

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

As of August 10, 2022, Greenlane Holdings, Inc. had 7,372,997 shares of Class A common stock outstanding and 259,838 shares of Class B common stock outstanding.

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Greenlane Holdings, Inc.  
Form 10-Q  
For the Quarterly Period Ended June 30, 2022

TABLE OF CONTENTS

	Page
<b>PART I</b>	
Item 1.	<a href="#">Financial Information</a>
	<a href="#">Financial Statements (Unaudited)</a>
	<a href="#">Condensed Consolidated Balance Sheets</a>
	<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Loss</a>
	<a href="#">Condensed Consolidated Statements of Stockholders' Equity</a>
	<a href="#">Condensed Consolidated Statements of Cash Flows</a>
	<a href="#">Notes to Condensed Consolidated Financial Statements</a>
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>
Item 3.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>
Item 4.	<a href="#">Controls and Procedures</a>
<b>PART II</b>	
Item 1.	<a href="#">Other Information</a>
Item 1A.	<a href="#">Legal Proceedings</a>
Item 2.	<a href="#">Risk Factors</a>
Item 5.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>
Item 6.	<a href="#">Other Information</a>
Signatures	<a href="#">Exhibits</a>

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## ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

## PART I

**GREENLANE HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except par value per share amounts)

	June 30, 2022	December 31, 2021
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash	\$ 9,130	\$ 12,857
Accounts receivable, net of allowance of \$ 2,318 and \$ 1,285 at June 30, 2022 and December 31, 2021, respectively	15,550	14,690
Inventories, net	60,756	66,982
Vendor deposits	11,530	18,475
Assets held for sale	8,813	75
Other current assets (Note 8)	8,026	11,658
Total current assets	113,805	124,737
Property and equipment, net	13,141	20,851
Intangible assets, net	81,774	84,710
Goodwill	41,819	41,860
Operating lease right-of-use assets	6,259	9,128
Other assets	7,764	4,541
Total assets	\$ 264,562	\$ 285,827
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 27,269	\$ 23,041
Accrued expenses and other current liabilities (Note 8)	22,440	25,297
Customer deposits	5,163	7,924
Current portion of notes payable, including \$ 8,000 owed to related party	11,445	11,615
Current portion of liabilities held for sale	198	—
Current portion of operating leases	2,502	3,091
Total current liabilities	69,017	70,968
Notes payable, less current portion and debt issuance costs, net	1,284	10,607
Long-term liabilities held for sale	7,582	—
Operating leases, less current portion	3,837	6,142
Other liabilities	447	1,746
Total long-term liabilities	13,150	18,495
Total liabilities	82,167	89,463
Commitments and contingencies (Note 7)		
<b>STOCKHOLDERS' EQUITY*</b>		
Preferred stock, \$0.0001 par value, 10,000 shares authorized, none issued and outstanding	—	—
Class A common stock, \$0.01 par value per share, 600,000 shares authorized; 6,079 shares issued and outstanding as of June 30, 2022; 4,260 shares issued and outstanding as of December 31, 2021*	62	43
Class B common stock, \$0.0001 par value per share, 30,000 shares authorized; 1,059 shares issued and outstanding as of June 30, 2022; 1,087 shares issued and outstanding as of December 31, 2021*	—	—
Class C Common stock, \$0.0001 par value per share, no shares authorized, issued and outstanding as of June 30, 2022 and December 31, 2021	—	—
Additional paid-in capital*	249,191	229,705
Accumulated deficit	(83,000)	(55,544)
Accumulated other comprehensive income	291	324
Total stockholders' equity attributable to Greenlane Holdings, Inc.	166,544	174,528
Non-controlling interest	15,851	21,836
Total stockholders' equity	182,395	196,364
Total liabilities and stockholders' equity	\$ 264,562	\$ 285,827

\*After giving effect to the one-for-20 Reverse Stock Split effective August 9, 2022.

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



**GREENLANE HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Unaudited)  
(in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 39,916	\$ 34,715	\$ 86,450	\$ 68,724
Cost of sales	31,817	25,662	72,383	51,116
Gross profit	8,099	9,053	14,067	17,608
Operating expenses:				
Salaries, benefits and payroll taxes	8,836	5,596	18,897	11,966
General and administrative	10,588	8,398	22,303	17,979
Depreciation and amortization	2,349	642	4,752	1,186
Total operating expenses	21,773	14,636	45,952	31,131
Loss from operations	(13,674)	(5,583)	(31,885)	(13,523)
Other income (expense), net:				
Interest expense	(266)	(133)	(672)	(249)
Other income (expense), net	(557)	(120)	(611)	204
Total other income (expense), net	(823)	(253)	(1,283)	(45)
Loss before income taxes	(14,497)	(5,836)	(33,168)	(13,568)
Provision for (benefit from) income taxes	(16)	4	62	(14)
Net loss	(14,481)	(5,840)	(33,230)	(13,554)
Less: Net loss attributable to non-controlling interest	(2,357)	(2,797)	(5,774)	(6,255)
Net loss attributable to Greenlane Holdings, Inc.	\$ (12,124)	\$ (3,043)	\$ (27,456)	\$ (7,299)
Net loss attributable to Class A common stock per share - basic and diluted (Note 9)*	\$ (2.27)	\$ (3.23)	\$ (5.57)	\$ (9.07)
Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 9)*	5,337	942	4,925	805
Other comprehensive income (loss):				
Foreign currency translation adjustments	(62)	243	26	88
Unrealized gain (loss) on derivative instrument	—	—	358	204
Comprehensive loss	(14,543)	(5,597)	(32,846)	(13,262)
Less: Comprehensive loss attributable to non-controlling interest	(2,357)	(2,650)	(5,688)	(6,077)
Comprehensive loss attributable to Greenlane Holdings, Inc.	\$ (12,186)	\$ (2,947)	\$ (27,158)	\$ (7,185)

\*After giving effect to the one-for-20 Reverse Stock Split effective August 9, 2022.

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

GREENLANE HOLDINGS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(Unaudited)  
(in thousands)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital*	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Stockholders' Equity
	Shares*	Amount*	Shares*	Amount*	Shares	Amount					
<b>Balance December 31, 2021</b>	4,260	\$ 43	1,087	\$ —	—	\$ —	\$ 229,705	\$ (55,544)	\$ 324	\$ 21,836	\$ 196,364
Net loss	—	—	—	—	—	—	—	(15,332)	—	(3,417)	(18,749)
Equity-based compensation	94	1	—	—	—	—	729	—	—	172	902
Issuance of Class A shares, net of costs - ATM Program	557	6	—	—	—	—	6,795	—	—	—	6,801
Issuance of Class A shares - contingent consideration	191	2	—	—	—	—	3,484	—	—	—	3,486
Exchanges of noncontrolling interest for Class A common stock	28	—	(28)	—	—	—	543	—	—	(543)	—
Other comprehensive income	—	—	—	—	—	—	—	—	361	85	446
<b>Balance March 31, 2022</b>	5,130	\$ 52	1,059	\$ —	—	\$ —	\$ 241,256	\$ (70,876)	\$ 685	\$ 18,133	\$ 189,250
Net loss	—	—	—	—	—	—	—	(12,124)	—	(2,357)	(14,481)
Equity-based compensation	(4)	—	—	—	—	—	371	—	—	75	446
Issuance of Class A shares, net of costs - ATM Program	296	3	—	—	—	—	2,221	—	—	—	2,224
Issuance of Class A shares, net of costs - June 2022 Offering	585	6	—	—	—	—	5,034	—	—	—	5,040
Issuance of Class A shares - Amended Eyce APA (Note 3)	72	1	—	—	—	—	309	—	—	—	310
Reclassification adjustment for gain included in net loss (Note 4)	—	—	—	—	—	—	—	—	(332)	—	(332)
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	(62)	—	(62)
<b>Balance June 30, 2022</b>	<b>6,079</b>	<b>\$ 62</b>	<b>1,059</b>	<b>\$ —</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 249,191</b>	<b>\$ (83,000)</b>	<b>\$ 291</b>	<b>\$ 15,851</b>	<b>\$ 182,395</b>

  

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital*	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Stockholders' Equity
	Shares*	Amount*	Shares*	Amount*	Shares	Amount					
<b>Balance December 31, 2020</b>	666	\$ 7	175	\$ —	76,039	\$ 8	\$ 39,869	\$ (24,848)	\$ 29	\$ 54,192	\$ 69,257
Net loss	—	—	—	—	—	—	—	(4,256)	—	(3,458)	(7,714)
Equity-based compensation	11	—	—	—	—	—	182	—	—	324	506
Other comprehensive income	—	—	—	—	—	—	—	—	18	31	49
Issuance of Class A common stock	21	—	—	—	—	—	2,005	—	—	—	2,005
Exchanges of noncontrolling interest for Class A common stock	118	1	(52)	—	(3,975)	(1)	5,797	—	—	(5,797)	—
Cancellation of Class B common stock due to forfeitures	—	—	—	—	—	—	8	—	—	(8)	—
<b>Balance March 31, 2021</b>	816	\$ 8	123	\$ —	72,064	\$ 7	\$ 47,861	\$ (29,104)	\$ 47	\$ 45,284	\$ 64,103
Net loss	—	—	—	—	—	—	—	(3,043)	—	(2,797)	(5,840)
Equity-based compensation	(1)	—	—	—	—	—	161	—	—	246	407
Exchanges of noncontrolling interest for Class A common stock	30	—	—	—	(1,763)	—	983	—	—	(983)	—
Exercise of Class A common stock options	2	—	—	—	—	—	112	—	—	—	112
Member distributions	—	—	—	—	—	—	—	(200)	—	—	(200)
Other comprehensive income	—	—	—	—	—	—	—	—	96	147	243
<b>Balance June 30, 2021</b>	<b>847</b>	<b>\$ 8</b>	<b>123</b>	<b>\$ —</b>	<b>70,301</b>	<b>\$ 7</b>	<b>\$ 49,117</b>	<b>\$ (32,347)</b>	<b>\$ 143</b>	<b>\$ 41,897</b>	<b>\$ 58,825</b>

\*After giving effect to the one-for-20 Reverse Stock Split effective August 9, 2022.

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

GREENLANE HOLDINGS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(in thousands)

	Six months ended June 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net loss (including amounts attributable to non-controlling interest)	\$ (33,230)	\$ (13,554)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,752	1,186
Equity-based compensation expense	1,630	950
Change in fair value of contingent consideration	92	123
Change in provision for doubtful accounts	1,982	75
Gain related to indemnification asset	(1,798)	(1,692)
Unrealized loss on equity investments	556	—
Unrealized gain on interest rate swap contract	(449)	—
Other	14	(8)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Decrease (increase) in accounts receivable	(2,841)	600
Decrease (increase) in inventories	6,226	2,080
Decrease (increase) in vendor deposits	6,945	802
Decrease (increase) in other current assets	257	8,031
(Decrease) increase in accounts payable	2,593	(6,738)
(Decrease) Increase in accrued expenses and other liabilities	2,302	(6,966)
(Decrease) increase in customer deposits	(2,761)	(47)
<b>Net cash used in operating activities</b>	<b>(13,730)</b>	<b>(15,158)</b>
<b>Cash flows from investing activities:</b>		
Purchase consideration paid for acquisitions, net of cash acquired	—	(2,403)
Purchases of property and equipment, net	(1,272)	(1,542)
Proceeds from sale of assets held for sale	75	675
Purchase of intangible assets, net	—	(320)
<b>Net cash used in investing activities</b>	<b>(1,197)</b>	<b>(3,590)</b>
<b>Cash flows from financing activities:</b>		
Member distributions	—	(200)
Proceeds from issuance of Class A common stock, net of costs	14,064	112
Payments on notes payable	(1,974)	—
Purchase consideration paid for Eyce LLC acquisition	(875)	—
Other	(100)	(204)
<b>Net cash provided by (used in) financing activities</b>	<b>11,115</b>	<b>(292)</b>
Effects of exchange rate changes on cash	85	237
Net (decrease) in cash	(3,727)	(18,803)
Cash, as of beginning of the period	12,857	30,435
<b>Cash, as of end of the period</b>	<b>\$ 9,130</b>	<b>\$ 11,632</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,452	\$ 560
Lease liabilities arising from obtaining finance lease assets	\$ —	\$ 119
<b>Non-cash investing and financing activities:</b>		
Issuance of Class A common stock for business acquisitions	\$ 3,486	\$ 2,005
Non-cash purchases of property and equipment	\$ 468	\$ 99
Issuance of promissory note for business acquisition	\$ —	\$ 2,503
Issuance of contingent consideration for acquisition	\$ —	\$ 1,828
Decrease in non-controlling interest as a result of exchanges for Class A common stock	\$ (543)	\$ (6,780)

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

GREENLANE HOLDINGS, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

**NOTE 1. BUSINESS OPERATIONS AND ORGANIZATION**

**Organization**

Greenlane Holdings, Inc. ("Greenlane" and, collectively with the Operating Company (as defined below) and its consolidated subsidiaries, the "Company", "we", "us", and "our") was formed as a Delaware corporation on May 2, 2018. We are a holding company that was formed for the purpose of completing an underwritten initial public offering ("IPO") of shares of our Class A common stock, \$0.01 par value per share ("Class A common stock"), in order to carry on the business of Greenlane Holdings, LLC (the "Operating Company"). The Operating Company was organized under the laws of the state of Delaware on September 1, 2015, and is based in Boca Raton, Florida. Unless the context otherwise requires, references to the "Company" refer to us, and our consolidated subsidiaries, including the Operating Company.

We are the sole manager of the Operating Company and our principal asset is Common Units of the Operating Company ("Common Units"). As the sole manager of the Operating Company, we operate and control all of the business and affairs of the Operating Company, and we conduct our business through the Operating Company and its subsidiaries. We have a board of directors and executive officers, but no employees. All of our assets are held and all of the employees are employed by the Operating Company and its subsidiaries.

We have the sole voting interest in, and control the management of, the Operating Company, and we have the obligation to absorb losses of, and receive benefits from, the Operating Company, that could be significant. We determined that the Operating Company is a variable interest entity ("VIE") and that we are the primary beneficiary of the Operating Company. Accordingly, pursuant to the VIE accounting model, beginning in the fiscal quarter ended June 30, 2019, we consolidated the Operating Company in our consolidated financial statements and reported a non-controlling interest related to the Common Units held by the members of the Operating Company (other than the Common Units held by us) on our consolidated financial statements.

On August 31, 2021, we completed our previously announced merger with KushCo Holdings, Inc. ("KushCo") and have included the results of operations of KushCo in our consolidated statements of operations and comprehensive loss from that date forward. As such, KushCo financial information is included in our condensed consolidated financial statements for the three and six months ended June 30, 2022, and is excluded from the comparative period in 2021. Immediately following the merger with KushCo, stockholders that held Class A common stock prior to the completion of the merger owned 51.9% and former KushCo stockholders owned 48.1% of the equity of the combined company on a fully diluted basis. In connection with the merger with KushCo, the Greenlane Certificate of Incorporation was amended and restated (the "A&R Charter") in order to (i) increase the number of authorized shares of Greenlane Class B common stock, \$0.0001 par value per share (the "Class B Common stock"), from 10 million shares to 30 million shares in order to effect the conversion of each outstanding share of Class C common stock, \$0.0001 par value per share (the "Class C common stock"), into one-third of one share of Class B common stock, (ii) increase the number of authorized shares of Class A common stock from 25 million shares to 600 million shares, and (iii) eliminate references to the Class C common stock. Pursuant to the terms of an Agreement and Plan of Merger, dated as of March 31, 2021 (the "Merger Agreement") with KushCo, immediately prior to the consummation of the business combination, holders of Class C common stock received one-third of one share of Class B common stock for each share of Class C common stock held immediately prior to the closing of the merger.

We merchandise premium cannabis accessories, child-resistant packaging, specialty vaporization solutions and lifestyle products in the United States, Canada and Europe, serving a diverse and expansive customer base with more than 8,500 retail locations, including licensed cannabis dispensaries, smoke shops, and specialty retailers. We distribute to multi-state operators ("MSOs"), licensed producers ("LPs"), other retailers and brands through wholesale operations under our Industrial Goods business segment, and to consumers through both wholesale operations as well as e-commerce activities and our retail stores under our Consumer Goods business segment.

Our corporate structure is commonly referred to as an "Up-C" structure. The Up-C structure allows the members of the Operating Company to continue to realize tax benefits associated with owning interests in an entity that is treated as a partnership, or "pass-through" entity. One of these benefits is that future taxable income of the Operating Company that is allocated to its members will be taxed on a flow-through basis and therefore will not be subject to corporate taxes at the Operating Company entity level. Additionally, because the members may redeem their Common Units for shares of Class A common stock on a one-for-one basis 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.

In connection with our initial public offering, we entered into a Tax Receivable Agreement (the "TRA") with the Operating Company and the Operating Company's members (other than Greenlane Holdings, Inc.) and a Registration Rights (the "Registration Rights Agreement") with the Operating Company's members. The TRA provides for the payment by us to the Operating Company's members of 85.0% of the amount of tax benefits, if any, that we may actually realize (or in some cases,

are deemed to realize) as a result of (i) the step-up in tax basis in our share of the Operating Company's assets resulting from the redemption of Common Units under the mechanism described above and (ii) certain other tax benefits attributable to payments made under the TRA. Pursuant to the Registration Rights Agreement, we have agreed to register the resale of shares of Class A common stock that are issuable to the Operating Company's members upon redemption or exchange of their Common Units.

The A&R Charter and the Fourth Amended and Restated Operating Agreement of the Operating Company (the "Operating Agreement") require that (a) we at all times maintain a ratio of one Common Unit owned by us for each share of our Class A common stock issued by us (subject to certain exceptions), and (b) the Operating Company at all times maintains (i) a one-to-one ratio between the number of shares of our Class A common stock issued by us and the number of Common Units owned by us, and (ii) a one-to-one ratio between the number of shares of our Class B common stock owned by the non-founder members of the Operating Company and the number of Common Units owned by the non-founder members of the Operating Company.

The following table sets forth the economic and voting interests of our common stock holders as of June 30, 2022:

Class of Common Stock (ownership)	Total Shares <sup>(1)</sup>	Class A Shares (as converted) <sup>(2)</sup>	Economic Ownership in the Operating Company <sup>(3)</sup>	Voting Interest in Greenlane <sup>(4)</sup>	Economic Interest in Greenlane <sup>(5)</sup>
Class A	6,078,633	6,078,633	85.2 %	85.2 %	100.0 %
Class B	1,059,240	1,059,240	14.8 %	14.8 %	— %
<b>Total</b>	<b>7,137,873</b>	<b>7,137,873</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

\*After giving effect to the one-for-20 Reverse Stock Split effective August 9, 2022.

(1) Represents the total number of outstanding shares for each class of common stock as of June 30, 2022.

(2) Represents the number of shares of Class A common stock that would be outstanding assuming the exchange of all outstanding shares of Class B common stock upon redemption of all related Common Units. Shares of Class B common stock would be canceled, without consideration, on a one-to-one basis pursuant to the terms and subject to the conditions of the Operating Agreement.

(3) Represents the indirect economic interest in the Operating Company through the holders' ownership of common stock.

(4) Represents the aggregate voting interest in us through the holders' ownership of Common Stock. Each share of Class A common stock and Class B common stock entitles its holder one vote per share on all matters submitted to a vote of our stockholders.

(5) Represents the aggregate economic interest in us through the holders' ownership of Class A common stock.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2021. The condensed consolidated results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022, or any other future annual or interim period. Certain reclassifications have been made to prior year amounts or balances to conform to the presentation adopted in the current year.

### Principles of Consolidation

Our condensed consolidated financial statements include our accounts, the accounts of the Operating Company, and the accounts of the Operating Company's consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

### Reverse Stock Split

On August 4, 2022, we filed a Certificate of Amendment (the "Certificate of Amendment") to the A&R Charter with the Secretary of State of the State of Delaware, which effected a one-for-20 reverse stock split (the "Reverse Stock Split") of our issued and outstanding shares of Class A common stock and Class B common stock (collectively, the "Common Stock") at 5:01 PM Eastern Time on August 9, 2022. As a result of the Reverse Stock Split, every 20 shares of Common Stock issued and outstanding were converted into one share of Common Stock. We paid cash in lieu of fractional shares, and accordingly, no fractional shares were issued in connection with the Reverse Stock Split.

The Reverse Stock Split did not change the par value of the Common Stock or the authorized number of shares of Common Stock. All outstanding options, restricted stock awards, warrants and other securities entitling their holders to purchase or otherwise receive shares of our Common Stock have been adjusted as a result of the Reverse Stock Split, as required by the terms of each security. The number of shares available to be awarded under our Amended and Restated 2019 Equity Incentive Plan have also been appropriately adjusted. See "Note 10 — Compensation Plans" for more information.

All share and per share amounts in these unaudited condensed consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split, including reclassifying an amount equal to the reduction in par value of Common Stock to additional paid-in capital.

#### **Liquidity**

Our principal sources of liquidity at June 30, 2022 consisted of cash on hand, future cash anticipated to be generated from operations, the June 2022 Offering described in Note 9, and our ATM Program described below.

We have an effective shelf registration statement on Form S-3 (the "Shelf Registration Statement") and may opportunistically conduct securities offerings from time to time in order to meet our liquidity needs. However, we may be unable to access the capital markets, including because of current market volatility and the performance of our stock price.

As described in further detail in "Note 9 - Stockholders' Equity," in August 2021, we established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to \$50 million, from time to time. Net proceeds from sales of our shares of Class A common stock under the ATM Program are expected to be used for working capital and general corporate purposes. Since the launch of the ATM program in August 2021 and through June 30, 2022, we sold 972,624 shares of our Class A common stock under the ATM Program, which generated gross proceeds of approximately \$ 12.7 million and paid fees to the sales agent of approximately \$0.4 million. In connection with the filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") with the SEC on March 31, 2022, the ATM Program became subject to the offering limits set forth in General Instruction I.B.6 of Form S-3 ("Instruction I.B.6") because our public float was less than \$75 million. For so long as our public float is less than \$75 million, the aggregate market value of the shares of Class A common stock sold by us pursuant to Instruction I.B.6 during any twelve consecutive months may not exceed one-third of our public float.

Also as described in further detail in "Note 9 - Stockholders' Equity," on June 27, 2022, we entered into a securities purchase agreement with an accredited investor, pursuant to which we agreed to issue and sell an aggregate of 85,000 shares of our Class A common stock, pre-funded warrants to purchase up to 495,000 shares of our Class A common stock (the "June 2022 Pre-Funded Warrants") and warrants to purchase up to 1,080,000 shares of our Class A common stock (the "June 2022 Standard Warrants" and, together with the June 2022 Pre-Funded Warrants, the "June 2022 Warrants"), in a registered direct offering (the "June 2022 Offering"). The June 2022 Offering generated gross proceeds of approximately \$5.4 million and net proceeds to the Company of approximately \$5.0 million.

Following the completion of the June 2022 Offering, we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of time due to the requirements of Section 5635 of the rules of the Nasdaq Stock Market LLC (the "Nasdaq Exchange Cap"), which requires that stockholder approval be obtained before listed companies issue in excess of 20% of their outstanding common stock in certain transactions, which will limit our liquidity options in the capital markets.

As described in "Note 6 - Debt," in December 2021, we entered into a Secured Promissory Note (the "December 2021 Note") which was subsequently amended on June 30, 2022 (the "First Amendment") and on July 14, 2022 (the "Second Amendment" and together with the December 2021 Note and the First Amendment, the "Bridge Loan"), with Aaron LoCascio, the Company's former President and co-founder and a member of the Board, which provided for a loan of \$ 8.0 million originally maturing on June 30, 2022. On July 14, 2022, we repaid \$4.0 million of the aggregate principal amount due under the Bridge Loan, and on July 19, 2022, we repaid the remaining balance on the Bridge Loan in full. As a result, all obligations under the Bridge Loan have been satisfied.

We are in the process of establishing a payment plan (the "Payment Plan") for the repayment of approximately \$6.0 million in liabilities due to a third-party vendor (the "Vendor") relating to previously purchased inventory. In connection with our ongoing discussions with the Vendor, on July 18, 2022, we paid \$1.0 million of the approximate \$6.0 million balance due to the Vendor in cash and, during the period of July 26, 2022 through July 31, 2022, we returned approximately \$ 3 million in inventory to the Vendor, which was accepted by the Vendor and will be credited against the remaining outstanding balance owed by us to the Vendor once the Vendor has confirmed the value of the returned inventory. Currently, we expect to owe the Vendor approximately \$3.5 million in remaining liabilities pending the Vendor's confirmation of the value of the inventory returned to it. We expect to enter into the Payment Plan to repay the remainder of the amount due to the Vendor in the amount of \$ 200,000 in cash each week until the remainder of the liabilities due to the Vendor are repaid in full. However, we can provide no assurances as to the timing of our entry into the Payment Plan, the final terms of the Payment Plan or that we will enter into the Payment Plan at all.

As described in "Note 13 - Subsequent Events," on July 19, 2022, Warehouse Goods LLC ("Warehouse Goods"), a wholly owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement and supporting documents (collectively, the "Sale Agreement"), to sell the Company's 50% stake in VIBES Holdings LLC for total consideration of \$5.3 million in cash.

Also as described in "Note 13 - Subsequent Events," on August 9, 2022, we entered into an asset-based loan agreement dated as of August 8, 2022 (the "Loan Agreement"), which makes available to the Company a term loan of up to \$5.0 million.

We believe that our cash on hand will be sufficient to fund our working capital and capital expenditure requirements, as well as our debt repayments and other liquidity requirements associated with our existing operations, for at least the next 12 months.

