Company have entered into a Proprietary Rights and Confidentiality Agreement in the form attached hereto as Exhibit 2. Employee acknowledges that Company would not hire Employee if Employee did not enter into the Proprietary Rights and Confidentiality Agreement.

10 *Restrictive Covenant.* During the term of this Agreement, and for a period of twenty-four (24) months after this Agreement has been terminated for any reason, regardless of whether the termination is initiated by Warehouse Goods or Employee, Employee will not directly or indirectly, on behalf of himself or herself or on behalf of any other person, firm, company, partnership or business entity:

11.1 solicit any business from any person who is or was a customer or supplier of Warehouse Goods during a period of five (5) years prior to the termination of Employee's employment;

11.2 recruit or solicit any employee of Warehouse Goods, or person who was employed by Warehouse Goods during a period of one (1) year prior to the termination of Employee's employment, for employment with any other organization which engages directly or indirectly in the business of providing vaporizers and related goods to members of the public;

11.3 own, manage, operate, control, be employed by, participate in, or be connected in any manner whatsoever with the ownership, management, operation, or control of any business engaged in the vaporizer industry or any other business similar to the type of business conducted by Warehouse Goods.

12 *Injunction For Breach.* In the event of a breach or threatened breach by Employee of any of the promises contained in this Agreement, Employee acknowledges that Warehouse Goods' remedy at law for damages will be inadequate and that Warehouse Goods will be entitled to an injunction, without the requirement of an injunction bond, to prevent and enjoin Employee from breaching or threatening to breach any of the provisions contained herein. Warehouse Goods' application to a court of law for an injunction under this paragraph will not constitute a waiver by Warehouse Goods or in any way limit or prohibit Warehouse Goods from pursuing any other remedies available to it in law or equity. Employee further agrees that:

1 the obligations of paragraphs 10 and 11 of this Agreement are independent of any other obligations of Warehouse Goods, and the existence of any claim or cause of action of the Employee against Warehouse Goods, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by Warehouse Goods of the provisions of paragraphs 10 and 11;

2 the restrictive covenant provisions of this Agreement are reasonable and necessary to protect Warehouse Goods' legitimate business interests, including but not limited to the protection of Warehouse Goods' trade secret and confidential information, relationships with existing and prospective patients and other business relationships, good will, and Warehouse Goods' investment in training Employee;

3 if any portion of the restrictive covenants of this Agreement are held by a court to be unreasonable, arbitrary, or against public policy for any reason, the restrictive covenant shall be enforced as to a lesser scope, time or geographic area, to the fullest extent possible such that the provision shall not be considered unreasonable or unenforceable;

4 if proceedings have to be brought by Warehouse Goods against Employee to enforce the restrictive covenant provisions of this Agreement, the period of restriction shall be deemed to begin to run on the date of entry of an order granting Warehouse Goods injunctive relief, and shall continue uninterrupted for the next succeeding twelve (12) months.

13 *Dispute Resolution.* In the event of any dispute or claim regarding this Agreement or any part thereof, the parties agree to submit such dispute or claim to binding arbitration. A single arbitrator shall be chosen by mutual agreement between the parties and their respective counsel, who shall render an award within 30 days of the arbitration hearing. The venue for any such arbitration shalt be Miami, Florida. The determination or award rendered therein shall be binding and conclusive upon the parties, and judgment may be entered thereon in accordance with applicable law in any court having jurisdiction over the parties. The prevailing party in any such arbitration proceeding shall recover from the other party his/her/its attorneys fees and costs, which amounts shall be determined by the arbitrator. This paragraph will not be deemed a waiver of Warehouse Goods' right to injunctive relief as provided for in this Agreement.

14 *Representation.* The Employee hereby represents and warrants to Warehouse Goods that: (a) this term Agreement constitutes the legal, valid and binding obligation to the Employee, enforceable against the Employee in accordance with its terms; (b) the execution, delivery and performance of this Agreement has been duly authorized by all required action of the Employee and (c) such execution, delivery and performance does not violate any provisions of any agreement to which the Employee is a party, or any laws or regulations applicable to the Employee.