#### Use of Estimates

Conformity with U.S. GAAP requires the use of estimates and judgments that affect the reported amounts in our condensed consolidated financial statements and accompanying notes. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. U.S. GAAP requires us to make estimates and judgments in several areas. Such areas include, but are not limited to: the collectability of accounts receivable; the allowance for slow-moving or obsolete inventory; the realizability of deferred tax assets; the fair value of goodwill; the fair value of contingent consideration arrangements; the useful lives of intangible assets and property and equipment; the calculation of our VAT taxes receivable and VAT taxes, fines, and penalties payable; our loss contingencies, including our TRA liability; and the valuation and assumptions underlying equity-based compensation. These estimates are based on management's knowledge about current events and expectations about actions we may undertake in the future. Actual results could differ materially from those estimates.

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. We expect uncertainties around our key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic, including the possible resurgence of new strains. Our estimates may change as new events occur and additional information emerges, and such changes are recognized or disclosed in our condensed consolidated financial statements.

#### Voluntary Change in Accounting Principle

During the first quarter of 2022, we made a voluntary change in accounting principle to classify outbound shipping and handling costs associated with the distribution of products to our customers as a component of "general and administrative" costs within our condensed consolidated statements of operations and comprehensive loss. These costs were previously recorded as a component of "cost of sales" within our condensed consolidated statements of operations and comprehensive loss. We made the voluntary change in accounting principle because we believe the classification of outbound shipping and handling costs within "general and administrative" costs better reflects the selling effort and enhances the comparability of our financial statements with many of our industry peers. In accordance with U.S. GAAP, the change has been reflected in the condensed consolidated statements of operations and comprehensive loss through retrospective application as follows:

(in thousands)	For the three months ended June 30, 2021						For the six months ended June 30, 2021					
	Prior to Change		Effect of Change		As Adjusted		Prior to Change		Effect of Change		As Adjusted	
Cost of sales	\$	26,944	\$	(1,282)	\$	25,662	\$	53,640	\$	(2,524)	\$	51,116
Gross profit	\$	7,771	\$	1,282	\$	9,053	\$	15,084	\$	2,524	\$	17,608
General and administrative	\$	7,116	\$	1,282	\$	8,398	\$	15,455	\$	2,524	\$	17,979
Total operating expenses	\$	13,354	\$	1,282	\$	14,636	\$	28,607	\$	2,524	\$	31,131

#### Segment Reporting

We manage our global business operations through our operating and reportable business segments. Due to our recent merger with KushCo, we reassessed and updated our operating segments. Therefore, beginning with the fourth quarter of 2021, we determined we had following two reportable operating business segments: (1) Industrial Goods, which largely comprises KushCo's legacy operations across the United States and Canada, and (2) Consumer Goods, which largely comprises Greenlane's legacy operations across the United States, Canada, and Europe. Our reportable segments have been identified based on how our chief operating decision maker ("CODM"), manages our business, makes resource allocation and operating decisions, and evaluates operating performance. Our CODM is our Chief Executive Officer ("CEO"). These changes in operating segments align with how we manage our business beginning with the fourth quarter of 2021. Segment disclosures within this Form 10-Q have been retrospectively restated to reflect the change in segments. See "Note 12—Segment Reporting."

#### Revenue Recognition

Revenue under bill-and-hold arrangements was \$0 for the three and six months ended June 30, 2022, respectively, and \$0.1 and \$0.3 million for the three and six months ended June 30, 2021, respectively. Storage fees charged to customers for bill-and-hold arrangements are recognized as invoiced. Such fees were not significant for the three and six months ended June 30, 2022 and 2021.

Our liability for returns, which is included within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheets, was approximately \$1.0 million as of June 30, 2022 and December 31, 2021, respectively. The recoverable cost of merchandise estimated to be returned by customers, which is included within "Other current assets" in our condensed consolidated balance sheets, was approximately \$0.2 million as of June 30, 2022 and December 31, 2021, respectively.

For the three and six months ended June 30, 2022, one customer represented approximately 21% and 19% of our net sales. No single customer represented more than 3% of our net sales for the three and six months ended June 30, 2021. As of June 30, 2022, two customers represented approximately 23%, and 12% of accounts receivable, respectively. As of December 31, 2021, two customers represented approximately 13% and 11% of accounts receivable, respectively.

#### Value Added Taxes

During the third quarter of 2020, as part of a global tax strategy review, we determined that our European subsidiaries based in the Netherlands, which we acquired on September 30, 2019, had historically collected and remitted value added tax ("VAT") payments, which related to direct-to-consumer sales to other European Union ("EU") member states, directly to the Dutch tax authorities. In connection with our subsidiaries' payment of VAT to Dutch tax authorities rather than other EU member states, we may become subject to civil or criminal enforcement actions in certain EU jurisdictions, which could result in penalties.

We performed an analysis of the VAT overpayments to the Dutch tax authorities, which we expected to be refunded to us, and VAT payable to other EU member states, including potential fines and penalties. Based on this analysis, we recorded VAT payable of approximately \$0.9 million and \$2.5 million relating to this matter within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheet as of June 30, 2022 and December 31, 2021, respectively.

Pursuant to the purchase and sale agreement by which we acquired our European subsidiaries, the sellers are required to indemnify us against certain specified matters and losses, including any and all liabilities, claims, penalties and costs incurred or sustained by us in connection with non-compliance with tax laws in relation to activities of the sellers. The indemnity (or indemnification receivable) is limited to an amount equal to the purchase price under the purchase and sale agreement. During the three and six months ended June 30, 2022, we recognized a gain of approximately \$0 and \$1.8 million, respectively, within "general and administrative expenses" in our condensed consolidated statements of operations and comprehensive loss, which represented the partial reversal of a charge previously recognized based on the difference between the VAT payable and the VAT receivable and indemnification asset, as the indemnification asset became probable of recovery based on the reduction in our previously estimated VAT liability for penalties and interest based on our voluntary disclosure to, and ongoing settlement with, the relevant tax authorities in the EU member states.

Management intends to pursue recovery of all additional losses from the sellers to the full extent of the indemnification provisions of the purchase and sale agreement, however, the collectability of such additional indemnification amounts may be subject to litigation and may be affected by the credit risk of indemnifying parties, and are therefore subject to significant uncertainties as to the amount and timing of recovery.

As noted above, we have voluntarily disclosed VAT owed to several relevant tax authorities in the EU member states, and believe in doing so we will reduce our liability for penalties and interest. Nonetheless, we may incur expenses in future periods related to such matters, including litigation costs and other expenses to defend our position. The outcome of such matters is inherently unpredictable and subject to significant uncertainties. Refer to "Note 7—Commitments and Contingencies" for additional discussion regarding our contingencies.

#### Recently Issued Accounting Guidance Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses*. The standard requires the use of an "expected loss" model on certain types of financial instruments. The standard also amends the impairment model for available-for-sale securities and requires estimated credit losses to be recorded as allowances rather than as reductions to the amortized cost of the securities. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022 for filers that are eligible to be smaller reporting companies under the SEC's definition. Early adoption is permitted. We do not believe the adoption of this new guidance will have a material impact on our consolidated financial statements and disclosures.



In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* which provides practical expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued as a result of reference rate reform. These amendments are not applicable to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*, which clarified the scope and application of the original guidance. ASU No. 2020-04 and ASU No. 2021-01 are effective as of March 12, 2020 through December 31, 2022 and may be applied to contract modifications and hedging relationships from the beginning of an interim period that includes or is subsequent to March 12, 2020. We are still evaluating the impact these standards will have on our consolidated financial statements and related disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, as if it had originated the contracts. Prior to this ASU, an acquirer generally recognizes contract assets acquired and contract liabilities assumed that arose from contracts with customers at fair value on the acquisition date. The ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The ASU is to be applied prospectively to business combinations occurring on or after the effective date of the amendment (or if adopted early as of an interim period, as of the beginning of the fiscal year that includes the interim period of early application). We are still assessing this standard's impact on our consolidated financial statements.

### NOTE 3. BUSINESS ACQUISITIONS

#### Supplemental Unaudited Pro Forma Financial Information

On March 2, 2021, we acquired substantially all the assets of Eyce LLC ("Eyce"), a designer and manufacturer of silicon pipes, bubblers, rigs, and other smoking and vaporization-related accessories and merchandise.

On August 31, 2021, we completed our previously announced merger with KushCo pursuant to the terms of the Merger Agreement dated as of March, 31, 2021.

On November 29, 2021, we acquired substantially all the assets of Organicix, LLC (d/b/a and hereinafter referred to as "DaVinci"), a leading developer and manufacturer of premium portable vaporizers.

The following table presents pro forma results for the three and six months ended June 30, 2022 and 2021 as if our acquisition of Eyce and DaVinci, along with the closing of the merger with KushCo, had occurred on January 1, 2021, and Eyce, DaVinci, and KushCo's results had been included in our consolidated results beginning on that date (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Net sales	\$ 39,916	\$ 67,292	\$ 86,450	\$ 130,085
Cost of sales	31,817	52,171	72,383	100,524
Gross profit	8,099	15,121	14,067	29,561
Net loss	\$ (14,481)	\$ (12,238)	\$ (33,230)	\$ (30,005)

The pro forma amounts have been calculated after applying our accounting policies to the financial statements of Eyce and KushCo and adjusting the combined results of Greenlane, Eyce, DaVinci and KushCo (a) to remove Eyce and DaVinci product sales to us and to remove the cost incurred by us related to products purchased from Eyce and DaVinci prior to the acquisition, and (b) to reflect the increased amortization expense that would have been charged assuming intangible assets identified in the acquisitions of Eyce, DaVinci, and KushCo had been recorded on January 1, 2021.

The impact of the Eyce and DaVinci acquisition and the KushCo merger on the actual results reported by us in subsequent periods may differ significantly from that reflected in this pro forma information for a number of reasons, including but not limited to, non-achievement of the expected synergies from these combinations and changes in the regulatory environment. As a result, the pro forma information is not necessarily indicative of what our financial condition or results of operations would have been had the acquisitions been completed on the applicable date of this pro forma financial information. In addition, the pro forma financial information does not purport to project our future financial condition and results of operations.

Amended Eyce APA

On April 7, 2022, we entered into an amendment to that certain Asset Purchase Agreement, dated March 2, 2021 (the "Amended Eyce APA"), by and between Eyce and Warehouse Goods to accelerate the issuance of shares of Class A common stock issuable to Eyce under the agreement upon the attainment of certain EBITDA and revenue benchmarks (the "Amended 2022 Contingent Payment"), in an amount equal to \$0.9 million. We issued 71,721 shares of Class A common stock to Eyce under the Amended 2022 Contingent Payment, which vest ratably in seven quarterly tranches starting on July 1, 2022, such that on January 1, 2024 (the "Vesting Date"), all shares issued to Eyce under the Amended 2022 Contingent Payment will have vested. The shares of Class A common stock issued under the Amended 2022 Contingent Payment are subject to certain forfeiture restrictions tied to the continued employment of certain Eyce personnel with the Company through the Vesting Date. The Amended Eyce APA also provided for the payment of \$ 0.9 million in cash in four equal installments on April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024, contingent on the achievement of certain deliverables outlined in the Amended Eyce APA and the continued employment of certain Eyce personnel.

The transaction was accounted for separately from acquisition accounting for the Eyce business combination. Specifically, we recorded a gain of approximately \$0.3 million within "other income (expense), net" in our condensed consolidated statement of operations and comprehensive income for the three and six months ended June 30, 2022 to write-off the balance of the Eyce 2022 Contingent Payment. Also, we recorded approximately \$0.5 million in compensation expense related to the Amended 2022 Contingent Payment within "salaries, benefits and payroll taxes" in our condensed consolidated statement of operations and comprehensive income for the three and six months ended June 30, 2022.

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The carrying amounts for certain of our financial instruments, including cash, accounts receivable, accounts payable and certain accrued expenses and other assets and liabilities, approximate fair value due to the short-term nature of these instruments.

As of June 30, 2022, we had equity securities, an interest rate swap contract and contingent consideration that are required to be measured at fair value on a recurring basis.

Our equity securities that are required to be measured at fair value on a recurring basis consist of investments in XS Financial Inc. and High Tide Inc. We have determined that our ownership does not provide us with significant influence over the operations of these entities. Accordingly, we account for our investment in these entities as equity securities, and we record changes in the fair value of these investments in "other income (expense), net" in our condensed consolidated statements of operations and comprehensive loss.

Our financial instruments measured at fair value on a recurring basis were as follows at the dates indicated:

(in thousands)	Condensed Consolidated Balance Sheet Caption	Fair Value at June 30, 2022			
		Level 1	Level 2	Level 3	Total
Assets:					
Equity securities	Other assets	\$ 1,062	\$ —	\$ —	\$ 1,062
Interest rate swap contract	Other assets	—	186	—	186
Total Assets		\$ 1,062	\$ 186	\$ —	\$ 1,248
Liabilities:					
Contingent consideration - current	Accrued expenses and other current liabilities	\$ —	\$ —	\$ 2,319	\$ 2,319
Contingent consideration - long-term	Other long-term liabilities	—	—	269	269
Total Liabilities		\$ —	\$ —	\$ 2,588	\$ 2,588

(in thousands)	Condensed Consolidated Balance Sheet Caption	Fair Value at December 31, 2021			
		Level 1	Level 2	Level 3	Total
Assets:					
Equity securities	Other assets	\$ 1,919	\$ —	\$ —	\$ 1,919
Total Assets		<u>\$ 1,919</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,919</u>
Liabilities:					
Interest rate swap contract	Other liabilities	\$ —	\$ 288	\$ —	\$ 288
Contingent consideration - current	Accrued expenses and other current liabilities	—	—	5,641	5,641
Contingent consideration - long-term	Other long-term liabilities	—	—	1,216	1,216
Total Liabilities		<u>\$ —</u>	<u>\$ 288</u>	<u>\$ 6,857</u>	<u>\$ 7,145</u>

The estimated fair values of our financial instruments have been determined using available market information and what we believe to be appropriate valuation methodologies. There were no transfers between Level 1 and Level 2 and no transfers to or from Level 3 of the fair value hierarchy during the three and six months ended June 30, 2022 and 2021, respectively.

#### Derivative Instrument and Hedging Activity

On July 11, 2019, we entered into an interest rate swap contract to manage our risk associated with the interest rate fluctuations on the Company's floating rate Real Estate Note described in "Note 6 - Debt."

The counterparty to this instrument is a reputable financial institution. Our interest rate swap contract was designated as a cash flow hedge at the inception date, and is reflected at its fair value in our condensed consolidated balance sheets.

The fair value of our interest rate swap liability is determined based on the present value of expected future cash flows. Since our interest rate swap value is based on the LIBOR forward curve and credit default swap rates, which are observable at commonly quoted intervals for the full term of the swap, it is considered a Level 2 measurement.

Details of the outstanding swap contract as of June 30, 2022 are as follows:

Swap Maturity	Notional Value (in thousands)	Pay Fixed Rate	Receive Floating Rate	Floating Rate Reset Terms
October 1, 2025	\$ 7,864	2.0775 %	One-Month LIBOR	Monthly

Our obligations under the Real Estate Note are secured by a mortgage on our corporate headquarters building. As discussed in "Note 8 - Supplemental Financial Information," our corporate headquarters building is classified within "assets held for sale" on our condensed consolidated balance sheet as of June 30, 2022. The current and long-term portions of the Real Estate Note are included within "current portion of liabilities held for sale" and "long-term liabilities held for sale," respectively, on our condensed consolidated balance sheet as of June 30, 2022.

Beginning with the second quarter of 2022, we discontinued hedge accounting for the interest rate swap contract. During the three and six months ended June 30, 2022, we recorded a gain of approximately \$1 million based on the change in fair value of the interest rate swap contract within "interest expense" in our condensed consolidated statement of income and comprehensive loss. During the three and six months ended June 30, 2022, we also reclassified the related accumulated other comprehensive income balance of \$0.3 million from to "interest expense" in our condensed consolidated statement of income and comprehensive loss. Refer to "Note 8 - Supplemental Financial Information" for further details on the components of accumulated other comprehensive income (loss) for the six months ended June 30, 2022 and 2021, respectively.

The unrealized loss on the derivative instrument prior to the discontinuation of hedge accounting was included within "Other comprehensive income (loss)" in our condensed consolidated statement of operations and comprehensive loss.

There was no measure of hedge ineffectiveness and no reclassifications from other comprehensive loss into interest expense for the three and six months ended June 30, 2021.

As discussed further in "Note 13 - Subsequent Events", in August 2022, we terminated the interest swap contract.

#### Contingent Consideration

Each period we revalue our contingent consideration obligations associated with business acquisitions to their fair value. The estimate of the fair value of contingent consideration is determined by applying a risk-neutral framework using a Monte Carlo

Simulation, which includes inputs not observable in the market, such as the risk-free rate, risk-adjusted discount rate, the volatility of the underlying financial metrics and projected financial forecast of the acquired business over the earn-out period, and therefore represents a Level 3 measurement. Significant increases or decreases in these inputs could result in a significantly lower or higher fair value measurement of the contingent consideration liability. Changes in the fair value of contingent consideration are included within "Other income (expense), net" in our condensed consolidated statements of operations and comprehensive loss.

A reconciliation of our liabilities that are measured and recorded at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

	Six Months Ended June 30, 2022	
<i>(in thousands)</i>		
Balance at December 31, 2021	\$	6,857
Eyce 2021 Contingent Payment settlement in Class A common stock		(875)
Eyce 2021 Contingent Payment settlement in cash		(875)
DaVinci 2021 Contingent Payment settlement in Class A common stock		(2,611)
Write-off of Eyce 2022 Contingent Payment in conjunction with the Amended Eyce APA		(267)
Loss from fair value adjustments included in results of operations		359
Balance June 30, 2022	\$	2,588

	Six Months Ended June 30, 2021	
<i>(in thousands)</i>		
Balance at December 31, 2020	\$	—
Contingent consideration issued for Eyce acquisition		1,828
Loss from fair value adjustments included in results of operations	\$	123
Balance at June 30, 2021	\$	1,951

#### Equity Securities Without a Readily Determinable Fair Value

Our investment in equity securities without readily determinable fair value consist of ownership interests in Airgraft Inc., Sun Grown Packaging, LLC ("Sun Grown") and Vapor Dosing Technologies, Inc. ("VIVA"). We determined that our ownership interests do not provide us with significant influence over the operations of these investments. Accordingly, we account for our investments in these entities as equity securities. Airgraft Inc., Sun Grown, and VIVA are private entities and their equity securities do not have a readily determinable fair value. We elected to measure these equity securities under the measurement alternative election at cost minus impairment, if any, with adjustments through earnings for observable price changes in orderly transactions for the identical or similar investment of the same issuer. We acquired our investments in Sun Grown and VIVA as part of our merger with KushCo, which we completed in August 2021. We did not identify any fair value adjustments related to these equity securities during the three and six months ended June 30, 2022 and 2021, respectively.

As of June 30, 2022 and December 31, 2021, the carrying value of our investment in equity securities without a readily determinable fair value was approximately \$5 million, respectively, included within "Other assets" in our condensed consolidated balance sheets. The carrying value included a fair value adjustment of \$1.5 million based on an observable price change recognized during the year ended December 31, 2019.

#### NOTE 5. LEASES

##### Greenlane as a Lessee

As of June 30, 2022, we had facilities financed under operating leases consisting of warehouses, offices, and retail stores, with lease term expirations between 2022 and 2027. Lease terms are generally three to seven years for warehouses, office space and retail store locations. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides details of our future minimum lease payments under finance and operating lease liabilities recorded in our condensed consolidated balance sheet as of June 30, 2022. The table below does not include commitments that are contingent on events or other factors that are currently uncertain or unknown.

<i>(in thousands)</i>	Operating Leases	
2022	\$	1,355
2023		2,169
2024		1,491
2025		1,377
2026		209
Thereafter		4
Total minimum lease payments		6,605
Less: imputed interest		266
Present value of minimum lease payments		6,339
Less: current portion		2,502
Long-term portion	\$	3,837

Rent expense under operating leases was approximately \$0.7 million and \$1.4 million for three and six months ended June 30, 2022, respectively, and approximately \$0.3 million and \$0.6 million for the three and six months ended June 30, 2021, respectively.

The following expenses related to our operating leases were included in "general and administrative" expenses within our condensed consolidated statements of operations and comprehensive loss:

<i>(in thousands)</i>	For the six months ended June 30,	
	2022	2021
<b>Operating lease costs</b>		
Operating lease cost	1,406	250
Variable lease cost	47	39
<b>Total lease cost</b>	<b>\$ 1,453</b>	<b>\$ 289</b>

The table below presents lease-related terms and discount rates as of June 30, 2022:

	June 30, 2022
<b>Weighted average remaining lease terms</b>	
Operating leases	3.1 years
<b>Weighted average discount rate</b>	
Operating leases	2.7 %

#### Greenlane as a Lessor

We have four operating leases for office space leased to third-party tenants in our corporate headquarters building in Boca Raton, Florida, which is included in assets held for sale as of June 30, 2022, and one sublease in California.

The following table represents the maturity analysis of undiscounted cash flows related to lease payments, which we expect to receive from our existing operating lease agreements related to our sublease in California:

<b>Rental Income</b>	<i>(in thousands)</i>	
Remainder of 2022	\$	289
2023		386
2024 and thereafter		—
Total	\$	675

## NOTE 6. DEBT

Our debt balance, excluding operating lease liabilities and finance lease liabilities, consisted of the following amounts at the dates indicated:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Real Estate Note	\$ 7,848	\$ 7,958
Bridge Loan	8,000	8,000
DaVinci Promissory Note	3,764	5,000
Eyce Promissory Note	965	1,592
	20,577	22,550
Less unamortized debt issuance costs	(68)	(328)
Less current portion of debt	(11,445)	(11,615)
Less current portion of liabilities held for sale	(198)	—
Less long-term liabilities held for sale	(7,582)	—
Debt, net, excluding operating and finance leases and liabilities held for sale	\$ 1,284	\$ 10,607

### Real Estate Note

On October 1, 2018, one of the Operating Company's wholly-owned subsidiaries financed the purchase of a building which serves as our corporate headquarters through a real estate term note (the "Real Estate Note") in the principal amount of \$5.5 million. Principal payments plus accrued interest at a rate of one-month LIBOR plus 2.39% are due monthly, with a final payment of all remaining outstanding principal and accrued interest due in October 2025. Our obligations under the Real Estate Note are secured by a mortgage on the property. The Real Estate Note contains customary covenants and restrictions, including, without limitation, covenants that require us to comply with laws, restrictions on our ability to incur additional indebtedness, and various customary remedies for the lender following an event of default, including the acceleration of repayment of outstanding amounts under the Real Estate Note and execution upon the collateral securing obligations under the Real Estate Note. As of June 30, 2022, we were in compliance with the Real Estate Note covenants.

As discussed in "Note 8 - Supplemental Financial Information," our corporate headquarters building is classified within "assets held for sale" on our condensed consolidated balance sheet as of June 30, 2022. The current and long-term portions of the Real Estate Note are included within "current portion of liabilities held for sale" and "long-term liabilities held for sale," respectively, on our condensed consolidated balance sheet as of June 30, 2022.

### Eyce Promissory Note

In March 2021, one of the Operating Company's wholly-owned subsidiaries financed a portion of the consideration of the acquisition of Eyce through the issuance of an unsecured promissory note (the "Eyce Promissory Note") in the principal amount of \$5.5 million. Principal payments plus accrued interest at a rate of 4.5% are due quarterly through April 2023.

### DaVinci Promissory Note

In November 2021, one of the Operating Company's wholly-owned subsidiaries financed the acquisition of DaVinci through the issuance of an unsecured promissory note (the "DaVinci Promissory Note") in the principal amount of \$5.0 million. Principal payments plus accrued interest at a rate of 4.0% are due quarterly through October 2023.

### Bridge Loan

In December 2021, we entered into a Secured Promissory Note with Aaron LoCascio, our co-founder, former Chief Executive Officer and President, and a current director of the Company, in which Mr. LoCascio provided us with a bridge loan in the principal amount of \$0.8 million (the "December 2021 Note"). The December 2021 Note accrued interest at a rate of 15.0% is due monthly, and the principal amount was originally due in full on June 30, 2022. We incurred \$0.3 million of debt issuance costs related to the December 2021 Note, which were recorded as a direct deduction from the carrying amount of the December 2021 Note, and which were amortized over the term of the December 2021 Note through interest expense. The December 2021 Note was secured by a continuing security interest in all of our assets and properties whether then or thereafter existing or required, including our inventory and receivables (as defined under the Universal Commercial Code) and included negative covenants restricting our ability to incur further indebtedness and engage in certain asset dispositions until the earlier of the maturity date or the December 2021 Note being fully repaid.

On June 30, 2022, we entered into the First Amendment to the December 2021 Note (the "First Amendment"), which extended the maturity date of the December 2021 Note to July 14, 2022. On July 14, 2022, we entered into the Second Amendment to the December 2021 Note (the "Second Amendment" and together with the December 2021 Note, the "Bridge Loan"), which provided for the extension of the maturity date of the Bridge Loan from July 14, 2022 to July 19, 2022. In connection with the

entry into the Second Amendment, we repaid \$4.0 million of the aggregate principal amount due under the Bridge Loan on July 14, 2022, with the remainder due at maturity. On July 19, 2022, we repaid the remaining balance on the Bridge Loan in full, and, as a result, all obligations under the Bridge Loan have been satisfied.

## NOTE 7. COMMITMENTS AND CONTINGENCIES

### Legal Proceedings

In the ordinary course of business, we are involved in various legal proceedings involving a variety of matters. We do not believe there are any pending legal proceedings that will have a material adverse effect on our 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.

### Other Commitments and Contingencies

We are potentially subject to claims related to various non-income taxes (such as sales, value added, consumption, and similar taxes) from various tax authorities, including in jurisdictions in which we already collect and remit such taxes. If the relevant taxing authorities were successfully to pursue these claims, we could be subject to significant additional tax liabilities.

## NOTE 8. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

### Assets Held for Sale

We generally consider assets to be held for sale when (i) we commit to a plan to sell the assets, (ii) the assets are available for immediate sale in their present condition, (iii) we have initiated an active program to locate a buyer and other actions required to complete the plan to sell the assets, (iv) consummation of the planned sale transaction is probable, (v) the assets are being actively marketed for sale at a price that is reasonable in relation to their current fair value, (vi) the transaction is expected to qualify for recognition as a completed sale, within one year, and (vii) significant changes to or withdrawal of the plan is unlikely. Following the classification of any depreciable assets within a disposal group as held for sale, we discontinue depreciating the asset and write down the asset to the lower of carrying value or fair market value less cost to sell, if needed.

Our assets held for sale recorded on our condensed consolidated balance sheet as of June 30, 2022 are comprised of our corporate headquarters building located in Boca Raton, Florida, along with the related land, land improvements and property and equipment. We are actively seeking a buyer for these assets and expect to complete the sale within one year from June 30, 2022. The current and long-term portion of the related Real Estate Note, with represents the mortgage on the corporate headquarters building, is classified within "current portion of liabilities held for sale" and "long-term portion of liabilities held for sale" on our condensed consolidated balance sheet as of June 30, 2022, as described further in Note 6.

We recognized no impairment charges during the three and six months ended June 30, 2022 or 2021.

### Accrued Expenses and Other Current Liabilities

The following table summarizes the composition of accrued expenses and other current liabilities as of the dates indicated:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
VAT payable (including amounts related to VAT matter described in Note 2)	\$ 3,129	\$ 4,393
Contingent consideration	2,319	5,641
Accrued employee compensation	5,283	6,055
Accrued professional fees	1,514	1,700
Refund liability (including accounts receivable credit balances)	1,396	1,481
Accrued construction in progress (ERP)	468	1,061
Sales tax payable	820	1,034
Other	7,511	3,932
	<u>\$ 22,440</u>	<u>\$ 25,297</u>

### Customer Deposits

For certain product offerings such as child-resistant packaging, closed-system vaporization solutions and custom-branded retail products, we may receive a deposit from the customer (generally 25% - 50% of the total order cost, but the amount can vary by customer contract), when an order is placed by a customer. We typically complete orders related to customer deposits within one to six months from the date of order, depending on the complexity of the customization and the size of the order, but the

order completion timeline can vary by product type and terms of sale with each customer.Changes in our customer deposits liability balance during the six months ended June 30, 2022 were as follows:

<i>(in thousands)</i>	<b>Customer Deposits</b>	
Balance as of December 31, 2021	\$	7,924
Increases due to deposits received, net of other adjustments		8,024
Revenue recognized		(10,785)
Balance as of June 30, 2022	\$	5,163

#### **Accumulated Other Comprehensive Income (Loss)**

The components of accumulated other comprehensive income (loss) for the periods presented were as follows:			
<i>(in thousands)</i>	<b>Foreign Currency Translation</b>	<b>Unrealized Gain or (Loss) on Derivative Instrument</b>	<b>Total</b>
Balance at December 31, 2021	\$ 282	\$ 42	\$ 324
Other comprehensive income (loss)	26	358	384
Less: Reclassification adjustment for (gain) loss included in net loss (Note 4)	—	(332)	(332)
Less: Other comprehensive (income) loss attributable to non-controlling interest	(17)	(68)	(85)
Balance at June 30, 2022	\$ 291	\$ —	\$ 291

<i>(in thousands)</i>	<b>Foreign Currency Translation</b>	<b>Unrealized Gain or (Loss) on Derivative Instrument</b>	<b>Total</b>
Balance at December 31, 2020	\$ 183	\$ (154)	\$ 29
Other comprehensive income (loss)	88	204	292
Less: Other comprehensive (income) loss attributable to non-controlling interest	(48)	(130)	(178)
Balance at June 30, 2021	\$ 223	\$ (80)	\$ 143

#### **Supplier Concentration**

Our four largest vendors accounted for an aggregate of approximately 64.1% and 53.6% of our total net sales and 83.3% and 74.0% of our total purchases for the three and six months ended June 30, 2022, respectively, and an aggregate of approximately 37.7% and 38.8% of our total net sales and 46.8% and 44.4% of our total purchases for the three and six months ended June 30, 2021, respectively. We expect to maintain our relationships with these vendors.

#### **Related Party Transactions**

Nicholas Kovacevich, our Chief Executive Officer, and Dallas Imbimbo, who served on our Board prior to his resignation on April 8, 2022, own capital stock of Unrivaed Brands Inc. ("Unrivaed") and serve on the Unrivaed board of directors. Net sales to Unrivaed totaled approximately \$0 and \$0.7 million for the three and six months ended June 30, 2022, respectively, and \$0 both for the three and six months ended June 30, 2021. Total accounts receivable due from Unrivaed were approximately \$0.5 million and \$0.4 million as of June 30, 2022 and December 31, 2021, respectively.

Adam Schoenfeld, co-founder and a current director of the Company, has a significant ownership interest in one of our customers, Universal Growing. Net sales to Universal Growing totaled approximately \$0.0 million and \$0.2 million for the three and six months ended June 30, 2022, respectively, and \$0.2 million and \$0.3 million for the three and six months ended June 30, 2021, respectively. Total accounts receivable due from Universal Growing as of June 30, 2022 and December 31, 2021 were de minimis.

In December 2021, we entered into a Secured Promissory Note with Aaron LoCascio, our co-founder, former Chief Executive Officer and President, and a current director of the Company, with respect to the \$0.0 million Bridge Loan described under Note 6 above. On June 30, 2022, we entered into the First Amendment to the Secured Promissory Note, which provided for the extension of the maturity date of the Secured Promissory Note from June 30, 2022 to July 14, 2022. On July 19, 2022, we fully repaid the Bridge Loan and as a result, all obligations under the Bridge Loan have been satisfied.

On July 19, 2022, Warehouse Goods entered into the Sale Agreement with Portofino to sell the Company's 50% stake in VIBES Holdings LLC for total consideration of \$5.3 million in cash. The transactions contemplated by the Sale Agreement were completed on July 19, 2022, immediately following the signing of the Sale Agreement. Portofino is an entity partially



controlled by Adam Schoenfeld. The Sale Agreement was approved by the affirmative vote of a majority of the disinterested members of the Board and the audit committee of the Board in accordance with the Company's related party transactions policy.

#### **NOTE 9. STOCKHOLDERS' EQUITY**

Shares of our Class A common stock have both voting interests and economic interests (i.e., the right to receive distributions or dividends, whether cash or stock, and proceeds upon dissolution, winding up or liquidation), while shares of our Class B common stock have voting interests but no economic interests. Each share of our Class A common stock and Class B common stock entitles the record holder thereof to one vote on all matters on which stockholders generally are entitled to vote, and except as otherwise required in the A&R Charter, the holders of Common Stock will vote together as a single class on all matters (or, if any holders of our preferred stock are entitled to vote together with the holders of Common Stock, as a single class with such holders of preferred stock).

Effective August 9, 2022, we completed a one-for-20 reverse stock split (the "Reverse Stock Split") of our issued and outstanding shares of Class A common stock and Class B common stock (collectively, the "Common Stock"), as further described in "Note 2 - Summary of Significant Accounting Policies." As a result of the Reverse Stock Split, every 20 shares of Common Stock issued and outstanding were converted into one share of Common Stock. We paid cash in lieu of fractional shares, and accordingly, no fractional shares were issued in connection with the Reverse Stock Split.

The Reverse Stock Split did not change the par value of the Common Stock or the authorized number of shares of Common Stock. All share and per share amounts in these unaudited condensed consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split, including reclassifying an amount equal to the reduction in par value of Common Stock to additional paid-in capital.

#### **Non-Controlling Interest**

As discussed in "Note 1—Business Operations and Organization," we consolidate the financial results of the Operating Company in our condensed consolidated financial statements and report a non-controlling interest related to the Common Units held by non-controlling interest holders. As of June 30, 2022, we owned 85.2% of the economic interests in the Operating Company, with the remaining 14.8% of the economic interests owned by non-controlling interest holders. The non-controlling interest in the accompanying condensed consolidated statements of operations and comprehensive loss represents the portion of the net loss attributable to the economic interest in the Operating Company held by the non-controlling holders of Common Units calculated based on the weighted average non-controlling interests' ownership during the periods presented.

#### **At-the-Market Equity Offering**

In August 2021, we established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to \$0 million, from time to time, through Cowen and Company, LLC ("Cowen"), as the sales agent. Net proceeds from sales of our shares of Class A common stock under the ATM Program are expected to be used for working capital and general corporate purposes.

Sales of our Class A common stock under the ATM Program may be made by means of transactions that are deemed to be an "at the market offering" as defined in Rule 415(a)(4) under the Securities Act, including sales made directly on the Nasdaq Global Market or sales made to or through a market maker or through an electronic communications network. We are under no obligation to offer and sell shares of our Class A common stock under the ATM Program.

Shares of our Class A common stock will be issued pursuant to our effective shelf registration statement on Form S-3 (File No. 333-257654), and a prospectus supplement relating to the Class A common stock that was filed with the Securities and Exchange Commission on April 18, 2022. Pursuant to Instruction I.B.6, in no event will the Company sell Class A common stock through the ATM Program with a value exceeding more than one-third of the Company's "public float" (the market value of the Company's Class A common stock and any other equity securities that it issues in the future that are held by non-affiliates) in any twelve-month period so long as the Company's public float remains below \$75.0 million.

On April 18, 2022, we entered into Amendment No. 1 (the "Amendment") to the sales agreement dated August 2, 2022 with Cowen. The purpose of the Amendment was to add the limitations imposed on the ATM Program by General Instruction I.B.6 of Form S-3 ("Instruction I.B.6") to the sales agreement. At the time of our entry into the Amendment, approximately \$38.7 million in shares remained available for issuance under the ATM Program.

Following the completion of the June 2022 Offering we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of time due to the Nasdaq Exchange Cap restrictions, which will limit our liquidity options in the capital markets.

The table below summarizes sales of our Class A common stock under the ATM program:

<i>(\$ in thousands)</i>	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022		August 2021 (Inception) through June 30, 2022	
Class A shares sold*		295,826		852,562		972,624
Gross proceeds	\$	2,292	\$	9,303	\$	12,684
Fees paid to sales agent	\$	69	\$	279	\$	381
Net proceeds	\$	2,223	\$	9,024	\$	12,303

\*After giving effect to the one-for-20 Reverse Stock Split effective August 9, 2022.

#### Common Stock and Warrant Offerings

##### August 2021 Offering

On August 9, 2021, we entered into securities purchase agreements with certain accredited investors, pursuant to which we agreed to issue and sell an aggregate of 210,000 shares of our Class A common stock, pre-funded warrants to purchase up to 296,329 shares of our Class A common stock (the “August 2021 Pre-Funded Warrants”) and warrants to purchase up to 303,797 shares of our Class A common stock (the “August 2021 Standard Warrants”) and, together with the August 2021 Pre-Funded Warrants, the “August 2021 Warrants”), in a registered direct offering (the “August 2021 Offering”). The shares of Class A common stock and August 2021 Warrants were sold in Units (the “August 2021 Units”), with each unit consisting of one share of Class A common stock or an August 2021 Pre-Funded Warrant and an August 2021 Standard Warrant to purchase 0.6 of a share of our Class A common stock. The Units were offered pursuant to our existing shelf registration statement on Form S-3. The August 2021 Standard Warrants were immediately exercisable at an exercise price equal to \$1.00 per share of Class A common stock. The August 2021 Standard Warrants are exercisable for five years from the date of issuance. Each August 2021 Pre-Funded Warrant was exercisable with no expiration date for one share of Class A common stock at an exercise price of \$0.20. The August 2021 Offering generated gross proceeds of approximately \$31.9 million and net proceeds to the Company of approximately \$29.9 million. All August 2021 Pre-Funded Warrants were exercised in August and September 2021, based upon which we issued an additional 296,329 shares of our Class A common stock, for net proceeds of approximately \$0.1 million.

##### June 2022 Offering

On June 27, 2022, we entered into a securities purchase agreement with an accredited investor, pursuant to which we agreed to issue and sell an aggregate of 585,000 shares of our Class A common stock, pre-funded warrants to purchase up to 495,000 shares of our Class A common stock (the “June 2022 Pre-Funded Warrants”) and warrants to purchase up to 1,080,000 shares of our Class A common stock (the “June 2022 Standard Warrants”) and, together with the June 2022 Pre-Funded Warrants, the “June 2022 Warrants”), in a registered direct offering (the “June 2022 Offering”). The shares of Class A common stock and June 2022 Warrants were sold in Units (the “June 2022 Units”), with each unit consisting of one share of Class A common stock or a June 2022 Pre-Funded Warrant and a June 2022 Standard Warrant to purchase one share of our Class A common stock. The June 2022 Units were offered pursuant to the Shelf Registration Statement. The June 2022 Standard Warrants are exercisable six months from the date of issuance at an exercise price equal to \$5.00 per share of Class A common stock for a period of five years. Each June 2022 Pre-Funded Warrant is exercisable immediately with no expiration date for one share of Class A common stock at an exercise price of \$0.002. The June 2022 Offering generated gross proceeds of approximately \$8.4 million and net proceeds to the Company of approximately \$5.0 million.

All June 2022 Pre-Funded Warrants were exercised in July 2022, based upon which we issued an additional 495,000 shares of our Class A common stock, for de minimis net proceeds.

#### Class C Common Stock Conversion

On August 31, 2021, we completed our merger with KushCo. Pursuant to the Merger Agreement, immediately prior to the consummation of the Mergers, holders of Class C common stock, \$0.0001 par value per share, received one-third of one share of Class B common stock, for each share of Class C common stock held, and Greenlane adopted the A&R Charter which eliminated Class C common stock as a class of Greenlane’s capital stock.

#### Net Loss Per Share

Basic net loss per share of Class A common stock is computed by dividing net loss attributable to Greenlane by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted net loss per share of Class A common stock is computed by dividing net loss attributable to Greenlane by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive instruments.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted net loss per share of our Class A common stock is as follows (in thousands, except per share amounts):

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>Numerator:</i>				
Net loss	\$ (14,481)	\$ (5,840)	\$ (33,230)	\$ (13,554)
Less: Net loss attributable to non-controlling interests	(2,357)	(2,797)	(5,774)	(6,255)
Net loss attributable to Class A common stockholders	\$ (12,124)	\$ (3,043)	\$ (27,456)	\$ (7,299)
<i>Denominator:</i>				
Weighted average shares of Class A common stock outstanding*	5,337	942	4,925	805
Net loss per share of Class A common stock - basic and diluted*	\$ (2.27)	\$ (3.23)	\$ (5.57)	\$ (9.07)

\*After giving effect to the one-for-20 Reverse Stock Split effective August 9, 2022.

The June 2022 Pre-Funded Warrants were included in the weighted-average in the computation of basic net loss per share of Class A common stock for the three and six months ended June 30, 2022 and 2021, respectively, beginning with their issuance date, as their stated exercise price of \$0.002 was non-substantive and their exercise was virtually assured.

For the three and six months ended June 30, 2022 and 2021, respectively, shares of Class B common stock, shares of Class C common stock and stock options and warrants to purchase Class A common stock were excluded from the weighted-average in the computation of diluted net loss per share of Class A common stock because the effect would have been anti-dilutive.

Shares of our Class B common stock and Class C common stock do not share in our earnings or losses and are therefore not participating securities. As such, separate calculations of basic and diluted net loss per share for each of our Class B common stock and Class C common stock under the two-class method have not been presented.

#### NOTE 10. COMPENSATION PLANS

##### Amended and Restated 2019 Equity Incentive Plan

In April 2019, we adopted the 2019 Equity Incentive Plan (the "2019 Plan"). Excluding the effect of the one-for-20 Reverse Stock Split, we previously registered 5,000,000 shares of Class A common stock that are or may become issuable under the 2019 Plan as stock options and other equity-based awards to employees, directors and executive officers. In August 2021, we adopted, and our shareholders approved, the Amended and Restated 2019 Equity Incentive Plan (the "Amended 2019 Plan"), which amends and restates the 2019 Plan in its entirety. Excluding the effect of the one-for-20 Reverse Stock Split, the Amended 2019 Plan, among other things, increases the number of shares of Class A common stock available for issuance under the 2019 Plan by 2,860,367.

At our 2022 Annual Meeting of Stockholders on August 4, 2022, stockholders approved the Second Amended and Restated 2019 Equity Incentive Plan (the "Second Amended 2019 Plan") which, among other things, increased the number of shares of Class A common stock authorized for issuance under the Amended 2019 Plan by 785,000 shares.

The Second Amended 2019 Plan provides eligible participants with compensation opportunities in the form of cash and equity incentive awards. The Second Amended 2019 Plan is designed to enhance our ability to attract, retain and motivate our employees, directors, and executive officers, and incentivizes them to increase our long-term growth and equity value in alignment with the interests of our stockholders.

##### KushCo Equity Plan

On August 31, 2021, we completed our previously announced merger with KushCo pursuant to the Merger Agreement dated as of March, 31, 2021. In connection with the completion of our merger with KushCo, we assumed the sponsorship of the KushCo Equity Plan. We do not intend to make future grants under the KushCo Equity Plan.

##### Rule 10b5-1 Trading Plans

During the three and six months ended June 30, 2022, Section 16 officer Adam Schoenfeld had an equity trading plan in place in accordance with Rule 10b5-1(c)(1) under the Exchange Act. An equity trading plan is a written document that pre-establishes the amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of our Class A common stock, including shares acquired under our equity plans.

## Equity-Based Compensation Expense

Equity-based compensation expense is included within "salaries, benefits and payroll taxes" in our condensed consolidated statements of operations and comprehensive loss. We recognized equity-based compensation expense as follows:

(in thousands)	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Stock options - Class A common stock	\$ 261	\$ 274	\$ 935	\$ 594
Restricted shares - Class A common stock	170	134	358	244
Restricted stock units (RSUs) - Class A common stock	—	15	11	39
Common units of the Operating Company	—	(2)	—	74
Total equity-based compensation expense	\$ 431	\$ 421	\$ 1,304	\$ 951

Total remaining unrecognized compensation expense as of June 30, 2022 was as follows:

	Remaining Unrecognized Compensation Expense June 30, 2022	Weighted Average Period over which Remaining Unrecognized Compensation Expense is Expected to be Recognized
	(in thousands)	(in years)
Stock options - Class A common stock	\$ 804	1.3
Restricted shares - Class A common stock	617	1.6
Total remaining unrecognized compensation expense	\$ 1,421	

## NOTE 11. INCOME TAXES

As a result of the IPO and the related transactions completed in April 2019, we own a portion of the Common Units of the Operating Company, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, the Operating Company is generally not subject to U.S. federal and certain state and local income taxes, however, certain states in which the Operating Company does business impose state composite and/or withholding income taxes. Any taxable income or loss generated by the Operating Company is passed through to and included in the taxable income or loss of its members, including Greenlane, on a pro-rata basis, in accordance with the terms of the Operating Agreement. The Operating Company is also subject to taxes in foreign jurisdictions. We are a corporation subject to U.S. federal income taxes, in addition to state and local income taxes, based on our share of the Operating Company's pass-through taxable income.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted on March 27, 2020, made tax law changes to provide financial relief to companies as a result of the business impacts of COVID-19. Key income tax provisions of the CARES Act include changes in net operating loss carryback and carryforward rules, acceleration of alternative minimum tax credit recovery, increase in the net interest expense deduction limit and charitable contribution limit, and immediate write-off of qualified improvement property. The changes are not expected to have a significant impact on us. The Consolidation Appropriations Act of 2021, enacted on December 27, 2020, extended and enhanced COVID relief provisions of the CARES Act. The Company has evaluated the impact of the Consolidated Appropriation Act and determined that its impact is not material to the Company's financial statements.

As of June 30, 2022 and December 31, 2021, management performed an assessment of the realizability of our deferred tax assets based upon which management determined that it is not more likely than not that the results of operations will generate sufficient taxable income to realize portions of the net operating loss benefits. Consequently, we established a full valuation allowance against our deferred tax assets, and reflected a carrying balance of \$0 as of June 30, 2022 and December 31, 2021, respectively. In the event that management determines that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, an adjustment to the valuation allowance will be made, which would reduce the provision for income taxes. The provision for and benefit from income taxes for the three and six months ended June 30, 2022 and 2021, respectively, relates to taxes in foreign jurisdictions, including Canada and the Netherlands.

For the three and six months ended June 30, 2022 and 2021, respectively, the effective tax rate differed from the U.S. federal statutory tax rate of 21% primarily due to the Operating Company's pass-through structure for U.S. income tax purposes, the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, and the valuation allowance against the deferred tax asset.

Excerpt for the Canadian subsidiary, we do not record U.S. income taxes on the undistributed earnings of our foreign subsidiaries, based upon our intention to permanently reinvest undistributed earnings to ensure sufficient working capital and

further expansion of existing operations outside the United States. In the event we are required to repatriate funds from outside of the United States, such repatriation would be subject to local laws, customs, and tax consequences.

#### Uncertain Tax Positions

For the three and six months ended June 30, 2022 and 2021, respectively, we did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties. The Company is subject to audit examination for federal and state purposes for the years 2018 – 2020.

#### Tax Receivable Agreement (TRA)

We entered into the TRA with the Operating Company and each of the members (other than Greenlane Holdings, Inc.) that provides for the payment by the Operating Company to the members of 85% of the amount of tax benefits, if any, that we may actually realize (or in some circumstances are deemed to realize) as a result of (i) increases in tax basis resulting from any future redemptions of Common Units as described in “Note 1—Business Operations and Organization” and (ii) certain other tax benefits attributable to payments made under the TRA.

The annual tax benefits are computed by calculating the income taxes due, including such tax benefits, and the income taxes due without such benefits. The Operating Company expects to benefit from the remaining 5% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in the Operating Company. The rights of each noncontrolling interest holder under the TRA are assignable to transferees of its interest in the Operating Company. The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income the Operating Company generates each year and the applicable tax rate.

As noted above, we evaluated the realizability of the deferred tax assets resulting from the IPO and the related transactions completed in April 2019 and established a full valuation allowance against those benefits. As a result, we determined that the amount or timing of payments to noncontrolling interest holders under the TRA are no longer probable or reasonably estimable. Based on this assessment, our TRA liability was \$0 as of June 30, 2022 and December 31, 2021.

If utilization of the deferred tax assets subject to the TRA becomes more likely than not in the future, we will record a liability related to the TRA, which would be recognized as expense within our condensed consolidated statements of operations and comprehensive (loss) income.

During the three and six months ended June 30, 2022 and 2021, respectively, we did not make any payments, inclusive of interest, to members of the Operating Company pursuant to the TRA.

#### NOTE 12. SEGMENT REPORTING

We define our segments as those operations whose results are regularly reviewed by our CODM to analyze performance and allocate resources. Therefore, segment information is prepared on the same basis that management reviews financial information for operational decision-making purposes. Our CODM is our CEO.

Following the completion of the KushCo merger in late August 2021, we reassessed our operating segments based on our new organizational structure. Based on this assessment, we determined we had the following two operating segments as of June 30, 2022 and December 31, 2021, which are the same as our reportable segments: (1) Consumer Goods, which largely comprises Greenlane's legacy operations across the United States, Canada, and Europe, and (2) Industrial Goods, which largely comprises KushCo's legacy operations across the United States and Canada. These changes in operating segments align with how we manage our business beginning with the fourth quarter of 2021. The segment disclosures below have been retrospectively restated to reflect the change in segments.

The Consumer Goods segment focuses on serving consumers across wholesale, retail and e-commerce operations—through both our proprietary Greenlane Brands, including Eyce, DaVinci, VIBES, Marley Natural, Keith Haring, and Higher Standards, as well as lifestyle products and accessories from leading brands, like PAX, Storz and Bickel, Grenco Science, and many more. The Consumer Goods segment forms a central part of our growth strategy, especially as it relates to scaling our own portfolio of higher-margin Greenlane Brands.

The Industrial Goods segment focuses on serving the premier MSOs, operators, and retailers through our wholesale operations by providing ancillary products essential to their growth, such as customizable packaging and supply products and vaporization solutions offering which includes CCELL branded products.

Our CODM allocates resources to and assesses the performance of our two operating segments based on the operating segments' net sales and gross profit. The following table sets forth information by reportable segment for the three and six

months ended June 30, 2022 and 2021, respectively. There were no material intersegment sales during the three and six months ended June 30, 2022 and 2021, respectively.

(in thousands)	For the three months ended June 30, 2022			For the three months ended June 30, 2021		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Net sales	\$ 15,912	\$ 24,004	\$ 39,916	\$ 29,964	\$ 4,751	\$ 34,715
Cost of sales	12,848	18,969	31,817	22,619	3,043	25,662
Gross profit	\$ 3,064	\$ 5,035	\$ 8,099	\$ 7,345	\$ 1,708	\$ 9,053

  

(in thousands)	For the six months ended June 30, 2022			For the six months ended June 30, 2021		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Net sales	\$ 33,053	\$ 53,397	\$ 86,450	\$ 60,508	\$ 8,216	\$ 68,724
Cost of sales	27,167	45,216	72,383	45,552	5,564	51,116
Gross profit	\$ 5,886	\$ 8,181	\$ 14,067	\$ 14,956	\$ 2,652	\$ 17,608

The following table sets forth specific asset categories which are reviewed by our CODM in the evaluation of operating segments:

(in thousands)	As of June 30, 2022			As of December 31, 2021		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Accounts receivable, net	\$ 6,388	\$ 9,162	\$ 15,550	\$ 3,746	\$ 10,944	\$ 14,690
Inventories, net	\$ 28,039	\$ 32,717	\$ 60,756	\$ 32,142	\$ 34,840	\$ 66,982
Vendor deposits	\$ 8,983	\$ 2,547	\$ 11,530	\$ 9,675	\$ 8,800	\$ 18,475

## NOTE 13. SUBSEQUENT EVENTS

### VIBES Sale

On July 19, 2022, Warehouse Goods entered into the Sale Agreement with Portofino to sell the Company's 50% stake in VIBES Holdings LLC for total consideration of \$5.3 million in cash. The transactions contemplated by the Sale Agreement were completed on July 19, 2022, immediately following the signing of the Sale Agreement.

### Entry into Asset-Backed Term Loan

On August 9, 2022, we entered into the Loan Agreement, by and among the Company, the Guarantors, the Lenders and WhiteHawk. As described in the Loan Agreement, the Lenders agreed to make available to the Company a term loan of up to \$15.0 million on the terms and conditions set forth therein and the other Financing Agreements (as defined therein). Of the total term loan amount, \$1.0 million is currently located in a blocked account, which will release the funds when permitted by the borrowing base certificate. Subject to certain exceptions described in the Loan Agreement, the Company and the Guarantors agreed to pledge all of their assets as collateral.

### Real Estate Note Amendment

On August 8, 2022, we entered into a note, mortgage and loan modification agreement (the "Real Estate Note Amendment"), which amended the maturity date of the Real Estate Note (discussed in Note 6) to reflect a maturity date of December 1, 2022, whereupon all principal and accrued interest will be due and payable, in full. We expect to utilize a portion of the proceeds from the sale of the assets held for sale described in Note 8 for the repayment of the Real Estate Note.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of Greenlane Holdings, Inc. and its consolidated subsidiaries ("Greenlane" and, collectively with the Operating Company and its consolidated subsidiaries, the "Company", "we", "us" and "our") for the quarterly period ended June 30, 2022 included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and related notes of Greenlane Holdings, Inc. for the year ended December 31, 2021, which are included in our Annual Report on Form 10-K.*

### Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part I, Item 2 of this Form 10-Q under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continue," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Examples of forward-looking statements include, without limitation:

- the impacts of the novel coronavirus ("COVID-19") pandemic and measures intended to prevent or mitigate its spread, and our ability to accurately assess and predict such impacts on our results of operations, financial condition, acquisition and disposition activities, and growth opportunities;
- 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;
- statements regarding laws, regulations, and policies relevant to our business;
- 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. Factors that might cause such a difference include those discussed in our filings with the SEC, under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") and in other documents that we file from time to time with the Securities and Exchange Commission (the "SEC").

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 in Part I, Item 1A of the 2021 Annual Report under the heading "Risk Factors."

- our strategy, outlook and growth prospects;
- general economic trends and trends in the industry and markets in which we operate;
- public health crises, including the COVID-19 pandemic;
- our dependence on, and our ability to establish and maintain business relationships with, third-party suppliers and service suppliers;
- our ability to access capital;
- 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 appropriate levels of inventory;
- our ability to maintain or improve our operating margins and meet sales expectations;

- our ability to adapt to changes in consumer spending and general economic conditions, including the current inflationary environment;
- our ability to use or license certain trademarks;
- our ability to maintain 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 cannabis or hemp-derived products, including CBD;
- 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 raise capital on favorable terms, or at all, to support the continued growth of the business;
- our ability to protect our intellectual property rights;
- our dependence on continued market acceptance of our products 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; and
- our failure to maintain adequate internal controls over financial reporting.

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.

## Overview

Founded in 2005, Greenlane is the premier global platform for the development and distribution of premium cannabis accessories, child-resistant packaging, vape solutions, and lifestyle products. In August 2021, we completed our transformational merger with KushCo, creating the leading ancillary cannabis company and house of brands. The combined company serves a diverse and expansive customer base with more than 8,500 retail locations, which includes many of the leading multi-state-operators and licensed producers, the top smoke shops in the United States, and millions of consumers globally. In addition to enhancing our financial size and scale, along with creating an optimized platform with significant potential revenue and cost saving synergies, the merger strengthened our best-in-class proprietary owned brands and exclusive third-party brand offerings.

We have been developing a world-class portfolio of our own proprietary brands (the "Greenlane Brands") that we believe will, over time, deliver higher margins and create long-term value for our customers and shareholders. Our Greenlane Brands are comprised of child-resistant packaging innovator Pollen Gear; VIBES rolling papers; the Marley Natural accessory line; the K. Haring Glass Collection accessory line; Aerospaced & Groove grinders; Cookies lifestyle line; and Higher Standards, which is both an upscale product line and an innovative retail experience with flagship stores at New York City's famed Chelsea Market and the iconic Malibu Village in California. During 2021, we have taken significant strides to grow our brand portfolio including with the March acquisition of substantially all of the assets of Eyec LLC and more recently, the November acquisition of substantially all of the assets of Organicix LLC dba DaVinci Tech. Furthermore, as a pioneer in the ancillary cannabis space, Greenlane is the partner of choice for many of the industry's leading MSOs, LPs, and brands, including PAX Labs, Gremco Science, Storz & Bickel, Firefly, Santa Cruz Shredder, Cookies, and CCELL.



We merchandise vaporizers, packaging, and other products in the United States, Canada, and Europe and we distribute to retailers through wholesale operations and to consumers through e-commerce activities and our retail stores. We operate distribution centers in the United States, Canada, and Europe. With the completion of the distribution center consolidation and the merger with KushCo, we have established a lean and scalable distribution network that leverages a mix of leased warehoused spaces in California and Massachusetts along with third-party logistics ("3PL") locations in the U.S., Canada, and Europe.

Many of our products are sourced from suppliers who may use their own third-party manufacturers, and our product costs and gross margins may be impacted by the product mix we sell in any given period. Furthermore, legacy Greenlane and legacy KushCo margins are significantly different, due to their respective customer bases, product mix and types of transactions. Legacy KushCo revenue is comprised of a stable customer base of wholesale and business to business customers, resulting in a lower-volume of transactions with a higher average transaction price and lower margin sales. Conversely, legacy Greenlane sales are comprised of business to business, retail and e-commerce sales that consist of a higher volume of transactions with lower average prices and higher margins. Gross margin, or gross profit as a percentage of net sales, has been and will continue to be affected by a variety of factors, including the average mark-up over the cost of our products; the mix of products sold; purchasing efficiencies; the level of sales for certain third-party brands, which carry contractual profit sharing obligations; and the potential impact on freight costs arising from passing of the Prevent All Cigarette Trafficking Act (the "PACT Act").

#### *USPS PACT Act Exemption*

On January 11, 2022, we announced via press release that the United States Postal Service (the "USPS") had approved our application for a business and regulatory exemption to the PACT Act (with respect to the business and regulatory exemption granted by the USPS, the "PACT Act Exemption"), allowing us to ship vaporizers and accessories classified as electronic nicotine delivery systems ("ENDS") products to other compliant businesses. With this approval, over 97% of our total annual sales became eligible for shipment by freight, USPS and other major parcel carriers. The PACT Act Exemption also enables us to partner with other businesses that ship ENDS products and had their supply chains disrupted by PACT Act compliance.

On June 24, 2022, we provided via press release an update on the progress of the PACT Act Exemption, following our successful implementation of the controls, processes and systems required by the USPS in connection with the shipment of ENDS products. We expect the ability to fulfill ENDS orders with the USPS to allow us to reduce shipping costs, decrease fulfillment times and enhance the overall customer experience for approved wholesale customers.

#### *Reverse Stock Split*

On August 4, 2022, we filed the Certificate of Amendment, which effected the Reverse Stock Split of our Common Stock at 5:01 PM Eastern Time on August 9, 2022. As a result of the Reverse Split, every 20 shares of Common Stock issued and outstanding were converted into one share of Common Stock. We paid cash in lieu of fractional shares, and accordingly, no fractional shares were issued in connection with the Reverse Split.

The Reverse Stock Split did not change the par value of the Common Stock or the authorized number of shares of Common Stock. All outstanding options, restricted stock awards, warrants and other securities entitling their holders to purchase or otherwise receive shares of our Common Stock have been adjusted as a result of the Reverse Stock Split, as required by the terms of each security. The number of shares available to be awarded under the Equity Plan have also been appropriately adjusted.

#### *2022 Plan*

On March 10, 2022, the Company announced via press release its 2022 Plan to reduced its cost structure, increase liquidity, and accelerate its path to profitability. The 2022 Plan includes a recently completed reduction in force, reduction of its worldwide facility footprint, rationalization of its product offering, including the discontinuation of certain lower-margin third-party brands, disposition of non-core assets, a sale leaseback of the Company's headquarter building, increase of prices on select products, and the securing of an asset based loan to support working capital needs (with respect to the sale of the Company's headquarters building, discontinuation and disposition of non-core and lower-margin inventory and securing an asset-backed loan, the "Liquidity Initiatives").

On June 22, 2022, we provided an update on the Liquidity Initiatives, which our management believes can generate more than \$30.0 million of liquidity on a non-dilutive basis by the end of 2022 if all measures are successful. On August 9, 2022, we entered into an asset-based loan agreement which makes available to the Company a term loan of up to \$15.0 million. Additionally, we are in the process of selling non-core assets, which if sold together with our headquarters building listed for sale in May 2022 at the sales price anticipated by our management, is expected to generate an additional \$10.0 million of liquidity. Finally, we are working to sell our excess & obsolete ("E&O") inventory of lower-margin, non-strategic products,

along with reducing our overall level of inventory on hand. In May, we commenced our official E&O sales program internally and have since sold more than \$2.0 million of previously reserved E&O inventory. Our management anticipates that the proceeds from these E&O sales, combined with a general sell-down of other non-core third-party brand inventory, will generate more than \$10.0 million in liquidity. We can provide no assurances that our expectations with respect to the Liquidity Initiatives will come to fruition on the expected timeline, in the expected amounts or at all.

Management believes that the 2022 Plan will significantly reduce costs, help accelerate the Company's path to profitability, support the growth of the business in a non-dilutive manner, and allow the Company to reinvest capital into its highest margin and highest growth potential product lines, such as its Greenlane Brands.

*Discontinuation of Nicotine Sales and Increased Focus on Greenlane Brands*

Over the course of 2021, we reduced our reliance on lower-margin third-party nicotine brands and increased our focus on our Greenlane Brands, as part of our strategy to scale our portfolio of proprietary brands to build the leading house of brands in the ancillary cannabis industry. As evidence of this, sales from nicotine products decreased to \$0 of total net sales for the six months ended June 30, 2022 from \$2.0 million, or 2.9% of total net sales for the same period in 2021.

*COVID-19*

In December 2019, a novel strain of coronavirus known as COVID-19 was reported in Wuhan, China. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Since the outbreak of COVID-19, we have closely monitored developments and operated with the health and safety of our employees as the Company's top priority.

Although the impact of the COVID-19 pandemic has not had a significant adverse impact on our operations, we cannot reasonably estimate the length or severity of this pandemic on the macroeconomic environment which we operate in. Accordingly, the extent to which the COVID-19 pandemic will impact our financial condition or results of operations will depend on future developments, such as the duration and intensity of the pandemic, the effectiveness of COVID-19 vaccines and booster shots, and the overall impact on our customers, employees, vendors, and operations.

## Results of Operations

The following table presents operating results for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,									Six Months Ended June 30,			
			% of Net sales				Change					% of Net sales	
	2022	2021	2022		2021		\$	%	2022	2021	2022	2021	
Net sales	39,916	34,715	100.0	%	100.0	%	\$ 5,201	15.0	%	86,450	68,724	100.0	%
Cost of sales	31,817	25,662	79.7	%	73.9	%	6,155	24.0	%	72,383	51,116	83.7	%
Gross profit	8,099	9,053	20.3	%	26.1	%	(954)	(10.5)	%	14,067	17,608	16.3	%
Operating expenses:													
Salaries, benefits and payroll taxes	8,836	5,596	22.1	%	16.1	%	3,240	57.9	%	18,897	11,966	21.9	%
General and administrative	10,588	8,398	26.5	%	24.2	%	2,190	26.1	%	22,303	17,979	25.8	%
Depreciation and amortization	2,349	642	5.9	%	1.8	%	1,707	265.9	%	4,752	1,186	5.5	%
Total operating expenses	21,773	14,636	54.5	%	42.1	%	7,137	48.8	%	45,952	31,131	53.2	%
Loss from operations	(13,674)	(5,583)	(34.2)	%	(16.1)	%	(8,091)	144.9	%	(31,885)	(13,523)	(36.9)	%
Other income (expense), net:													
Interest expense	(266)	(133)	(0.7)	%	(0.4)	%	(133)	100.0	%	(672)	(249)	(0.8)	%
Other income (expense), net	(557)	(120)	(1.4)	%	(0.3)	%	(437)	364.2	%	(611)	204	(0.7)	%
Total other expense, net	(823)	(253)	(2.1)	%	(0.7)	%	(570)	*		(1,283)	(45)	(1.5)	%
Loss before income taxes	(14,497)	(5,836)	(36.3)	%	(16.9)	%	(8,661)	148.4	%	(33,168)	(13,568)	(38.4)	%
Provision for (benefit from) income taxes	(16)	4	—	%	—	%	(20)	(500.0)	%	62	(14)	0.1	%
Net loss	(14,481)	(5,840)	(36.3)	%	(16.9)	%	(8,641)	148.0	%	(33,230)	(13,554)	(38.5)	%
Net loss attributable to non-controlling interest	(2,357)	(2,797)	(5.9)	%	(8.1)	%	440	(15.7)	%	(5,774)	(6,255)	(14.5)	%
Net loss attributable to Greenlane Holdings, Inc.	\$ (12,124)	\$ (3,043)	(30.4)	%	(8.8)	%	\$ (9,081)	298.4	%	\$ (27,456)	\$ (7,299)	(24.0)	%

\*Not meaningful

## Consolidated Results of Operations

### Net Sales

For the three months ended June 30, 2022, net sales were approximately \$39.9 million, compared to approximately \$34.7 million for the same period in 2021, representing an increase of \$5.2 million, or 15.0%. The increase was primarily due to the merger with KushCo in August 2021, which contributed \$24.0 million in net sales in 2022. Excluding KushCo's post-merger sales, net sales declined 54.2% to \$15.9 million for the three months ended June 30, 2022 compared to \$34.7 million for the same period in 2021. Third-party consumer brand sales decreased \$13.6 million compared to the same period in 2021 due to our strategy to focus on proprietary brands and business strategy to move away from lower margin third-party consumer brand sales. Sales of Greenlane Brands decreased \$4.3 million, or 45.7%, to \$5.1 million for the three months ended June 30, 2022 from \$9.5 million for the same period in 2021, driven largely by a decrease in Vibes and Pollen Gear sales.

For the six months ended June 30, 2022, net sales were approximately \$86.5 million, compared to approximately \$68.7 million for the same period in 2021, representing an increase of \$17.7 million or 25.8%. The increase was primarily due to the merger with KushCo in August 2021, which contributed \$53.4 million in net sales in 2022. Excluding KushCo's post-merger sales, net sales declined 50.5% to \$34.0 million for the six months ended June 30, 2022 compared to \$68.7 million for the same period in 2021. The decrease is related to consumer goods sales for Greenlane Brands and third-party brands decreasing as a whole. The Company is in process of implementing a business strategy to move away from lower margin third-party consumer brand sales and focus on Greenlane Brands with higher margins. Sales were adversely impacted by ERP implementation efforts and the introduction of new CRM and B2B systems during the first half of the year.

### Cost of Sales and Gross Margin

For the three months ended June 30, 2022, cost of sales increased by \$6.2 million, or 24.0%, as compared to the same period in 2021. The increase in cost of sales was attributable to incremental KushCo post-merger sales of \$24.0 million, offset partially by a decrease in revenue of 54.2% excluding the impact of the KushCo merger.

Gross margin decreased to 20.3% for the three months ended June 30, 2022, compared to gross margin of 26.1% for the same period in 2021. Excluding write-offs of damaged and obsolete inventory for the three months ended June 30, 2022 and three months ended June 30, 2021 of \$1.4 million and \$0.2 million, respectively, associated with post-merger and ongoing product rationalization initiatives, gross margins decreased 2.7% to 23.9% for the three months ended June 30, 2022, compared to 26.6% for the same period in 2021. The decrease in margin is related to the addition of lower margin KushCo-related brands with sales of \$24.0 million, and a 45.7% decrease in Greenlane Brands sales, which carry a higher margin profile.

For the six months ended June 30, 2022 cost of sales increase by \$21.3 million, or 41.6%, as compared to the same period in 2021. The increase in cost of sales attributable to post-merger KushCo revenues was \$45.6 million, offset partially by a decrease associated with a revenue reduction of 52.8% excluding the impact of the KushCo merger.

Gross margin decreased to 16.3% for the six months ended June 30, 2022, compared to gross margin of 25.6% for the same period in 2021. Excluding inventory write-offs of damaged and obsolete inventory for the six months ended June 30, 2022 and the six months ended June 30, 2021 of \$6.8 million and \$1.2 million respectively, associated with post-merger and ongoing product rationalization initiatives, gross margins decreased 3.2% to 24.2% for the six months ended June 30, 2022, compared to 27.4% for the same period in 2021. The decrease in margin is related to an increase in lower margin KushCo party brand sales with lower margin profile.

#### Salaries, Benefits and Payroll Taxes

Salaries, benefits and payroll taxes expenses increased by approximately \$3.2 million, or 57.9%, to \$8.8 million for the three months ended June 30, 2022, compared to \$5.6 million for the same period in 2021, primarily due to an increase related to the KushCo merger and an increase in severance of \$0.8 million driven by the cost saving strategies that began in the prior quarter.

Salaries, benefits and payroll taxes expenses increased by approximately \$6.9 million or 57.9% , to \$18.9 million for the six months, compared to \$12.0 million for the same period in 2021, primarily due to an increase related to the KushCo merger and an increase in severance of \$1.7 million driven by the cost saving strategies that began in the prior quarter.

As we continue to closely monitor the evolving business landscape, including the impacts of COVID-19 and the regulatory and macro environment on our customers, vendors, and overall business performance, we remain committed to right-sizing our organization and introducing digital solutions while delivering on our strategy to recruit, train, promote and retain the most talented and success-driven personnel in the industry.

#### General and Administrative Expenses

General and administrative expenses increased by approximately \$2.2 million, or 26.1%, for the three months ended June 30, 2022, compared to the same period in 2021. This increase was primarily due to an increase of approximately \$0.7 million in bad debt expense and an increase of \$1.1 million related to a previous gain due to indemnification asset recovery related to VAT liability in 2021.

General and administrative expenses increased by approximately \$4.3 million or 24.1%, for the six months, compared to the same period in 2021. This increase was primarily due to an increase of approximately \$1.3 million outbound freight cost due to the increase in sales, \$1.0 million insurance expense, \$0.6 million increase in bad debt expense with the majority related to a gain due to indemnification asset recovery related to VAT liability, \$0.5 million of software expense cost associated to the ERP implementation and \$0.7 million reduction to expense related to one-time write off adjustments recorded to prior year.

#### Depreciation and Amortization Expense

Depreciation and amortization expense increased \$1.7 million, or 265.9%, for the three months ended June 30, 2022, compared to the same period in 2021. The increase is primarily related to the additional depreciation and amortization expense related to assets acquired in conjunction with the KushCo merger, as well as the Eyce and DaVinci business acquisitions.

Depreciation and amortization expense increased \$3.6 million, or 300.7%, for the six months ended June 30, 2022, compared to the same period in 2021. The increase is primarily related to the additional depreciation and amortization expense related to assets acquired in conjunction with the KushCo merger, as well as the Eyce and DaVinci business acquisitions.

#### Other Income (Expense), Net

*Interest expense.*

Interest expense increased approximately \$0.1 million during the three months ended June 30, 2022. The increase is primarily related to promissory notes for the Eyce and DaVinci acquisition and Bridge loan.

Interest expense increased approximately \$0.9 million during the six months ended June 30, 2022. The increase is primarily related to promissory notes for the Eyce and DaVinci acquisition and Bridge loan.

*Other expense, net.*

Other income (expense), net, expense increased by approximately \$0.4 million for the three months ended June 30, 2022, compared to the same period in 2021. The change is primarily due to a loss related to the change in fair value of equity investments of \$0.3 million.

Other income (expense), net, expense increased by approximately \$0.8 million for the six months ended June 30, 2022, compared to the same period in 2021. The change is primarily due to a loss related to the change in fair value of equity investments of \$0.9 million.

*Provision for (Benefit from) Income Taxes*

As a result of the IPO and the related transactions completed in April 2019 (described further in "Note 1—Business Operations and Organizations" of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q), we own a portion of the Common Units of the Operating Company, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, the Operating Company is generally not subject to U.S. federal and certain state and local income taxes, however, certain states in which the Operating Company does business impose state composite and/or withholding income taxes. Any taxable income or loss generated by the Operating Company is passed through to and included in the taxable income or loss of its members, including Greenlane, on a pro-rata basis, in accordance with the terms of the Operating Agreement. The Operating Company is also subject to taxes in foreign jurisdictions. We are a corporation subject to U.S. federal income taxes, in addition to state and local income taxes, based on our share of the Operating Company's pass-through taxable income.

For the three and six months ended June 30, 2022 and 2021, respectively, the effective tax rate differed from the U.S. federal statutory tax rate of 21% primarily due to the Operating Company's pass-through structure for U.S. income tax purposes, the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, and the valuation allowance against the deferred tax asset.

***Segment Operating Performance***

Following the completion of the KushCo merger in late August 2021, we reassessed our operating segments based on our new organizational structure. Based on this assessment, we determined we had the following two operating segments beginning with the fourth quarter of 2021, which are the same as our reportable segments: (1) Consumer Goods, which largely comprises Greenlane's legacy operations across the United States, Canada, and Europe, and (2) Industrial Goods, which largely comprises KushCo's legacy operations. These changes in operating segments align with how we manage our business beginning with the fourth quarter of 2021.

The Consumer Goods segment focuses on serving consumers across wholesale, retail and e-commerce operations—through both our proprietary brands, including Eyce, DaVinci, VIBES, Marley Natural, Keith Haring, and Higher Standards, as well as lifestyle products and accessories from leading brands, like PAX, Storz and Bickel, Grenco Science, and many more. The Consumer Goods segment forms a central part of our growth strategy, especially as it relates to scaling our own portfolio of higher-margin proprietary owned brands.

The Industrial Goods segment focuses on serving the premier MSOs and retailers through our wholesale operations by providing ancillary products essential to their growth, such as customizable packaging and supply products and vaporization solutions offering which includes CCELL branded products.

Our CODM allocates resources to and assesses the performance of our two operating segments based on the operating segments' net sales and gross profit. The following table sets forth information by reportable segment for the three and six months ended June 30, 2022 and 2021, respectively:

	Three Months Ended June 30,						Six Months Ended June 30,					
			% of Total Net sales		Change				% of Total Net sales		Change	
	2022	2021	2022	2021	\$	%	2022	2021	2022	2021	\$	%
Net sales:												
Consumer Goods	\$ 15,912	\$ 29,964	39.9 %	86.3 %	\$ (14,052)	(46.9)%	\$ 33,053	\$ 60,508	38.2 %	88.0 %	\$ (27,455)	(45.4)%
Industrial Goods	24,004	4,751	60.1 %	13.7 %	19,253	405.2 %	33,397	8,216	61.8 %	12.0 %	45,181	549.9 %
Total net sales	\$ 39,916	\$ 34,715					\$ 86,450	\$ 68,724				
			% of Segment Net sales		Change				% of Segment Net sales		Change	
	2022	2021	2022	2021	\$	%	2022	2021	2022	2021	\$	%
	2022	2021	2022	2021	\$	%	2022	2021	2022	2021	\$	%
Cost of sales:												
Consumer Goods	\$ 12,848	\$ 22,619	80.7 %	75.5 %	\$ (9,771)	(43.2)%	\$ 27,167	\$ 45,552	82.2 %	75.3 %	\$ (18,385)	(40.4)%
Industrial Goods	18,969	3,043	79.0 %	64.0 %	15,926	523.4 %	45,216	5,564	84.7 %	67.7 %	39,652	712.7 %
Total cost of sales	\$ 31,817	\$ 25,662					\$ 72,383	\$ 51,116				
Gross profit:												
Consumer Goods	\$ 3,064	\$ 7,345	19.3 %	24.5 %	\$ (4,281)	(58.3)%	\$ 5,886	\$ 14,956	17.8 %	24.7 %	\$ (9,070)	(60.6)%
Industrial Goods	5,035	1,708	21.0 %	36.0 %	3,327	194.8 %	8,181	2,652	15.3 %	32.3 %	5,529	208.5 %
Total gross profit	\$ 8,099	\$ 9,053					\$ 14,067	\$ 17,608				

#### Consumer Goods

For the three months ended June 30, 2022, our Consumer Goods operating segment reported net sales of approximately \$15.9 million compared to approximately \$30.0 million for the same period in 2021, representing a decrease of \$14.1 million or 46.9%. The year-over-year decrease represented a \$4.3 million or 45.7% decrease in Greenlane Brands sales and a \$13.6 million or 53.9% decrease in consumer third-party brand sales due to our strategy to focus on proprietary brands with higher margins and a \$4.3 million or 45.7% decrease in Greenlane Brands sales.

For the six months ended June 30, 2022 our Consumer Goods operating segment reported net sales of approximately \$33.1 million compared to approximately \$60.5 million for the same period in 2021, representing a decrease of \$27.5 million or 45.4%. The year-over-year decrease is driven by a decrease in third-party and Greenlane brand sales.

For the three months ended June 30, 2022, cost of sales decreased by \$9.8 million, or 24.0%, as compared to the same period in 2021. The decrease in cost of sales was primarily due to the \$19.3 aforementioned sales decrease of 46.9%.

For the six months ended June 30, 2022 cost of sales decreased by \$19.4 million or 41.6%, as compared to the same period in 2021. The decrease in cost of sales was primarily due to a \$27.5 million or 45.4% decrease in sales compared to the same period in 2021.

Gross margin decreased to 19.3% for the three months ended June 30, 2022, compared to gross margin of approximately 21% for the same period in 2021. The decrease is related to excess and obsolete inventory charges associated with inventory and product rationalization initiatives.

Gross margin decrease to 17.6% for the six months ended June 30, 2022, compared to gross margin of approximately 23% for the same period in 2021. The decrease is related to excess and obsolete inventory charges associated with inventory and product rationalization initiatives.

#### Industrial Goods

For the three months ended June 30, 2022, our Industrial Goods operating segment reported net sales of approximately \$29.4 million compared to approximately \$3.5 million for the same period in 2021, representing an increase of \$19.3 million or 405.3%. The increase is directly related to net sales resulting from our merger with KushCo in August 2021.

For the six months ended June 30, 2022, our Industrial Goods operating segment reported net sales of approximately \$53.4 million compared to approximately \$8.2 million for the same period in 2021, representing an increase of \$45.2 million or 550%. The increase is directly related to the net sales resulting from our merger with KushCo in August 2021.

For the three months ended June 30, 2022, cost of sales increased by \$15.9 million, or 523.4%, as compared to the same period in 2021, due to the increase in sales.

For the six months ended June 30, 2022 cost of sales increased by \$39.7 million or 713%, as compared to the same period in 2021, due to the increase in sales year-over-year.

Gross margin was approximately 21.0% for the three months ended June 30, 2022, compared to gross margin of approximately 35.9% for the same period in 2021, representing a 41.6% year over year decrease. Excluding post-merger strategic product rationalization initiative charges of \$0.9 million, gross margin was approximately 24.5% for the three months ended June 30, 2022, compared to gross margin of approximately 36.0% for the same period in 2021. The year over year decrease in gross margin of approximately 11.5% is related to the sale of lower-margin KushCo related products.

Gross margin was approximately 15.3% million for the six months ended June 30, 2022, compared to gross margin of approximately 32.3% for the same period in 2021, representing a 53% year-over-year decrease. Excluding post-merger strategic product rationalization initiative charges of \$4.3 million, gross margin was approximately 23.4% for the six months ended June 30, 2022, compared to gross margin of approximately 32.3% for the same period in 2021. The year-over-year decrease in gross margin of approximately 8.9% is related to the sale of lower-margin KushCo related products.

#### *Net Sales by Geographic Regions*

	Three Months Ended June 30,						Six Months Ended June 30,					
			% of Net sales		Change				% of Net sales		Change	
	2022	2021	2022	2021	\$	%	2022	2021	2022	2021	\$	%
Net sales:												
United States	\$ 37,601	\$ 30,694	94.2 %	88.4 %	\$ 6,907	22.5 %	\$ 80,593	\$ 59,361	93.2 %	86.4 %	\$ 21,232	35.8 %
Canada	874	1,412	2.2 %	4.1 %	(538)	(38.1)%	2,730	3,973	3.2 %	5.8 %	(1,243)	(31.3)%
Europe	1,441	2,609	3.6 %	7.5 %	(1,168)	(44.8)%	3,128	5,390	3.6 %	7.8 %	(2,262)	(42.0)%
Total net sales	\$ 39,916	\$ 34,715	100.0 %	100.0 %	\$ 5,201	15.0 %	\$ 86,451	\$ 68,724	100.0 %	100.0 %	\$ 17,727	25.8 %

#### *United States*

For the three months ended June 30, 2022, our United States net sales were approximately \$37.6 million, compared to approximately \$30.7 million for the same period in 2021, representing an increase of \$6.9 million, or 22.5%. The year-over-year increase was primarily due to the merger with KushCo, which contributed \$23.6 million in total net sales. Excluding net sales contributed by KushCo, total net sales decreased by approximately \$16.7 million, or 54.5%, to approximately \$14.0 million for the three months ended June 30, 2022, compared to the same period in 2021. The year-over-year decrease was principally due to a decrease in wholesale revenue of \$8.3 million, and a decrease in consumer retail and marketplace revenue of \$3.9 million.

For the six months ended June 30, 2022, our United States net sales were approximately \$80.6 million, compared to approximately \$59.4 million for the same period in 2021, representing an increase of \$21.2 million, or 35.8%. The year-over-year increase was primarily due to the merger with KushCo, which contributed \$52.1 million in total net sales. Excluding net sales contributed by KushCo, total net sales decreased by approximately \$30.9 million, or 52%, to approximately \$21.2 million for the six months ended June 30, 2022, compared to the same period in 2021. The decrease was driven by a decrease in wholesale revenue and consumer e-commerce business.

#### *Canada*

For the three months ended June 30, 2022, our Canadian net sales were approximately \$0.9 million, compared to approximately \$1.4 million for the same period in 2021, representing a decrease of \$0.5 million, or 38.1%. The year-over-year decrease was primarily due to a \$0.5 million decrease in wholesale revenue. This was partially offset by \$0.4 million in net sales contributed by KushCo.

For the six months ended June 30, 2022, our Canadian net sales were approximately \$2.7 million, compared to approximately \$4.0 million for the same period in 2021, representing a decrease of \$1.2 million, or 31.3%. The year-over-year decrease was primarily due to a decrease in wholesale revenue offset by incremental sales contributed by KushCo.

## Europe

For the three months ended June 30, 2022, our European net sales were approximately \$1.4 million, compared to approximately \$2.6 million for the same period in 2021, representing a decrease of \$1.2 million or 44.8%. This was primarily due to a \$0.5 million, or (43.2)%, decrease in our B2B sales.

For the six months ended June 30, 2022, our European net sales were approximately \$3.1 million, compared to approximately \$5.4 million for the same period in 2021, representing a decrease of \$2.3 million, or 42%. This was primarily due to a decrease in wholesale sales.

## **Liquidity and Capital Resources**

We believe that our cash on hand will be sufficient to fund our working capital and capital expenditure requirements, as well as our debt repayments and other liquidity requirements associated with our existing operations, for at least the next 12 months.

Our primary requirements for liquidity and capital are working capital, debt service related to recent acquisitions and general corporate needs. Our primary sources of liquidity are our cash on hand and the cash flow that we generate from our operations, as well as proceeds from our ATM Program and other equity issuances such as our June 2022 Offering. As of June 30, 2022, we had approximately \$9.1 million of cash, of which \$1.0 million was held in foreign bank accounts, and approximately \$44.8 million of working capital, which is calculated as total current assets minus total current liabilities, as compared to approximately \$12.9 million of cash, of which \$0.7 million was held in foreign bank accounts, and approximately \$53.8 million of working capital as of December 31, 2021. The repatriation of cash balances from our foreign subsidiaries could have adverse tax impacts or be subject to capital controls; however, these balances are generally available to fund the ordinary business operations of our foreign subsidiaries without legal or other restrictions.

In December 2021, we entered into a Secured Promissory Note (the "December 2021 Note"), which was subsequently amended on June 30, 2022 (the "First Amendment"), with Aaron LoCascio, the Company's former President and co-founder and a member of the Board, which provided for a loan of \$8.0 million originally maturing on June 30, 2022. Accrued interest at a rate of 15.0% was due monthly, and the principal amount was originally due in full in June 2022. The First Amendment extended the maturity of the December 2021 Note to July 14, 2022. The December 2021 Note was secured by a continuing security interest in all of our assets and properties whether then or thereafter existing or required, including our inventory and receivables (as defined under the Universal Commercial Code) and included negative covenants restricting our ability to incur further indebtedness and engage in certain asset dispositions until the earlier of the maturity date or the December 2021 Note being fully repaid. On July 14, 2022, we entered into the Second Amendment to the December 2021 Note (the "Second Amendment" and together with the First Amendment, the "Bridge Loan"), which provided for the extension of the maturity date of the Bridge Note from July 14, 2022 to July 19, 2022. In connection with the entry into the Second Amendment, we repaid \$4.0 million of the aggregate principal amount due under the Bridge Loan on July 14, 2022, with the remainder due at maturity. On July 19, 2022, we repaid the remaining balance on the Bridge Loan in full, and, as a result, all obligations under the Bridge Loan have been satisfied.

On June 27, 2022, we entered into a securities purchase agreement with an accredited investor, pursuant to which we agreed to issue and sell an aggregate of 585,000 shares of our Class A common stock, pre-funded warrants to purchase up to 495,000 shares of our Class A common stock (the "June 2022 Pre-Funded Warrants") and warrants to purchase up to 1,080,000 shares of our Class A common stock (the "June 2022 Standard Warrants" and, together with the June 2022 Pre-Funded Warrants, the "June 2022 Warrants"), in a registered direct offering (the "June 2022 Offering"). The shares of Class A common stock and June 2022 Warrants were sold in Units (the "June 2022 Units"), with each unit consisting of one share of Class A common stock or a June 2022 Pre-Funded Warrant and a June 2022 Standard Warrant to purchase one share of our Class A common stock. The June 2022 Units were offered by the Company pursuant to the Shelf Registration Statement. Subject to certain ownership limitations, the June 2022 Standard Warrants are exercisable for five years from the six-month anniversary of issuance at an exercise price equal to \$5.00 per share of Class A common stock. Each June 2022 Pre-Funded Warrant was exercisable for one share of Class A common stock at an exercise price of \$0.002. The June 2022 Offering generated gross proceeds of approximately \$5.4 million and net proceeds to the Company of approximately \$5.0 million. All June 2022 Pre-Funded Warrants were exercised in July 2022, based upon which we issued an additional 495,000 shares of our Class A common stock, for de minimis net proceeds.

As described in "Note 13 - Subsequent Events," on July 19, 2022, we entered into the Sale Agreement with Portofino to sell the Company's 50% stake in VIBES Holdings LLC for total consideration of \$5.3 million in cash and on August 9, 2022, we entered into the Loan Agreement whereby the Lenders agreed to make available to the Company a term loan of up to \$15.0 million. See "Note 13 - Subsequent Events" for more information.

On October 1, 2018, one of the Operating Company's wholly-owned subsidiaries closed on the purchase of a building for \$10.0 million, which serves as our corporate headquarters. The purchase was financed through a real estate term note (the "Real Estate Note") in the principal amount of \$8.5 million, with one of the Operating Company's wholly-owned subsidiaries 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. Our obligations under the Real Estate Note are secured by a mortgage on the property. We are seeking to enter



into a sale lease-back transaction with respect to our corporate headquarters, at which point we would repay the Real Estate Note, and use the net proceeds from the sale for working capital purposes.

We are in the process of establishing a payment plan (the "Payment Plan") for the repayment of approximately \$6.0 million in liabilities due to a third-party vendor (the "Vendor") relating to previously purchased inventory. In connection with our ongoing discussions with the Vendor, on July 18, 2022, we paid \$1.0 million of the approximate \$6.0 million balance due to the Vendor in cash and, during the period of July 26, 2022 through July 31, 2022, we returned approximately \$1.3 million in inventory to the Vendor, which was accepted by the Vendor and will be credited against the remaining outstanding balance owed by us to the Vendor once the Vendor has confirmed the value of the returned inventory. Currently, we expect to owe the Vendor approximately \$3.5 million in remaining liabilities pending the Vendor's confirmation of the value of the inventory returned to it. We expect to enter into the Payment Plan to repay the remainder of the amount due to the Vendor in the amount of \$200,000 in cash each week until the remainder of the liabilities due to the Vendor are repaid in full. However, we can provide no assurances as to the timing of our entry into the Payment Plan, the final terms of the Payment Plan or that we will enter into the Payment Plan at all.

We have an effective shelf registration statement on Form S-3 (the "Shelf Registration Statement") and may opportunistically conduct securities offerings from time to time in order to meet our liquidity needs. The Shelf Registration Statement registers shares of our Class A common stock, preferred stock, \$0.0001 par value per share (the "preferred stock"), depository shares representing our preferred stock, warrants to purchase shares of our Class A common stock, preferred stock or depository shares, and rights to purchase shares of our Class A common stock or preferred stock that may be issued by us in a maximum aggregate amount of up to \$200 million. In August 2021, we filed a prospectus supplement and established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to \$50 million, from time to time. Net proceeds from sales of our shares of Class A common stock under the ATM Program are expected to be used for working capital and general corporate purposes. However, we may be unable to access the capital markets because of current market volatility and the performance of our stock price.

On March 31, 2022, the date on which our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") was filed with the SEC, the Shelf Registration Statement became subject to the offering limits set forth in General Instruction I.B.6 of Form S-3 ("Instruction I.B.6") because our public float was less than \$75 million. For so long as our public float is less than \$75 million, the aggregate market value of securities sold by us under the Shelf Registration Statement (including our ATM Program) pursuant to Instruction I.B.6 during any twelve consecutive months may not exceed one-third of our public float. Since the launch of the ATM program in August 2021 and through June 30, 2022, we sold 972,624 shares of our Class A common stock under the ATM Program, which generated gross proceeds of approximately \$12.7 million. In light of our low cash position, we have been forced to sell stock under our ATM program at prices that may not otherwise be attractive and are dilutive. We have offered \$6.8 million in securities pursuant to Instruction I.B.6 in the twelve calendar months preceding the date of filing of this Quarterly Report on Form 10-Q. Following the completion of the June 2022 Offering we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of time due to the Nasdaq Exchange Cap, which will limit our liquidity options in the capital markets.

Our future liquidity needs may also include payments in respect of the redemption rights of the Common Units held by its members that may be exercised from time to time (should we elect to exchange such Common Units for a cash payment), payments under the TRA 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. Although the actual timing and amount of any payments that may be made under the TRA will vary, the payments that we will be required to make to the members may be significant. Any payments made by us to the members under the TRA will generally reduce the amount of overall cash flow that might have otherwise been available to us or to the Operating Company and, to the extent that we are unable to make payments under the TRA 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 TRA and therefore may accelerate payments due under the TRA.

Our opinions concerning liquidity are based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of trade credit or other sources of financing may be reduced and our liquidity could be adversely affected. Our future capital requirements and the adequacy of available funds will depend on many factors, including those described in the section titled "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021. Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

As of June 30, 2022, we did not have any off-balance sheet arrangements that are reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

#### **Cash Flows**

The following summary of cash flows for the periods indicated has been derived from our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q:

(in thousands)	Six Months Ended June 30,			
	2022		2021	
Net cash used in operating activities	\$	(13,730)	\$	(15,158)
Net cash used in investing activities		(1,197)		(3,590)
Net cash provided by (used in) financing activities		11,115		(292)

#### *Net Cash Used in Operating Activities*

During the six months ended June 30, 2022, net cash used in operating activities of approximately \$13.7 million consisted of (i) net loss of \$33.2 million, offset by non-cash adjustments to net loss of approximately \$6.8 million, including depreciation and amortization expense of approximately \$4.8 million, stock-based compensation expense of approximately \$1.6 million, and an offsetting reversal on the allowance of an indemnification receivable of approximately \$1.8 million, and (ii) a \$12.7 million decrease in working capital primarily driven by increases in accounts payable, accrued expenses and customer deposits of approximately \$2.1 million, offset by increases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$10.6 million.

During the six months ended June 30, 2021, net cash used in operating activities of approximately \$15.2 million consisted of (i) net loss of \$13.6 million, offset by non-cash adjustments to net loss of approximately \$0.6 million, including depreciation and amortization expense of approximately \$1.2 million, stock-based compensation expense of approximately \$1.0 million, and a reversal on the allowance of an indemnification receivable of approximately \$1.7 million, and (ii) \$2.2 million cash used in working capital primarily driven by decreases in accounts payable and accrued expenses of approximately \$13.7 million, offset by decreases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$11.5 million, which included the collection of an indemnification asset of approximately \$0.9 million, and the reduction of our VAT receivable balance upon the collection of a refund from the Dutch tax authorities of approximately \$4.1 million.

#### *Net Cash Used in Investing Activities*

During the six months ended June 30, 2022, net cash used in investing activities of approximately \$1.2 million largely consisted of capital expenditures, including development costs for our new enterprise resource planning (ERP) system.

During the six months ended June 30, 2021, we used cash of approximately \$3.6 million, consisting of \$2.4 million for the acquisition of Eyce LLC and \$1.5 million for capital expenditures, including development costs for our ERP system, offset partially by proceeds from the sale of assets held for sale of approximately \$0.7 million.

#### *Net Cash Provided by (Used in) Financing Activities*

During the six months ended June 30, 2022, net cash provided by financing activities of approximately \$11.1 million primarily consisted of cash proceeds of approximately \$14.1 million from the issuance of Class A common stock through our ATM Program and the June 2022 Offering, offset primarily by approximately \$2.0 million in payments on notes payable, finance lease obligations and other long-term liabilities, and approximately \$0.9 million in payments of contingent consideration related to the Eyce LLC acquisition.

During the six months ended June 30, 2021, net cash used in financing activities primarily consisted of approximately \$0.2 million in payments on other long-term liabilities, notes payable and finance lease obligations, \$0.2 million in member distributions, offset by \$0.1 million of cash proceeds from the exercise of stock options.

#### **Critical Accounting Policies and Estimates**

See Part II, Item 7, "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2021. Also see "Note 2 - Summary of Significant Accounting Policies" within Part I, Item 1 of this Form 10-Q for a discussion of the voluntary accounting principle change made beginning with the quarterly period ended March 31, 2022.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### *Management's Evaluation of Disclosure Controls and Procedures*

We have established disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be

disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2022. Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of June 30, 2022, our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described in Item 9A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2021, which have not yet been remediated as of June 30, 2022.

#### *Material Weaknesses Remediation Plan and Status*

As previously described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2021, we began implementing a remediation plan to address the material weaknesses identified in the prior year, and our management continues to be actively engaged in the remediation efforts. To remediate the identified material weaknesses, we are continuing to take the following remediation actions:

- implement enhancements to company-wide risk assessment processes and to process and control documentation;
- enhance the Company's review and sign-off procedures for IT implementations;
- implement additional review procedures designed to enhance the control owner's execution of control activities, including entity level controls, through the implementation of improved documentation standards evidencing execution of these controls, oversight, and training;
- improve control activities and procedures associated with certain accounting areas, including proper segregation of duties and assigning personnel with the appropriate experience as preparers and reviewers over analyses relating to such accounting areas;
- educate and train control owners regarding internal control processes to mitigate identified risks and maintain adequate documentation to evidence the effective design and operation of such processes; and
- implement enhanced controls to monitor the effectiveness of the underlying business process controls that are dependent on the data and financial reports generated from the relevant information systems.

We are also continuing to evaluate additional controls and procedures that may be required to remediate the identified material weaknesses. We cannot provide assurances that the previously reported material weaknesses will be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

#### *Changes in Internal Control Over Financial Reporting*

In 2020 we began a multi-year implementation of a new ERP system, which will replace our existing core financial systems. The ERP system is designed to accurately maintain the Company's financial records, enhance the flow of financial information, improve data management and provide timely information to our management team. We completed the implementation for certain subsidiaries during the first quarter of 2022, which included changes to our processes, procedures and internal controls over financial reporting during the first quarter of 2022. As the implementation of the new ERP system progresses for our other subsidiaries, we expect to continue to change certain processes and procedures which, in turn, are expected to result in changes to our internal control over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.

There were no other changes to our internal control over financial reporting that occurred during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

For a description of our material pending legal proceedings, see Note 7 of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

### **ITEM 1A. RISK FACTORS**

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

## ITEM 5. OTHER INFORMATION

### *Departure of Rodrigo de Oliveira*

On August 12, 2022, Rodrigo de Oliveira, the Chief Operating Officer of the Company, entered into a Separation and General Release Agreement (the “Separation Agreement”) with Warehouse Goods LLC, a wholly owned subsidiary of the Company, whereby Mr. de Oliveira’s employment with the Company will be terminated effective September 30, 2022 (the “Separation Date”). Mr. de Oliveira’s decision to step down as Chief Operating Officer of the Company is due to his desire to pursue other interests and is not the result of any disagreement with the Company or any matter relating to the Company’s operations, policies or practices.

Pursuant to the Separation Agreement, Mr. de Oliveira will receive a cash severance payment totaling \$459,385.68, representing nine months’ base salary, 75% of Mr. de Oliveira’s pro-rated bonus eligibility for 2022, and COBRA payments for twelve months. The salary, bonus and COBRA payments are each payable in accordance with the Company’s ordinary payroll practices. As consideration for entering into the Separation Agreement, Mr. de Oliveira agreed to a full and complete release of any and all waivable claims and rights against the Company, its parents, subsidiaries and affiliates, and each of their officers, directors, members, shareholders, employees, agents, representatives, consultants, fiduciaries, attorneys, insurers, benefit plans, plan administrators, joint venture partners, subsidiaries and affiliates, and all of their predecessors, successors, and assigns, up to and through the Separation Date.

Pursuant to the Separation Agreement, Mr. de Oliveira is subject to certain continuing obligations and restrictions, including with respect to confidentiality and non-disparagement.

The foregoing description of the Separation Agreement does not purport to be complete and is qualified in its entirety to the full text of the Separation Agreement, which is filed as Exhibit 10.4 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

### *Appointment of Craig Snyder as President and Entry into Amended and Restated Employment Agreement*

On August 15, 2022, the Board appointed Craig Snyder, previously the Company’s Chief Commercial Officer, as President. Mr. Snyder has served as the Chief Commercial Officer of the Company since March 2022.

On August 15, 2022, the Company entered into an amended and restated employment agreement (the “Amended Employment Agreement”) with Mr. Snyder. In connection with his entry into the Amended Employment Agreement, Mr. Snyder’s prior employment agreement with the Company was terminated.

The Amended Employment Agreement provides for a term of two (2) years commencing on August 15, 2022 (the “Initial Employment Period”), during which time Mr. Snyder will serve as President. If Mr. Snyder’s employment continues following the expiration of the two-year term of the Amended Employment Agreement, the term of the Amended Employment Agreement shall automatically be extended for successive one-year periods (the “Extended Employment Period” and together with the Initial Employment Period, the “Employment Term”) unless either party gives written notice of termination not less than 60 days prior to the termination of the then-current term. Pursuant to the Employment Agreements, Mr. Snyder will be paid a base salary of \$325,000, subject to annual review by the Compensation Committee of the Board (the “Compensation Committee”). Mr. Snyder will also be eligible to receive an annual bonus based upon the attainment of one or more pre-established performance goals or other established criteria set by the Board or the Compensation Committee. Mr. Snyder is eligible to receive an annual bonus in an amount up to 60% of his base salary. Mr. Snyder will also continue to be eligible to receive equity and other long-term incentive awards under any applicable plan adopted by the Company during the term of his employment. In the sole discretion of the Compensation Committee, Mr. Snyder’s bonus may be paid in cash or in equity awards.

Pursuant to the Amended Employment Agreement, Mr. Snyder is terminable by the Company at any time (i) without cause (as defined in the Amended Employment Agreement and summarized below), (ii) for cause, (ii) in the event of his death, or (ii) in the event of his disability that cannot be accommodated under the requirements of law. Mr. Snyder may terminate the Amended Employment Agreement for any reason.

If the Amended Employment Agreement is terminated by the Company without cause, Mr. Snyder is entitled to 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, in addition to the receipt of outplacement services at the Company’s expense, provided that the cost of such services shall not exceed \$20,000 or continue for longer than 3 months. If terminated without cause, Mr. Snyder is also entitled to severance equal to 6 months of his base salary in effect on the date of termination.

In addition, if terminated without cause, Mr. Snyder is entitled to a cash payment equal to the applicable COBRA premium payments that would be payable by Mr. Snyder to continue his Company-provided healthcare services for himself and any dependents (the “Company Healthcare Plan”) covered at the time of termination (collectively, the “COBRA Payment”). If terminated without cause, Mr. Snyder is entitled a COBRA Payment equal to 6 months of coverage under the Company Healthcare Plan.

If the Amended Employment Agreement is terminated by Company (i) for cause, (ii) in the event of Mr. Snyder’s death, or (iii) in the event of his disability that cannot be accommodated under the requirements of law, or if Mr. Snyder terminates the Amended Employment Agreement for any reason, Mr. Snyder is entitled to 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.

Pursuant to the terms of the Amended Employment Agreement, “cause” means: (i) the conviction of Mr. Snyder of the commission of a felony or other crime involving moral turpitude (including pleading guilty or no contest to such crime), whether or not such felony or other crime was committed in connection with the business of the Company Group (as defined in the Amended Employment Agreement); (ii) the commission of any act or omission involving willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud in connection with the performance of the Executive Officer’s duties and responsibilities hereunder; (iii) reporting to work under the influence of alcohol or illegal drugs, or other conduct causing the Company Group public disgrace or disrepute, whether in conjunction with the performance of Mr. Snyder’s duties on behalf of the Company Group or otherwise; (iv) willful failure or refusal to perform material duties and responsibilities as reasonably directed by the Chief Executive Officer or Board; (v) any act or omission deliberately aiding or abetting a competitor of the Company Group to the disadvantage or detriment of the Company Group; (vi) breach of any applicable fiduciary duty to the Company Group; or (vii) any other material breach of the Amended Employment Agreement.

Mr. Snyder has agreed that during the Employment Term he will not engage, directly or indirectly, as a partner, officer, director, stockholder (other than as the passive holder of less than 2% of the outstanding stock of a publicly-traded corporation), member, manager, consultant, advisor, investor, creditor or employee with a company that engages in a similar business as the Company, except on behalf of the Company or with the prior written approval of the Chief Executive Officer or Board.

The foregoing description of the Amended Employment Agreement does not purport to be complete and is qualified in its entirety to the full text of the Amended Employment Agreement, which is filed as Exhibit 10.5 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Greenlane Holdings, Inc., effective August 9, 2022 (Incorporated by reference to Exhibit 3.1 to Greenlane's Current Report on Form 8-K, filed on August 4, 2022).</a>
4.1	<a href="#">Form of June 27, 2022 Standard Warrant (Incorporated by reference to Exhibit 4.1 to Greenlane's Current Report on Form 8-K, filed on June 28, 2022).</a>
4.2	<a href="#">Form of June 27, 2022 Pre-Funded Warrant (Incorporated by reference to Exhibit 4.2 to Greenlane's Current Report on Form 8-K, filed June 28, 2022).</a>
10.1	<a href="#">Form of June 27, 2022 Securities Purchase Agreement (Incorporated by reference to Exhibit 10.1 to Greenlane's Current Report on Form 8-K, filed June 28, 2022).</a>
10.2	<a href="#">Placement Agency Agreement, dated June 27, 2022 (Incorporated by reference to Exhibit 10.2 to Greenlane's Current Report on Form 8-K, filed June 28, 2022).</a>
10.3	<a href="#">Membership Interest Purchase Agreement, dated as of July 19, 2022, by and among Warehouse Goods LLC and Portofino Partners LLC (Incorporated by reference to Exhibit 10.1 to Greenlane's Current Report on Form 8-K, filed July 19, 2022).</a>
10.4*	<a href="#">Separation and General Release Agreement by and between Warehouse Goods LLC and Rodrigo de Oliveira, dated as of August 12, 2022.</a>
10.5*	<a href="#">Amended and Restated Employment Agreement Employment Agreement by and between Warehouse Goods LLC and Craig Snyder, dated as of August 15, 2022.</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1*	<a href="#">Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Stockholders' Equity, and (iv) Condensed Consolidated Statements of Cash Flows. The instance document does not appear in the Interactive Data File because its XBRL tags are imbedded within the Inline XBRL document.
104*	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL

\* Filed herewith.

† Indicates a management contract or compensatory plan or arrangement.

**SIGNATURES**

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

**GREENLANE HOLDINGS, INC.**

Date: August 15, 2022

By: /s/ Darshan Dahya  
Darshan Dahya  
Chief Accounting Officer  
(Principal Financial and Accounting Officer)

## CONFIDENTIAL SEPARATION AND GENERAL RELEASE AGREEMENT

THIS CONFIDENTIAL SEPARATION AND GENERAL RELEASE AGREEMENT (the "Agreement") is entered into on August 12, 2022, between RODRIGO DE OLIVEIRA (the "Employee") and Warehouse Goods LLC (the "Company") (collectively, the "Parties"), as follows:

### Terms and Conditions

1. Separation of Employment. Employee hereby acknowledges that Employee's employment with the Company will be terminated on September 30, 2022 (the "Separation Date"). The Parties mutually agree that the offer letter previously entered into by and between Employee and the Company's predecessor-in-interest, Kim International LLC, as amended by that certain letter dated June 16, 2021 and that certain letter dated April 1, 2022 (collectively, the "Employment Agreement") shall terminate effective as of the Separation Date.

2. Final Wages; Termination of Benefits. Regardless of whether Employee signs this Agreement, the Company will pay Employee all wages earned and all accrued paid time off for which Employee is eligible through the Separation Date, less applicable withholdings, in accordance with the Company's regular payroll practices or earlier when required by applicable state law. Employee acknowledges that Employee's health care insurance coverage and all other benefits will terminate effective on the last day of the month in which the Separation Date occurs, unless Employee thereafter timely elects to continue health care insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") at Employee's own expense. Employee acknowledges that Employee will receive information via separate correspondence regarding Employee's rights under COBRA.

3. Consideration. In consideration for Employee's release of claims in Section 4 below and Employee's release of claims in Section 3 of the Reaffirmation attached hereto as Exhibit "A" (the "Reaffirmation"), the other promises made by Employee herein, and in full satisfaction of all final payments due Employee from the Company (including, but not limited to severance pay, benefits or other remuneration in whatever form), and provided that (i) this Agreement and the Reaffirmation are timely signed by Employee and returned to Company as set forth in Section 30 of this Agreement, (ii) all Company property is returned by Employee to Company as set forth in Section 9 of this Agreement, then the Company shall pay Employee the gross amount of: (a) \$273,750.00, which represents nine (9) months of Employee's base salary; (b) \$164,250.00, which represents a prorated portion of the Employee's annual bonus; (c) \$21,385.68, which is equal to the applicable COBRA premium payments (as reasonably determined by the Administrator as of the time of Participant's termination of employment) that would be payable by the Participant to continue the Participant's company-provided medical dental, and/or vision coverage for the Participant and any dependents covered at the time of termination for a period of 12 months from the Separation Date (collectively the "Payment"). The Payment will be paid by Company to Employee in equal bi-weekly installments over the course of the Company's regular bi-weekly paydays, beginning with the Company's first regular payday following the expiration of the revocation period set forth in Section 30 and Section 7 of the Reaffirmation. Employee understands that the Payment is subject to applicable payroll withholding deductions. No





deductions will be made from the Payment for medical, dental, or life insurance premiums, flexible spending or 401K deductions. In addition, the Company shall provide Employee with reasonable senior executive outplacement services, provided by a vendor chosen by the Company, at the Company's expense. Employee acknowledges that payment of any amounts to, or on behalf of, Employee under this Agreement does not, in any way, extend the period of employment or continuous service beyond the last day of employment or confer any other rights or benefits other than what may be set forth expressly herein. Employee agrees that: (a) the Payment constitutes good and valuable consideration for Employee's execution of this Agreement; (b) the Payment exceeds anything due from the Company or any of the other Releasees (defined in Section 4 below) to Employee through the Separation Date; and (c) apart from Employee's final paycheck, Employee has no further entitlement to or claim for any other severance pay, wages, bonuses, commissions, benefits, vacation, damages, attorneys' fees or costs or any other sum of money from the Company or any of the Releasees (defined in Paragraph 4 below) for any reason whatsoever, including, without limitation, pursuant to the Employment Agreement.

4. General Release. In consideration for the Payment, Employee fully and completely releases and gives up any and all waivable claims and rights that Employee may have against the Company, its parents, subsidiaries, and affiliates, including but not limited to Greenlane Holdings, Inc. and Greenlane Holdings, LLC (formerly known as Jacoby Holdings LLC) and each of their officers, directors, members, shareholders, employees, agents, representatives, consultants, fiduciaries, attorneys, insurers, benefit plans, plan administrators, joint venture partners, subsidiaries and affiliates, and all of their predecessors, successors, and assigns (collectively, the "Releasees"). This Agreement applies to all waivable claims resulting from anything that has happened up through the date that Employee signs this Agreement, including claims of which Employee is not aware and those not specifically mentioned in this Agreement. Employee understands that this Agreement does not waive rights or claims that may arise from events that occur after Employee signs this Agreement. Without limiting the generality of the foregoing, Employee specifically releases all waivable claims relating to: (i) Employee's employment by the Company, the terms and conditions of such employment, the Employment Agreement, employee benefits related to Employee's employment with the Company, the termination of Employee's employment with the Company, and/or any of the events relating directly or indirectly to or surrounding such termination; (ii) any and all claims of discrimination, harassment, whistleblowing or retaliation in employment (whether based on federal, state or local law, statutory or decisional), including without limitation, all claims under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") (this release is meant to comply with the Older Workers Benefit Protection Act ("OWBPA"), 29 U.S.C. § 621 et seq., which statute was enacted to, among other things, ensure that individuals age 40 or older who waive their rights under the ADEA do so knowingly and voluntarily), the Worker's Adjustment and Retraining Notification Act ("WARN"), Title VII of the Civil Rights Act of 1964, as amended ("Title VII"), the Americans with Disabilities Act, as amended ("ADA"), the Civil Rights Act of 1991, the Reconstruction Era Civil Rights Act of 1866, 42 USC §§ 1981-86, as amended, the Equal Pay Act ("EPA"), the Family and Medical Leave Act, as amended ("FMLA"), the Employee Retirement Income Security Act ("ERISA") (other than claims with regard to vested benefits), Sections 503 and 504 of the Rehabilitation Act of 1973, the Occupational Safety and Health Act ("OSHA"), the National Labor Relations Act ("NLRA"), or any state, county or local discrimination, harassment, whistle blowing or retaliation law; (iii) any and all claims under any provision of California law, statutory or



decisional, including without limitation the Fair Employment and Housing Act, the California Family Rights Act, Cal-OSHA, the Cal-WARN Act, the California Health and Safety Code, Industrial Welfare Commission Wage Orders, the Government Code, the Business & Professions Code, the Labor Code, the Civil Code, and otherwise; (iv) any and all claims for damages of any kind whatsoever, including without limitation compensatory, punitive, treble, liquidated and/or consequential damages; (v) any and all claims under any contract, whether express or implied, and all claims in equity; (vi) any and all claims for unintentional or intentional torts, for emotional distress, and for pain and suffering; (vii) any and all claims for violation of any statutory or administrative rules, regulations or codes; and (viii) any and all claims for attorneys' fees, paralegals' fees, costs, disbursements, wages, bonuses, benefits, vacation and/or the like. Employee represents that Employee knows of no claim that Employee has against the Company or any of the other Releasees that is not released by this Section 4. Employee understands and agrees that this Agreement is binding on Employee and on anyone who succeeds to Employee's rights.

Employee waives and releases any right to serve as a class representative or class member or representative aggrieved employee, including under the California Labor Code Private Attorney General Act, in any action against any Releasees, or any of them. In the event Employee learns they may be a class member or member of a putative class in any action against any Releasee, Employee shall immediately opt out without demand by any Releasee. Employee waives personal recovery in any class or putative class action and any representative action, including under the California Labor Code Private Attorney General Act.

Employee acknowledges that he/she has read and fully understands the provisions of Section 1542 of the California Civil Code, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Employee intends the release set forth in this Agreement to include all claims encompassed by this Section 4, known and unknown, intends to waive and relinquish every right or benefit they had, have or may have under California Civil Code Section 1542, and intend their release to extend to, and include without limitation, all claims which are presently unknown, unanticipated and/or unsuspected. The releases set forth herein do not include any claims for state or federal unemployment or disability compensation to which Employee may be entitled under the law or Employee's rights to continuation coverage under the Company's group health plan which, if applicable, will be offered in accordance with the provisions of COBRA or other applicable law. The Company agrees it will not oppose Employee's claim for unemployment benefits.

5. Taxes and Indemnification. Employee agrees to pay any and all taxes (other than payroll taxes) found to be owed from Payment made pursuant to this Agreement and to indemnify and hold the Company harmless for any federal, state and local tax liability, including taxes, interest, penalties or the like, and required withholdings, which may be or is asserted against or

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imposed upon the Releasees by any taxing authority based upon any amounts paid to Employee as a result of Employee's non-payment of taxes of such amounts for which Employee is legally responsible. Employee understands and agrees that any necessary tax documentation, such as W-2s, may be filed by Company with regard to monies paid under this Agreement. Employee and the Company acknowledge that nothing herein shall constitute tax advice to the other party.

6. Non-Disparagement; Social Media. Employee and Company each agrees and warrants that at no time in the future will Employee or Company make any statements (orally or in writing, including, without limitation, whether in fiction or nonfiction) or take any actions which could reasonably be considered to disparage or defame the Releasees or Employee, or in any way, directly or indirectly, cause the making of such statements, or the taking of such actions by anyone else, including but not limited to other current or former employees of Company. Nothing in this Paragraph 6 is intended to, nor should be construed to limit Employee's rights as outlined in Paragraph 11 below or either Party's right to respond truthfully to valid legal process. In addition, -within sixty days from the Separation Date, Employee agrees to update Employee's profile on social media websites (such as LinkedIn) to reflect that Employee is no longer an employee of the Company.

7. Incitement of Claims; Participation in Claims. Employee agrees that Employee will not encourage or incite any person including, but not limited to, other current or former employees of the Company, to assert any complaint or claim in federal or state court against the Company or any of the other Releasees (except as outlined in Paragraph 11 below). Employee also agrees not to participate, cooperate or assist in any manner, whether as a witness, expert, consultant or otherwise, in any lawsuit, complaint, charge or other proceeding involving the Company or any of the other Releasees as a party unless requested to do so by the Company, compelled by subpoena or court order, or as outlined in Paragraph 11 below.

8. No Claims Filed. Employee represents and warrants that Employee has not filed any claims or causes of action against the Releasees, including but not limited to any charges of discrimination, harassment or retaliation, with any federal, state or local agency or court. Employee's representation to same constitutes a material inducement for Company entering into this Agreement. In the event that Employee has filed such a claim or cause of action, it will be considered a material breach of the terms of this Agreement.

9. Return of Company Property. Within Seven (7) days after the Separation Date, Employee agrees to return all Company property including, but not limited to, documents, confidential information, books, records, equipment and/or files, whether prepared by Employee or otherwise coming into Employee's possession. Company will be providing Employee with a box and return label for shipment. Employee agrees not to retain any copies, other reproductions, or extracts of the Company's property, documents, and/or confidential information, in electronic form or otherwise after all Company property is returned to Company under this Paragraph 9.

10. Confidentiality of Agreement. Employee agrees not to disclose at any time in the future any of the terms of this Agreement, except that Employee may disclose the terms of this Agreement: (i) as may be required by law; (ii) to any taxing authority, such as the IRS; (iii) to a court of competent jurisdiction for purposes of enforcement of, or for demonstrating a breach of this Agreement; and (iv) to Employee's spouse, attorney and/or tax and financial advisors.

and Agreement, and (iv) to Employee's spouse, attorney and/or tax and financial advisors,

provided that the individual first agrees to keep the terms of this Agreement confidential. Employee acknowledges and agrees that any other disclosure regarding the terms of this Agreement would constitute a material breach of the Agreement. If Employee is compelled by legal subpoena or court order to provide information covered by this Section 10, prior to such disclosure, Employee will immediately provide a copy of such judicial order or subpoena, by overnight delivery and e-mail to the Company, attention Amir Sadr, General Counsel at 6261 Katella Avenue, Suite 250, 90630, asadr@greenlane.com. Employee agrees to provide the Company with a reasonable opportunity to intervene to assert what rights it may have to non-disclosure, prior to any response to the order or subpoena. Nothing in this Paragraph 10 is intended to, nor should be construed to, limit Employee's rights as outlined in Paragraph 11 below.

11. Non-Interference. Nothing in this Agreement shall be construed to prohibit Employee from: (i) filing a charge or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission or other federal, state or local government agency charged with enforcement of any law; (ii) reporting possible violations of any law, rule or regulation to any governmental agency or entity charged with enforcement of any law, rule or regulation; or (iii) making other disclosures that are protected under whistleblower provisions of any law, rule or regulation. Notwithstanding the foregoing, by signing this Agreement, Employee expressly waives Employee's right to recover damages and to be awarded equitable and/or injunctive relief in connection with any administrative or court action brought against the Company or any of the other Releasees, whether brought by Employee, on Employee's behalf, or by any government agency or other party, related in any way to the matters released in Section 4 above. However, Employee does not waive any right (if any) Employee may have to recover a bounty or reward from the Securities and Exchange Commission ("SEC") in connection with the disclosure of information to the SEC.

12. Reports. Employee further represents that Employee (i) has reported to the Company any and all work-related injuries incurred during employment; (ii) the Company properly provided any leave of absence because of Employee or a family member's health condition and Employee has not been subjected to any improper treatment, conduct or actions due to a request for or taking such leave; and (iii) Employee has provided the Company with written notice of any actual knowledge of Employee concerning bank fraud, wire fraud, mail fraud, securities fraud, any violation of a rule or regulation of the SEC, any violation of federal law, or any violation of the Company's Code of Business Conduct.

13. Survival of Post-Termination Obligations. Employee acknowledges and re-affirms Employee's obligations to comply with Employee's post-termination obligations, if any, under that certain Confidentiality Agreement executed by and between Employee and KushCo Holdings, Inc. (predecessor-in-interest to the Company) (the "Confidentiality Agreement"), as well as the Employment Agreement, which shall survive termination of this Agreement, termination of the Employment Agreement, and termination of Employee's employment with the Company, and remain in full force and effect hereafter, save and except any such obligations, if any, which are unenforceable under applicable law in the subject jurisdiction at the time.

14. Severability. Should a court of competent jurisdiction determine that the general release set forth in Section 4 above is invalid, void and/or unenforceable, then Employee agrees



release set forth in Section 4 above is invalid, void and/or unenforceable, then Employee agrees

that the Company's obligations under this Agreement or the Reaffirmation are null and void and Employee shall return to the Company the Payment made to Employee under this Agreement or the Reaffirmation. If any other provisions in this Agreement are held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way. Nothing in this Section 14 is intended to, nor shall be construed to, apply to any contrary rights of Employee under the ADEA.

15. Acknowledgment. Employee acknowledges that Employee has been advised by the Company in writing to consult with an attorney before signing this Agreement; acknowledges and understands that the general release contained in Section 4 above effectively waives all claims against Releasees under the ADEA; and acknowledges that Employee has been afforded the opportunity to consider the terms of this Agreement for a period of twenty-one (21) days prior to its execution. Employee acknowledges that Employee may use as much or as little of the forty-two (21) day period to make Employee's decision to execute this Agreement. Any material or non-material changes made to this Agreement after Employee receives this Agreement do not restart the running of the 21-day period. Employee acknowledges that no representation, promise or inducement has been made other than as set forth in this Agreement, and that Employee enters into this Agreement without reliance upon any other representation, promise or inducement not set forth herein. Employee acknowledges and represents that Employee assumes the risk for any mistake of fact now known or unknown, and that Employee understands and acknowledges the significance and consequences of this Agreement. Employee further acknowledges that Employee has read this Agreement in their entirety; that Employee fully understands all of the terms and their significance; and that Employee has signed this Agreement voluntarily, knowingly and of Employee's own free will. Employee further affirms that, upon receipt of Employee's final paycheck, Employee will have been paid and/or have received all leave (paid or unpaid), base salary, commissions, bonuses, and all other compensation and benefits to which Employee may have been entitled from the Company through the Separation Date. Employee further affirms that Employee has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act or any similar state or federal law, and has not suffered any workplace injuries or occupational diseases that have not previously been reported to the Company.

16. References. Company and Employee agree that the Company's Human Resources Team will respond to reference inquiries regarding Employee by providing only Employee's dates of employment, last position held, and last salary (if permissible under applicable state and local law). Employee understands and agrees that the Company is not responsible for any information given regarding Employee that was solicited from any source other than the Company's Human Resources Team.

17. Breach. Employee acknowledges that if Employee materially breaches or threatens to materially breach this Agreement or the Reaffirmation, breaches the confidentiality, non-incitement, and non-disparagement provisions of this Agreement, breaches the post-termination obligations contained in the Employment Agreement or Confidentiality Agreement, and/or commences a suit, action, proceeding or complaint in contravention of this Agreement and waiver of claims (except as outlined in Section 11 above), the Company's obligations to provide Employee the Payment referred to above shall immediately cease and the Company shall be



entitled to all other remedies allowed in law or equity, including but not limited to the return of any payments made to Employee under this Agreement. Further, nothing in this Agreement shall prevent the Company from pursuing an injunction to enforce Employee's post-termination obligations in the Employment Agreement and Confidentiality Agreement. Nothing in this Section 17 is intended to, nor shall be construed to, apply to any contrary rights of Employee under the ADEA.

18. Non-Admission. The Parties understand that the Payment and other matters agreed to herein are not to be construed as an admission of or evidence of liability for any violation of the law, willful or otherwise by any entity or any person.

19. Complete Agreement. This Agreement and the Reaffirmation shall not be modified unless in writing and signed by both the Company and the Employee. The Parties agree that this Agreement and the Reaffirmation sets forth all the promises and agreements between them and supersede all prior and contemporaneous agreements, understandings, inducements or conditions, expressed or implied, oral or written, except that the post-employment obligations contained in the Confidentiality Agreement and Employment Agreement shall remain in full force and effect following the Employee's execution of this Agreement, shall survive the termination of Employee's employment, and are incorporated by reference herein, save and except any such obligations, if any, which are unenforceable under applicable law in the subject jurisdiction at the time.

20. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties' representatives, agents, successors, assigns, heirs, attorneys, affiliates, and predecessors.

21. Enforcement. This Agreement shall be governed by the laws of the state of California, without regard to its choice of law principles, except where the application of federal law applies. If either Party breaches this Agreement or any dispute arises out of or relating to this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees, paralegals' fees and costs, at all levels. In the event of any litigation arising out of this Agreement, the exclusive venue shall be in in any state or federal court with competent jurisdiction over Orange County, California. The Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue. THE PARTIES SPECIFICALLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY SUCH ACTION. Nothing in this Section 20 is intended to, nor shall be construed to, apply to any contrary rights of Employee under the ADEA.

22. No Transfer of Claims. Employee represents and warrants that Employee has not assigned, transferred, or purported to assign or transfer, to any person, firm, corporation, association or entity whatsoever, any claims released herein. Employee agrees to indemnify and hold the Releasees harmless against, without any limitation, any and all rights, claims, warranties, demands, debts, obligations, liabilities, costs, court costs, expenses (including attorneys' fees, paralegals' fees and costs, at all levels), causes of action or judgments based on or arising out of any such assignment or transfer. Employee further warrants that there is nothing that would prohibit Employee from entering into this Agreement.



23. Cooperation. In the event that the Company or any of its affiliates becomes involved in any civil or criminal litigation, administrative proceeding or governmental investigation, Employee shall, upon request, provide reasonable cooperation and assistance to the Company, including without limitation, furnishing relevant information, attending meetings and providing statements and testimony. The Company will reimburse Employee for all reasonable and necessary expenses Employee incurs in complying with this Section 23. If necessary for any employer of Employee, the Company will provide Employee with a proper subpoena in order to obtain Employee's reasonable cooperation with and assistance to the Company.

24. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (Section 409A), or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service, as a short-term deferral, or as a settlement payment pursuant to a bona fide legal dispute, shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, any installment payments provided under this Agreement shall each be treated as a separate payment. To the extent required under Section 409A, any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Employee on account of non-compliance with Section 409A.

25. Execution of Necessary Documents. Each party shall, upon the request of the other, execute and re-execute, acknowledge and deliver this Agreement and any and all papers or documents or other instruments, as may be reasonably necessary to implement the terms hereof with any formalities as may be required and, otherwise, shall cooperate to fulfill the terms hereof and enable the other party to effectuate any of the provisions of this Agreement.

26. No Waiver; All Rights Are Cumulative. No waiver of any breach or other rights under this Agreement shall be deemed a waiver unless the acknowledgment of the waiver is in writing executed by the Party committing the waiver. No waiver shall be deemed to be a waiver of any subsequent breach or rights. All rights are cumulative under this Agreement.

27. Construction; Headings. The Parties expressly acknowledge that they have had equal opportunity to negotiate the terms of this Agreement and that this Agreement shall not be construed against the drafter. The headings contained in the Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

28. Electronic Transmissions and Counterparts. This Agreement may be executed in several counterparts and by electronic transmissions and all so executed shall constitute one Agreement, binding on all the Parties hereto, notwithstanding that the Parties are not signatories to the original or same counterpart.



29. Capacity. Employee represents and warrants that in negotiating and executing this Agreement, Employee is not, and has not been, under the influence of any drugs, medications or other substances which might in any way impair Employee's judgment or ability to understand the terms of this Agreement.

30. Right of Revocation. Employee has the right to revoke this Agreement within seven (7) days after Employee's execution of this Agreement by giving written notice of such revocation to the Company, attention Amir Sadr, General Counsel at 6261 Katella Avenue, Suite 250, Cypress, California 90630, Asadr@greenlane.com, delivered by no later than the seventh day after Employee signs and delivers this Agreement to the Company. As such, provided this Agreement has not been timely revoked by Employee, this Agreement shall become effective until the eighth (8<sup>th</sup>) day following Employee's signing of this Agreement (the Effective Date"). In the event that Employee revokes this Agreement, then this Agreement, and the promises contained therein, shall automatically be deemed null and void and the Company will not be obligated to pay Employee the Payment promised in Section 3 above. Employee acknowledges and understands that the Company is not obligated to make the Payment to Employee until after the Effective Date.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]





THIS IS A LEGAL DOCUMENT – READ CAREFULLY BEFORE SIGNING.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

Employee represents and warrants that Employee has read this Agreement in its entirety, has been offered a period of twenty-one (21) days to review this Agreement, and has been advised in writing herein to consult with counsel prior to signing this Agreement. Employee further represents and warrants that Employee is of sound mind and fully understands and voluntarily assents to all of the terms of this Agreement.

EMPLOYEE:

DocuSigned by:  
  
C9521D5BC0F345B...

Signature

Rodrigo De Oliveira

Print Name

Date: 8/12/2022

COMPANY:

Warehouse Goods LLC

By:   
Signature

Title: CEO

Nick Kovacevich

Print Name

Date: 8/13/2022



EXHIBIT A TO THE CONFIDENTIAL SEPARATION AND GENERAL RELEASE  
AGREEMENT - REAFFIRMATION

This Reaffirmation should not be signed until on or after the Separation Date (as defined in the Confidential Separation and General Release Agreement), and then must be returned to the Company's General Counsel, Amir Sadr, within seven (7) days after the Separation Date.

REAFFIRMATION

1. This Reaffirmation as referred to and defined in the Confidential Separation and General Release Agreement (the "Agreement") between RODRIGO DE OLIVEIRA ("Employee," "I," "me," or "my") and Warehouse Goods LLC (the "Company"). The Agreement previously was signed by me and delivered to the Company.

2. I hereby affirm the validity of the Agreement, including but not limited to the general release of the Releasees as defined in Section 4 of the Agreement (and as defined in Section 3 of this Reaffirmation below), and agree and acknowledge that the terms and conditions of the Agreement are incorporated herein, as if fully restated herein. I also affirm that I am not in breach of any provision of the Agreement. I acknowledge that the Agreement is complete, true, accurate, valid and in full force and effect.

3. In exchange for the consideration described in Section 3 of the Agreement, I hereby fully and completely release and give up any and all waivable claims and rights that I may have against the Company, its parents, subsidiaries, affiliates, including but not limited to Greenlane Holdings, Inc., and each of their officers, directors, members, shareholders, employees, agents, representatives, consultants, fiduciaries, attorneys, insurers, benefit plans, plan administrators, joint venture partners, subsidiaries and affiliates, and all of their predecessors, successors, and assigns (collectively, the "Releasees"). The release in this Reaffirmation applies to all waivable claims resulting from anything that has happened up through the date I sign this Reaffirmation, including claims of which I am not aware and those not specifically mentioned in this Reaffirmation. I understand that this Reaffirmation does not waive rights or claims that may arise after the date that I sign this Reaffirmation. Without limiting the generality of the foregoing, I specifically release all waivable claims against the Releasees relating to: (i) my employment by the Company, the terms and conditions of such employment, the offer letter (if any), employee benefits related to my employment with the Company, the termination of my employment with the Company, and/or any of the events relating directly or indirectly to or surrounding such termination; (ii) any and all claims of discrimination, harassment, whistleblowing or retaliation in employment (whether based on federal, state or local law, statutory or decisional), including without limitation, all claims under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") (this release is meant to comply with the Older Workers Benefit Protection Act ("OWBPA"), 29 U.S.C. § 621 et seq., which statute was enacted to, among other things, ensure that individuals age 40 or older who waive their rights under the ADEA do so knowingly and voluntarily), the Worker's Adjustment and Retraining Notification Act ("WARN"), Title VII of the Civil Rights Act of 1964, as amended ("Title VII"), the Americans with Disabilities Act, as amended ("ADA"), the Civil Rights Act of 1991, the Reconstruction Era Civil Rights Act of 1866, 42 USC §§ 1981-86, as amended, the Equal Pay Act ("EPA"), the Family and Medical Leave Act.



as amended ("FMLA"), the Employee Retirement Income Security Act ("ERISA") (other than claims with regard to vested benefits), Sections 503 and 504 of the Rehabilitation Act of 1973, the Occupational Safety and Health Act ("OSHA"), the National Labor Relations Act ("NLRA"), or any state or local discrimination, harassment, whistle blowing or retaliation law; (iii) any and all claims for damages of any kind whatsoever, including without limitation compensatory, punitive, treble, liquidated and/or consequential damages; (iv) any and all claims under any contract, whether express or implied, and all claims in equity; (v) any and all claims for unintentional or intentional torts, for emotional distress, and for pain and suffering; (vi) any and all claims for violation of any statutory or administrative rules, regulations or codes; and (vii) any and all claims for attorneys' fees, paralegals' fees, costs, disbursements, wages, bonuses, benefits, vacation and/or the like. I represent that I know of no claim that I have against the Company or any of the other Releasees that is not released by this Section 3. I understand and agree that this Reaffirmation is binding on me and on anyone who succeeds to my rights. I hereby irrevocably covenant to refrain from, directly or indirectly, asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any of the Releasees, based upon any matter purported to be released hereby, and this covenant and release shall be a complete and final bar to any claims released hereunder. I understand that nothing in the Agreement or this Reaffirmation shall preclude me from exercising my rights as set forth in Section 5 hereof.

4. I represent and warrant that I have not: (a) filed or initiated any legal proceedings against any of the Releasees and that no such proceedings have been initiated on my behalf; (b) assigned, transferred, pledged or otherwise disposed of or conveyed to any third party any right or claim against any of the Releasees which has been released in the Agreement or this Reaffirmation, or (c) directly or indirectly assisted any third party in filing, causing or assisting to be filed, any claim against the Releasees. Except as set forth in Section 5 below, I agree that I will not encourage or solicit or voluntarily assist or participate in any way in the filing, reporting or prosecution by myself or any third party of a proceeding or claim against the Releasees based upon or relating to any claim released by me in the Agreement or this Reaffirmation.

5. I acknowledge and understand that nothing in the Agreement or this Reaffirmation shall interfere with my right to (i) file a charge or participate in any investigation or proceeding conducted by the Equal Employment Opportunity Commission or other federal, state or local government agency charged with enforcement of any law; (ii) report possible violations of any law, rule or regulation to any governmental agency or entity charged with enforcement of any law, rule or regulation; or (iii) make other disclosures that are protected under whistleblower provisions of any law, rule or regulation. Notwithstanding the foregoing, by signing this Reaffirmation, I expressly waive any right to recover damages and to be awarded equitable and/or injunctive relief in connection with any administrative or court action brought against the Company or any of the other Releasees, whether brought by me, on my behalf, or by any government agency or other party, related in any way to the matters released in Section 3 above or Section 4 of the Agreement. However, I understand that I do not waive any right (if any) I may have to recover a bounty or reward from the SEC in connection with the disclosure of information to the SEC. The Agreement and this Reaffirmation shall not be modified unless in writing and signed by both the Company and me. I agree that the Agreement and this Reaffirmation set forth all the promises and agreements between me and the Company and supersede all prior and contemporaneous agreements, understandings, inducements or conditions, expressed or implied, oral or written, except that the post-employment obligations contained in any confidentiality agreement non-



disclosure agreement, offer letter or similar agreement shall remain in full force and effect following my execution of the Agreement and this Reaffirmation, shall survive the termination of my employment, and are incorporated by reference herein.

6. I acknowledge that I have been advised in writing to consult with an attorney before signing the Agreement and this Reaffirmation, and that I have been afforded the opportunity to consider the terms of the Agreement and this Reaffirmation and incorporated waiver of claims for twenty-one (21) days prior to signing the Agreement and this Reaffirmation. I acknowledge that no representation, promise, or inducement has been made other than as set forth in the Agreement and this Reaffirmation, and that I enter into this Reaffirmation knowingly without reliance upon any other representation, promise, or inducement that is not set forth in the Agreement and herein. I acknowledge and represent that I assume the risk for any mistake of fact now known or unknown, and that I understand and acknowledge the significance and consequences of the Agreement and this Reaffirmation. I further acknowledge that I have read the Agreement and this Reaffirmation in their entirety; that I fully understand all of their terms and their significance; and that I have signed the Agreement and this Reaffirmation voluntarily and of my own free will. I further affirm that, upon receipt of my final paycheck from the Company, I will have been paid and/or have received all leave (paid or unpaid), compensation, bonuses and/or benefits to which I may be entitled from the Company through the Separation Date and that no other leave (paid or unpaid), compensation, bonuses and/or benefits are due to me from Company. I further affirm that I have been provided and/or have not been denied any leave requested under applicable federal, state, and local law, and have not suffered any workplace injuries that have not previously been reported to the Company.

7. I understand that I have seven (7) days following the Separation Date to return a signed copy of this Reaffirmation to the Company, attention Amir Sadr, General Counsel, 6261 Katella Avenue, Suite 250, Cypress, California 90630 and by sending an email to legal@greenlane.com. I further understand that I have the right to revoke this Reaffirmation within seven (7) days after my execution of this Reaffirmation by giving notice in writing of such revocation to the Company, attention Amir Sadr, General Counsel, 6261 Katella Avenue, Suite 250, Cypress, California 90630 and by sending an email to legal@greenlane.com. As such, this Reaffirmation shall not become effective until the eighth (8th) day following my signing of this Reaffirmation. In the event that I do not timely return a signed copy of this Reaffirmation to the Company or I revoke this Reaffirmation, then this Reaffirmation and the Agreement, and the promises contained therein, shall automatically be deemed null and void, the Company will not be obligated to provide me with the Payment under Section 3 of the Agreement, and the Separation Date shall be unaltered. I acknowledge and understand that the Company is not obligated to provide me with the Payment under Section 3 of the Agreement until after the Effective Date.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]



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THIS IS A LEGAL DOCUMENT – READ CAREFULLY BEFORE SIGNING.

I represent and warrant that I have read the Confidential Separation and General Release Agreement and this Reaffirmation in their entirety, have been offered twenty-one (21) days to review the Confidential Separation and General Release Agreement and this Reaffirmation and I have been advised in writing herein to consult with an attorney prior to signing this Reaffirmation. I further represent and warrant that I am of sound mind and fully understand and voluntarily assent to all of the terms of this Reaffirmation.

EMPLOYEE:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
RODRIGO DE OLIVEIRA

Date: \_\_\_\_\_





## AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of August 15, 2022 (the "Effective Date") is entered into by and between Warehouse Goods LLC (the "Company"), a Delaware corporation, and Craig Snyder (the "Employee"). (Company and Employee are sometimes individually referred to herein as a "Party" and collectively as the "Parties").

WHEREAS, the Company and the Employee previously entered into that certain Executive Employment Agreement, dated March 28, 2022 (the "Employment Agreement"); and

WHEREAS, the Company and the Employee desire to amend and restate the Employment Agreement in its entirety, with such amendment and restatement to be effective from and after the Effective Date, in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, which are made a part hereof, the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Employment Term. Unless terminated earlier in accordance with Section 4 hereof, Employee's employment with the Company pursuant to this Agreement shall be for an initial term of two (2) years commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Initial Term"). Thereafter, this Agreement shall automatically renew for successive one-year terms commencing on the applicable anniversary of the Effective Date (each such successive year being a "Renewal Term," and, together with the Initial Term, or such lesser period in the event of termination of Employee's employment prior to the expiration of the Initial Term or a Renewal Term by a Party pursuant to the provisions of this Agreement, the "Employment Term"), unless either Party gives written notice to the other Party not less than sixty (60) days prior to the end of the Initial Term or a Renewal Term, as the case may be, of such Party's election not to renew this Agreement (the "Notice of Non-Renewal").

2. Position and Duties; Exclusive Employment; Principal Location; No Conflicts.

(a) Position and Duties. During the Employment Term, the Employee shall serve as President for the Company, reporting directly to the Company's CEO and board of directors of Greenlane (defined below) (the "Board"), and shall have such duties, authority, and responsibilities as shall be assigned and determined from time to time by the CEO and the Board, including duties and responsibilities for the Company and its current and any future parent, subsidiaries and affiliates, including but not limited to Greenlane Holdings, Inc. ("Greenlane") and Greenlane Holdings, LLC (formerly known as Jacoby Holdings, LLC), (the Company and its current and any future parent, subsidiaries and affiliates are collectively referred to herein as the "Company Group") without additional compensation or benefits other than as set forth in this Agreement.

(b) Exclusive Employment. Except as permitted under this Section, Employee agrees to devote Employee's full business time and attention exclusively to the performance of Employee's duties hereunder and in furtherance of the business of the Company Group. Employee

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shall (i) perform Employee's duties and responsibilities hereunder honestly, in good faith, to the best of Employee's abilities in a diligent manner, and in accordance with the Company Group's policies and applicable law, (ii) promote the success of the Company Group, (iii) not do anything, or permit anything to be done at Employee's direction, that is intended to be inconsistent with Employee's duties to the Company Group or opposed to the best interests of the Company Group or which is a conflict of interest, and (iv) not be or become an officer, director, manager, employee, advisor, or consultant of any business other than that of the Company Group, unless the Employee receives advance written approval from the CEO or the Board and any other approvals required under the written policies of the Company Group. Employee shall not, during Employee's employment with the Company, be involved directly or indirectly, in any manner, as a partner, officer, director, stockholder, member, manager, consultant, advisor, investor, creditor or employee for any company engaged in a substantially similar business to the Company Group; however, Employee may use Employee's personal funds to invest in a publicly traded company that engages in a similar business, but shall not own more than two (2%) percent of the stock thereof. Notwithstanding the foregoing, Employee may engage in civic and not-for-profit activities, as long as such activities do not interfere with Employee's performance of Employee's duties to the Company Group or the commitments made by Employee in this Section 2(b).

(c) Principal Location; Travel. During the Employment Term, the Employee shall perform the duties and responsibilities required by this Agreement at the Company Group's offices located in Orange County, California or Boca Raton, Florida, or such other location as determined within the sole discretion of the Board, and will be required to travel to other locations, including internationally, as may be necessary to fulfill the Employee's duties and responsibilities hereunder.

(d) No Conflict. Employee represents and warrants to the Company that Employee has the capacity to enter into this Agreement, and that the execution, delivery and performance of this Agreement by Employee will not violate any agreement, undertaking or covenant to which Employee is a Party or is otherwise bound, including any obligations with respect to non-competition, non-solicitation, or proprietary or confidential information of any other person or entity.

3. Compensation; Benefits.

(a) Base Salary. During the Employment Term, the Company shall pay to Employee an annualized base salary of Three Hundred Twenty-Five Thousand and No/100 Dollars (\$325,000.00) (the "Base Salary"), which shall be payable in regular installments in accordance with the Company's customary payroll practices and procedures, but in no event less frequently than monthly, and prorated for any partial year worked. The Base Salary is subject to review annually throughout the Employment Term by the Compensation Committee (the "Compensation Committee") of the Board, and may be subject to increase in the Board's discretion.

(b) Incentive Compensation.

(i) Annual Bonus.





(A) Amount. For each complete fiscal year during the Employment Term, Employee shall be eligible to receive an annual performance-based bonus (the “Annual Bonus”) based upon achieved Company performance metrics for the given fiscal year and/or Employee achievement of identified individual performance goals, all as determined by the Compensation Committee within the first quarter of such applicable fiscal year during the Employment Term. As of the Effective Date, the Employee’s annual target bonus opportunity shall be equal to sixty percent (60%) of Employee’s Base Salary. The terms, amount, and award of an Annual Bonus is within the sole discretion, and subject to the approval, of the Compensation Committee.

(B) Timing of Payment. The Annual Bonus shall be paid in the immediately following fiscal year to the fiscal year to which the Annual Bonus relates or was earned by Employee and at the same time bonuses are paid to other executives of the Company, but in no event later than Ten (10) weeks following the end of the fiscal year to which the Annual Bonus relates or was earned by Employee.

(C) Form of Payment. In the Compensation Committee's complete and sole discretion, an Annual Bonus may be paid as follows: (I) in the form of cash, (II) by the issuance of Awards under the Greenlane Holdings, Inc. 2019 Equity Incentive Plan (or any successor plan thereto) (the “Plan”), or (III) any combination of (I) and (II).

(D) Conditions to Payment. To be eligible to receive the Annual Bonus, Employee must (I) remain continuously employed with and by the Company (or any member of the Company Group) through the last day of the fiscal year to which the Annual Bonus relates or was earned by Employee, and (II) be in good standing with the Company (and all members of the Company in the same controlled group) (i.e., not under any type of performance improvement plan, disciplinary suspension, final warning, or the like) as of the last day of the fiscal year to which the Annual Bonus relates or was earned by Employee. Unless otherwise provided in this Agreement, if Employee incurs a termination of employment prior to the last day of the fiscal year to which the Annual Bonus relates, Employee shall not be entitled to any Annual Bonus for such fiscal year.

(ii) Annual Equity Award.

(A) Amount of Annual Equity Award. Employee shall be eligible to receive long term equity incentive compensation awards (“Award”) equal to eighty percent (80%) of Employee’s Base Salary under the Greenlane Holdings, Inc. 2019 Equity Incentive Plan (or any successor plan thereto) (the “Plan”) for each fiscal year during the Employment Term (an “Annual Equity Award”). With input from the Company, the Annual Equity Award will be determined under the equity grant policies established by the Compensation Committee taking into consideration current market practice, affordability, performance, as well as other factors determined by the Compensation Committee to be relevant, and shall be subject to the underlying terms and conditions of the Plan. Notwithstanding the foregoing, any Award Agreement (as defined in Section 11(f) of the Plan) shall provide that in the event of a Change in Control (as defined in Section 11(h) of the Plan), one hundred percent (100%) of any Annual Equity Award granted to the Employee shall fully vest and, if applicable, become fully exercisable immediately before the Closing.



(B) Grant. Each Annual Equity Award shall be granted prior to April 1 each year, provided, however, that such grant cannot become effective until formal action is taken with respect to such grant by the Compensation Committee. The Company will take commercially reasonable efforts to coordinate with the Compensation Committee to take grant action for each Annual Equity Award as soon as administratively practicable prior to April 1.

(iii) Clawback Provisions. Notwithstanding anything to the contrary contained herein and without limiting any other rights and remedies of the Company or Greenlane (including as may be required by law), if Employee has engaged in fraud or other willful misconduct that contributes materially to any financial restatements or material loss to the Company or Greenlane (or any member of the Company Group), the Company (with respect to the Annual Bonuses) or Greenlane (with respect to the Annual Equity Awards) shall recover, for the 3-year period preceding the date on which the Company or Greenlane (or any member of the Company Group), as the case may be, is required to prepare the account restatements, the amount by which any incentive compensation paid to Employee exceeded the lower amount that would have been payable to Employee after giving effect to the restated financial results or the material loss, in one or more of the following methods:

(A) Require repayment by Employee of any Annual Bonus (net of any taxes paid by Employee on such payments) previously paid to Employee,

(B) Cancel any earned but unpaid Annual Bonus or unissued Annual Equity Award,

(C) Rescind the exercise and/or vesting of any Annual Equity Award and the delivery of shares of Greenlane's common stock upon such exercise or vesting,

(D) Cause all outstanding unvested and unexercised equity rights under the Plan, that are currently held by Employee, to be terminated and become null and void, or

(E) Adjust the future compensation of Employee to recover the amount.

In addition, the Employee's Annual Bonus and Annual Equity Award shall be subject to any other clawback or recoupment policy of the Company, Greenlane or the Plan, as the case may be, as may be in effect from time to time or any clawback or recoupment as may be required by applicable law.

(c) Welfare Benefit Plans. During the Employee's employment with the Company, the Employee shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, disability, employee life, group life and accidental death insurance plans and programs) that are maintained by, contributed to or participated in by the Company, subject in each instance to the underlying terms and conditions (including plan eligibility provisions) of such plans, practices, policies and programs.

(d) Expenses. Subject to Section 23 below, during the Employee's employment with the Company, the Employee shall be entitled to reimbursement of all documented reasonable

with the Company, the Employee shall be entitled to reimbursement of all documented reasonable

and necessary business expenses incurred by the Employee in accordance with the policies, practices and procedures of the Company applicable to employees of the Company, as in effect from time to time.

(e) Fringe Benefits. During the Employment Term, the Employee shall be eligible to receive such fringe benefits and perquisites as are provided by the Company, in its sole discretion, to its employees from time to time, in accordance with the policies, practices and procedures of the Company.

(f) Paid Time Off. During the Employment Term, Employee shall be entitled to paid time off as earned, in accordance with the plans, policies, programs and practices of the Company applicable to its executives.

(g) Withholding Taxes. All forms of compensation paid or payable to the Employee from the Company or the Company Group, whether under this Agreement or otherwise, are subject to reduction to reflect applicable withholding and payroll taxes pursuant to any applicable law or regulation.

4. Termination. This Agreement and Employee's employment with the Company may be terminated in accordance with any of the following provisions.

(a) Expiration of Employment Term. This Agreement and Employee's employment with the Company will terminate upon expiration of the Employment Term or following Notice of Non-Renewal provided by either Party to the other Party in accordance with Section 1 hereof. Any Notice of Non-Renewal given by the Company to the Employee shall constitute a termination of this Agreement by the Company without Cause. Any Notice of Non-Renewal given by the Employee to the Company shall constitute a resignation by the Employee.

(b) Termination By the Company Without Cause. The Company may terminate this Agreement and Employee's employment with the Company at any time without Cause (as defined in Section 4(d)) by providing written notice of termination to Employee.

(c) Resignation By Employee Not for Good Reason. Employee may terminate this Agreement and Employee's employment with the Company for any reason, by providing written notice to the Company at least ninety (90) days prior to the effective date of termination (the "Notice Period"). During the Notice Period, Employee shall continue to perform the duties of Employee's position and the Company shall continue to compensate Employee as set forth herein. Notwithstanding the foregoing, if Employee provides the Company with notice of termination pursuant to this Section 4(c), the Company will have the option of requiring Employee to immediately vacate the Company's premises, return all Company equipment as set forth herein and cease performing Employee's duties hereunder. If the Company so elects this option, then the Company will be obligated to provide the compensation and benefits hereunder to Employee for the duration of the Notice Period.

(d) Termination By the Company For Cause. The Company may immediately terminate this Agreement and Employee's employment with the Company for Cause, which shall be effective upon delivery by the Company of written notice to Employee of such termination,

subject to any cure period as required herein. For purposes of this Agreement, "Cause" shall mean,

with respect to the Employee, one or more of the following: (i) the conviction of the Employee of the commission of a felony or other crime involving moral turpitude (including pleading guilty or no contest to such crime), whether or not such felony or other crime was committed in connection with the business of the Company Group; (ii) the commission of any act or omission involving willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud in connection with the performance of the Employee's duties and responsibilities hereunder; (iii) reporting to work under the influence of alcohol or illegal drugs, or other conduct causing the Company Group public disgrace or disrepute, whether in conjunction with the performance of Employee's duties on behalf of the Company Group or otherwise; (iv) willful failure or refusal to perform material duties and responsibilities as reasonably directed by the CEO or Board; (v) any act or omission deliberately aiding or abetting a competitor of the Company Group to the disadvantage or detriment of the Company Group; (vi) breach of any applicable fiduciary duty to the Company Group; or (vii) any other material breach of this Agreement. The Company shall not have the right to terminate for Cause under subsections (iii), (iv) or (vii) of this Section 4(e) unless and until the Company provides Employee written notice containing detailed reasons for the termination for Cause and at least fifteen (15) days to cure any act or omission constituting the termination for Cause pursuant to such subsections prior to the effective termination date, provided however that the act or omission is, in fact, curable. In no event shall the Employee have more than one cure opportunity with respect to the recurrence of the same or similar actions or inactions constituting the termination for Cause.

(e) Termination as a Result of Death or Disability of Employee. This Agreement and the Employee's employment with the Company shall terminate automatically upon the date of the Employee's death without notice by or to either Party. This Agreement and the Employee's employment with the Company shall be terminated upon thirty (30) days' written notice by the Company to the Employee that the Company has made a good faith determination that the Employee has a Disability that cannot be accommodated under the requirements of law. For purposes of this Agreement, "Disability" means the incapacity or inability of the Employee, whether due to accident, sickness or otherwise, as confirmed in writing by a medical doctor acceptable to the Company, to perform the essential functions of the Employee's position under this Agreement, even with reasonable accommodation, for ninety (90) consecutive days OR an aggregate of one hundred eighty (180) days during any twelve (12) month period of the Employee's employment with the Company provided however, in the event that the Company temporarily replaces Employee, or transfers the Employee's duties or responsibilities to another individual on account of the Employee's inability to perform such duties due to an incapacity which is, or is reasonably expected to become, a Disability, then the Employee's employment shall not be deemed terminated by the Company and Employee shall not be able to resign in good faith as a result thereof (for the avoidance of doubt, the Employee shall resume his or her employment under this Agreement upon his or her return from any such temporary inability to perform such duties or physical incapacity that does not become a Disability). Upon written request by the Company, the Employee shall, as soon as practicable, provide the Company with medical documentation and other information reasonably sufficient to enable the Company to determine whether the Employee has a Disability.

(f) Termination by Employee for Good Reason. Employee may terminate this Agreement at any time for Good Reason, provided that the Company shall have ten (10) days from such notice of termination in which to cure (if curable) any act or omission constituting Good Reason pursuant

or termination in which to cure (if curable) any act or omission constituting Good Reason pursuant



to subsections (i) to (iv) below prior to the effective termination date. For purposes of this Agreement, "Good Reason" means:

- b) (i) a material diminution in the Employee's base compensation;
  - c) (ii) a material diminution in the Employee's title, authority, duties or responsibilities;
  - d) (iii) a material change in the geographic location at which the Employee must perform services;
  - e) (iv) any action or inaction that constitutes a material breach by the Company of this Agreement;
  - f) (v) the Company's failure in any year to increase Employee's Base Salary by percentage at least as great as the cost-of-living adjustment published by the United States Social Security Administration; or
- (a) (v) harassment, discrimination or other behavior towards Employee that reasonably would give rise to a claim for constructive discharge under applicable law.

5. Obligations of the Company Upon Termination.

(a) Termination By the Company Without Cause or By the Employee for Good Reason. If the Employee incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Code and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Term by reason of a termination of the Employee's employment by the Company without Cause or the Employees' resignation for Good Reason:

(i) The Company shall pay Employee within thirty (30) days after the effective date of termination or by such earlier date if required by applicable law, (A) the aggregate amount of Employee's earned but unpaid Base Salary then in effect, (B) incurred but unreimbursed documented reasonable reimbursable and necessary business expenses through the date of such termination, and (C) any other amounts due under applicable law, in each case earned and owing through the date of termination (the "Accrued Obligations").

(ii) In addition to the Accrued Obligations, the Company shall pay to Employee the amount of any Annual Bonus earned, but not yet paid, with respect to the fiscal year prior to the fiscal year in which the date of termination of Employee's employment with the Company occurs which such payment shall be made to Employee in accordance with Section 3(b)(i) hereof (the "Earned Bonus") and (ii) the amount of the Annual Bonus at fifty percent (50%) of the maximum eligibility, pro-rated based on the number of the days in the calendar year in which Employee was employed for that calendar year to which the bonus relates, which sum shall be paid within fifteen (15) days after the Release (as defined in Section 5(a)(iii)) becomes effective.

(iii) In addition to the Accrued Obligations, subject to (A) Section 5(c) below. (B) the Employee timely signing, delivering, and not revoking (if applicable)

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the Release (as defined in this Section 5(a)(iii)), and (C) the Employee's compliance with the Employee's post-termination obligations in Sections 6, 8, 9, 10, and 11 hereof following the termination of Employee's employment with the Company, the Company shall (a) pay to the Employee severance equal to six (6) months of the Base Salary in effect on the date of termination, which shall be payable in equal installments in accordance with the Company's regular payroll practices and subject to all customary withholding and deductions; (b) pay to the Employee a cash payment in an amount equal to the applicable COBRA premium payments (as reasonably determined by the administrator as of the time of Employee's termination of employment) that would be payable by the Employee to continue the Employee's company-provided medical, dental, and/or vision coverage for the participant and any dependents covered at the time of termination for a period of six (6) months; and (c) provide the Employee reasonable outplacement services, provided by a vendor chosen by the Company and at the Company's expense, provided that such services shall not exceed the cost of Twenty Thousand Dollars and No/100 (\$20,000.00) and shall not be provided for more than three (3) months (the foregoing benefits collectively referred to as the "Severance").

Notwithstanding the foregoing, it shall be a condition to the Employee's right to receive the Severance that the Employee execute and deliver to the Company an effective general release of claims in a form prescribed by the Company, which form shall include, among customary terms and conditions, the survival of Employee's post-termination obligations in Sections 6, 8, 9, 10, and 11 of this Agreement following termination of Employee's employment with the Company (the "Release"), within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the date of termination of Employee's employment with the Company, and that the Employee not revoke such Release during any applicable revocation period (the combined review period and revocation period hereinafter referred to as the "Consideration Period"). Subject to Section 5(c) below, upon timely execution, delivery and non-revocation of the Release by Employee, the installment payments of the Severance shall begin on the first normal payroll date that is the later of (I) the date on which the Employee delivered to the Company the Release signed by the Employee, or (II) the end of any applicable revocation period (unless a longer period is required by law). Notwithstanding the foregoing, if the earliest payment date determined under the preceding sentence is in one taxable year of the Employee and the latest possible payment date is in a second taxable year of the Employee, the first installment payment of Severance shall be made on the first normal payroll date that immediately follows the last date of the Consideration Period.

(b) Termination By the Employee For Any Reason Other Than Good Reason; Termination By the Company For Cause; Termination Due to Death or Disability of Employee. If the Employee terminates the Employee's employment and this Agreement for any reason other than Good Reason, the Company terminates the Employee's employment and this Agreement for Cause, or due to the Employee's death or Disability, then the Company's obligation to compensate the Employee shall in all respects cease as of the date of termination, except that the Company shall pay to the Employee (or the Employee's estate in the event of death) (i) the Accrued Obligations within thirty (30) days after the effective date of termination (or by such earlier date if required by applicable law), and (ii) the Earned Bonus for the prior year, if any, in accordance with Section 3(b)(i) hereof.

(c) Six-Month Delay. To the maximum extent permitted under Section 409A of the Code, the Severance payable under Section 5(a)(iii) is intended to comply with the

of the Code, the coverage payable under Section 504(m) is intended to comply with the

“separation pay exception” under Treas. Reg. §1.409A-1(b)(9)(iii). To the extent the overall Severance payable under Section 5(a)(iii) does not qualify for the “separation pay exception,” then notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any Severance payable under Section 5(a)(iii) hereof, shall be paid to the Employee during the six (6) month period following the Employee’s termination of employment with the Company if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under paragraph (a)(2)(B)(i) of Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A of the Code”). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6) month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Employee’s death), the Company shall pay the Employee a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Employee during such delay period (without interest).

(d) Exclusive Benefits. Notwithstanding anything to the contrary set forth herein, except as expressly provided in this Section 5, the Employee shall not be entitled to any additional payments or benefits upon or in connection with the Employee’s termination of employment with the Company.

6. Non-Disclosure of Confidential Information.

(a) Confidential Information. The Employee acknowledges that in the course of the Employee’s employment with the Company Group, the Employee previously was provided with, had access to, accessed, and used Confidential Information (as defined herein) of the Company Group. Employee further acknowledges that in the course of Employee’s continuing employment with the Company, the Employee will use, have access to, and develop Confidential Information (as defined herein) of the Company Group. For purposes of this Agreement, “Confidential Information” shall mean and include all information, whether written or oral, tangible or intangible (in any form or format), of a private, secret, proprietary or confidential nature, of or concerning the Company Group or the business or operations of the Company Group, including without limitation: any trade secrets or other confidential or proprietary information which is not publicly known or generally known in the industry; the identity, background, and preferences of any current, former, or prospective clients, suppliers, vendors, referral sources, and business affiliates; pricing and financial information; current and prospective client, supplier, or vendor lists and leads; proposals with prospective clients, suppliers, vendors, or business affiliates; contracts with clients, suppliers, vendors or business affiliates; marketing plans; brand standards guidelines; proprietary computer software and systems; marketing materials and information; information regarding corporate opportunities; operating and business plans and strategies; research and development; policies and manuals; personnel information of employees that is private and confidential; any information related to the compensation of employees, consultants, agents or representatives of the Company Group; sales and financial reports and forecasts; any information concerning any product, technology or procedure employed by the Company Group but not generally known to its current or prospective clients, suppliers, vendors or competitors, or under development by or being tested by the Company Group; any inventions, innovations or improvements covered by Section 9 hereof; and information concerning planned or pending acquisitions or divestitures. Notwithstanding the foregoing, the term Confidential Information



shall not include information which (A) becomes available to Employee from a source other than the Company Group or from third parties with whom the Company Group is not bound by a duty of confidentiality, or (B) becomes generally available or known in the industry other than as a result of its disclosure by Employee.

(i) During the course of Employee's employment with the Company, Employee agrees to use Employee's best efforts to maintain the confidentiality of the Confidential Information, including adopting and implementing all reasonable procedures prescribed by the Company Group to prevent unauthorized use of Confidential Information or disclosure of Confidential Information to any unauthorized person.

(ii) Employee agrees that all Confidential Information shall be the Company Group's sole property during and after Employee's employment with the Company. Employee agrees that Employee will not remove any hard copies of Confidential Information from the Company Group's premises, will not download, upload, or otherwise transfer copies of Confidential Information to any external storage media, cloud storage, personal email address of Employee or email address that is not owned by the Company Group (except as necessary in the performance of Employee's duties for the Company Group and for the Company Group's sole benefit), and will not print hard copies of any Confidential Information that Employee accesses electronically from a remote location (except as necessary in the performance of Employee's duties for the Company Group and for the Company Group's sole benefit).

(iii) Other than as contemplated in Section 6(a)(iv) below, in the event that Employee becomes legally obligated to disclose any Confidential Information to anyone other than to the Company Group, Employee will provide the Company with prompt written notice thereof so that the Company may seek a protective order or other appropriate remedy and Employee will cooperate with and assist the Company in securing such protective order or other remedy. In the event that such protective order is not obtained, or that the Company waives compliance with the provisions of this Section 6(a)(iii) to permit a particular disclosure, Employee will furnish only that portion of the Confidential Information which Employee is legally required to disclose.

(iv) Nothing in this Agreement or any other agreement with the Company containing confidentiality provisions shall be construed to prohibit Employee from: filing a charge with, participating in any investigation or proceeding conducted by, or cooperating with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency charged with enforcement of any law, rule or regulation (collectively, the "Government Agencies"); reporting possible violations of any law, rule or regulation to any Government Agencies; making other disclosures that are protected under whistleblower provisions of any law, rule or regulation; or receiving an award for information provided to any Government Agencies. Employee acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee further acknowledges





that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to a court order.

(b) Restrictions On Use and Disclosure of Confidential Information. At all times during Employee's employment with the Company and after Employee's employment with Company terminates, regardless of the reason for termination, Employee agrees: (i) not to use, permit use of, discuss, disclose, transfer, or disseminate in any manner any Confidential Information, except as necessary in the performance of Employee's duties for the Company Group and for the Company Group's sole benefit; (ii) not to make, or cause to be made, copies (in any form or format) of the Confidential Information, except as necessary in the performance of Employee's duties for the Company Group and for the Company Group's sole benefit; and (iii) to promptly and fully advise the Company of all facts known to Employee concerning any actual or threatened unauthorized use of the Confidential Information or disclosure of the Confidential Information to any unauthorized person about which Employee becomes aware. The restrictions contained in this Section 6(b) also apply to Confidential Information developed by Employee during Employee's employment with the Company, which are related to the Company Group or to the Company Group's successors or assigns, as such information is developed for the benefit of and ownership of the Company Group and all rights and privileges to such information or derivative works, including but not limited to trademarks, patents and copyrights remain with the Company Group.

(c) Third Party Information. Employee acknowledges that during the course of Employee's employment with the Company, Employee may have already received or had access to, and may continue to receive or have access to, confidential or proprietary information belonging to third parties ("Third Party Information"). During the Employment Term and thereafter, Employee agrees: (i) to hold the Third Party Information in the strictest confidence, take all reasonable precautions to prevent the inadvertent disclosure of the Third Party Information to any unauthorized person, and follow all of the Company's policies regarding protecting the Third Party Information; (ii) not to use, permit use of, discuss, disclose, transfer, or disseminate in any manner any Third Party Information, except as necessary in the performance of Employee's duties for the Company Group; (iii) not to make, or cause to be made, copies (in any form or format) of the Third Party Information, except as necessary in the performance of Employee's duties for the Company Group; and (iv) to promptly and fully advise the Company of all facts known to the Employee concerning any actual or threatened unauthorized use of the Third Party Information or disclosure of the Third Party Information to any unauthorized person about which Employee becomes aware.

(d) Return of Confidential Information and Property. Upon termination of Employee's employment with the Company, notwithstanding the reason or cause of termination, and at any other time upon written request by the Company, Employee shall promptly return to the Company all originals, copies, or duplicates, in any form or format (whether paper, electronic or other storage media), of the Confidential Information and the Third Party Information, as well as any and all other documents, computer discs, computer data, equipment, and property of the Company Group (including, but not limited to, keys, key fobs or access cards, cell phones, credit cards, hard drives and laptop computers if they have been provided to Employee), relating in any way to the business of the Company Group or in any way obtained by Employee during the course



of Employee's employment with the Company. Employee further agrees that after termination of Employee's employment with the Company, Employee shall not retain any copies, notes, or abstracts in any form or format (whether paper, electronic or other storage media) of the Confidential Information, the Third Party Information, or other documents or property belonging to the Company Group.

7. [Intentionally Omitted]

8. Non-Disparagement. Employee and Company agree that at all times during and after the Employment Term, Employee and any member of the Company Group will not engage in any conduct that is injurious to the reputation or interests of the Employee or the Company Group, including, but not limited to, making disparaging comments via any media or method of communication (or inducing or encouraging others to make disparaging comments) about the Employee, Company Group, any of the shareholders, members, directors, officers, employees or agents of the Company Group, or the Company Group's operations, financial condition, prospects, products or services. However, nothing in this Agreement shall prohibit either Party from: exercising protected rights under Section 7 of the National Labor Relations Act; filing a charge with, participating in any investigation or proceeding conducted by, or cooperating with any Government Agencies; testifying truthfully in any forum or before any Government Agencies; reporting possible violations of any law, rule or regulation to any Government Agencies; receiving legal advice, or making other disclosures that are required by law or protected under whistleblower provisions of any law, rule or regulation.

9. Intellectual Property.

(a) Work Product Owned By the Company. Employee agrees that the Company or the applicable member of the Company Group (each individually the "Assigned Party") is and will be the sole and exclusive owner of all ideas, inventions, discoveries, improvements, designs, plans, methods, works of authorship, deliverables, writings, brochures, manuals, know-how, method of conducting its business, policies, procedures, products, processes, software, or any enhancements, or documentation of or to the same and any other work product in any form or media that Employee made during the course of employment, makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of Employee's past, current and future employment for the Assigned Party or with the use of the Assigned Party's time, materials or facilities, and is in any way related or pertaining to or connected with the present or anticipated business, products or services of the Assigned Party whether produced during normal business hours or on personal time (collectively, "Work Products").

(b) Intellectual Property. "Intellectual Property" means any and all (i) copyrights and other rights associated with works of authorship, (ii) trade secrets and other confidential information, (iii) patents, patent disclosures and all rights in inventions (whether patentable or not), (iv) trademarks, trade names, Internet domain names, and registrations and applications for the registration thereof together with all of the goodwill associated therewith, (v) all other intellectual and industrial property rights of every kind and nature throughout the world and however designated, whether arising by operation of law, contract, license, or otherwise, and (vi) all registrations, applications, renewals, extensions, continuations, divisions, or reissues thereof now or hereafter in effect.



(c) Assignment. Employee acknowledges Employee's work and services provided for the Assigned Party and all results and proceeds thereof, including, the Work Products, are works done under Company Group's direction and control and have been specially ordered or commissioned by the Company Group. To the extent the Work Products are copyrightable subject matter, they shall constitute "works made for hire" for the Company Group within the meaning of the Copyright Act of 1976, as amended, and shall be the exclusive property of the Assigned Party. Should any Work Product be held by a court of competent jurisdiction to not be a "work made for hire," and for any other rights, Employee hereby assigns and transfers to Assigned Party, to the fullest extent permitted by applicable law, all right, title, and interest in and to the Work Products, including but not limited to all Intellectual Property pertaining thereto, and in and to all works based upon, derived from, or incorporating such Work Products, and in and to all income, royalties, damages, claims and payments now or hereafter due or payable with respect thereto, and in and to all causes of action, either in law or in equity for past, present, or future infringement. Employee hereby waives and further agrees not to assert Employee's rights known in various jurisdictions as moral rights and grants the Company Group the right to make changes, as the Company Group deems necessary, in the Work Products.

(d) License of Intellectual Property Not Assigned. Notwithstanding the above, should Employee be deemed to own or have any Intellectual Property that is used, embodied, or reflected in the Work Products, Employee hereby grants to the Company Group, its successors and assigns, the non-exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicenses, to use, reproduce, publish, create derivative works of, market, advertise, distribute, sell, publicly perform and publicly display and otherwise exploit by all means now known or later developed the Work Products and Intellectual Property.

(e) Maintenance; Disclosure; Execution; Attorney-In-Fact. Employee will, at the request and cost of the Assigned Party, sign, execute, make and do all such deeds, documents, acts and things as the Assigned Party and their duly authorized agents may reasonably require to apply for, obtain and vest in the name of the Assigned Party alone (unless the Assigned Party otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same. In the event the Assigned Party is unable, after reasonable effort, to secure Employee's signature on any letters patent, copyright or other analogous protection relating to a Work Product, whether because of Employee's physical or mental incapacity or for any other reason whatsoever, Employee hereby irrevocably designates and appoints the Assigned Party and their duly authorized officers and agents as Employee's agent and attorney-in-fact (which designation and appointment shall be (i) deemed coupled with an interest and (ii) irrevocable, and shall survive Employee's death or incapacity), to act for and in Employee's behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright or other analogous protection thereon with the same legal force and effect as if executed by Employee.

(f) Employee's Representations Regarding Work Products. Employee represents and warrants that all Work Products that Employee makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of performing Employee's duties for Assigned Party under this Agreement are (i) original or an improvement of the Assigned





Party's prior Work Products and (ii) do not include, copy, use, or infringe any Intellectual Property rights of a third party.

10. Cooperation. Employee agrees that at all times during the Employee's employment with the Company and at all times thereafter (including following the termination of the Employee's employment for any reason), Employee will cooperate with all reasonable requests by the Company Group for assistance in connection with any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, involving the Company Group, including by providing truthful testimony in person in any such action, suit, or proceeding, and by providing information and meeting and consulting with the Board or their representatives or counsel, or representatives of or counsel to the Company Group, as reasonably requested; provided, however, that the foregoing shall not apply to any action, suit, or proceeding involving disputes between Employee and the Company Group arising under this Agreement or any other agreement. Employee shall be reasonably compensated for time spent at the Company Group's request providing cooperation pursuant to this Section at an hourly rate equal to Employee's Base Salary divided by 2,080.

11. Indemnification. During and after the Employment Term, the Employee shall be entitled to all rights to indemnification available under the by-laws, certificate of incorporation and any director and officer insurance policies of Greenlane and the Company, any indemnification agreement entered into between Greenlane and Employee, or to which Employee may otherwise be entitled through Greenlane, the Company, and/or any of their respective subsidiaries and affiliates, in accordance with their respective terms.

12. Severability; Independent Covenants. If any term or provision of this Agreement shall be determined by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason, the remaining provisions of this Agreement shall remain enforceable and the invalid, illegal or unenforceable provisions shall be modified so as to be valid and enforceable and shall be enforced as modified. If, moreover, any part of this Agreement is for any reason held too excessively broad as to time, duration, geographic scope, activity, or subject, it is the intent of the Parties that this Agreement shall be judicially modified by limiting or reducing it so as to be enforceable to the extent compatible with the applicable law. The existence of any claim or cause of action of Employee against the Company Group (or against any member, shareholder, director, officer or employee thereof), whether arising out of the Agreement or otherwise, shall not constitute a defense to: (i) the enforcement by the Company Group of any of the restrictive covenants set forth in this Agreement; or (ii) the Company Group's entitlement to any remedies hereunder. Employee's obligations under this Agreement are independent of any of the Company Group's obligations to the Employee.

13. Remedies for Breach. Employee acknowledges and agrees that it would be difficult to measure the damages to the Company Group from any breach or threatened breach by Employee of this Agreement, including but not limited to Sections 6, 8, and 9 hereof; that injury to the Company Group from any such breach would be irreparable; and that money damages would therefore be an inadequate remedy for any such breach. Accordingly, Employee agrees that if Employee breaches or threatens to breach any of the promises contained in this Agreement, the Company Group shall, in addition to all other remedies it may have (including monetary remedies), be entitled to seek an injunction and/or equitable relief, on a temporary or permanent basis, to restrain any such breach or threatened breach without showing or proving any actual damage to the





Company Group. Nothing herein shall be construed as a waiver of any right the Company Group may have or hereafter acquire to pursue any other remedies available to it for such breach or threatened breach, including recovery of damages from Employee. Notwithstanding any provision of this Agreement to the contrary, Employee shall not be entitled to any post-termination payments pursuant hereto during any period in which Employee is materially violating any of Employee's obligations under Sections 6, 8, 9 or 10 hereof.

14. Assignment; Third-Party Beneficiaries. The rights of the Company under this Agreement may, without the consent of Employee, be assigned by the Company to (i) any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly, a controlling interest in the Company (>50% of voting power), or all or substantially all of the Company's stock or assets, or (ii) any affiliate or future affiliate of the Company, and such assignment by Company pursuant to this Section 14 shall automatically, and without any further action required by the Parties, relieve the assignor Company (and discharge and release the assignor Company) from all obligations and liabilities under or related to this Agreement (all such obligations and/or automatically liabilities assumed by the assignee Company). This Agreement shall be binding upon and inure to the benefit of any successor or assigns of Company. Employee may not assign this Agreement without the written consent of the Company. Employee agrees that each member of the Company Group is an express third party beneficiary of this Agreement, and this Agreement, including other obligations set forth in Sections 6, 8, 9, and 10, are for each such member's benefit. Employee expressly agrees and consents to the enforcement of this Agreement, including but not limited to other obligations in Sections 6, 8, 9, and 10 hereof, by any member of the Company Group as well as by the Company Group's future affiliates, successors and/or assigns.

15. Attorneys' Fees and Costs. In any action brought to enforce or otherwise interpret any provision of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs from the non-prevailing Party to the action or proceeding, including through settlement, judgment and/or appeal.

16. Governing Law; Arbitration.

(a) Governing Law. This Agreement shall be governed by the laws of the State of Florida, without regard to its choice of law principles, except where the application of federal law applies.

(b) Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to final and binding arbitration administered by JAMS, Inc. ("JAMS") in accordance with the Federal Arbitration Act and the JAMS Employment Arbitration Rules and Procedures (the "Rules") then in effect, and conducted in Boca Raton, Florida by a single neutral arbitrator selected in accordance with the Rules. The Rules can be found at [www.jamsadr.com/rules-employment-arbitration/](http://www.jamsadr.com/rules-employment-arbitration/). In arbitration, the Parties have the right to be represented by legal counsel; the arbitrator shall permit adequate discovery sufficient to allow the Parties to vindicate their claims and may not limit the Parties' rights to reasonable discovery; the Parties shall have the right to subpoena witnesses to compel their attendance at hearings and to cross-examine witnesses; the Parties shall have the right to file dispositive motions, including motions for summary



judgment or adjudication, without the prior approval of the arbitrator; and the arbitrator's decision shall be in writing and shall contain essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the power to resolve all disputes and award any type of legal or equitable relief, to the extent such relief is available under applicable law. Employee will be responsible for paying any initial case management fee, but all other costs of arbitration will be borne by the Company. The parties agree that all fee deposits, as provided under JAMS Employment Rule 31(b), will be due within 30 days of the issuance of the invoice unless the parties mutually agree to extend the time to pay the invoice, or the arbitrator orders the deadline extended based on a showing of good cause. Any award by the arbitrator may be entered as a judgment in any court having jurisdiction in an action to confirm or enforce the arbitration award. Except as necessary to confirm or enforce an award, the Parties agree to keep all arbitration proceedings completely confidential. Notwithstanding the foregoing, either Party may seek preliminary injunctive and/or other equitable relief from a court of competent jurisdiction in support of claims to be prosecuted in arbitration. In the event a dispute, controversy, or claim arising out of or related to this Agreement is found to fall outside of the arbitration provision in this Section 16(b), the Parties agree to submit to the exclusive jurisdiction and venue of the state and federal courts in Palm Beach County, Florida for the resolution of such dispute, controversy, or claim.

(c) Employee acknowledges that this agreement to arbitration of claims set forth in Section 16(b) above is entered freely and knowingly, as part of an arms-length negotiation, and Employee has not been coerced, threatened, or forced into this agreement, nor has the Company conditioned employment, on-going employment, or the receipt of any employment-related benefit, upon the acceptance of the covenants in Section 16(b).

17. Mutual Waiver of Jury Trial in Court Proceedings. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM, RIGHT, ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE, INCLUDING BUT NOT LIMITED TO THE CONSTITUTION OF THE UNITED STATES, THE CONSTITUTION OF ANY STATE, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATION. EACH PARTY HEREBY ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING THE RIGHT TO DEMAND TRIAL BY JURY.

18. Waiver. No waiver of any breach or other rights under this Agreement shall be deemed a waiver unless the acknowledgment of the waiver is in writing executed by the Party committing the waiver. No waiver shall be deemed to be a waiver of any subsequent breach or rights. All rights are cumulative under this Agreement. The failure or delay of the Company at any time or times to require performance of, or to exercise any of its powers, rights or remedies with respect to any term or provision of this Agreement or any other aspect of Employee's conduct or employment in no manner (except as otherwise expressly provided herein) shall affect the Company's right at a later time to enforce any such term or provision.

19. Survival. Employee's post-termination obligations and the Company Group's post-termination rights under Sections 6 through 19 of this Agreement shall survive the termination of this Agreement and the termination of Employee's employment with the Company regardless of



the reason for termination; shall continue in full force and effect in accordance with their terms; and shall continue to be binding on the Parties.

20. Independent Advice. Employee acknowledges that the Company has provided Employee with a reasonable opportunity to obtain independent legal advice with respect to this Agreement, and that either: (a) Employee has had such independent legal advice prior to executing this Agreement; or (b) Employee has willingly chosen not to obtain such advice and to execute this Agreement without having obtained such advice.

21. Entire Agreement. This Agreement constitutes the entire understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments, including but not limited to the Employment Agreement, are hereby canceled and terminated. For avoidance of doubt, this Agreement does not supersede, nullify, or otherwise impact any retention bonuses or equity grants issued to Employee prior to the Effective Date.

22. Amendment. This Agreement may not be amended, supplemented or modified in whole or in part except by an instrument in writing signed by the Party or Parties against whom enforcement of such amendment, supplement, or modification is sought.

23. Notices. Any notice, request or other document required or permitted to be given under this Agreement shall be in writing and shall be deemed given: (a) upon delivery, if delivered by hand; (b) three (3) days after the date of deposit in the mail, postage prepaid, if mailed by certified U.S. mail; or (c) on the next business day, if sent by e-mail or prepaid overnight courier service. If not personally delivered by hand, notice shall be sent using the addresses and/or email addresses set forth below or to such other address as either Party may designate by written notice to the other:

If to the Employee: at the Employee's most recent address on the records of the Company.

If to the Company, to:

Warehouse Goods LLC  
Attention: Amir Sadr, General Counsel  
1095 Broken Sound Parkway NW, Suite 300,  
Boca Raton, FL 33487  
asadr@greenlane.com

With a copy to:  
Legal@greenlane.com

24. Code Section 409A Compliance. It is intended that the provisions of this Agreement are either exempt from or comply with the terms and conditions of Section 409A of the Code and to the extent that the requirements of Section 409A of the Code are applicable thereto, all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company



shall have no liability with regard to any failure to comply with Section 409A of the Code. If under this Agreement, an amount is to be paid in two (2) or more installments, for purposes of Section 409A of the Code each installment shall be treated as a separate payment. Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee in any other calendar year; (ii) the reimbursements for expenses for which Employee is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

25. Counterparts; Electronic Transmission; Headings. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, including an electronic copy or facsimile, but all of which taken together shall constitute one and the same instrument. The headings used herein are for ease of reference only and shall not define or limit the provisions hereof.

[Remainder of this page intentionally left blank; signatures follow.]





IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

COMPANY

WAREHOUSE GOODS LLC

DocuSigned by:  
  
By: \_\_\_\_\_  
Name: Nick Kovacevich  
Title: CEO

EMPLOYEE

DocuSigned by:  
  
By: \_\_\_\_\_  
Name: Craig Snyder  
Title: Chief Commercial Officer

Solely with Respect to Section 3(a) and (b):

GREENLANE HOLDINGS, INC.

DocuSigned by:  
  
By: \_\_\_\_\_  
Name: Nick Kovacevich  
Title: CEO





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

I, Nicholas Kovacevich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Greenlane Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2022

/s/ NICHOLAS KOVACEVICH

Nicholas Kovacevich  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Darshan Dahya, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Greenlane Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2022

/s/ DARSHAN DAHYA

Darshan Dahya  
Chief Accounting Officer  
(Principal Financial Officer)

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

In connection with the Quarterly Report of Greenlane Holdings, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Nicholas Kovacevich, the Chief Executive Officer of the Company, and I, Darshan Dahya, the Chief Accounting Officer of the Company, certify, to our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2022

/s/ NICHOLAS KOVACEVICH

Nicholas Kovacevich  
Chief Executive Officer  
*(Principal Executive Officer)*

/s/ DARSHAN DAHYA

Darshan Dahya  
Chief Accounting Officer  
*(Principal Financial Officer)*