15 *Indemnification.* Employee shall indemnify and hold harmless, to the fullest extent permitted by law, Warehouse Goods, its officers, directors, and shareholders with regard to any threatened, pending or contemplated claim, action, suit, or other type of proceeding, or any final judgment, assessment, fine, or penalty, including, without limitation: (a) any obligations to repay any sums previously paid, directly or indirectly, to Warehouse Goods with respect to services rendered by Employee on behalf of Warehouse Goods if such overpayment results from or is based on Employee: (i) the Internal Revenue Service upon audit or examination determine that business deductions to Employee are disallowed as ineligible business deductions to Warehouse Goods; (ii) professional or general liability claims or judgments are asserted against Warehouse Goods with respect to acts or omissions of Employee which exceed applicable insurance proceeds or which are determined to be non-covered by insurance; arid (iii) any breach by Employee of any of the representations and warranties of Employee contained herein.

16 *No Ownership Interest.* During the term of this Agreement, Employee shall not be required to contribute any money towards Warehouse Goods' equipment or operations, but likewise Employee will have no financial interest in the accounts receivable, furniture, equipment, leasehold improvements, property, assets, goodwill or the like of Warehouse Goods.

17. Reporting Legal Actions.

17.1.1 Summons or Complaint. Employee will notify Warehouse Goods in writing within five (5) working days of being served with a summons, complaint, written claim, or other document alleging negligence or other injury, whether before or during employment by Warehouse Goods.

2 Occurrence or Event. Employee will orally notify Warehouse Goods within five (5) working days of any event which raises a reasonable probability that it will result in a legal claim or action against Employee relating to his/her employment duties.

3 Arrest, Indictment or Conviction. Employee will orally notify Warehouse Goods immediately, and in writing within five (5) days, of any arrest, indictment or conviction for other than a misdemeanor motor vehicle license infraction.

4 *Cooperation in Dispute Resolution.* Employee recognizes that certain disputes may arise between Warehouse Goods and third parties, the resolution of which may require the cooperation of Employee, including, but not limited to, Employee's providing factual information and giving depositions and testimony in judicial and administrative proceedings. Employee shall, during the term hereof and at all times after termination, cooperate with Warehouse Goods to allow it to advance its position with respect to such disputes. Warehouse Goods shall reimburse Employee for all out-of-pocket expenses incurred in connection with such cooperation, provided that Employee obtains Warehouse Goods 's agreement in advance for such expenses and provides Warehouse Goods with an itemized written account of such reimbursable expenses. The terms and conditions of this Paragraph shall survive termination of this Agreement.

18 *Miscellaneous.*

18.1 Applicable law. This Agreement, and the rights and obligations of the parties herein, shall be construed, interpreted and enforced in accordance with, and governed by, the laws of the State of New York, without reference to conflicts of laws principles as applied in that State. Subject to the arbitration provisions of Section 13 above, the parties each consent to the exclusive jurisdiction of any state or federal court located in the County of Palm Beach, State of Florida in all actions or proceedings relating to this Agreement.

18.2 Confidentiality. The parties hereto agree that each shall hold this Agreement and the information contained in this Agreement as confidential and shall not disclose this Agreement or any of its terms or information contained in this Agreement to any non party, except as necessary to carry out the terms herein or as required by state or federal law.

18.3 Heading and captions. Headings and captions used in this Agreement are for convenience only and should not be considered in interpreting the provisions hereof.

18.4 Federal and state law regulations. This Agreement, and the performance thereof, is subject to the requirements of all applicable state and federal laws. Provisions required thereby to be in this Agreement shall be incorporated herein by this reference and shall bind the parties to this Agreement whether or not specifically provided herein.

18.5 Modification. This Agreement, and the attachments hereto, constitute the entire understanding of the parties hereto and no changes, amendments or alterations shall be effective unless in writing and signed by both parties.

18.6 Enforceability. The invalidity or un-enforceability of any terms or conditions hereof shall in no way affect the validity or enforceability of any other term or provision.

18.7 Notice. Any notice required to be given under this Agreement shall be in writing and shall be delivered by certified mail, return receipt requested, to the Employee's last known residence or to Warehouse Goods, Inc., Attention Aaron LoCascio, Miami, Florida.

18.8 Complete Agreement. This Agreement, together with the Proprietary Rights and Confidentiality Agreement entered into by the parties contemporaneously herewith, constitute the entire understanding of the parties in respect of its subject matter, and supersedes all prior oral agreements and understandings between the parties with respect to its subject matter.

18.9 Waiver. No waiver of any default in the performance of any of the duties or obligations arising under this Agreement shall be valid unless in writing and signed by the waiving party. Waiver of any one default shall not constitute or be construed as creating a waiver of any other default or defaults. No course of dealing between the parties shall operate as a waiver or preclude the exercise of any rights or remedies under this Agreement. Failure on the part of either party to object to any act or failure to act of the other party, or to declare the other party in default, regardless of the extent of such default, shall not constitute a waiver by such party of its rights hereunder.

Employee:

Zachary Tapp Date: 5/20/13

Warehouse Goods, Inc.:

By:  Date:

EXHIBIT A

Compensation. Warehouse Goods shall pay, to or for the benefit of Employee as compensation ("Salary) in the amount of $135,000.00 annually with an annual discretionary bonus payout based on individual and company performance prorated up to 25% of base salary. Warehouse Goods shall withhold from each compensation payment made to Employee the required withholding and other employment-related taxes, as well as any benefits to which Employee makes a contribution, and any personal expenses incurred by Employee, the payment for which was advanced by Warehouse Goods.

Payroll Schedule. Employee understands that payroll checks will be issued weekly on Fridays. Upon resignation from employment, or termination of employment, with Warehouse Goods, Employee's final payroll check will include all hours worked, which will be paid according to the established payroll schedule plus any eligible commissions earned for services rendered prior to the termination date. The Employee may provide Warehouse Goods with the mailing address where Employee wishes to receive her last payroll check or may choose to pick up last payroll check in person.

Benefits. Employee will receive the following additional benefits:

a Five (5) Personal Days per **full-time employment** year, effective upon completion of twelve (12) months of continuous full-time employment. Personal Day's pay will be based on the average number of hours worked during the previous (12) months.

Warehouse Goods will grant holiday time off for the holidays listed below:

New Year's Day (January 1)
Independence Day (July 4)
Thanksgiving (fourth Thursday in November)
Christmas Day (December 25)
Memorial Day (last Monday in May)
Labor Day (first Monday in September)

b For non exempt employees Holiday Pay will be calculated based on the average daily hours worked the previous twelve (12) months, after their ninety (90) day introductory period.

c Employee shall be offered the same health, qualified savings and other benefits as may be offered to other non-executive employees of Warehouse Goods, on the same terms and conditions."

3 Employee shall not be compensated for any other time off taken in excess of the amounts set forth herein without Employer's express prior written consent and approval.

4 Changes in Employee's employment status, i.e., from "full-time" employment to "part-time" employment, may affect the number of personal days to which Employee would be entitled.

5 Any such changes would be amended in writing and would require the signatures of Employee and the President (or his delegated agent).

6 Employee agrees to keep the terms of this Agreement confidential, and shall not disclose any of the terms and conditions of this Agreement to third parties or otherwise make the terms and conditions of this Agreement public except pursuant to the order of a court of competent jurisdiction or in connection with legal proceedings to enforce the terms and conditions of this Agreement. Employee acknowledges that Employee's breach of this provision is grounds for immediate termination, and further acknowledges that such a breach would cause Warehouse Goods irreparable harm for which monetary compensation alone would be an inadequate remedy. Accordingly, without limiting any other remedies available to Warehouse Goods in connection with a breach or threatened breach of this provision, Warehouse Goods shall be entitled to injunctive relief if Employee breaches or threatens to breach this provision.

Employee:

Zachary Tapp Date: 5/20/13

Warehouse Goods, Inc.:

By:  Date: