

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_ to \_\_\_\_

001-38875

(Commission file number)

Greenlane Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware

83-0806637

State or other jurisdiction of  
incorporation or organization

(I.R.S. Employer  
Identification No.)

1095 Broken Sound Parkway, Suite 100  
Boca Raton, FL

33487

(Address of principal executive offices)

(Zip Code)

(877) 292-7660

Registrant's telephone number, including area code

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

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

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

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

|                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/>            |
|                         |                                     | Emerging growth company   | <input checked="" type="checkbox"/> |

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of January 9, 2024, Greenlane Holdings, Inc. had 3,734,211 shares of Class A common stock outstanding

**Greenlane Holdings, Inc.**  
**Form 10-Q**  
**For the Quarterly Period Ended September 30, 2023**

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**PART I**

**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

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

|   | <b>September 30,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|-------------------------------|------------------------------|
|   | <b>(Unaudited)</b>            |                              |
| <b>ASSETS</b>   |                               |                              |
| <b>Current assets</b>   |                               |                              |
| Cash  | \$ 2,443                      | \$ 6,458                     |
| Restricted cash   | —                             | 5,718                        |
| Accounts receivable, net of allowance of \$4,208 and \$4,826 at September 30, 2023 and December 31, 2022, respectively  | 1,925                         | 6,468                        |
| Inventories, net  | 22,638                        | 40,643                       |
| Vendor deposits   | 3,351                         | 6,296                        |
| Other current assets (Note 8)   | 7,152                         | 11,120                       |
| Total current assets  | 37,509                        | 76,703                       |
| Property and equipment, net   | 3,237                         | 3,962                        |
| Operating lease right-of-use assets   | 2,163                         | 3,442                        |
| Other assets  | 5,539                         | 5,578                        |
| Total assets  | \$ 48,448                     | \$ 89,685                    |
| <b>LIABILITIES</b>  |                               |                              |
| <b>Current liabilities</b>  |                               |                              |
| Accounts payable  | \$ 11,909                     | \$ 14,953                    |
| Accrued expenses and other current liabilities (Note 8)   | 9,396                         | 11,882                       |
| Customer deposits   | 2,410                         | 3,983                        |
| Current portion of notes payable (Note 6)   | 6,978                         | 3,185                        |
| Current portion of operating leases   | 898                           | 1,528                        |
| Current portion of finance leases   | 128                           | 128                          |
| Total current liabilities   | 31,719                        | 35,659                       |
| Notes payable, less current portion and debt issuance costs, net (Note 6)   | —                             | 13,040                       |
| Operating leases, less current portion  | 1,238                         | 1,887                        |
| Finance leases, less current portion  | —                             | 29                           |
| Other liabilities   | 80                            | 79                           |
| Total long-term liabilities   | 1,318                         | 15,035                       |
| Total liabilities   | 33,037                        | 50,694                       |
| 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; 3,448 shares issued and outstanding as of September 30, 2023; 1,599 shares issued and outstanding as of December 31, 2022* | 33                            | 15                           |
| Class B common stock, \$0.0001 par value per share, 30,000 shares authorized; 0 shares issued and outstanding as of September 30, 2023; 0 shares issued and outstanding as of December 31, 2022*        | —                             | —                            |
| Additional paid-in capital*   | 268,105                       | 264,017                      |
| Accumulated deficit   | (252,956)                     | (225,114)                    |
| Accumulated other comprehensive income  | 238                           | 55                           |
| Total stockholders' equity attributable to Greenlane Holdings, Inc.   | 15,420                        | 38,973                       |
| Non-controlling interest  | (9)                           | 18                           |
| Total stockholders' equity  | 15,411                        | 38,991                       |
| Total liabilities and stockholders' equity  | \$ 48,448                     | \$ 89,685                    |

\*After giving effect to the Reverse Stock Splits - See Note 9 - Stockholders' Equity.

*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 September 30, |              | Nine months ended September 30, |              |
|---|----------------------------------|--------------|---------------------------------|--------------|
|   | 2023                             | 2022         | 2023                            | 2022         |
| Net sales   | \$ 11,800                        | \$ 28,680    | \$ 55,384                       | \$ 115,130   |
| Cost of sales   | 8,671                            | 23,711       | 42,162                          | 96,094       |
| Gross profit  | 3,129                            | 4,969        | 13,222                          | 19,036       |
| Operating expenses:   |                                  |              |                                 |              |
| Salaries, benefits and payroll taxes  | 4,059                            | 7,000        | 14,586                          | 25,897       |
| General and administrative  | 5,433                            | 8,547        | 20,209                          | 30,850       |
| Goodwill and indefinite-lived intangibles impairment                                      | —                                | 66,760       | —                               | 66,760       |
| Definite-lived intangibles impairment charge  | —                                | 50,694       | —                               | 50,694       |
| Property and equipment impairment charge  | —                                | 7,336        | —                               | 7,336        |
| Depreciation and amortization   | 524                              | 2,124        | 1,492                           | 6,876        |
| Total operating expenses  | 10,016                           | 142,461      | 36,287                          | 188,413      |
| Loss from operations  | (6,887)                          | (137,492)    | (23,065)                        | (169,377)    |
| Other income (expense), net:  |                                  |              |                                 |              |
| Interest expense  | (3,415)                          | (926)        | (5,148)                         | (1,598)      |
| Other income (expense), net   | 204                              | 1,173        | 338                             | 562          |
| Total other income (expense), net   | (3,211)                          | 247          | (4,810)                         | (1,036)      |
| Loss before income taxes  | (10,098)                         | (137,245)    | (27,875)                        | (170,413)    |
| Provision for (benefit from) income taxes   | —                                | —            | (6)                             | 62           |
| Net loss  | (10,098)                         | (137,245)    | (27,869)                        | (170,475)    |
| Less: Net loss attributable to non-controlling interest                                   | 19                               | (6,742)      | (27)                            | (12,516)     |
| Net loss attributable to Greenlane Holdings, Inc.   | \$ (10,117)                      | \$ (130,503) | \$ (27,842)                     | \$ (157,959) |
| Net loss attributable to Class A common stock per share - basic and diluted (Note 9)*     | \$ (1.91)                        | \$ (198.51)  | \$ (9.67)                       | \$ (277.41)  |
| Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 9)* | 5,513                            | 657          | 2,918                           | 569          |
| Other comprehensive income (loss):  |                                  |              |                                 |              |
| Foreign currency translation adjustments  | (24)                             | (238)        | 181                             | (212)        |
| Unrealized gain (loss) on derivative instrument   | —                                | —            | —                               | 358          |
| Comprehensive loss  | (10,122)                         | (137,483)    | (27,688)                        | (170,329)    |
| Less: Comprehensive loss attributable to non-controlling interest                         | —                                | (6,742)      | (8)                             | (12,430)     |
| Comprehensive loss attributable to Greenlane Holdings, Inc.                               | \$ (10,122)                      | \$ (130,741) | \$ (27,680)                     | \$ (157,899) |

\*After giving effect to the Reverse Stock Splits - See Note 9 - Stockholders' Equity.

*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<br>Common Stock |              | Class B<br>Common Stock |             | Additional<br>Paid-In<br>Capital* | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Non-<br>Controlling<br>Interest | Total<br>Stockholders' |
|--|-------------------------|--------------|-------------------------|-------------|-----------------------------------|------------------------|--|---------------------------------|------------------------|
|  | Shares*                 | Amount*      | Shares*                 | Amount*     |                                   |                        |  |                                 | Equity                 |
| <b>Balance December 31, 2022</b>                       | 1,599                   | \$ 15        | —                       | \$ —        | \$ 264,017                        | \$ (225,114)           | \$ 55  | \$ 18                           | \$ 38,991              |
| Net loss   | —                       | —            | —                       | —           | —                                 | (8,693)                | —  | (54)                            | (8,747)                |
| Equity-based compensation                              | —                       | —            | —                       | —           | 110                               | —                      | —  | —                               | 110                    |
| Issuance of Class A shares - Amended Eyce APA (Note 3) | —                       | —            | —                       | —           | 95                                | —                      | —  | —                               | 95                     |
| Other comprehensive income                             | —                       | —            | —                       | —           | —                                 | —                      | 178  | —                               | 178                    |
| <b>Balance March 31, 2023</b>                          | 1,599                   | 15           | —                       | —           | 264,222                           | (233,807)              | 233  | (36)                            | 30,627                 |
| Net loss   | —                       | —            | —                       | —           | —                                 | (9,032)                | —  | 8                               | (9,024)                |
| Equity-based compensation forfeiture, net              | (1)                     | —            | —                       | —           | (11)                              | —                      | —  | —                               | (11)                   |
| Issuance of Class A shares - Amended Eyce APA (Note 3) | —                       | —            | —                       | —           | 65                                | —                      | —  | —                               | 65                     |
| Other comprehensive income (loss)                      | —                       | —            | —                       | —           | —                                 | —                      | 27   | —                               | 27                     |
| <b>Balance June 30, 2023</b>                           | 1,598                   | 15           | —                       | —           | 264,276                           | (242,839)              | 260  | (28)                            | 21,684                 |
| Net (loss) income                                      | —                       | —            | —                       | —           | —                                 | (10,117)               | —  | 19                              | (10,098)               |
| Equity-based compensation                              | —                       | —            | —                       | —           | (70)                              | —                      | —  | —                               | (70)                   |
| Issuance of Class A shares - Amended Eyce APA (Note 3) | —                       | —            | —                       | —           | 65                                | —                      | —  | —                               | 65                     |
| Issuance of Class A shares (Note 9)                    | 1,850                   | 18           | —                       | —           | 3,834                             | —                      | —  | —                               | 3,852                  |
| Other comprehensive income (loss)                      | —                       | —            | —                       | —           | —                                 | —                      | (22)   | —                               | (22)                   |
| <b>Balance Balance September 30, 2023</b>              | <u>3,448</u>            | <u>\$ 33</u> | <u>—</u>                | <u>\$ —</u> | <u>\$ 268,105</u>                 | <u>\$ (252,956)</u>    | <u>\$ 238</u>  | <u>\$ (9)</u>                   | <u>\$ 15,411</u>       |

\*After giving effect to the Reverse Stock Splits - See Note 9 - Stockholders' Equity.

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

|  | Class A<br>Common Stock |             | Class B<br>Common Stock |             | Additional<br>Paid-In<br>Capital* | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Non-<br>Controlling<br>Interest | Total<br>Stockholders'<br>Equity |
|--|-------------------------|-------------|-------------------------|-------------|-----------------------------------|------------------------|--|---------------------------------|----------------------------------|
|  | Shares*                 | Amount*     | Shares*                 | Amount*     |                                   |                        |  |                                 |                                  |
| <b>Balance December 31, 2021</b>                                   | 426                     | \$ 4        | 109                     | \$ —        | \$ 229,744                        | \$ (55,544)            | \$ 324   | \$ 21,836                       | \$ 196,364                       |
| Net loss   | —                       | —           | —                       | —           | —                                 | (15,332)               | —  | (3,417)                         | (18,749)                         |
| Equity-based compensation  | 9                       | —           | —                       | —           | 730                               | —                      | —  | 172                             | 902                              |
| Issuance of Class A shares, net of costs - ATM Program             | 56                      | 1           | —                       | —           | 6,800                             | —                      | —  | —                               | 6,801                            |
| Issuance of Class A shares - contingent consideration              | 19                      | —           | —                       | —           | 3,486                             | —                      | —  | —                               | 3,486                            |
| Exchanges of noncontrolling interest for Class A common stock      | 3                       | —           | (3)                     | —           | 543                               | —                      | —  | (543)                           | —                                |
| Other comprehensive income   | —                       | —           | —                       | —           | —                                 | —                      | 361  | 85                              | 446                              |
| <b>Balance March 31, 2022</b>                                      | 513                     | 5           | 106                     | —           | 241,303                           | (70,876)               | 685  | 18,133                          | 189,250                          |
| Net loss   | —                       | —           | —                       | —           | —                                 | (12,124)               | —  | (2,357)                         | (14,481)                         |
| Equity-based compensation  | —                       | —           | —                       | —           | 371                               | —                      | —  | 75                              | 446                              |
| Issuance of Class A shares, net of costs - ATM Program             | 30                      | —           | —                       | —           | 2,224                             | —                      | —  | —                               | 2,224                            |
| Issuance of Class A shares, net of costs - June 2022 Offering      | 59                      | 1           | —                       | —           | 5,039                             | —                      | —  | —                               | 5,040                            |
| Issuance of Class A shares - Amended Eyce APA (Note 3)             | 7                       | —           | —                       | —           | 310                               | —                      | —  | —                               | 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>                                       | 609                     | 6           | 106                     | —           | 249,247                           | (83,000)               | 291  | 15,851                          | 182,395                          |
| Net loss   | —                       | —           | —                       | —           | —                                 | (130,503)              | —  | (6,742)                         | (137,245)                        |
| Equity-based compensation  | (2)                     | —           | —                       | —           | 175                               | —                      | —  | 10                              | 185                              |
| Issuance of Class A shares - Amended Eyce APA (Note 3)             | —                       | —           | —                       | —           | 206                               | —                      | —  | —                               | 206                              |
| Issuance of Class A shares - Prefunded warrants exercise (Note 9)  | 49                      | —           | —                       | —           | —                                 | —                      | —  | —                               | —                                |
| Exchanges of noncontrolling interest for Class A common stock      | 91                      | 1           | (91)                    | —           | 9,747                             | —                      | —  | (9,748)                         | —                                |
| VIBES disposition / deconsolidation (Note 3)                       | —                       | —           | —                       | —           | —                                 | —                      | —  | (1,789)                         | (1,789)                          |
| Other comprehensive income (loss)                                  | —                       | —           | —                       | —           | —                                 | —                      | (238)  | —                               | (238)                            |
| <b>'Balance September 30, 2022</b>                                 | <u>747</u>              | <u>\$ 7</u> | <u>15</u>               | <u>\$ —</u> | <u>\$ 259,375</u>                 | <u>\$ (213,503)</u>    | <u>\$ 53</u>   | <u>\$ (2,418)</u>               | <u>\$ 43,514</u>                 |

\*After giving effect to the Reverse Stock Splits - See Note 9 - Stockholders' Equity.

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

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

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

(in thousands)

|  | Nine months ended September 30, |                  |
|--|---------------------------------|------------------|
|  | 2023                            | 2022             |
| <b>Cash flows from operating activities:</b>                                     |                                 |                  |
| Net loss (including amounts attributable to non-controlling interest)            | \$ (27,869)                     | \$ (170,475)     |
| Adjustments to reconcile net loss to net cash used in operating activities:      |                                 |                  |
| Depreciation and amortization  | 1,492                           | 6,876            |
| Equity-based compensation expense  | 255                             | 2,020            |
| Goodwill and indefinite-lived intangibles impairment charge                      | —                               | 66,760           |
| Definite-lived intangibles impairment charge                                     | —                               | 50,694           |
| Property and equipment impairment charge   | —                               | 7,336            |
| Change in fair value of contingent consideration                                 | 103                             | (1,197)          |
| Change in provision for doubtful accounts  | (154)                           | 2,637            |
| Gain related to indemnification asset  | —                               | (2,018)          |
| (Gain) loss on disposal of fixed assets  | —                               | 820              |
| (Gain) loss on disposal of held-for-sale assets                                  | —                               | (780)            |
| Gain related to VIBES disposition / deconsolidation (Note 3)                     | —                               | (2,062)          |
| Unrealized loss on equity investments  | —                               | 1,214            |
| Realized (gain) loss on interest rate swap contract                              | —                               | (408)            |
| Amortization of deferred financing costs and debt discount                       | 2,711                           | 446              |
| Other  | (17)                            | (17)             |
| Changes in operating assets and liabilities, net of the effects of acquisitions: |                                 |                  |
| Decrease (increase) in accounts receivable                                       | 4,697                           | 247              |
| Decrease (increase) in inventories   | 18,005                          | 19,044           |
| Decrease (increase) in vendor deposits   | 2,945                           | 5,027            |
| Decrease (increase) in other current assets                                      | 3,968                           | 1,257            |
| (Decrease) increase in accounts payable  | (3,121)                         | (5,384)          |
| (Decrease) Increase in accrued expenses and other liabilities                    | (250)                           | (1,124)          |
| (Decrease) increase in customer deposits   | (1,573)                         | (3,401)          |
| <b>Net cash (used in) provided by operating activities</b>                       | <b>1,192</b>                    | <b>(22,488)</b>  |
| <b>Cash flows from investing activities:</b>                                     |                                 |                  |
| Proceeds from VIBES disposition (Note 3)   | —                               | 4,567            |
| Purchases of property and equipment, net   | (633)                           | (1,660)          |
| Proceeds from the sale of equity investments                                     | 53                              | —                |
| Proceeds from sale of assets held for sale                                       | —                               | 9,593            |
| <b>Net cash provided by (used in) investing activities</b>                       | <b>(580)</b>                    | <b>12,500</b>    |
| <b>Cash flows from financing activities:</b>                                     |                                 |                  |
| Proceeds from issuance of Class A common stock, net of costs                     | 3,852                           | 14,064           |
| Proceeds from (repayment of) Asset-Based Loan                                    | (15,000)                        | 14,550           |
| Proceeds from Secured Bridge Loan, net of costs                                  | 2,090                           | —                |
| Debt issuance costs  | (751)                           | (1,472)          |
| Repayment of loan against future accounts receivable                             | (851)                           | —                |
| Proceeds from future receivables financing                                       | 3,000                           | —                |
| Payments on Eyce and DaVinci promissory notes                                    | (2,539)                         | (2,791)          |
| Payments on Real Estate Note   | —                               | (7,958)          |
| Repayment of Bridge Loan   | —                               | (8,000)          |
| Proceeds from termination of interest rate swap                                  | —                               | 145              |
| Purchase consideration paid for Eyce and DaVinci acquisition                     | (300)                           | (875)            |
| Other  | (29)                            | (128)            |
| <b>Net cash provided by financing activities</b>                                 | <b>(10,528)</b>                 | <b>7,535</b>     |
| Effects of exchange rate changes on cash and restricted cash                     | 183                             | (210)            |
| Net (decrease) in cash and restricted cash                                       | (9,733)                         | (2,663)          |
| Cash and restricted cash, as of beginning of the period                          | 12,176                          | 12,857           |
| <b>Cash and restricted cash, as of end of the period</b>                         | <b>\$ 2,443</b>                 | <b>\$ 10,194</b> |

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



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

**Reconciliation of cash and restricted cash to condensed consolidated balance sheets**

|   | Nine months ended September 30, |                  |
|---|---------------------------------|------------------|
|   | 2023                            | 2022             |
| <u>Beginning of the period</u>                      |                                 |                  |
| Cash  | \$ 6,458                        | \$ 12,857        |
| Restricted cash                                     | 5,718                           | —                |
| Total cash and restricted cash, beginning of period | <u>\$ 12,176</u>                | <u>\$ 12,857</u> |
| <u>End of the period</u>                            |                                 |                  |
| Cash  | \$ 2,443                        | \$ 8,039         |
| Restricted cash                                     | —                               | 2,155            |
| Total cash and restricted cash, end of period       | <u>\$ 2,443</u>                 | <u>\$ 10,194</u> |

**Supplemental disclosures of cash flow information**

|  |            |             |
|--|------------|-------------|
| Cash paid during the period for interest   | \$ (4,495) | \$ (1,598)  |
| Cash paid for amounts included in the measurement of lease liabilities                 | \$ 1,353   | \$ 2,120    |
| Non-cash investing and financing activities:   |            |             |
| Non-cash purchases of property and equipment   | \$ 133     | \$ 1,617    |
| Issuance of Class A common stock for business acquisitions                             | \$ —       | \$ 3,486    |
| Decrease in non-controlling interest as a result of exchanges for Class A common stock | \$ —       | \$ (10,291) |
| Decrease in non-controlling interest as a result of VIBES disposition                  | \$ —       | \$ (1,789)  |
| Transfer from contingent consideration to notes payable                                | \$ 1,150   | \$ —        |
| Transfer from accrued expenses to notes payable  | \$ 437     | \$ —        |

*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 merchandise premium cannabis accessories, child-resistant packaging, specialty vaporization solutions and lifestyle products in the United States, Canada, Europe and Latin America, serving a diverse and expansive customer base with thousands of retail locations, licensed cannabis dispensaries, smoke shops, multi-state operators ("MSOs"), specialty retailers, and retail consumers through both our e-commerce platforms and our flagship Higher Standards store in New York City's famed Chelsea Market.

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 wholly-owned Greenlane Brands includes Groove – our recently launched more affordable product line, Eyce – our innovative silicone pipes and accessories line, DaVinci – our best-in-class premium vaporizer brand, and Higher Standards – our premium smoke shop and ancillary product brand. We also have category exclusive licenses for the premium Marley Natural branded products, as well as the K.Haring branded products.

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 wholly owned subsidiaries of the Operating Company.

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. 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 125 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.

Our corporate structure is commonly referred to as an "Up-C" structure. The Up-C structure allows 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 a member 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 member with potential liquidity that holders of non-publicly traded limited liability companies are not typically afforded.

In connection with the IPO, we entered into a Tax Receivable Agreement (the "TRA") with the Operating Company and the Operating Company's members and a Registration Rights Agreement (the "Registration Rights Agreement") with the Operating

Company's members. The TRA provides for the payment by us to the Operating Company's member(s) 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.

As of December 31, 2022, all Common Units of the Operating Company and Class B common stock had been exchanged for Class A common stock, and we owned 100% of the voting and economic interests in Greenlane through the holders' ownership of Class A common stock. See "Note 9 - Stockholder's Equity."

## **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 Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2022. The condensed consolidated results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023, or any other future annual or interim period. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments necessary for a fair statement of the Company's financial position and operating results. 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 Splits**

On August 4, 2022, we filed a Certificate of Amendment to the A&R Charter with the Secretary of State for the State of Delaware (the "SSSD"), which effected a one-for-twenty reverse stock split (the "2022 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 2022 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 2022 Reverse Stock Split.

On June 2, 2023, we filed a Certificate of Amendment to the A&R Charter with the SSSD, which effected a one-for-ten reverse stock split (the "2023 Reverse Stock Split" and together with the 2022 Reverse Stock Split, the "Reverse Stock Splits") of our issued and outstanding shares of Common Stock at 5:01 PM Eastern Time on June 5, 2023. As a result of the 2023 Reverse Stock Split, every ten 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 2023 Reverse Stock Split.

The Reverse Stock Splits 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 Splits, 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 Splits, including reclassifying an amount equal to the reduction in par value of Common Stock to additional paid-in capital.

## **Liquidity and Going Concern**

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP applicable to a going concern. This presentation contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described below.

Pursuant to ASC 205-40, *Presentation of Financial Statements — Going Concern* ("ASC 205-40"), management must evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that these condensed consolidated financial statements are issued. In accordance with ASC 205-40, management's analysis can only include the potential mitigating impact of management's plans that have not been fully implemented as of the issuance date if (a) it is probable that management's plans will be effectively implemented on a timely basis, and (b) it is probable that the plans, when implemented, will alleviate the relevant conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

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 equity issuances, such as our June 2022, October 2022 and July 2023 Offerings, and our ATM program, each as described and defined below.

### ATM Program and Shelf Registration Statement

While we have an effective shelf registration statement on Form S-3 (the "Shelf Registration Statement") to conduct securities offerings from time to time, for so long as our public float is less than \$75 million, our ability to utilize the Shelf Registration Statement to raise capital is limited, as further described below. The Shelf Registration Statement registers the offer and sale of 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. 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 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 12 consecutive months may not exceed one-third of our public float. Since the launch of the ATM program in August 2021 and through December 31, 2022, we sold shares of our Class A common stock which generated gross proceeds of approximately \$12.7 million and we paid fees to the sales agent of approximately \$0.4 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 sold \$2.2 million in securities pursuant to Instruction I.B.6 in the 12 calendar months preceding the date of filing of this Quarterly Report on Form 10-Q. Due to the untimely filing of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 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 12 months, which will limit our liquidity options in the capital markets.

### Common Stock and Warrant Offerings

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 58,500 shares of our Class A common stock, pre-funded warrants to purchase up to 49,500 shares of our Class A common stock (the "June 2022 Pre-Funded Warrants") and warrants to purchase up to 108,000 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. All June 2022 Pre-Funded Warrants were exercised in July 2022, for de minimis net proceeds.

On October 27, 2022, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 695,555 shares of our Class A common stock, pre-funded warrants to purchase up to 137,778 shares of our Class A Common Stock (the "October 2022 Pre-Funded Warrants") and warrants to purchase up to 1,666,667 shares of our Class A common stock (the "October 2022 Standard Warrants"). The October 2022 units were offered pursuant to

a Registration Statement on Form S-1 (the "October 2022 Offering"). The October 2022 Offering generated gross proceeds of approximately \$7.5 million and net proceeds to the Company of approximately \$6.8 million.

On June 29, 2023, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 560,476 shares of our Class A common stock, pre-funded warrants to purchase up to 3,487,143 shares of our Class A Common Stock (the "July 2023 Pre-Funded Warrants") and warrants to purchase up to 8,095,238 shares of our Class A common stock (the "July 2023 Standard Warrants"). The July 2023 units were offered pursuant to a Registration Statement on Form S-1 (the "July 2023 Offering"). The July 2023 Offering generated gross proceeds of approximately \$4.3 million and net proceeds to the Company of approximately \$3.8 million and closed on July 3, 2023.

#### Asset-Based Loan

On August 9, 2022, we entered into an asset-based loan agreement dated as of August 8, 2022 (the "Loan Agreement"), which made available to the Company a term loan of up to \$15.0 million. On February 9, 2023, we entered into Amendment No. 2 to the Loan Agreement, in which we agreed to, among other things, voluntarily prepay approximately \$6.6 million (inclusive of early termination fees and expenses) under the terms provided for under the Loan Agreement and the lenders under the Loan Agreement agreed to release \$5.7 million in funds held in a blocked account pursuant to the terms of the Loan Agreement.

On August 7, 2023, we repaid the approximately \$4.3 million in aggregate principal amount (the "Loan Repayment") which remained outstanding under the terms of the Loan Agreement. As a result of the Loan Repayment, the Company has been released from its obligations under the Loan Agreement, in accordance with the terms of the Loan Agreement. See "Note 6 - Long Term Debt" for more information.

#### ERC Sale

On February 16, 2023, two of our wholly owned subsidiaries, Warehouse Goods LLC and KIM International LLC, entered into an agreement with a third-party institutional investor pursuant to which the investor purchased, for approximately \$4.85 million in cash, an economic participation interest, at a discount, in our rights to payment from the United States Internal Revenue Service for certain periods with respect to the employee retention credits filed by us under the Employee Retention Credit program.

#### Future Receivables Financings

On July 31, 2023 and August 3, 2023, the Company received an aggregate of approximately \$3.0 million in cash pursuant to the terms of future receivables financings (collectively, the "Future Receivables Financings") entered into with two private lenders. The Company will make weekly payments under the Future Receivables Financings and is scheduled to repay the amounts due under the Future Receivables Financings in full in approximately six to eight months. See "Note 6 - Long Term Debt" for more information.

#### Management Initiatives

We have completed several initiatives to optimize our working capital requirements. We launched Groove, a new, innovative Greenlane Brands product line, which is accretive to gross profit, and we also rationalized our third-party brands product offering, which enables us to reduce inventory carrying costs and working capital requirements.

In April 2023, we successfully entered into two strategic partnerships which management believes will help significantly reduce our overall cost structure, enhance our margins and further support our facilities consolidation initiatives while also servicing and providing solutions to our customers. First, we entered into a strategic partnership (the "MJ Packaging Partnership") with A&A Global Imports d/b/a MarijuanaPackaging.com ("MJ Pack"), a leading provider of packaging solutions to the cannabis industry. As part of the MJ Packaging Partnership, we will no longer purchase additional packaging inventory and MJ Pack will become our strategic partner to continue providing and enhancing packaging solutions for our customers. As a result of the MJ Packaging Partnership, we are no longer seeking a purchaser for our packaging division. Second, we entered into a strategic partnership with an affiliate of one of our existing vape suppliers ("Vape Partner") to service certain key customers with vaporizer goods and services (the "Vape Partnership"). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships may result in a decrease in top line revenue for these packaging and vape products, these partnerships combined with some of our other restructuring initiatives should allow us to reduce our overall cost-structure and enhance our margins and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet.

We have successfully renegotiated supplier partnership terms and are continuing to improve working capital arrangements with suppliers. We have made progress consolidating and streamlining our office, warehouse, and distribution operations footprint. We have reduced our workforce by approximately 49% throughout fiscal year 2022 to reduce costs and align with our revenue projections.

The Company has incurred net losses of \$27.9 million and \$182.2 million for the nine months ended September 30, 2023 and the year ended December 31, 2022, respectively. For the nine months ended September 30, 2023, cash provided by operating activities was \$1.2 million, which included \$4.9 million of cash from the ERC sale discussed above, and cash used in operating activities for the year ended December 31, 2022 was \$26.4 million. The recent macroeconomic environment has caused weaker demand than contemplated under the Company's business plan, resulting in a reduction in projected revenue and cash flows for the twelve-month period included in the going concern evaluation.

As a result of our losses and our projected cash needs, combined with our current liquidity level, substantial doubt exists about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is contingent upon successful execution of management's intended plan over the next twelve months to improve the Company's liquidity and profitability, which includes, without limitation:

- Further reducing operating costs expense by taking additional restructuring actions to align cost with revenue to achieve profitability.
- Increasing revenue by introducing new products and acquiring new customers.
- Execute on strategic partnerships accretive to margins and operating cash
- Seeking additional capital through the issuance of debt or equity securities.

The consolidated financial statements do not include any adjustments that may result from the outcome of this going concern uncertainty.

#### **Use of Estimates**

Conformity with U.S. GAAP requires the use of estimates and judgments that affect the reported amounts in our 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 following: the collectability of accounts receivable; the allowance for slow-moving or obsolete inventory; the realizability of deferred tax assets; the fair value of contingent consideration arrangements; the useful lives 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. The actual results could differ materially from those estimates.

#### **Segment Reporting**

We manage our global business operations through our operating and reportable business segments. As of September 30, 2023, we had two reportable operating business segments: Industrial Goods and Consumer Goods. Our reportable segments have been identified based on how our chief operating decision maker ("CODM"), which is a committee comprised of our Chief Executive Officer ("CEO") and our Chief Financial and Legal Officer ("CFO"), manages our business, makes resource allocation and operating decisions, and evaluates operating performance. See "Note 12—Segment Reporting."

#### **Revenue Recognition**

The Company transitioned to a commission revenue model for the majority of the sales for the Industrial segment. The company operates as a Sales Agent servicing vape customers and receives a commission for these services. The company was previously working directly with these customers and recognizing gross revenue versus straight commission revenue.

Our liability for returns, which is included within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheets, was approximately \$0.1 million and \$0.3 million as of September 30, 2023 and December 31, 2022, respectively.

For the three and nine months ended September 30, 2023, one customer represented approximately 13% and 28% of our net sales. No single customer represented more than 24% of our net sales for the three and nine months ended September 30, 2022. As of September 30, 2023, one customer represented approximately 30% of accounts receivable. As of December 31, 2022, the Company had three customers who individually represented approximately 31%, 17% and 15% 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 \$0.4 million relating to this matter within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheet as of September 30, 2023 and December 31, 2022.

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 months ended March 31, 2022, we recognized a gain of approximately \$1.8 million 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.

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

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 was 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, with early adoption permitted. We adopted this standard beginning January 1, 2023. Adoption of this standard did not have a material impact on our condensed consolidated financial statements.

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 was 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 adopted this new standard beginning January 1, 2023. Adoption of this standard did not impact our condensed consolidated financial statements, as we did not complete any transactions to which this standard was applicable during the current reporting period.

## Recently Issued Accounting Guidance Not Yet Adopted

In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, which clarifies that a contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security and is not included in the equity security's unit of account. This standard is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company is currently evaluating the impact of adopting the standard.

## NOTE 3. BUSINESS ACQUISITIONS AND DISPOSITIONS

### 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 7,172 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. The April 2, 2023 and July 1, 2023 payments were paid timely, the remaining payments, if not paid timely will roll into the Synergy Imports, LLC Bridge Loan and included in the potential additionally deferred amounts under that Loan..

#### 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 \$4.6 million in cash. The transactions contemplated by the Sale Agreement were completed on July 19, 2022, immediately following the signing of the Sale Agreement. In conjunction with and as a result of the disposition of and deconsolidation of our interest in VIBES Holdings LLC, we recorded a gain of \$2.0 million for the three months ended September 30, 2022, which is included as an offset in "general and administrative expenses" in our condensed consolidated statements of operations and comprehensive loss, as well as a reduction to non-controlling interest on our condensed consolidated balance sheet as of September 30, 2022 of \$1.8 million. In conjunction with the Sale Agreement, we returned inventory to VIBES with a carrying value of approximately \$2.4 million.

#### 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 September 30, 2023 and December 31, 2022, we had contingent consideration that is required to be measured at fair value on a recurring basis.

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

| Condensed Consolidated<br>Balance Sheet Caption |  | Fair Value at September 30, 2023 |         |         |       |
|---|--|----------------------------------|---------|---------|-------|
| (in thousands)                                  |  | Level 1                          | Level 2 | Level 3 | Total |
| Liabilities:                                    |  |                                  |         |         |       |
| Contingent consideration - current              | Accrued expenses and other current liabilities | \$ —                             | \$ —    | 1,500   | 1,500 |
| Total Liabilities                               |  | \$ —                             | \$ —    | 1,500   | 1,500 |

  

| Condensed Consolidated<br>Balance Sheet Caption |  | Fair Value at December 31, 2022 |         |         |       |
|---|--|---------------------------------|---------|---------|-------|
| (in thousands)                                  |  | Level 1                         | Level 2 | Level 3 | Total |
| Liabilities:                                    |  |                                 |         |         |       |
| Contingent consideration - current              | Accrued expenses and other current liabilities | \$ —                            | \$ —    | 2,738   | 2,738 |
| Total Liabilities                               |  | \$ —                            | \$ —    | 2,738   | 2,738 |

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 nine months ended September 30, 2023 and 2022, 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 was a reputable financial institution. Our interest rate swap contract was designated as a cash flow hedge at the inception date and was previously reflected at its fair value in our consolidated balance sheets. The fair value of our interest rate swap liability was determined based on the present value of expected future cash flows. Since our interest rate swap value was based on the LIBOR forward curve and credit default swap rates, which were observable at commonly quoted intervals for the full term of the swap, it was considered a Level 2 measurement.

Beginning with the second quarter of 2022, we discontinued hedge accounting for the interest rate swap contract. During the second quarter of 2022, we also reclassified the related accumulated other comprehensive income balance of \$0.3 million 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 three and nine months ended September 30, 2023 and 2022, 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 months ended September 30, 2022. 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. We estimate the fair value of the Product Launch Contingent Payments using a form of the scenario-based method, which includes significant unobservable inputs such as management's identification of probability-weighted outcomes and a risk-adjusted discount rate over the earn-out period. 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:

| <i>(in thousands)</i>   | <b>Nine Months Ended<br/>September 30, 2023</b> |         |
|---|---|---------|
| Balance at December 31, 2022  | \$  | 2,738   |
| Cash payments for earned contingent consideration                         |   | (350)   |
| Transfer to notes payable   |   | (1,150) |
| Loss (gain) from fair value adjustments included in results of operations |   | 262     |
| Balance September 30, 2023  | \$  | 1,500   |

| <i>(in thousands)</i>  | <b>Nine Months Ended<br/>September 30, 2022</b> |         |
|--|---|---------|
| 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)   |
| Gain from fair value adjustments included in results of operations                 |   | (929)   |
| Balance at September 30, 2022  | \$  | 1,300   |

### 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 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 nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023 and December 31, 2022, the carrying value of our investment in equity securities without a readily determinable fair value was approximately \$2.5 million and \$2.5 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 September 30, 2023, we had facilities financed under operating leases consisting of warehouses, offices, and retail stores, with lease term expirations between 2023 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 operating lease liabilities recorded in our condensed consolidated balance sheet as of September 30, 2023. 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 |       |
|---|------------------|-------|
| Remainder of 2023                       | \$               | 261   |
| 2024                                    |                  | 914   |
| 2025                                    |                  | 942   |
| 2026                                    |                  | 81    |
| 2027 and thereafter                     |                  | —     |
| Total minimum lease payments            | \$               | 2,197 |
| Less: imputed interest                  |                  | 61    |
| Present value of minimum lease payments | \$               | 2,136 |
| Less: current portion                   |                  | 898   |
| Long-term portion                       | \$               | 1,238 |

Rent expense under operating leases was approximately \$0.4 million and \$1.5 million for three and nine months ended September 30, 2023, respectively, and approximately \$0.6 million and \$2.1 million for the three and nine months ended September 30, 2022, 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 nine months ended<br>September 30, |          |
|-----------------------|--|----------|
|                       | 2023                                       | 2022     |
| Operating lease cost  | 1,474                                      | 2,120    |
| Variable lease cost   | 461  | 696      |
| Total lease cost      | \$ 1,935                                   | \$ 2,816 |

The table below presents lease-related terms and discount rates as of September 30, 2023:

|  | Operating Leases |
|--|------------------|
| Weighted average remaining lease terms | 2.2 years        |
| Weighted average discount rate         | 2.3 %            |

## 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>   | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| Asset-Based Loan  | \$ —               | \$ 15,000         |
| DaVinci Promissory Note   | 653                | 2,538             |
| Eyce Promissory Note  | —                  | 647               |
| Future Receivables Financings                                     | 2,150              | —                 |
| Secured Bridge Loan   | 4,175              | —                 |
|   | 6,978              | 18,185            |
| Less unamortized debt issuance costs                              | —                  | (1,960)           |
| Less current portion of debt                                      | (6,978)            | (3,185)           |
| Debt, net, excluding operating and finance leases and liabilities | \$ —               | \$ 13,040         |

### 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 \$8.0 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.

### Real Estate Note

On October 1, 2018, one of the Operating Company's wholly-owned subsidiaries financed the purchase of a building, which served as our corporate headquarters, through a real estate term note (the "Real Estate Note") in the principal amount of \$8.5 million. Our obligations under the Real Estate Note were secured by a mortgage on the property.

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 to reflect a maturity date of December 1, 2022, whereupon all principal and accrued interest were to become due and payable, in full.

In September 2022, 1095 Broken Sound consummated the previously disclosed transactions contemplated by that certain Purchase and Sale Agreement, dated as of August 16, 2022, by and between 1095 Broken Sound and ACS 1095 LLC ("the HQ Purchaser") whereby 1095 Broken Sound agreed to sell a certain parcel of real estate including the our headquarters building to the HQ Purchaser for total proceeds of \$9.6 million in cash. On the Closing Date, the Company used a portion of the proceeds from the HQ Transaction to repay the remainder of the Real Estate Note in full. There was no remaining balance related to the Real Estate Note on our consolidated balance sheet as of September 30, 2023 or December 31, 2022.

### Asset-Based Loan

On August 9, 2022, we entered into an asset-based loan pursuant to that certain Loan and Security Agreement, dated as of August 8, 2022 (the "Loan Agreement"), by and among the Company, certain subsidiaries of the Company (the "Guarantors"), the parties thereto from time to time as lenders (the "Lenders"), and WhiteHawk Capital Partners LP, as the agent for the Lenders (the "Asset-Based Loan" or "Line of Credit").

Pursuant to the Loan Agreement, the Lenders agreed to make available to us 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). As of December 31, 2022, of the total term

loan amount, \$5.7 million was located in a blocked account, which was classified as “restricted cash” on our condensed consolidated balance sheet, and which released 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. The maturity date of the Asset-Based Loan is the third anniversary of the closing date (the “Maturity Date”).

We incurred \$1.5 million of debt issuance costs related to the Asset-Based Loan, as well as an original issue discount of \$0.5 million, which were recorded as a direct deduction from the carrying amount of the Asset-Based Loan, and which were amortized through interest expense over the term of the Asset-Based Loan. The Asset-Based Loan contained customary covenants and restrictions, including, without limitation, covenants that required us to comply with applicable 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 Asset-Based Loan and execution upon the collateral securing obligations under the Asset-Based Loan.

The Asset-Based Loan accrued interest at the prime rate plus 8.0% and interest payments were due monthly. Based on the original terms, beginning with the fiscal quarter ending September 30, 2023, and for each fiscal quarter thereafter until the Maturity Date, quarterly payments of \$0.3 million would be due, with a final payment of all remaining outstanding principal and accrued interest due on the Maturity Date.

On February 9, 2023, we entered into Amendment No. 2 to the Loan Agreement, pursuant to which we agreed to, among other things, to voluntarily prepay approximately \$6.6 million (inclusive of early termination fees and expenses) under the terms provided for under the Loan Agreement and the lenders under the Loan Agreement agreed to release \$5.7 million in funds held in a blocked account pursuant to the terms of the Loan Agreement. Amendment No. 2 to the Loan Agreement also provided that we would make additional prepayments upon the occurrence of certain specified asset sales by the Company.

On August 7, 2023, we repaid the approximately \$4.3 million in aggregate principal amount (the “Loan Repayment”) which remained outstanding under the terms of the Loan Agreement. As a result of the Loan Repayment, the Company has been released from its obligations under the Loan Agreement, in accordance with the terms of the Loan Agreement.

#### **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.

#### **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 \$2.5 million. Principal payments plus accrued interest at a rate of 4.5% are due quarterly through April 2023. As of September 30, 2023, the Eyce Promissory Note was repaid in full, and there was no remaining balance on our condensed consolidated balance sheet.

#### **Future Receivables Financings**

On July 31, 2023 and August 3, 2023, the Company received an aggregate of approximately \$3.0 million in cash pursuant to the terms of future receivables financings (collectively, the “Future Receivables Financings”) entered into with two private lenders. The Company will make weekly payments under the Future Receivables Financings and is scheduled to repay the amounts due under the Future Receivables Financings in full in approximately six to eight months. The total amount to be repaid under the initial Future Receivables Financings was approximately \$4.5 million. In connection with the Future Receivables Financings, the Company granted the lenders security interests in Company's accounts receivable equal to the amounts due thereunder, and in connection with any event of default, the lenders may file financing statements evidencing the security interests.

#### **Secured Bridge Loan**

On September 22, 2023, Greenlane Holdings, Inc. (the “Company”) entered into a secured loan pursuant to a Loan and Security Agreement, dated as of September 22, 2023 (the “Loan Agreement”) with Synergy Imports, LLC (the “Lender”).

Pursuant to the Loan Agreement, the Lender agreed to make available to the Company a six-month bridge loan of \$2.2 million in new funds. Additionally, the Lender agreed to defer payments totaling \$2,028,603.59 already owed by the Company under existing payment obligations and potentially defer up to an additional \$2,655,777.63 which may become due pursuant to existing agreements during the term of the Loan Agreement.

Subject to certain exceptions, the Company agreed to pledge all of its assets, with the exception of deposit accounts and accounts receivable, as collateral. Additionally, the Company agreed to transfer one US patent and two related foreign patents

and a related trademark in exchange for an exclusive license back of such assets in the area of smoking products and accessories in connection with the loan.

## 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. We have not taken any reserves for litigation for the three and nine months ended September 30, 2023 and 2022, respectively.

### Other 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.

See “Note 5—Leases” for details of our future minimum lease payments under operating lease liabilities. See “Note 11—Incomes Taxes” for information regarding income tax contingencies.

## NOTE 8. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

### ERC Sale

As of December 31, 2022, we had recorded an Employee Retention Credit (“ERC”) receivable of \$4.9 million within “Other current assets” on our consolidated balance sheets, and a corresponding amount was included in “Other income (expense), net” in our consolidated statement of operations and comprehensive loss for the year ended December 31, 2022. On February 16, 2023, two of Greenlane Holdings, Inc.’s subsidiaries, Warehouse Goods LLC and KIM International LLC (collectively, the “Company”), entered into an agreement with a third-party institutional investor pursuant to which the investor purchased, for approximately \$4.9 million in cash, an economic participation interest, at a discount, in all of the Company’s rights to payment from the United States Internal Revenue Service with respect to the employee retention credits filed by the Company under the ERC program.

### Other Current Assets

The following table summarizes the composition of other current assets as of the dates indicated:

| <i>(in thousands)</i>                      | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Other current assets:                      |                    |                   |
| Employee retention credit (ERC) receivable | \$ —               | \$ 4,854          |
| VAT refund receivable (Note 2)             | 1,878              | 143               |
| Prepaid expenses                           | 2,757              | 1,293             |
| Indemnification receivable, net            | 7                  | 736               |
| Customs bonds                              | 1,200              | 1,378             |
| Other                                      | 1,310              | 2,716             |
|  | <u>\$ 7,152</u>    | <u>\$ 11,120</u>  |

### 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>   | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| Accrued expenses and other current liabilities:                           |                    |                   |
| VAT payable (including amounts related to VAT matter described in Note 2) | \$ 3,663           | \$ 2,809          |
| Contingent consideration  | 1,500              | 2,738             |
| Accrued employee compensation   | 2,323              | 3,812             |
| Amended Eyce APA  | —                  | 430               |
| Accrued professional fees   | 320                | 818               |
| Refund liability (including accounts receivable credit balances)          | 113                | 329               |
| Accrued construction in progress (ERP)                                    | —                  | 170               |
| Sales tax payable   | 672                | 578               |
| Other   | 805                | 198               |
|   | <u>\$ 9,396</u>    | <u>\$ 11,882</u>  |

### Customer Deposits

For certain product offerings 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 nine months ended September 30, 2023 were as follows:

| <i>(in thousands)</i>  | Customer Deposits |
|--|-------------------|
| Balance as of December 31, 2022                              | \$ 3,983          |
| Increases due to deposits received, net of other adjustments | 4,135             |
| Revenue recognized   | (5,708)           |
| Balance as of September 30, 2023                             | <u>\$ 2,410</u>   |

### Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) for the periods presented were as follows:

| <i>(in thousands)</i>  | Foreign Currency Translation | Unrealized Gain or (Loss) on Derivative Instrument | Total         |
|--|------------------------------|--|---------------|
| Balance at December 31, 2022   | \$ 55                        | \$ —   | \$ 55         |
| Other comprehensive income (loss)  | 183                          | —  | 183           |
| Less: Other comprehensive (income) loss attributable to non-controlling interest | —                            | —  | —             |
| Balance at September 30, 2023  | <u>\$ 238</u>                | <u>\$ —</u>  | <u>\$ 238</u> |

| <i>(in thousands)</i>  | Foreign Currency Translation | Unrealized Gain or (Loss) on Derivative Instrument | Total        |
|--|------------------------------|--|--------------|
| Balance at December 31, 2021   | \$ 282                       | \$ 42  | \$ 324       |
| Other comprehensive income (loss)  | (212)                        | 358  | 146          |
| 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 September 30, 2022  | <u>\$ 53</u>                 | <u>\$ —</u>  | <u>\$ 53</u> |

### Supplier Concentration

Our four largest vendors accounted for an aggregate of approximately 64.2% and 74.7% of our total purchases for the three and nine months ended September 30, 2023, respectively, and an aggregate of approximately 66.9% and 72.6% of our total purchases for the three and nine months ended September 30, 2022, respectively. We expect to maintain our relationships with these vendors.

## **Related Party Transactions**

Nicholas Kovacevich, our former Chief Corporate Development Officer, owns capital stock of Unrivaled Brands Inc. ("Unrivaled") and serves on the Unrivaled board of directors. Net sales to Unrivaled totaled approximately \$0 for both the three and nine months ended September 30, 2023, respectively, and \$0 and \$0.4 million for the three and nine months ended September 30, 2022, respectively. Total accounts receivable due from Unrivaled were approximately \$0.4 million as of September 30, 2023 and December 31, 2022, respectively. On February 8, 2023, we filed a lawsuit against Unrivaled in Superior Court of California, Orange County, seeking to compel the repayment of Unrivaled's open balance due to us. We can provide no assurances that we will be successful in this lawsuit, or that the amounts due to us, or any portion thereof, will be recovered.

Three individuals who were employees of the Company at the time are principals in Synergy Imports, LLC the Lender on the Secured Bridge Loan taken out on September 22, 2023, however, none are executive officers or directors of the Company.

## **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 "2022 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 2022 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 2022 Reverse Stock Split.

Effective June 5, 2023, we completed a one-for-10 reverse stock split (the "2023 Reverse Stock Split" and together with the 2022 Reverse Stock Split, the "Reverse Stock Splits") of our issued and outstanding shares of Common Stock, as further described in "Note 2 - Summary of Significant Accounting Policies." As a result of the 2023 Reverse Stock Split, every 10 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 2023 Reverse Stock Split.

The Reverse Stock Splits 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 Splits, 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 consolidated financial statements and report a non-controlling interest related to the Common Units held by non-controlling interest holders. As of December 31, 2022, all Common Units of the Operating Company and Class B common stock had been exchanged for Class A common stock, and we owned 100.0% of the economic interests in the Operating Company. The non-controlling interest in the accompanying consolidated statements of operations and comprehensive loss represents the portion of the net loss attributable to the economic interest in the Operating Company previously 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 \$50 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 "ATM 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 Instruction I.B.6 to the sales agreement. At the time of our entry into the ATM Amendment, approximately \$37.3 million in shares remained available for issuance under the ATM Program.

Due to the untimely filing of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 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 12 months, 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> | <b>August 2021 (Inception) through<br/>September 30, 2023</b> |        |
|--------------------------|---|--------|
| Class A shares sold*     |   | 97,262 |
| Gross proceeds           | \$  | 12,684 |
| Fees paid to sales agent | \$  | 381    |
| Net proceeds             | \$  | 12,303 |

\*After giving effect to the Reverse Stock Splits.

## **Common Stock and Warrant Offerings**

### 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 58,500 shares of our Class A common stock, pre-funded warrants to purchase up to 49,500 shares of our Class A common stock (the "June 2022 Pre-Funded Warrants") and warrants to purchase up to 108,000 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 \$0.001. 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 49,500 shares of our Class A common stock, for de minimis net proceeds.

### October 2022 Offering

On October 27, 2022, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 695,555 shares of our Class A common stock, pre-funded warrants to purchase up to 137,778 shares of our Class A common stock (the "October 2022 Pre-Funded Warrants") and warrants to purchase up to 1,666,667 shares of our Class A common stock (the "October 2022 Standard Warrants"). The October 2022 units each consisted of one share of Class A common stock or a October 2022 Pre-Funded Warrant and two October 2022 Standard Warrants to purchase one share of our Class A common stock. The October 2022 units were offered pursuant to the S-1 Registration Statement. The October 2022 Standard Warrants are exercisable immediately at an exercise price equal to \$0.90 per share of Class A common stock for a period of seven years. Each October 2022 Pre-Funded Warrant is exercisable immediately with no expiration date for one share of Class A common stock at an exercise price of \$0.0001. The October 2022 Offering generated gross proceeds of approximately \$7.5 million and net proceeds to the Company of approximately \$6.8 million.

All October 2022 Pre-Funded Warrants were exercised in November 2022, based upon which we issued an additional 137,778 shares of our Class A common stock, for de minimis net proceeds.



### July 2023 Offering

On June 29, 2023, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 560,476 shares of our Class A common stock, pre-funded warrants to purchase up to 3,487,143 shares of our Class A common stock (the "July 2023 Pre-Funded Warrants") and warrants to purchase up to 8,095,238 shares of our Class A common stock (the "July 2023 Standard Warrants"). The July 2023 units each consisted of one share of Class A common stock or a July 2023 Pre-Funded Warrant and two July 2023 Standard Warrants to purchase one share of our Class A common stock. The July 2023 units were offered pursuant to an effective Registration Statement on Form S-1. The July 2023 Standard Warrants are exercisable immediately at an exercise price equal to \$1.05 per share of Class A common stock for a period of five years. Each July 2023 Pre-Funded Warrant is exercisable immediately with no expiration date for one share of Class A common stock at an exercise price of \$0.0001. The July 2023 Offering generated gross proceeds of approximately \$4.3 million and net proceeds to the Company of approximately \$3.8 million.

As of the date of this Quarterly Report on Form 10-Q, 1,576,143 July 2023 Pre-Funded Warrants have been exercised, based upon which we issued an additional 1,576,143 shares of our Class A common stock, for de minimis net proceeds.

In connection with the July 2023 Offering, the Company entered into privately negotiated agreements with holders participating in the offering to amend existing outstanding warrants to purchase up to 1,344,367 shares of Class A common stock that were previously issued in connection with the June 2022 and October 2022 Offerings at exercise prices per share of \$50.00 and \$9.00, respectively, and expire on December 29, 2027 and November 1, 2029, respectively (collectively, the "Prior Warrants"), effective upon the closing of the July 2023 Offering to reduce the exercise price of the Prior Warrants to \$1.05, the exercise price of the warrants to purchase shares of Class A common stock offered in the July 2023 Offering. All other terms of the Prior Warrants remained unchanged.

### **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):

| <i>(in thousands, except per share data)</i>                    | <b>Three months ended September 30,</b> |                     | <b>Nine months ended September 30,</b> |                     |
|---|---|---------------------|--|---------------------|
|   | <b>2023</b>                             | <b>2022</b>         | <b>2023</b>                            | <b>2022</b>         |
| <i>Numerator:</i>   |   |                     |  |                     |
| Net loss  | \$ (10,098)                             | \$ (137,245)        | \$ (27,869)                            | \$ (170,475)        |
| Less: Net loss attributable to non-controlling interests        | 19                                      | (6,742)             | (27)                                   | (12,516)            |
| Plus: Deemed Dividend on "October 2022 Standard Warrants"       | \$ (388)                                | \$ —                | \$ (388)                               | \$ —                |
| Net loss attributable to Class A common stockholders            | <u>\$ (10,505)</u>                      | <u>\$ (130,503)</u> | <u>\$ (28,230)</u>                     | <u>\$ (157,959)</u> |
| <i>Denominator:</i>   |   |                     |  |                     |
| Weighted average shares of Class A common stock outstanding*    | 5,513                                   | 657                 | 2,918                                  | 569                 |
| Net loss per share of Class A common stock - basic and diluted* | <u>\$ (1.91)</u>                        | <u>\$ (198.51)</u>  | <u>\$ (9.67)</u>                       | <u>\$ (277.41)</u>  |

\*After giving effect to the Reverse Stock Splits.

The June 2022 Pre-Funded Warrants, October 2022 Pre-Funded Warrants, July 2023 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 nine months ended September 30, 2023, respectively, beginning with their issuance date, as their stated exercise price of \$0.001 was non-substantive and their exercise was virtually assured.

On June 29, 2023 in connection with the July 2023 Offering, the Company entered into agreements with holders participating in the offering to amend existing outstanding warrants to purchase up to 1,344,367 shares of Class A common stock that were previously issued in November 2022 at an exercise price per share of \$9.00. The warrants expire on November 1, 2029. In connection with the amendment, the exercise price of the warrants was reduced to \$1.05. The impact of the amendment resulted in a deemed dividend in the amount of \$0.4 million. The deemed dividend was calculated by the change in fair value.

For the three and nine months ended September 30, 2023 and 2022, respectively, shares of Class B 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 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 under the two-class method have not been presented for the three and nine months ended September 30, 2022, respectively. As of December 31, 2022, all Common Units of the Operating Company and Class B common stock had been exchanged for Class A common stock, and we owned 100.0% of the economic interests in the Operating Company.

## NOTE 10. COMPENSATION PLANS

### Amended and Restated 2019 Equity Incentive Plan

In April 2019, we adopted the 2019 Equity Incentive Plan (the "2019 Plan"). 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. 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. Following the effect of the Reverse Stock Splits, the total number of shares of Class A common stock authorized for issuance is 110,000 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.

On June 2, 2023, the Company's stockholders approved a third amendment and restatement of the 2019 Plan (the "Third Amended Plan"). The Third Amended Plan, among other things, increases the number of shares of Class A common stock authorized for issuance under the Second Amended 2019 Plan by 209,862 shares to an aggregate of 319,862 shares. As of the date of this Quarterly Report on Form 10-Q, we have not filed a Registration Statement on Form S-8 with the Securities and Exchange Commission to register the additional shares authorized under the Third Amended Plan.

### 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<br>September 30, |        | For the nine months ended<br>September 30, |          |
|--|---|--------|--|----------|
|  | 2023  | 2022   | 2023                                       | 2022     |
| Stock options - Class A common stock                 | \$ (77)                                     | \$ 82  | \$ 2                                       | \$ 1,017 |
| Restricted shares - Class A common stock             | 8   | 105    | 29   | 463      |
| Restricted stock units (RSUs) - Class A common stock | —   | —      | —  | 11       |
| Total equity-based compensation expense              | \$ (69)                                     | \$ 187 | \$ 31                                      | \$ 1,491 |

Total remaining unrecognized compensation expense as of September 30, 2023 was as follows:

|   | Remaining Unrecognized Compensation<br>Expense<br>September 30, 2023<br>(in thousands) | Weighted Average Period over which<br>Remaining Unrecognized Compensation<br>Expense is Expected to be Recognized<br>(in years) |
|---|--|---|
| Stock options - Class A common stock              | \$ 45  | 1.1   |
| Restricted shares - Class A common stock          | 26   | 1.1   |
| Total remaining unrecognized compensation expense | \$ 71  |   |

## NOTE 11. INCOME TAXES

As a result of the IPO and the related transactions completed in April 2019, we owned 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 was generally not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by the Operating Company was 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 was 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.

Effective on December 31, 2022, the Operating Company became wholly owned by us. As a result, the Operating Company's tax status was converted from a partnership to a disregarded entity. Starting in 2023, 100% of the Operating Company's U.S. income and expenses will be included in our US and state tax returns.

During the three and nine months ended September 30, 2023 and 2022, respectively, 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 September 30, 2023 and December 31, 2022, 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 December the provision for income taxes.

#### **Uncertain Tax Positions**

For the three and nine months ended September 30, 2023 and 2022, 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 – 2022.

#### **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 15% 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 September 30, 2023 and December 31, 2022.

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 nine months ended September 30, 2023 and 2022, 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 a committee comprised of our CEO and our CFO.

We determined we had two operating segments as of September 30, 2023, which are the same as our reportable segments: (1) Consumer Goods and (2) Industrial Goods. These operating segments align with how we manage our business as of the third quarter of 2023. The accounting policies of the reportable segments are the same as those described in "Note 2 - Summary of Significant Accounting Policies."

The Consumer Goods segment focuses on serving consumers across wholesale, retail and e-commerce operations—through both our proprietary Greenlane Brands, including Eyce, DaVinci, Groove, Marley Natural, Keith Haring and Higher Standards, as well as lifestyle products and accessories from leading brands, such as Storz and Bickel, PAX, 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 brands, operators, and retailers through our wholesale operations by providing ancillary products essential to their growth, such as customizable packaging and supply products, which includes our vaporization solutions offering including 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 nine months ended September 30, 2023 and 2022, respectively. There were no material intersegment sales during the three and nine months ended September 30, 2023 and 2022, respectively.

| (in thousands) | For the three months ended<br>September 30, 2023 |                  |           | For the three months ended<br>September 30, 2022 |                  |           |
|----------------|--|------------------|-----------|--|------------------|-----------|
|                | Consumer Goods                                   | Industrial Goods | Total     | Consumer Goods                                   | Industrial Goods | Total     |
| Net sales      | \$ 5,988   | \$ 5,812         | \$ 11,800 | \$ 8,565   | \$ 20,115        | \$ 28,680 |
| Cost of sales  | 4,197  | 4,474            | 8,671     | 7,937  | 15,774           | 23,711    |
| Gross profit   | \$ 1,791   | \$ 1,338         | \$ 3,129  | \$ 628   | \$ 4,341         | \$ 4,969  |

  

| (in thousands) | For the nine months ended<br>September 30, 2023 |                  |           | For the nine months ended<br>September 30, 2022 |                  |            |
|----------------|---|------------------|-----------|---|------------------|------------|
|                | Consumer Goods                                  | Industrial Goods | Total     | Consumer Goods                                  | Industrial Goods | Total      |
| Net sales      | \$ 19,823                                       | \$ 35,561        | \$ 55,384 | \$ 41,617                                       | \$ 73,513        | \$ 115,130 |
| Cost of sales  | 13,942  | 28,220           | 42,162    | 35,104  | 60,990           | 96,094     |
| Gross profit   | \$ 5,881  | \$ 7,341         | \$ 13,222 | \$ 6,513  | \$ 12,523        | \$ 19,036  |

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

| (in thousands)           | As of September 30, 2023 |                  |           | As of December 31, 2022 |                  |           |
|--------------------------|--------------------------|------------------|-----------|-------------------------|------------------|-----------|
|                          | Consumer Goods           | Industrial Goods | Total     | Consumer Goods          | Industrial Goods | Total     |
| Accounts receivable, net | \$ 1,129                 | \$ 796           | \$ 1,925  | \$ 967                  | \$ 5,501         | \$ 6,468  |
| Inventories, net         | \$ 15,032                | \$ 7,606         | \$ 22,638 | \$ 19,259               | \$ 21,384        | \$ 40,643 |
| Vendor deposits          | \$ 2,205                 | \$ 1,146         | \$ 3,351  | \$ 3,269                | \$ 3,027         | \$ 6,296  |

## 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 September 30, 2023 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, 2022, which are included in Amendment No. 1 to our Annual Report on Form 10-K/A.*

## 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," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Examples of forward-looking statements include, without limitation:

- statements regarding our growth and other strategies, results of operations or liquidity;
- statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance;
- statements regarding our industry;
- statements of management's goals and objectives;
- 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 Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2022 (the "2022 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 2022 Annual Report under the heading "Risk Factors."

- the potential delisting of our Class A common stock from Nasdaq;
- our expectations about our ability to fully execute actions and steps that would be probable of mitigating the existence of substantial doubt regarding our ability to continue as a going concern;
- our strategy, outlook and growth prospects;
- general economic trends and trends in the industry and markets in which we operate;
- 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 a premier global platform for the development and distribution of premium cannabis accessories, vape devices, and lifestyle products. In 2021, we completed several transformative acquisitions including the acquisition of two proprietary house brands, EYCE (“Eyce”) and DaVinci (“DaVinci”), along with a larger merger with KushCo Holdings, adding a significant industrial line of business to the Greenlane platform. These acquisitions strengthened our leading position as a consumer ancillary products house-of-brands business by adding two established brands to our portfolio (Eyce and DaVinci), and significantly expanded our customer network, bringing strategic relationships with leading cannabis multi-state-operators (“MSOs”), cannabis single-state operators (“SSOs”), and Canadian licensed-producers (“LPs”). Greenlane provides a wide array of consumer ancillary products and industrial ancillary products to thousands of cannabis producers, processors, brands, and retailers (“Cannabis Operators”), specialty retailers, smoke shops and head shops, convenience stores, and consumers directly through our own proprietary web stores and large online marketplaces such as Amazon.

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 wholly-owned Greenlane Brands includes our recently launched a more affordable product line – Groove, innovative silicone pipes and accessories – Eyce, best-in-class premium vaporizer brand – DaVinci, premium smoke shop and ancillary product brand – Higher Standards, and child-resistant packaging brand - Pollen Gear. We also have category exclusive licenses for the premium Marley Natural branded products, as well as the K.Haring Glass Collection.

The Greenlane Brands, along with a curated set of third-party products, are offered to customers through our proprietary, owned and operated e-commerce platforms which include Vapor.com, Vaposhop.com, DaVinciVaporizer.com, PuffItUp.com, HigherStandards.com, EyceMolds.com and MarleyNaturalShop.com. These platforms allow us to reach customers directly with helpful resources and a seamless purchasing experience.

We merchandise vaporizers, packaging, and other ancillary products in the United States, Canada, Europe and Latin America. We distribute products to retailers through wholesale operations and distribute products to consumers through e-commerce activities and our flagship Higher Standards store in New York City's famed Chelsea Market. We operate our own distribution center in the United States, while also utilizing third-party logistics (“3PL”) locations in Canada and Europe. We have made tremendous progress consolidating and streamlining our warehouse and distribution operations in 2022 and 2023.

We manage our business in two different, but complementary, business segments. The first is the Consumer Goods segment, which focuses on serving consumers across wholesale, retail and e-commerce operations—offering both our Greenlane Brands as well as ancillary products and accessories from select leading third-party brands, such as Storz and Bickel,

Greenco Science, PAX, Cookies, and more. This segment forms a central part of our growth strategy, especially as it relates to scaling our own portfolio of higher-margin proprietary owned brands. In addition to our Consumer Goods segment, we have our Industrial Goods segment, which focuses on serving Cannabis Operators by providing ancillary products essential to their daily operations and growth, such as packaging and vaporization solutions, including our Greenlane Brand Pollen Gear. Refer to "Note 12—Segment Reporting" within Item 1 to this Quarterly Report on Form 10-Q for additional information on our reportable segments.

#### *Plan to Accelerate Path to Profitability and Capitalize the Business*

In today's economic environment, not to mention the environment of the cannabis industry itself, the key focus for many companies is profitability. At Greenlane, we are hyper focused on getting our business profitable and well-capitalized for long-term sustainability. We have been working hard to right-size our business, focus on core areas, and reduce our overall cost structure while improving our margins in an effort to be profitable.

In April 2023, we successfully entered into two strategic partnerships which management believes will help significantly reduce our overall cost structure, enhance our margins and further support our facilities consolidation initiatives while also servicing and providing solutions to our customers. First, we entered into a strategic partnership (the "MJ Packaging Partnership") with A&A Global Imports d/b/a MarijuanaPackaging.com ("MJ Pack"), a leading provider of packaging solutions to the cannabis industry. As part of the MJ Packaging Partnership, we will no longer purchase additional packaging inventory and MJ Pack will become our strategic partner to continue providing and enhancing packaging solutions for our customers. As a result of the MJ Packaging Partnership, we are no longer seeking a purchaser for our packaging division. Second, we entered into a strategic partnership with an affiliate of one of our existing vape suppliers ("Vape Partner") to service certain key customers with vaporizer goods and services (the "Vape Partnership"). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships may result in a decrease in top line revenue for these packaging and vape products these partnerships combined with some of our other restructuring initiatives, should allow us to reduce our overall cost-structure and enhance our margins, and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet.

We have made progress consolidating and streamlining our office, warehouse, and distribution operations footprint. We reduced our salaries, benefits and payroll taxes expenses by approximately \$11.3 million, for the nine months ended September 30, 2023, compared to the same period for 2022 to reduce costs.

We are actively selling our excess & obsolete ("E&O") inventory of lower-margin, non-strategic products, along with reducing our overall level of inventory on hand. In May 2022, we commenced our official E&O sales program internally and have been aggressively liquidating E&O inventory into cash.

In addition to the strategic initiatives discussed above, we obtained additional capital through the sale of Class A common stock and warrants in a public offering that closed in July 2023 and future receivables financings arrangements entered into in July and August 2023 (the "Future Receivables Financings"). The July 2023 Offering was completed and the Future Receivables Financings were entered into in order to meet short term funding needs, and we are still seeking to execute our strategic and other liquidity initiatives.

#### *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 Splits*

On August 4, 2022, we filed a Certificate of Amendment to the A&R Charter with the Secretary of State of the State of Delaware (the "SSSD"), which effected a one-for-20 reverse stock split (the "2022 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 2022 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 2022 Reverse Stock Split.

On June 2, 2023, we filed a Certificate of Amendment to the A&R Charter with the SSSD, which effected a one-for-10 reverse stock split (the "2023 Reverse Stock Split" and together with the 2022 Reverse Stock Split, the "Reverse Stock Splits") of our issued and outstanding shares of Common Stock at 5:01 PM Eastern Time on June 5, 2023. As a result of the 2023 Reverse Stock Split, every 10 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 2023 Reverse Stock Split.

The Reverse Stock Splits 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 Splits, 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.

### *Nasdaq Deficiency Letters*

On August 3, 2023, we received a letter from the Nasdaq Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it no longer is in compliance with Nasdaq Listing Rule 5450(b)(1)(C) because the market value of the publicly held shares of Class A common stock has fallen below the \$5.0 million minimum required for continued listing on the Nasdaq Global Market for a period of at least 30 consecutive business days. Nasdaq calculates publicly held shares by subtracting from the total shares of Class A common stock outstanding any shares held by officers, directors or any person who beneficially owns more than 10% of the total shares of Class A common stock outstanding.

In accordance with Nasdaq Listing Rule 5810(c)(3)(D), we have a grace period of 180 calendar days, until January 30, 2024, to regain compliance with Nasdaq Listing Rule 5450(b)(1)(C). Compliance can be achieved by meeting the \$5.0 million minimum requirement for market value of publicly held shares for a minimum of 10 consecutive business days during the 180-day compliance period.

If we do not regain compliance with Nasdaq Listing Rule 5450(b)(1)(C) by the end of the 180-day grace period, Nasdaq will notify us that the Class A common stock is subject to delisting. In the event that we receive a notice of delisting, Nasdaq rules permit us to appeal the delisting determination to a Nasdaq Hearings Panel. Alternatively, we may apply to transfer the listing of the Class A common stock to The Nasdaq Capital Market (the "Capital Market") if we satisfy the continued listing criteria for the Capital Market.

On August 21, 2023, we received a deficiency letter from the Staff of Nasdaq notifying us that, for the last 30 consecutive business days, the closing bid price for our Class A common stock had been below the minimum \$1.00 per share required for continued listing on The Nasdaq Global Market pursuant to Nasdaq Listing Rule 5450(a)(1). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been given 180 calendar days, or until February 20, 2024, to regain compliance with Rule 5450(a)(1). If we choose to implement a reverse stock split, we must complete the split no later than ten business days prior to February 20, 2024, to regain compliance. If at any time before February 20, 2024, the bid price of the Class A common stock closes at \$1.00 per share or more for a minimum of 10 consecutive business days, the Staff will provide written confirmation that we have regained compliance.

If we do not regain compliance with Rule 5450(a)(1) by February 20, 2024, we may be afforded a second 180 calendar day period to regain compliance. To qualify, we would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, except for the minimum bid price requirement. In addition, we would be required to notify Nasdaq of our intent to cure the deficiency during the second compliance period.

On November 22, 2023, we received a written notice from the Staff of Nasdaq indicating that we were not in compliance with Nasdaq's continued listing standards because we did not timely file our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023. We had 60 calendar days (or until January 22, 2024) to submit a plan to regain



compliance. We regained compliance with this continued listing standard by filing this Quarterly Report with the Securities and Exchange Commission.

We currently are considering all available options to resolve these deficiencies and regain compliance with Nasdaq's minimum requirements for the market value of publicly held shares, and closing bid price, of our Class A common stock.

## Results of Operations

The following table presents operating results for the three and nine months ended September 30, 2023 and 2022:

|   | Three Months Ended<br>September 30, |                    |                |                 |                  |                | Nine Months Ended<br>September 30, |                    |                |                 |                  |                |
|---|-------------------------------------|--------------------|----------------|-----------------|------------------|----------------|------------------------------------|--------------------|----------------|-----------------|------------------|----------------|
|   | 2023                                | 2022               | % of Net sales |                 | Change           |                | 2023                               | 2022               | % of Net sales |                 | Change           |                |
|   |                                     |                    | 2023           | 2022            | \$               | %              |                                    |                    | 2023           | 2022            | \$               | %              |
| Net sales   | 11,800                              | 28,680             | 100.0 %        | 100.0 %         | \$ (16,880)      | (58.9)%        | 55,384                             | 115,130            | 100.0 %        | 100.0 %         | \$ (59,746)      | (51.9)%        |
| Cost of sales   | 8,671                               | 23,711             | 73.5 %         | 82.7 %          | (15,040)         | (63.4)%        | 42,162                             | 96,094             | 76.1 %         | 83.5 %          | (53,932)         | (56.1)%        |
| Gross profit  | 3,129                               | 4,969              | 26.5 %         | 17.3 %          | (1,840)          | (37.0)%        | 13,222                             | 19,036             | 23.9 %         | 16.5 %          | (5,814)          | (30.5)%        |
| Operating expenses:   |                                     |                    |                |                 |                  |                |                                    |                    |                |                 |                  |                |
| Salaries, benefits and payroll taxes                        | 4,059                               | 7,000              | 34.4 %         | 24.4 %          | (2,941)          | (42.0)%        | 14,586                             | 25,897             | 26.3 %         | 22.5 %          | (11,311)         | (43.7)%        |
| General and administrative                                  | 5,433                               | 8,547              | 46.0 %         | 29.8 %          | (3,114)          | (36.4)%        | 20,209                             | 30,850             | 36.5 %         | 26.8 %          | (10,641)         | (34.5)%        |
| Goodwill and indefinite-lived intangibles impairment charge | —                                   | 66,760             | — %            | 232.8 %         | (66,760)         | (100.0)%       | —                                  | 66,760             | — %            | 58.0 %          | (66,760)         | (100.0)%       |
| Definite-lived intangibles impairment charge                | —                                   | 50,694             | — %            | 176.8 %         | (50,694)         | (100.0)%       | —                                  | 50,694             | — %            | 44.0 %          | (50,694)         | (100.0)%       |
| Property and equipment impairment charge                    | —                                   | 7,336              | — %            | 25.6 %          | (7,336)          | (100.0)%       | —                                  | 7,336              | — %            | 6.4 %           | (7,336)          | (100.0)%       |
| Depreciation and amortization                               | 524                                 | 2,124              | 4.4 %          | 7.4 %           | (1,600)          | (75.3)%        | 1,492                              | 6,876              | 2.7 %          | 6.0 %           | (5,384)          | (78.3)%        |
| Total operating expenses                                    | 10,016                              | 142,461            | 84.8 %         | 496.8 %         | (132,445)        | (93.0)%        | 36,287                             | 188,413            | 65.5 %         | 163.7 %         | (152,126)        | (80.7)%        |
| Loss from operations  | (6,887)                             | (137,492)          | (58.3)%        | (479.4)%        | 130,605          | (95.0)%        | (23,065)                           | (169,377)          | (41.6)%        | (147.1)%        | 146,312          | (86.4)%        |
| Other income (expense), net:                                |                                     |                    |                |                 |                  |                |                                    |                    |                |                 |                  |                |
| Interest expense  | (3,415)                             | (926)              | (28.9)%        | (3.2)%          | (2,489)          | 268.8 %        | (5,148)                            | (1,598)            | (9.3)%         | (1.4)%          | (3,550)          | 222.2 %        |
| Other income (expense), net                                 | 204                                 | 1,173              | 1.7 %          | 4.1 %           | (969)            | (82.6)%        | 338                                | 562                | 0.6 %          | 0.5 %           | (224)            | (39.9)%        |
| Total other expense, net                                    | (3,211)                             | 247                | (27.2)%        | 0.9 %           | (3,458)          | *              | (4,810)                            | (1,036)            | (8.7)%         | (0.9)%          | (3,774)          | *              |
| Loss before income taxes                                    | (10,098)                            | (137,245)          | (85.5)%        | (478.6)%        | 127,147          | (92.6)%        | (27,875)                           | (170,413)          | (50.3)%        | (148.1)%        | 142,538          | (83.6)%        |
| Provision for (benefit from) income taxes                   | —                                   | —                  | — %            | — %             | —                | *              | (6)                                | 62                 | — %            | 0.1 %           | (68)             | (109.7)%       |
| Net loss  | (10,098)                            | (137,245)          | (85.5)%        | (478.6)%        | 127,147          | (92.6)%        | (27,869)                           | (170,475)          | (50.3)%        | (148.2)%        | 142,606          | (83.7)%        |
| Net loss attributable to non-controlling interest           | 19                                  | (6,742)            | 0.2 %          | (23.5)%         | 6,761            | (100.3)%       | (27)                               | (12,516)           | (0.2)%         | (10.9)%         | 12,489           | (99.8)%        |
| Net loss attributable to Greenlane Holdings, Inc.           | <u>\$(10,117)</u>                   | <u>\$(130,503)</u> | <u>(85.7)%</u> | <u>(455.0)%</u> | <u>\$120,386</u> | <u>(92.2)%</u> | <u>\$(27,842)</u>                  | <u>\$(157,959)</u> | <u>(50.1)%</u> | <u>(137.2)%</u> | <u>\$130,117</u> | <u>(82.4)%</u> |

\*Not meaningful

## Consolidated Results of Operations

### Net Sales

For the three months ended September 30, 2023, net sales were approximately \$11.8 million, compared to approximately \$28.7 million for the same period in 2022, representing a decrease of \$16.9 million, or 58.9%. The Industrial segment was down \$14.3 million or 71.1%, and the Consumer segment was down \$2.6 million or 30.1%. The Industrial segment decrease was related to transitioning to a commission revenue model of approximately \$0.3 million recorded related to

\$7.8 million of gross revenue previously recorded for the largest vaporizer product customers and discontinuing the packaging products business for the three months ended September 30, 2023. The Consumer segment sales decreased due to declining business globally and the company focusing on profitability revenue versus top-line revenue. The Company is focused on selling in-house brands with higher margins and moving away from third-party brands with lower margins.

For the nine months ended September 30, 2023, net sales were approximately \$55.4 million, compared to approximately \$115.1 million for the same period in 2022, representing a decrease of \$59.7 million or 51.9%. The Industrial segment decreased \$38.0 million or 51.6% and the Consumer segment decreased \$21.8 million or 52.4%. The Industrial segment decrease was related to transitioning to a commission revenue model of approximately \$0.3 million recorded related to \$7.8 million of gross revenue previously recorded for the largest vaporizer product customers and discontinuing the packaging products business for the nine months ended September 30, 2023. The Consumer segment sales decreased due to declining business globally and the company focusing on profitability revenue versus top-line revenue. The Company is focused on selling in-house brands with higher margins and moving away from third-party brands with lower margins.

#### Cost of Sales and Gross Margin

For the three months ended September 30, 2023, cost of sales decreased by \$15.0 million, or 63.4%, as compared to the same period in 2022. The decrease in cost of sales was attributable to a decrease in revenue.

Gross margin increased to 26.5% for the three months ended September 30, 2023, compared to gross margin of 17.3% for the same period in 2022. The 9.2% increase in gross margin is related to transitioning to a commission revenue model for the majority of the vaporizer sales with 100% margin versus gross revenue with lower margins. Also contributing to the increase in margin is the Company's continued focus on consumer in-house brands with higher margins and moving away from third-party brands with lower margins.

For the nine months ended September 30, 2023 cost of sales decreased by \$53.9 million, or 56.1%, as compared to the same period in 2022. The decrease in cost of sales was attributable to a decrease in revenue.

Gross margin increased to 23.9% for the nine months ended September 30, 2023, compared to gross margin of 16.5% for the same period in 2022. Excluding inventory write-offs of damaged and obsolete inventory for the nine months ended September 30, 2023 and 2022, respectively, of \$0.1 million and \$7.8 million respectively, gross margins increased 1% to 24% for the nine months ended September 30, 2023, compared to 23% for the same period in 2022.

#### Salaries, Benefits and Payroll Taxes

Salaries, benefits and payroll taxes expenses decreased by approximately \$2.9 million, or 42.0%, to \$4.1 million for the three months ended September 30, 2023, compared to \$7.0 million for the same period in 2022. The decrease is related to a major restructuring effort by the company to reduce headcount and cost to align with revenue.

Salaries, benefits and payroll taxes expenses decreased by approximately \$11.3 million or 43.7% , to \$14.6 million for the nine months ended September 30, 2023, compared to \$25.9 million for the same period in 2022. The decrease is related to a major restructuring effort by the company to reduce headcount and cost to align with revenue.

#### General and Administrative Expenses

General and administrative expenses decreased by approximately \$3.1 million, or 36.4%, for the three months ended September 30, 2023, compared to the same period in 2022. This decrease was primarily due to decreases of approximately \$1.7 million for professional services, \$1.7 million for bad debt, \$0.6 million for outbound freight, \$0.5 million for facility, \$0.4 million for merchant fees, and \$0.3 million for general insurance, partially offset by a gain on fixed assets of \$2.0 million.

General and administrative expenses decreased by approximately \$10.6 million or 34.5%, for the nine months ended September 30, 2023, compared to the same period in 2022. This decrease was primarily due to decreases of approximately \$4.2 million for professional services, \$2.6 million for facility, \$2.3 million for outbound freight, \$1.1 million for general insurance, \$0.8 million for bad debt, \$0.7 million for merchant fees, \$0.4 million for dues and subscriptions, \$0.3 for marketing, and \$0.5 million for other expenses, partially offset by a gain on fixed assets of \$2.0 million.

#### Impairment Charges - Goodwill, Indefinite-lived intangibles, and Definite-lived Intangibles

We incurred a goodwill and indefinite-lived intangibles impairment charge of approximately \$66.8 million and a definite-lived intangibles impairment charge of approximately \$50.7 million during the three months ended September 30, 2022, compared to no such impairment charge for the comparable period in 2023. We incurred a impairment charge of approximately \$7.3 million to fixed assets related to the ERP system during the three months ended September 30, 2022,

compared to no such impairment charge for the comparable period in 2023. The impairment charges were due to declining business and declining enterprise value.

We incurred a goodwill and indefinite-lived intangibles impairment charge of approximately \$66.8 million and a definite-lived intangibles impairment charge of approximately \$50.7 million during the nine months ended September 30, 2022, compared to no such impairment charge for the comparable period in 2023. We incurred a impairment charge of approximately \$7.3 million to fixed assets related to the ERP system during the nine months ended September 30, 2022, compared to no such impairment charge for the comparable period in 2023. This impairment charges were due to declining business and declining enterprise value.

#### Depreciation and Amortization Expense

Depreciation and amortization expense decreased \$1.6 million, or 75.3%, for the three months ended September 30, 2023, compared to the same period in 2022. The decrease is primarily related to the intangible and fixed asset impairments incurred in the three months ended September 30 2022, reducing amortization expense.

Depreciation and amortization expense decreased \$5.4 million, or 78.3%, for the nine months ended September 30, 2023, compared to the same period in 2022. The decrease is primarily related to the intangible and fixed asset impairments recorded as of September 30 2022, reducing amortization expense.

#### Other Income (Expense), Net

##### *Interest expense.*

Interest expense increased approximately \$2.5 million during the three months ended September 30, 2023. The increase is primarily related to the exiting ABL facility which accelerated deferred interest expense as well as the promissory notes for the Eyce and DaVinci acquisition.

Interest expense increased approximately \$3.6 million during the nine months ended September 30, 2023. The increase is primarily related to the exiting ABL facility which accelerated deferred interest expense as well as the promissory notes for the Eyce and DaVinci acquisition.

##### *Other expense, net.*

Other income (expense), net, expense decreased by approximately \$1.0 million for the three months ended September 30, 2023, compared to the same period in 2022. The change is primarily due to a gain related to the change in fair value of contingent consideration of \$1.0 million related to the DaVinci acquisition during the three months ended September 30, 2023.

Other income (expense), net, expense decreased by approximately \$0.2 million for the nine months ended September 30, 2023, compared to the same period in 2022. The change is primarily due to a gain related to the change in fair value of contingent consideration of \$1.0 million related to the DaVinci acquisition.

#### 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 owned a portion of the Common Units of the Operating Company, which was treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, the Operating Company was 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 was 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 was 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.

Effective on December 31, 2022, the Operating Company became wholly owned by us. As a result, the Operating Company's tax status was converted from a partnership to a disregarded entity. Starting in 2023, 100% of the Operating Company's US income and expenses will be included in our US and state tax returns.

For the three and nine months ended September 30, 2023 and 2022, 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 (through December 31, 2022), 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, Greenco 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 chief operating decision maker ("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 nine months ended September 30, 2023 and 2022, respectively:

|                     | Three Months Ended<br>September 30, |           |                      |        |            |         | Nine Months Ended<br>September 30, |            |                      |        |             |         |
|---------------------|-------------------------------------|-----------|----------------------|--------|------------|---------|------------------------------------|------------|----------------------|--------|-------------|---------|
|                     |                                     |           | % of Total Net sales |        | Change     |         |                                    |            | % of Total Net sales |        | Change      |         |
|                     | 2023                                | 2022      | 2023                 | 2022   | \$         | %       | 2023                               | 2022       | 2023                 | 2022   | \$          | %       |
| Net sales:          |                                     |           |                      |        |            |         |                                    |            |                      |        |             |         |
| Consumer Goods      | \$ 5,988                            | \$ 8,565  | 50.7 %               | 29.9 % | \$ (2,577) | (30.1)% | \$ 19,823                          | \$ 41,617  | 35.8 %               | 36.1 % | \$ (21,794) | (52.4)% |
| Industrial Goods    | 5,812                               | 20,115    | 49.3 %               | 70.1 % | (14,303)   | (71.1)% | 35,561                             | 73,513     | 64.2 %               | 63.9 % | (37,952)    | (51.6)% |
| Total net sales     | \$ 11,800                           | \$ 28,680 |                      |        |            |         | \$ 55,384                          | \$ 115,130 |                      |        |             |         |
| Cost of sales:      |                                     |           |                      |        |            |         |                                    |            |                      |        |             |         |
| Consumer Goods      | \$ 4,197                            | \$ 7,937  | 70.1 %               | 92.7 % | \$ (3,740) | (47.1)% | \$ 13,942                          | \$ 35,104  | 70.3 %               | 84.4 % | \$ (21,162) | (60.3)% |
| Industrial Goods    | 4,474                               | 15,774    | 77.0 %               | 78.4 % | (11,300)   | (71.6)% | 28,220                             | 60,990     | 79.4 %               | 83.0 % | (32,770)    | (53.7)% |
| Total cost of sales | \$ 8,671                            | \$ 23,711 |                      |        |            |         | \$ 42,162                          | \$ 96,094  |                      |        |             |         |
| Gross profit:       |                                     |           |                      |        |            |         |                                    |            |                      |        |             |         |
| Consumer Goods      | \$ 1,791                            | \$ 628    | 29.9 %               | 7.3 %  | \$ 1,163   | 185.2 % | \$ 5,881                           | \$ 6,513   | 29.7 %               | 15.6 % | \$ (632)    | (9.7)%  |
| Industrial Goods    | 1,338                               | 4,341     | 23.0 %               | 21.6 % | (3,003)    | (69.2)% | 7,341                              | 12,523     | 20.6 %               | 17.0 % | (5,182)     | (41.4)% |
| Total gross profit  | \$ 3,129                            | \$ 4,969  |                      |        |            |         | \$ 13,222                          | \$ 19,036  |                      |        |             |         |

### Consumer Goods

For the three months ended September 30, 2023, our Consumer Goods operating segment reported net sales of approximately \$6.0 million compared to approximately \$8.6 million for the same period in 2022, representing a decrease of \$2.6 million or 30.1%. The Consumer segment sales decreased due to declining business globally and the company focusing on profitability revenue versus top-line revenue. The company is focused on selling in-house brands with higher margins and moving away from 3rd Party brands with lower margins.

For the nine months ended September 30, 2023, our Consumer Goods operating segment reported net sales of approximately \$19.8 million compared to approximately \$41.6 million for the same period in 2022, representing a decrease of \$21.8 million or 52.4%. The Consumer segment year over year sales decreased due to declining business globally and the company focusing on profitability revenue versus top-line revenue. The Company is focused on selling in-house brands with higher margins and moving away from third-party brands with lower margins.

For the three months ended September 30, 2023, cost of sales decreased by \$3.7 million, or 47.1%, as compared to the same period in 2022. The decrease in cost of sales was primarily due to the \$2.6 million aforementioned sales decrease of 30.1%.

For the nine months ended September 30, 2023, cost of sales decreased by \$21.2 million or 60.3% , as compared to the same period in 2022. The decrease in cost of sales was primarily due to a \$21.8 million or 52.4% decrease in sales compared to the same period in 2022.

Gross margin increased 22.6% to 29.9% for the three months ended September 30, 2023, compared to gross margin of approximately 7.3% for the same period in 2022. The increase in gross margin is related to focusing on selling in-house brands that carry a higher margin profile and a reduction in excess and obsolete expense for the prior year.

Gross margin increased 14.0% to 29.7% for the nine months ended September 30, 2023, compared to gross margin of approximately 15.6% for the same period in 2022. The increase in gross margin is related to focusing on selling in-house brands that carry a higher margin profile and a reduction in excess and obsolete expense for the prior year.

#### Industrial Goods

For the three months ended September 30, 2023, our Industrial Goods operating segment reported net sales of approximately \$5.8 million compared to approximately \$20.1 million for the same period in 2022, representing an decrease of \$14.3 million or 71.1%. The Industrial segment decrease was related to transitioning to a commission revenue model of approximately \$0.3 million recorded related to \$7.8 million of gross revenue previously recorded for the largest vaporizer product customers and discontinuing the packaging products business for the three months ended September 30, 2023.

For the nine months ended September 30, 2023, our Industrial Goods operating segment reported net sales of approximately \$35.6 million compared to approximately \$73.5 million for the same period in 2022, representing an decrease of \$38.0 million or 51.6%. The Industrial segment decrease was related to transitioning to a commission revenue model of approximately \$0.3 million recorded related to \$7.8 million of gross revenue previously recorded for the largest vaporizer product customers and discontinuing the packaging products business for the nine months ended September 30, 2023.

For the three months ended September 30, 2023, cost of sales decreased by \$11.3 million, or 71.6%, as compared to the same period in 2022, due to the decrease in sales.

For the nine months ended September 30, 2023, cost of sales increased by \$32.8 million or 53.7%, as compared to the same period in 2022, due to the decrease in sales year-over-year.

Gross margin was approximately 23.0% for the three months ended September 30, 2023, compared to gross margin of approximately 21.6% for the same period in 2022. The slight increase is related to a commission revenue model versus gross revenue model for the largest vaporizer product customers and discontinuing the lower margin packaging products business.

Gross margin was approximately 20.6% million for the nine months ended September 30, 2023, compared to gross margin of approximately 17.0% for the same period in 2022. The slight increase is related to a commission revenue model versus gross revenue model for the largest vaporizer product customers and discontinuing the lower margin packaging products business.

#### Net Sales by Geographic Regions

|                 | Three Months Ended<br>September 30, |           |                |         |             |         | Nine Months Ended<br>September 30, |            |                |         |             |         |
|-----------------|-------------------------------------|-----------|----------------|---------|-------------|---------|------------------------------------|------------|----------------|---------|-------------|---------|
|                 |                                     |           | % of Net sales |         | Change      |         |                                    |            | % of Net sales |         | Change      |         |
|                 | 2023                                | 2022      | 2023           | 2022    | \$          | %       | 2023                               | 2022       | 2023           | 2022    | \$          | %       |
| Net sales:      |                                     |           |                |         |             |         |                                    |            |                |         |             |         |
| United States   | \$ 10,199                           | \$ 25,801 | 86.5 %         | 90.0 %  | \$ (15,602) | (60.5)% | \$ 51,151                          | \$ 106,407 | 92.4 %         | 92.4 %  | \$ (55,256) | (51.9)% |
| Canada          | 265                                 | 1,543     | 2.2 %          | 5.4 %   | (1,278)     | (82.8)% | 690                                | 4,273      | 1.2 %          | 3.7 %   | (3,583)     | (83.9)% |
| Europe          | 1,336                               | 1,336     | 11.3 %         | 4.6 %   | —           | — %     | 3,543                              | 4,464      | 6.4 %          | 3.9 %   | (921)       | (20.6)% |
| Total net sales | \$ 11,800                           | \$ 28,680 | 100.0 %        | 100.0 % | \$ (16,880) | (58.9)% | \$ 55,384                          | \$ 115,144 | 100.0 %        | 100.0 % | \$ (59,760) | (51.9)% |

#### United States

For the three months ended September 30, 2023, our United States net sales were approximately \$10.2 million, compared to approximately \$25.8 million for the same period in 2022, representing a decrease of \$15.6 million, or 60.5%. The year-over-year decrease in net sales was due to a major restructuring effort and a shift in strategy to focus on in-house brands

that carry a higher margin profile while rationalizing out third-party brand offerings, which generated top line revenue with lower margins. Net sales were also affected by the sale of the Company's minority interest in the Vibes brand during 2022. The company transition out of the Industry packaging business, which impacted sales and required significant working capital and produced low margins. The company entered into a strategic partnership with an affiliate of one of our existing vape suppliers ("Vape Partner") to service certain key customers with vaporizer goods and services (the "Vape Partnership"). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships will result in a decrease in top line revenue for these packaging and vape products these partnerships combined with some of our other restructuring initiatives, should allow us to reduce our overall cost-structure and enhance our margins, and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet. The Company is focused on profitable revenue and as a result top line revenue has significantly been reduced.

For the nine months ended September 30, 2023, our U.S. net sales were approximately \$51.2 million, compared to approximately \$106.4 million for the same period in 2022, representing an increase of \$(55.3) million, or 51.9%. The year over-year decrease in net sales was due to a major restructuring effort and a shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing out third-party brand offerings, which generated top line revenue with lower margins. Net sales were also affected by the sale of the Company's minority interest in the Vibes brand during 2022. The company transition out of the Industry packaging business, which impacted sales and required significant working capital and produced low margins. The company entered into a strategic partnership with an affiliate of one of our existing vape suppliers ("Vape Partner") to service certain key customers with vaporizer goods and services (the "Vape Partnership"). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships will result in a decrease in top line revenue for these packaging and vape products these partnerships combined with some of our other restructuring initiatives, should allow us to reduce our overall cost-structure and enhance our margins, and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet. The Company is focused on profitable revenue and as a result top line revenue has significantly been reduced.

#### Canada

For the three months ended September 30, 2023, our Canadian net sales were approximately \$0.3 million, compared to approximately \$1.5 million for the same period in 2022, representing a decrease of \$1.3 million, or 82.8%. The decrease is related to a reduction in sales and marketing spend. The company is currently evaluating distribution and sales channels into Canada.

For the nine months ended September 30, 2023, our Canadian net sales were approximately \$0.7 million, compared to approximately \$4.3 million for the same period in 2022, representing a decrease of \$3.6 million, or 83.9%. The decrease is related to a reduction in sales and marketing spend. The company is currently evaluating distribution and sales channels into Canada.

#### Europe

For the three months ended September 30, 2023, our European net sales were approximately \$1.3 million, compared to approximately \$1.3 million for the same period in 2022, representing a decrease of \$0.0 million or 0.0%. The decrease in net sales was due primarily to major restructuring efforts to improve the profitability of our European operations.

For the nine months ended September 30, 2023, our European net sales were approximately \$3.5 million, compared to approximately \$4.5 million for the same period in 2022, representing a decrease of \$0.9 million, or 20.6%. The decrease in net sales was due primarily to major restructuring efforts to improve the profitability of our European operations.

#### **Liquidity and Capital Resources**

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 equity issuances, such as our June 2022, October 2022 and July 2023 offerings, the Future Receivables Financings, and our ATM program, each as described and defined further in Note 2 of our unaudited condensed

consolidated financial statements included in Item 1, Part 1 of this Form 10-Q. As of September 30, 2023, we had approximately \$2.4 million of cash, of which \$0.2 million was held in foreign bank accounts, and approximately \$6.4 million of working capital, which is calculated as total current assets minus total current liabilities, as compared to approximately \$6.5 million of cash, of which \$0.8 million was held in foreign bank accounts, and approximately \$41.0 million of working capital as of December 31, 2022. 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. Based on our cash on hand and working capital at September 30, 2023, we may have insufficient cash to fund planned operations into the first quarter of 2024.

#### ATM Program and Shelf Registration Statement

While we have an effective shelf registration statement on Form S-3 (the "Shelf Registration Statement") to conduct securities offerings from time to time, for so long as our public float is less than \$75 million, our ability to utilize the Shelf Registration Statement to raise capital is limited, as further described below. The Shelf Registration Statement registers the offer and sale of 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. 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 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 12 consecutive months may not exceed one-third of our public float. Since the launch of the ATM program in August 2021 and through December 31, 2022, we sold shares of our Class A common stock which generated gross proceeds of approximately \$12.7 million and we paid fees to the sales agent of approximately \$0.4 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 sold \$2.2 million in securities pursuant to Instruction I.B.6 in the 12 calendar months preceding the date of filing of this Quarterly Report on Form 10-Q. In addition, due to the untimely filing of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 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 12 full calendar months from the date when this Quarterly Report on Form 10-Q was required to be filed, which will limit our liquidity options in the capital markets.

#### Common Stock and Warrant Offerings

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 58,500 shares of our Class A common stock, pre-funded warrants to purchase up to 49,500 shares of our Class A common stock (the "June 2022 Pre-Funded Warrants") and warrants to purchase up to 108,000 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. All June 2022 Pre-Funded Warrants were exercised in July 2022, for de minimis net proceeds.

On October 27, 2022, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 695,555 shares of our Class A common stock, pre-funded warrants to purchase up to 137,778 shares of our Class A Common Stock (the "October 2022 Pre-Funded Warrants") and warrants to purchase up to 1,666,667 shares of our Class A common stock (the "October 2022 Standard Warrants"). The October 2022 units were offered pursuant to a Registration Statement on Form S-1 (the "October 2022 Offering"). The October 2022 Offering generated gross proceeds of approximately \$7.5 million and net proceeds to the Company of approximately \$6.8 million.

On June 29, 2023, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 560,476 shares of our Class A common stock, pre-funded warrants to purchase up to 3,487,143 shares of our Class A Common Stock (the "July 2023 Pre-Funded Warrants") and warrants to purchase up to 8,095,238 shares of our Class A common stock (the "July 2023 Standard Warrants"). The July 2023 units were offered pursuant to a Registration Statement on Form S-1 (the "July 2023 Offering"). The July 2023 Offering generated gross proceeds of approximately \$4.3 million and net proceeds to the Company of approximately \$3.8 million and closed on July 3, 2023.

#### Asset-Based Loan

On August 9, 2022, we entered into an asset-based loan agreement dated as of August 8, 2022 (the “Loan Agreement”), which made available to the Company a term loan of up to \$15.0 million. On February 9, 2023, we entered into Amendment No. 2 to the Loan Agreement, in which we agreed to, among other things, voluntarily prepay approximately \$6.6 million (inclusive of early termination fees and expenses) under the terms provided for under the Loan Agreement and the lenders under the Loan Agreement agreed to release \$5.7 million in funds held in a blocked account pursuant to the terms of the Loan Agreement.

On August 7, 2023, we repaid the approximately \$4.3 million in aggregate principal amount (the “Loan Repayment”) which remained outstanding under the terms of the Loan Agreement. As a result of the Loan Repayment, the Company has been released from its obligations under the Loan Agreement, in accordance with the terms of the Loan Agreement.

#### ERC Sale

On February 16, 2023, two of our wholly owned subsidiaries, Warehouse Goods and Kim International LLC, entered into an agreement with a third-party institutional investor pursuant to which the investor purchased, for approximately \$4.85 million in cash, an economic participation interest, at a discount, in our rights to payment from the United States Internal Revenue Service for certain periods with respect to the employee retention credits filed by us under the Employee Retention Credit program.

#### Future Receivables Financings

On July 31, 2023 and August 3, 2023, the Company received an aggregate of approximately \$3.0 million in cash pursuant to the terms of future receivables financings (collectively, the “Future Receivables Financings”) entered into with two private lenders. The Company will make weekly payments under the Future Receivables Financings and is scheduled to repay the amounts due under the Future Receivables Financings in full in approximately six to eight months. The total amount to be repaid under the initial Future Receivables Financings was approximately \$4.5 million. In connection with the Future Receivables Financings, the Company granted the lenders security interests in Company's accounts receivable equal to the amounts due thereunder, and in connection with any event of default, the lenders may file financing statements evidencing the security interests.

#### Management Initiatives

We have completed several initiatives to optimize our working capital requirements. We launched Groove, a new, innovative Greenlane Brands product line and we also rationalized our third-party brands product offering, which enables us to reduce inventory carrying costs and working capital requirements.

In April 2023, we successfully entered into two strategic partnerships which management believes will help significantly reduce our overall cost structure, enhance our margins and further support our facilities consolidation initiatives while also servicing and providing solutions to our customers. First, we entered into a strategic partnership (the “MJ Packaging Partnership”) with A&A Global Imports d/b/a MarijuanaPackaging.com (“MJ Pack”), a leading provider of packaging solutions to the cannabis industry. As part of the MJ Packaging Partnership, we will no longer purchase additional packaging inventory and MJ Pack will become our strategic partner to continue providing and enhancing packaging solutions for our customers. As a result of the MJ Packaging Partnership, we are no longer seeking a purchaser for our packaging division. Second, we entered into a strategic partnership with an affiliate of one of our existing vape suppliers (“Vape Partner”) to service certain key customers with vaporizer goods and services (the “Vape Partnership”). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships may result in a decrease in top line revenue for these packaging and vape products, these partnerships combined with some of our other restructuring initiatives should allow us to reduce our overall cost-structure and enhance our margins and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet.

We have made progress consolidating and streamlining our office, warehouse, and distribution operations footprint.

The Company has incurred net losses of \$27.8 million and \$158.0 million for the nine months ended September 30, 2023 and the prior year comparable period, respectively. For the nine months ended September 30, 2023, cash used by operating activities was \$1.2 million, and cash used in operating activities for the year ended December 31, 2022 was \$26.5 million. The recent macroeconomic environment has caused weaker demand than contemplated under the Company's business



plan, resulting in a reduction in projected revenue and cash flows for the twelve-month period included in the going concern evaluation.

As a result of our losses and our projected cash needs, combined with our current liquidity level, substantial doubt exists about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is contingent upon successful execution of management's intended plan over the next twelve months to improve the Company's liquidity and profitability, which includes, without limitation:

- Further reducing operating costs expense by taking additional restructuring actions to align cost with revenue to achieve profitability.
- Increasing revenue by introducing new products and acquiring new customers.
- Execute on strategic partnerships accretive to margins and operating cash
- Seeking additional capital through the issuance of equity securities or debt financing.

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 Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2022. 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.

The consolidated financial statements do not include any adjustments that may result from the outcome of this going concern uncertainty.

As of September 30, 2023, 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)                                      | Nine Months Ended September 30, |             |
|---|---------------------------------|-------------|
|   | 2023                            | 2022        |
| Net cash provided by (used in) operating activities | \$ 1,192                        | \$ (22,488) |
| Net cash provided by (used in) investing activities | (580)                           | 12,500      |
| Net cash provided by financing activities           | (10,528)                        | 7,535       |

#### *Net Cash Provide by (Used in) Operating Activities*

During the nine months ended September 30, 2023, net cash used in operating activities of approximately \$1.2 million consisted of (i) net loss of \$27.9 million, offset by non-cash adjustments to net loss of approximately \$4.4 million, and (ii) a \$24.7 million decrease in working capital primarily driven by increases in accounts payable, accrued expenses and customer deposits of approximately \$4.9 million, offset by increases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$29.6 million.

During the nine months ended September 30, 2022, net cash used in operating activities of approximately \$22.5 million consisted of (i) net loss of \$170.5 million, offset by non-cash adjustments to net loss of approximately \$132.3 million, and (ii) a \$15.7 million decrease in working capital primarily driven by increases in accounts payable, accrued expenses and customer deposits of approximately \$9.9 million, offset by increases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$25.6 million.

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

During the nine months ended September 30, 2023, net cash provided by investing activities of approximately \$0.6 million, offset by cash used for development costs for our new enterprise resource planning (ERP) system of \$0.6 million..

#### *Net Cash Provided by Financing Activities*

During the nine months ended September 30, 2023, net cash provided by financing activities of approximately \$10.5 million primarily consisted of cash proceeds of approximately \$3.9 million from the issuance of Class A common stock through our ATM Program and the June 2022 Offering, offset primarily by approximately \$2.5 million in payments on notes payable,

finance lease obligations and other long-term liabilities, and approximately \$0.3 million in payments of contingent consideration related to the Eyce LLC acquisition.

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

See Note 2, “Summary of Significant Accounting Policies” of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q and Part II, Item 7, “Critical Accounting Policies and Estimates” in Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2022 for descriptions of the significant accounting policies and methods used in the preparation of our Condensed Consolidated Financial Statements. There have been no material changes to the Company’s critical accounting estimates since the Form 10-K/A for the year ended December 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 September 30, 2023. Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2023, 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, 2022, which have not yet been remediated as of September 30, 2023.

#### *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.

As previously disclosed, in 2020, we began a multi-year implementation of a new ERP system, which will replace our existing core financial systems, and which we expect will be completed in 2023. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures, based upon which, management expects to focus its allocation of organizational resources to ensure the successful implementation of the new ERP system, including as it relates to designing and implementing effective control activities. Conversely, management expects limited efforts related to re-designing user access roles and permissions in the legacy ERP system in 2023. Based on these considerations, and subject to management’s ongoing assessment, we do not expect that the previously reported material weaknesses related to ineffective user access controls will be considered remediated until we complete the implementation of our new ERP system. Additionally, 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*

As discussed above, in 2020 we began a multi-year implementation of a new ERP system which will fully replace our legacy financial systems in 2023. 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. As the phased implementation of the new ERP system progresses, 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 September 30, 2023 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**

There have been no material changes from the risk factors disclosed in Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2022, filed with the SEC on January 5, 2024, except as set forth below.

***There is substantial doubt about our ability to continue as a going concern through the next 12 months from the date of the condensed consolidated financial statements in this Quarterly Report on Form 10-Q.***

The Company has incurred net losses of \$27.8 million and \$158.0 million for the nine months ended September 30, 2023 and the prior year comparable period, respectively. For the nine months ended September 30, 2023, cash used by operating activities was \$1.2 million, and cash used in operating activities for the year ended December 31, 2022 was \$26.4 million. Based on our cash on hand and working capital at September 30, 2023, we may have insufficient cash to fund planned operations into the first quarter of 2024. As a result of our losses and our projected cash needs, combined with our current liquidity level, substantial doubt exists about the Company's ability to continue as a going concern over the next 12 months. The recent macroeconomic environment has caused weaker demand than contemplated under the Company's business plan, resulting in a reduction in projected revenue and cash flows for the twelve-month period included in the going concern evaluation.

Our ability to continue as a going concern is contingent upon successful execution of management's intended plan over the next twelve months to improve the our liquidity and profitability, which includes, without limitation:

- Further reducing operating costs expense by taking additional restructuring actions to align cost with revenue
- Increasing revenue by introducing new products and acquiring new customers.
- Execute on strategic partnerships accretive to margins and operating cash
- Seeking additional capital through the issuance of equity securities or obtaining debt financing.

There can be no assurance that any such measures will be successful. If we are not successful in improving our liquidity position and the profitability of our operations, we may need to consider all strategic alternatives, including seeking additional debt or equity capital, reducing or delaying our business activities and strategic initiatives, or selling assets, other strategic transactions and/or other measures, including receivership or, to the extent available, bankruptcy protection. In addition, the perception that we may not be able to continue as a going concern may cause vendors and customers to choose not to do business with us due to concerns about our ability to meet our contractual obligations. If we seek additional financing to

fund our operations and there remains substantial doubt about our ability to continue as a going concern, our financing sources may be unwilling to provide additional funding to us on commercially reasonable terms or at all. The consolidated financial statements do not include any adjustments that may result from the outcome of this going concern uncertainty. Such adjustments could be material.

***We have failed, and may continue to fail, to meet the listing standards of Nasdaq, and as a result our Class A common stock may become delisted, which could have a material adverse effect on the liquidity of our Class A common stock.***

If we fail to continue to satisfy the continued listing requirements of Nasdaq, Nasdaq will take steps to delist our Class A common stock. Such a delisting would likely have a negative effect on the price of our Class A common stock and would impair your ability to sell or purchase our Class A common stock when you wish to do so, as well as adversely affect our ability to issue additional securities and obtain additional financing in the future.

On August 3, 2023, we received a letter from Nasdaq notifying us that we were no longer in compliance with Nasdaq Listing Rule 5450(b)(1)(C) because the market value of our publicly held shares of Class A common stock had fallen below the \$5.0 million minimum required for continued listing on the Nasdaq Global Market for a period of at least 30 consecutive business days. In accordance with Nasdaq Listing Rule 5810(c)(3)(D), we have a grace period of 180 calendar days, until January 30, 2024, to regain compliance with Nasdaq Listing Rule 5450(b)(1)(C). Compliance can be achieved by meeting the \$5.0 million minimum requirement for market value of publicly held shares for a minimum of 10 consecutive business days during the 180-day compliance period. If we do not regain compliance with Nasdaq Listing Rule 5450(b)(1)(C) by the end of the 180-day grace period, Nasdaq will notify us that the Class A common stock is subject to delisting. In the event that we receive a notice of delisting, Nasdaq rules permit us to appeal the delisting determination to a Nasdaq Hearings Panel. Alternatively, we may apply to transfer the listing of the Class A common stock to The Nasdaq Capital Market if we satisfy the continued listing criteria for that market.

On August 21, 2023, we received a deficiency letter from Nasdaq notifying us that, for the last 30 consecutive business days, the closing bid price for our Class A common stock had been below the minimum \$1.00 per share required for continued listing on The Nasdaq Global Market pursuant to Nasdaq Listing Rule 5450(a)(1). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have been given 180 calendar days, or until February 20, 2024, to regain compliance with Rule 5450(a)(1). If we do not regain compliance with Rule 5450(a)(1) by February 20, 2024, we may be afforded a second 180 calendar day period to regain compliance. To qualify, we would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, except for the minimum bid price requirement. In addition, we would be required to notify Nasdaq of our intent to cure the deficiency during the second compliance period. There are many factors that may adversely affect our minimum bid price. Many of these factors are outside of our control. As a result, we may not be able to sustain compliance with Rule 5550(a)(2) in the long term.

On November 22, 2023, we received a written notice from Nasdaq indicating that we were not in compliance with Nasdaq's continued listing standards because we did not timely file our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023. We had 60 calendar days (or until January 22, 2024) to submit a plan to regain compliance. We regained compliance with this continued listing standard by filing this Quarterly Report with the Securities and Exchange Commission.

Any potential delisting of our Class A common stock from Nasdaq would likely result in decreased liquidity and increased volatility for our Class A common stock and would adversely affect our ability to raise additional capital or to enter into strategic transactions, in addition to adversely impacting the perception of our financial condition and could cause reputational harm to investors and parties conducting business with us. Any potential delisting of our Class A common stock from Nasdaq would also make it more difficult for our stockholders to sell our Class A common stock.

In the event of a delisting, we would take actions to restore our compliance with Nasdaq Marketplace Rules, but we can provide no assurances that the listing of our Class A common stock would be restored, that our Class A common stock will remain above the Nasdaq minimum bid price requirement or that we otherwise will remain in compliance with the Nasdaq Marketplace Rules.

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

None.

## **ITEM 5. OTHER INFORMATION**

None.

## ITEM 6. EXHIBITS

| Exhibit Number | Description   |
|----------------|---|
| 4.1            | <a href="#"><u>Form of July 2023 Standard Warrant (Incorporated by reference to Exhibit 4.1 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).</u></a>  |
| 4.2            | <a href="#"><u>Form of July 2023 Pre-Funded Warrant (Incorporated by reference to Exhibit 4.2 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).</u></a>  |
| 4.3            | <a href="#"><u>Form of July 2023 Warrant Amendment (Incorporated by reference to Exhibit 4.3 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).</u></a>   |
| 10.1           | <a href="#"><u>Form of July 2023 Securities Purchase Agreement (Incorporated by reference to Exhibit 10.1 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).</u></a>  |
| 10.2           | <a href="#"><u>Placement Agency Agreement, dated as of June 29, 2023 (Incorporated by reference to Exhibit 10.2 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).</u></a>  |
| 10.3           | <a href="#"><u>Loan and Security Agreement, dated as of September 22, 2023, between Greenlane and Synergy Imports, LLC.</u></a>   |
| 10.4           | <a href="#"><u>Secured Promissory Note, dated as of September 22, 2023, between Greenlane and Synergy Imports, LLC.</u></a>   |
| 31.1*          | <a href="#"><u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 31.2*          | <a href="#"><u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 32.1*          | <a href="#"><u>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.</u></a>   |
| 101*           | The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, 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 embedded within the Inline XBRL document. |
| 104*           | Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL.  |

\* Filed herewith.

\*\*Schedules and exhibits have been omitted from this exhibit pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission.

## 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: January 9, 2024

By: /s/ Lana Reeve  
Lana Reeve  
Chief Financial and Legal Officer  
(Principal Financial and Accounting Officer)

## LOAN, SECURITY AND PLEDGE AGREEMENT

THIS LOAN, SECURITY AND PLEDGE AGREEMENT (this “Agreement”) is entered into as of September 22, 2023 (the “Effective Date”), by and among WAREHOUSE GOODS LLC, a Delaware limited liability company (“Borrower”), the guarantors listed on the signature pages hereto (each a “Guarantor” and collectively, the “Guarantors”; together with Borrower, each an “Obligor” and collectively, the “Obligors”) and SYNERGY IMPORTS LLC, a Nevada limited liability company (“Lender”).

### RECITALS

WHEREAS, Borrower has, in connection with the execution and delivery of this Agreement, executed that certain Secured Promissory Note, dated the date hereof, in favor of Lender in the maximum principal amount of \$6,894,381.22 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Note”) (this principal amount is derived as follows: (a) \$2,200,000 in Advances made under this Agreement, (b) up to \$501,166.37 in deferred payments owed to Eyce and not yet due as of the date hereof (as described in Item 2(a) of Schedule 2 hereto), (c) \$1,537,437.22 in outstanding deferred payments owed to Organicix as of the date hereof (as described in Item 2(b) of Schedule 2 hereto), and (d) up to \$2,655,777.63 in deferred payments owed to Organicix and not yet due as of the date hereof (as described in Item 2(c) of Schedule 2 hereto);

WHEREAS, each Guarantor is party to that certain Guaranty, dated as of the date hereof, in favor of Lender pursuant to which the Guarantors have guaranteed the Secured Obligations (as hereinafter defined) under the Note;

WHEREAS, Borrower and each Guarantor will receive substantial and direct and indirect benefits from the execution, delivery and performance of the obligations under the Note and the other Loan Documents, and each is, therefore, willing to enter into this Agreement and

WHEREAS, it is a condition to the Lender making the Loan to the Borrower under the terms and conditions of the Note that each of the Obligors enter into this Agreement.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Note, and the following terms shall have the meanings set forth in the UCC: Accession, Account, Adverse Claim, As-Extracted Collateral, Chattel Paper, Commercial Tort Claim, Consumer Goods, Contract, control, Deposit Account, Document, Electronic Chattel Paper, Equipment, Farm Products, Financial Asset, Fixtures, General Intangible, Goods, Instrument, Inventory, Investment Company Security, Investment Property, Letter-of-Credit Right, Manufactured Home, Money, Proceeds, Securities Account, Security Entitlement, Security, Securities Intermediary, Supporting Obligation, Tangible Chattel Paper and Uncertificated Security.

(b) In addition, the following terms shall have the meanings set forth below: “Advance” has the meaning set forth in Section 2.

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“Agreement” has the meaning set forth in the preamble to this Agreement.

“AR Financing Agreements” means (i) that certain Agreement for the Purchase and Sale of Future Receipts, dated July 28, 2023, between Greenlane Holdings, Inc. and various affiliates thereof, as sellers, and Agile Capital Funding, as buyer, (ii) that certain Standard Merchant Cash Advance Agreement, dated July 13, 2023, among Greenlane Holdings, Inc. and various affiliates thereof, as seller, and Cedar Advance LLC or (iii) any other agreement between any Obligor and any other Person pursuant to which such Obligor has sold to such Person rights in any Receivable or other Rights to Payment, in each case, in respect of goods sold by such Obligor in the ordinary course of business.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy”, as now and hereafter in effect, or any successor statute.

“Borrower” has the meaning set forth in the preamble to this Agreement.

“Business Day” means for all purposes, a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Las Vegas, Nevada are authorized or required by Law to be closed. Unless otherwise provided, the term “days” when used herein means calendar days.

“Cash Commitment” has the meaning set forth in Section 2.

“CFC” means a controlled foreign corporation (as that term is defined in the Code).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with the regulations promulgated thereunder.

“Collateral” has the meaning provided in Section 5.

“Constituent Documents” means (a) in the case of a corporation, its articles or certificate of incorporation and bylaws; (b) in the case of a general partnership, its partnership agreement; (c) in the case of a limited partnership, its certificate of limited partnership or certificate of formation, as applicable, and partnership agreement; (d) in the case of a trust, its trust agreement; (e) in the case of a joint venture, its joint venture agreement; (f) in the case of a limited liability company, its articles of organization, operating agreement, regulations and/or other organizational and governance documents and agreements; and (g) in the case of any other entity, its organizational and governance documents and agreements.

“Copyright License” means any agreement, whether written or oral, naming any Obligor as licensor or licensee, granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

“Copyright Security Agreement” has the meaning provided in Section 8(g)(i).

“Copyrights” means (a) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, in all Works, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, (b) the right to obtain all renewals thereof and (c) all income, royalties and proceeds at any time due or payable or asserted under or with respect to any of the foregoing, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, violation or other impairment thereof.



“Databases” means databases and other compilations and collections of data or information that are proprietary to the applicable Obligor.

“Debtor Relief Laws” means the Bankruptcy Code, or any other applicable Law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, assignment for the benefit of creditors, moratorium, arrangement or composition, extension or adjustment of debts, or similar Laws affecting the rights of creditors.

“Default Rate” has the meaning set forth in the Note.

“Deferred Payments” has the meaning set forth in Section 2.

“Designated Officers” has the meaning set forth in Section 8(d).

“Domestic Subsidiary” means any Subsidiary that is organized under the Laws of any political subdivision of the U.S.

“Effective Date” has the meaning set forth in the preamble to this Agreement.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“Event of Default” has the meaning set forth in Section 12(a).

“Excluded Account” means any Accounts created due to the sale of goods in the ordinary course, including without limitation Accounts that have been sold pursuant to an AR Financing Agreement.

“Excluded Chattel Paper” means any Chattel Paper that documents or evidences any Excluded Account or Excluded Receivable.

“Excluded Commercial Tort Claim” means any Commercial Tort Claim that is a claim for any amounts due under any Excluded Account or Excluded Receivable.

“Excluded Instrument” means any Instrument that documents or evidences any Excluded Account or Excluded Receivable.

“Excluded Money” means any Money that has been received as payment for any Excluded Account or Excluded Receivable.

“Excluded Property” means, with respect to any Obligor, including any Person that becomes a Obligor after the Closing Date, (a) any interest of any Obligor under any governmental approval if granting a security interest or Lien thereon is prohibited or would expose any Obligor to the risk of termination, revocation or any similar result with respect to such governmental approval, (b) any interest of any Obligor as a licensee or a sub-licensee under an inbound license or inbound sublicense of Intellectual Property if any Obligor is prohibited by the terms of such lease or license from granting a security interest in such lease

or license or under which such an assignment or Lien would cause a default to occur under such lease or license (other than to the extent that any such term would be rendered ineffective pursuant to Section 104.9407 of the UCC), (c) “intent-to-use” trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, but only to the extent the granting of a security interest in such “intent to use” trademarks would be contrary to applicable law, (d) any Equity Interests held by any Obligor (i) other than in Merger Sub Gotham 2 LLC, a Delaware limited liability company, HSCM LLC, a Delaware limited liability company, and Vapeworld Distribution Ltd., a British Columbian Canadian corporation, , and (ii) in any Subsidiary that is a CFC in excess of 65% of the outstanding voting Equity Interests of such CFC if pledging a greater amount would result in adverse tax consequences or the costs to the Obligors of providing such pledge are unreasonably excessive (as determined by Lender in its sole discretion) in relation to the benefits to Lender of the security afforded thereby, (e) any Deposit Accounts, (f) any Excluded Receivables, (g) any Excluded Accounts, (h) any Excluded Commercial Tort Claims, (i) any Excluded Chattel Paper, (j) any Excluded Instruments, (k) any Excluded Money and (l) any other property as to which Lender and the Borrower reasonably agree in writing that the costs or other consequences of obtaining a security interest or perfection thereof are excessive in view of the benefits to be obtained by the Lender therefrom.

“Excluded Receivables” means any Receivable arising from an Account created due to the sale of goods in the ordinary course, including without limitation any Receivable that has been sold pursuant to an AR Financing Agreement.

“Eyce” means Eyce LLC, a Colorado limited liability company.

“Federal Cannabis Laws” means any U.S. federal laws and regulations as such relate to the cultivation, harvesting, production, distribution, sale and possession of marijuana, hemp or products containing the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another’s felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

“GAAP” means generally accepted accounting principles, applied on a consistent basis, as set forth in opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question.

“Governmental Authority” means the government of the United States of America or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, tribal body or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards.

“Guarantors” has the meaning set forth in the preamble to this Agreement.

“Holdings” means Greenlane Holdings, Inc., a Delaware corporation.

“Immaterial Subsidiary” means the Subsidiaries of Holdings that are set forth in Schedule 1(a) hereto.

“Intellectual Property” means, collectively, all rights, priorities and privileges relating to all forms of intellectual property, now owned or hereafter acquired, whether arising under United States or foreign laws or otherwise, including the Copyrights, the Patents, other rights with respect to software (including registrations thereof and applications thereof), industrial design rights (including registrations thereof and applications thereof), the Trademarks, the IP Licenses, Internet Domain Names, Trade Secrets (including rights to limit the use or disclosure thereof by any person), rights with respect to Databases (including registrations thereof and applications thereof), and any rights equivalent or similar to any of the foregoing, and all rights to sue at law or in equity for any infringement or other impairment of any of the foregoing, including the right to receive all proceeds and all damages therefrom.

“Internet Domain Names” means all rights, title and interests arising under any law in or relating to Internet domain names, including registrations thereof and applications therefor.

“IP License” means all agreements, whether written, granting by any Obligor any right, title or interest in any Intellectual Property, including all Copyright Licenses, Patent Licenses and Trademark Licenses, set forth on Schedule I to each of the Copyright Security Agreement, the Patent Security Agreement and the Trademark Security Agreement.

“Laws” means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Legal Requirements” has the meaning set forth in Section 6(h).

“Lender” has the meaning set forth in the preamble to this Agreement.

“Lien” means, as to any asset or property of any Person, (a) any lien, mortgage, security interest, tax lien, pledge, charge, hypothecation, collateral assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise, affecting such asset or property and (b) the signing or filing of a financing statement which names the Person as debtor or the signing of any security agreement or the signing of any document authorizing a secured party to file any financing statement which names such Person as debtor.

“Loan” shall mean the loan made by Lender to Borrower pursuant to this Agreement, which is in the maximum principal amount of up to \$6,894,381.22.

“Loan Documents” means this Agreement, the Guaranty, the Note and all other instruments, documents, certificates and agreements executed and delivered pursuant to or in connection with this Agreement, the Guaranty or the Note.

“Material Adverse Effect” means a continuing material adverse effect (a) initially arising on or after the date of this Agreement and not in the ordinary course of an Obligor’s business as of the date of this Agreement on the business, assets, properties, liabilities (actual or contingent), operations or condition (financial or otherwise) of any Obligor; (b) the validity or enforceability of this Note or any other Loan Document; (c) the perfection or priority of any Lien purported to be created under, in accordance with and subject to this Agreement; (d) the rights or remedies of Lender hereunder or under any other Loan

Document; or (e) the ability of the Obligor, taken as a whole, to perform any of their material obligations hereunder or under any other Loan Document.

“Maturity Date” has the meaning set forth in the Note.

“MWI Settlement Agreement” means that certain Settlement Agreement and Release of Claims dated as of November 8, 2021, between, on one hand, Borrower and Eyce, on one hand, and, on the other hand, Manish Sohani, an individual, and Mike’s Novelties, Inc., a Texas corporation.

“Note” has the meaning set forth in the recitals to this Agreement.

“Obligor” has the meaning set forth in the preamble to this Agreement.

“ORAFLEX IP Assignment” means that certain Intellectual Property Assignment and License Agreement to be executed by Borrower and Eyce, in form and substance satisfactory to Lender, relating to certain rights in intellectual property owned by Borrower related to certain of Borrower’s products, known as ORAFLEX.

“Organicix” means Organicix, LLC, a Nevada limited liability company.

“Other Cannabis Laws” means federal laws and regulations relating to cannabis and hemp related paraphernalia, and laws and regulations of state and jurisdictions other than the United States relating to cannabis and hemp (both natural and synthetic) and cannabis and hemp related paraphernalia.

“Patent License” means any agreement, whether written or oral, providing for the grant by or to an Obligor of any right to manufacture, use, sell, offer for sale or import any invention covered in whole or in part by a Patent.

“Patent Security Agreement” has the meaning provided in Section 8(g)(i) hereof.

“Patents” means (a) all U.S. and foreign invention patents, utility patents, utility model patents, petty patents, design patents, other patents, patent applications of any of the foregoing, and provisional patent applications; (b) reissues, substitutions, confirmations, renewals, extensions, registrations, validations, re-examinations, additions, continuations, continuations-in-part, divisionals, or any supplements or restoration of patent terms of or to any patent or patent application in (a), as applicable; (c) reinstatement or revival of any patent or patent application in (a) or (b); (d) all goodwill associate with respect to any of the foregoing; and (e) all income, royalties and proceeds at any time due or payable or asserted under or with respect to any of the foregoing, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, violation or other impairment thereof.

“Perfection Certificate” means that certain Perfection Certificate, dated as of the date hereof, by the Obligor.

“Permitted Liens” has the meaning set forth in Section 9(b).

“Person” means any natural person, corporation, limited liability company, trust, association, company, partnership, joint venture, Governmental Authority, or other entity, and shall include such Person’s heirs, administrators, personal representatives, executors, successors and assigns.

“Pledged Equity” means, with respect to the Subsidiaries (i) Merger Sub Gotham 2 LLC, a Delaware limited liability company, (ii) HSCM LLC, a Delaware limited liability company, and (iii)

Vapeworld Distribution Ltd., a British Columbian Canadian corporation, and (iv) 100.00% of the issued and outstanding Equity Interests that are directly owned by such Subsidiary, together with the certificates (or other agreements or instruments), if any, representing such shares, and all options and other rights, contractual or otherwise, with respect thereto, including, but not limited to, the following:

(1) all Equity Interests representing a dividend thereon, or representing a distribution or return of capital upon or in respect thereof, or resulting from a stock split, revision, reclassification or other exchange therefor, and any subscriptions, warrants, rights or options issued to the holder thereof, or otherwise in respect thereof; and

(2) in the event of any consolidation or merger involving the issuer thereof and in which such issuer is not the surviving Person, all shares of each class of the Equity Interests of the successor Person formed by or resulting from such consolidation or merger, to the extent that such successor Person is a direct Subsidiary of such Subsidiary.

Notwithstanding the foregoing, the Pledged Equity shall not include any Equity Interests held by any Obligor in any Subsidiary that is a CFC in excess of 65% of the outstanding voting Equity Interests of such CFC if pledging a greater amount would result in adverse tax consequences or the costs to the Obligors of providing such pledge are unreasonably excessive (as determined by Lender in its sole discretion) in relation to the benefits to Lender of the security afforded thereby.

“Receivable” means any Rights to Payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Accounts).

“Rights to Payment” means any and all of any Obligor’s Accounts and any and all of any Obligor’s rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to its Chattel Paper, Documents, General Intangibles, Instruments, Investment Property, Letter-of-Credit Rights, Proceeds and Supporting Obligations.

“Secured Obligations” means, without duplication, (i) all obligations, indebtedness and liabilities of Borrower and the other Obligors to Lender now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, joint, several, or joint and several arising under or pursuant to the Note, this Agreement, the Guaranty or the other Loan Documents, and all interest accruing thereon (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether a claim for post-filing or post-petition interest is allowed in any bankruptcy, insolvency, reorganization or similar proceeding), (ii) all obligations, indebtedness and liabilities of any Obligor to Eyce and Organicix now existing, including, without limitation, (a) under or pursuant to any promissory notes executed by such Obligor in favor of Eyce or Organicix, (b) with respect to any product launch contingent payments owed by Borrower to Organicix pursuant to that certain Asset Purchase Agreement between Organicix and Borrower and (c) under the MWI Settlement Agreement, and (iii) all costs and expenses incurred in connection with enforcement and collection of the obligations described in clause (i), including the fees, charges and disbursements of counsel.

“Specified Obligations” means the obligations, indebtedness and liabilities described in clauses (i) and (iii) of the definition of Secured Obligations.

“Software” means, without limitation, “software” as such term is defined in the UCC and computer programs that may be construed as included in the definition of “goods” in the UCC, and including any storage devices on which such items may be located.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of Borrower.

“Trade Secrets” means anything that would constitute a trade secret under applicable Law and information that derives independent economic value (actual or potential) from not being generally known to and not being readily ascertainable by proper means by a person able to obtain economic value from its use or disclosure, including all inventions (whether patentable or not), industrial designs, discoveries, improvements, ideas, designs, models, formulae, patterns, compilations, databases, data collections, drawings, blueprints mask works, devices, methods, techniques, processes, know-how, confidential information, proprietary information, customer lists, software, and technical information.

“Trademark License” means any agreement, written or oral, providing for the grant by or to an Obligor of any right to use any Trademark.

“Trademark Security Agreement” has the meaning provided in Section 8(g)(i), hereof.

“Trademarks” means (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, whether registered or unregistered, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, (b) the right to obtain all renewals thereof and (c) all income, royalties and proceeds at any time due or payable or asserted under or with respect to any of the foregoing, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, violation or other impairment thereof.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of Nevada, or in any other state whose laws are held to govern this Agreement or any portion hereof.

“Work” means any work that is subject to copyright protection pursuant to Title 17 of the United States Code.

2. Terms and Conditions. Subject to and upon the terms contained in this Agreement and relying on the representations and warranties contained in the other Loan Documents, Lender agrees to make a senior secured loan to Borrower as evidenced by the Note in the aggregate principal amount equal to the cash commitment (the “Cash Commitment”) set forth on Schedule 2 and the deferred payments owed by Borrower set forth on Schedule 2 (the “Deferred Payments”). As more particularly described in, and subject to the terms and conditions of this Section 2, the Loan shall be funded through one or more advances (each, an “Advance”) with the first Advance to be disbursed as of the Effective Date and the remaining proceeds of the Loan to be funded thereafter in accordance with this Section 2.

(a) First Advance. Subject to the terms and conditions of this Agreement, Lender shall fund the first Advance in the amount of \$1,600,000.00 to Borrower on the Effective Date. The proceeds of the first Advance shall be used exclusively by Borrower to reimburse Lender for

certain costs and expenses incurred by Lender in connection with the Loan and in accordance with the agreed upon use of proceeds as set forth in Section 8(b) hereof.

(b) Second Advance. Subject to Borrower's delivery to Eyce of the executed ORAFLEX IP Assignment, Lender shall fund the second Advance in the amount of \$600,000.00 to Borrower on September 27, 2023.

(c) Maximum Total Commitment. Notwithstanding anything to the contrary in this Agreement or in any of the other Loan Documents, under no circumstances shall Lender be obligated to fund a Cash Commitment in excess of \$2,200,000.00.

(d) Release from Restrictive Covenants. Effective as of the Effective Date, Borrower shall release all Persons from the restrictive covenants relating to non-competition and non-solicitation set forth in the Asset Purchase Agreement dated as of March 2, 2021 with respect to the purchase of assets of Eyce, the Asset Purchase Agreement dated as of October 13, 2021 with respect to the purchase of assets of Organicix, LLC, and the Employment Agreements related thereto.

3. Expenses and Costs. Borrower shall pay to Lender the reasonable and documented costs and expenses (including reasonable attorneys' fees) of Lender in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents on the Effective Date where such costs and expenses shall be deducted from the first Advance.

4. Payments and Interest. Borrower agrees to pay the principal amount of the Loan and interest on the unpaid principal amount of the Loan and all other amounts due under this Agreement, the Note and other Loan Documents from time to time outstanding at the rates and at the times specified in the Note. The outstanding balance of the principal amount of the Loan and all accrued and unpaid interest thereon and all other amounts due under this Agreement, the Note and other Loan Documents shall be due and payable, and Borrower agrees to pay such amounts, in all events, on the Maturity Date.

5. Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, stated maturity, acceleration, mandatory prepayment or otherwise, of the Secured Obligations, each Obligor hereby unconditionally grants, assigns and pledges to Lender a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to all of the following, whether now owned or existing or owned, acquired, or arising hereafter and wherever located (collectively, the "Collateral"): (a) all Accounts other than Excluded Accounts; (b) all Chattel Paper other than Excluded Chattel Paper; (c) those certain Commercial Tort Claims set forth on Schedule 5(c) hereto or described in any notice sent pursuant to Section 8(i) of this Agreement; (d) all Documents; (e) all Equipment; (f) all Fixtures; (g) all General Intangibles; (h) all Instruments other than Excluded Instruments; (j) all Intellectual Property; (k) all Inventory; (l) all Investment Property; (m) all Letter-of-Credit Rights; (n) all Money other than Excluded Money; (o) all Pledged Equity; (p) all Receivables, including, without limitation, Receivables payable to Borrower pursuant to the MWI Settlement Agreement, but excluding the Excluded Receivables; (q) all owned or leased real property; (r) all Software; (s) all Supporting Obligations; (t) all other personal property not otherwise described above that is not Excluded Property; and (u) all Accessions and all Proceeds and products of any and all of the foregoing, including all collateral security and guarantees given by any Person with respect to any of the foregoing.

Notwithstanding anything to the contrary contained herein, the security interests granted under this Agreement shall not extend or attach to any Excluded Property or the Proceeds thereof.

The Obligors and Lender hereby acknowledge and agree that the security interest created hereby in the Collateral (i) constitutes continuing collateral security for all of the Secured Obligations, whether now existing or hereafter arising and (ii) is not to be construed as an assignment of any Copyrights,

Copyright Licenses, Patents, Patent Licenses, Trademarks or Trademark Licenses. Recourse to security shall not be required for any Secured Obligation, and each Obligor hereby waives any requirement that Lender exhaust any right or take any action against any of the Collateral before proceeding to enforce the Secured Obligations against such Obligor.

6. Representations and Warranties. Each Obligor hereby represents and warrants to Lender



that:

(a) Organization. Each Obligor has been duly organized and is validly existing and in good standing with requisite power and authority to own its properties and to transact the business in which it is now engaged. Each Obligor is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations. Each Obligor possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged. Each Obligor has all requisite power and authority to conduct its business and to own its property, as now conducted or owned, and as contemplated by this Agreement, including the power and authority to do business in each relevant jurisdiction. The signatory hereto has all requisite power, authority and legal right to execute this Agreement, the Note and the other Loan Documents on each Obligor's behalf to which said Obligor is a party.

(b) Authorization, Execution and Delivery. Each Obligor has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents. This Agreement and the other Loan Documents have been duly executed and delivered by or on behalf of such Obligor and constitute the legal, valid and binding obligations of such Obligor enforceable against such Obligor in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(c) No Approvals. No consent or authorization of, filing with, notice to, or other act by, or in respect of, any Governmental Authority or any other Person is required in order for Obligors to execute, deliver, or perform any of its material obligations under this Agreement or the other Loan Documents to which it is a party.

(d) No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by Obligors will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default

under, or result in the creation or imposition of any Lien, charge or encumbrance (other than pursuant to the Loan Documents) upon any of the property or assets of Obligors pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, partnership agreement, management agreement or other agreement or instrument to which any Obligor is a party or by which any of Obligors' property or assets is subject, nor to Obligors' actual knowledge will such action result in any violation of the provisions of any legal requirements of any Governmental Authority having jurisdiction over Obligors or any of their respective property or assets, and any consent, approval, authorization, order, registration or qualification of or with any court or any such Governmental Authority required for the execution, delivery and performance by Obligors of this Agreement or any other Loan Documents has been obtained and is in full force and effect.

(e) Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to the knowledge of Borrower, threatened in writing against or affecting any Obligor, which actions, suits or proceedings, if determined against such Obligor, could reasonably be expected to have a Material Adverse Effect, other than customs seizures and NASDAQ actions.

(f) Agreements. Obligor is not a party to any agreement or instrument or subject to any restriction that could reasonably be expected to have a Material Adverse Effect. No Obligor is in continuing default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which such Obligor is bound. Obligor has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Obligor or their respective property is otherwise bound, other than (i) any obligations incurred in the ordinary course of business, (ii) the obligations under the Loan Documents and (iii) as set forth in Borrower's financial statements.

(g) Full and Accurate Disclosure. No statement of fact made by or on behalf of Obligor in this Agreement or in any of the other Loan Documents contains any intentionally untrue statement of a material fact or intentionally omits to state any material fact necessary to make statements contained herein or therein not misleading. Except as set forth in Schedule 6(g), there is no fact presently known to Obligor that has not been disclosed to Lender that has a Material Adverse Effect on, or that could reasonably be expected to have a Material Adverse Effect on, the business, operations or condition (financial or otherwise) of Obligor or their respective property.

(h) Compliance. To the best of knowledge of Obligor, Obligor and their respective businesses and properties comply in all material respects with (and no notices of violation have been received in connection with) all applicable laws, ordinances, orders, determinations and court decisions, that may now or hereafter pertain to or affect Obligor and their respective businesses and properties (the "Legal Requirements") except with respect to Federal Cannabis Laws and Other Cannabis Laws. Obligor shall at all times comply with all present or future Legal Requirements affecting or relating to Obligor and their respective businesses and properties except with respect to Federal Cannabis Laws and Other Cannabis Laws.

Obligor agrees that all of the representations and warranties of Obligor set forth in this Section and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any amount remains owing to Lender under this Agreement or any of the other Loan Documents. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Obligor shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf. If, due to changed circumstances, any representation or warranty becomes untrue in any material respect after the Effective Date, and provided that Obligor promptly notify Lender of the manner in which any representation or warranty is no longer true and the changed circumstances do not result in any breach of a covenant under the Loan Documents and do not result from or constitute an Event of Default, such changed circumstances shall not, in and of themselves, constitute an Event of Default.

7. Representations and Warranties – Collateral. Each Obligor hereby represents and warrants to Lender that:

(a) Ownership.

(i) Each Obligor is the legal and beneficial owner of, or has rights to use, its Collateral, having title to, or good and valid rights to such Collateral, and has the right to pledge, sell, assign or transfer the same.

(ii) To the knowledge of such Obligor, as of the date hereof, there exists no Adverse Claim with respect to the Pledged Equity of such Obligor.

(b) Security Interest/Priority. This Agreement creates a valid security interest in favor of Lender in the Collateral of such Obligor and, when properly perfected by filing, shall constitute a valid and perfected, first priority security interest (subject to any Permitted Liens) in such Collateral (including all uncertificated Pledged Equity consisting of partnership or limited liability company interests that do not constitute Securities), to the extent such security interest can be perfected by filing under the UCC, free and clear of all Liens except for Permitted Liens.

(c) Types of Collateral. None of the Collateral consists of, or is the Proceeds of, As- Extracted Collateral, Farm Products, Manufactured Homes or standing timber.

(d) Equipment and Inventory. With respect to any Equipment and/or Inventory of an Obligor, each such Obligor has exclusive possession and control of such Equipment and Inventory of such Obligor except for (i) Equipment leased by such Obligor as a lessee, (ii) Equipment or Inventory in transit with common carriers or (iii) Equipment or Inventory in the possession of a bailee, warehouseman, agent or processor, or held on consignment.

(e) Authorization of Pledged Equity. To such Obligor's knowledge, all Pledged Equity is duly authorized and validly issued, is fully paid and, to the extent applicable, nonassessable and is not subject to the preemptive rights of any Person. None of such Pledged Equity is subject to any option, right of first refusal, call, purchase or similar right of any Person.

(f) No certificated Equity Interests; No Other Equity Interests, Instruments, Etc.

(i) To such Obligor's knowledge, none of the issued and outstanding Equity Interests of any Subsidiary (other than any Immaterial Subsidiary) of Holdings that is directly owned by any Obligor is certificated.

(ii) As of the date hereof, all Pledged Equity of the Obligors is described on Schedule 1(b) hereto.

(iii) To such Obligor's knowledge, no Obligor holds any Instruments (other than Excluded Instruments), Documents or Tangible Chattel Paper having a value, individually or in the aggregate, in excess of \$10,000, other than as set forth on Schedule 7(f) hereto.

(iv) To such Obligor's knowledge, such Obligor has not previously assigned any interest in any Instruments held by such Obligor (other than pursuant to any Permitted Liens).

(v) To such Obligor's knowledge, all Instruments, Documents and Tangible Chattel Paper that constitute Collateral having a value, individually or in the aggregate, in excess of \$25,000 have been delivered to Lender.

(g) Partnership and Limited Liability Company Interests. None of the Collateral consisting of an interest in a partnership or a limited liability company (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a Security governed by Article 8 of the UCC, (iii) is an "investment company security" (as defined in Section 104.8103(b) of the UCC), (iv) is held in a Securities Account or (v) constitutes a Security or a Financial Asset.

(h) Consents; Etc. There are no restrictions in any Constituent Document governing any Pledged Equity or any other document which would limit or restrict (i) the grant of a Lien pursuant to this Agreement on such Pledged Equity, (ii) the perfection of such Lien, (iii) the exercise of remedies in respect of such perfected Lien in the Pledged Equity as contemplated by this Agreement or (iv) in any manner the rights of any present or future holder of any Pledged Equity with respect thereto. Except for (A) the filing or recording of UCC financing statements, (B) the filing of appropriate notices with the United States Patent and Trademark Office and the United States Copyright Office and the foreign equivalents of each of them, (C) obtaining control to perfect the Liens created by this Agreement (to the extent required under Section 8(f) hereof), (D) such actions as may be required by Laws affecting the offering and sale of securities, (E) such actions as may be required by applicable foreign Laws affecting the pledge of the Pledged Equity of a Subsidiary that is not a Domestic Subsidiary, and (F) consents, authorizations, filings or other actions which have been obtained or made, no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder, member or creditor of such Obligor), is required for (x) the grant by such Obligor of the security interest in the Collateral granted hereby or any other Loan Documents, or for the execution, delivery or performance of this Agreement by such Obligor, (y) the perfection of such security interest (to the extent such security interest can be perfected by filing under the UCC, the granting of control (to the extent required under Section 8(f) hereof) or by filing an appropriate notice with the United States Patent and Trademark Office or the United States Copyright Office, or any foreign equivalent of any of them), or (z) the exercise by Lender of the rights and remedies provided for in this Agreement and the other Loan Documents.

(i) Commercial Tort Claims. To such Obligor's knowledge, as of the Closing Date, no Obligor has any Commercial Tort Claims (other than Excluded Commercial Tort Claims) seeking damages, individually or in the aggregate, in excess of \$25,000 other than as set forth on Schedule 5(c) hereto.

(j) Intellectual Property.

(i) To such Obligor's knowledge, all Intellectual Property of such Obligor is valid, subsisting, unexpired, enforceable, has not been abandoned and, to the knowledge of such Obligor, does not infringe the intellectual property rights of any other Person.

(ii) No holding, decision or judgment has been rendered by any Governmental Authority that would, in any respect, limit, cancel or question the validity of, or such Obligor's rights in, any Intellectual Property that is material to Borrower's and its Subsidiaries' business, taken as a whole.

(iii) No action, suit, claim, demand or proceeding with respect to any Intellectual Property is pending, or, to the knowledge of such Obligor, threatened in writing, except as has been disclosed to Lender.

(iv) All applications pertaining to the Copyrights, the Patents and the Trademarks of each Obligor have been duly and properly filed, and all registrations or letters pertaining to such Copyrights, Patents and Trademarks have been duly and properly filed and issued.

(v) Such Obligor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration and application of Intellectual Property that is material to Borrower's and its Subsidiaries business, taken as a whole, and included in the Collateral in full force and effect.

(vi) No Obligor has made any assignment or agreement in conflict with the security interest in the Copyrights, the Patents or the Trademarks of any Obligor hereunder, other than, for the avoidance of doubt, Permitted Liens.

(vii) With respect to each IP License: (A) such agreement is valid and binding and in full force and effect in all material respects and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license; (B) such Obligor has not received any written notice of termination or cancellation under such agreement; (C) such Obligor has not received any written notice of a breach or default under such agreement, which breach or default has not been cured; (D) no Obligor and (to the knowledge of any Obligor) no other party thereto is in breach or default in any material respect, and no event has occurred that, with notice and/or lapse of time, would constitute such a breach or default or otherwise permit termination, modification or acceleration under such agreement; and (E) no breach or default of any IP License shall be caused by the entry into any Loan Document or the consummation of the transactions contemplated thereby.

(viii) Such Obligor has taken commercially reasonable steps to protect (A) the confidentiality of its material Trade Secrets and (B) its interest in its Intellectual Property, except to the extent such Obligor has determined such Intellectual Property is no longer necessary or relevant in the ordinary course of business.

(ix) To such Obligor's knowledge, as of the date hereof, no Person is infringing, misappropriating, or diluting any Intellectual Property owned by such Obligor other than with respect to Intellectual Property relating to the DaVinci and Eyce brands.

(x) Holdings does not own, directly or indirectly, any material Intellectual Property that has been registered with the United States Patent and Trademark Office or the United States Copyright Office and that is not listed on Schedule I to each of the Copyright Security Agreement, the Patent Security Agreement and the Trademark Security Agreement.

(k) Reserved.

(l) Representations in Note. In the case of Borrower, all representations and warranties set forth in Section 6 of the Note that relate to or are contemplated to be made by



Borrower are hereby incorporated herein by reference, are true and correct in all material respects (or, in the case of representations qualified by materiality, Material Adverse Effect or dollar amount threshold, in all respects) as of the date on which such representations and warranties are made or deemed made pursuant to the Note, and the Lender shall be entitled to rely on each of them as if they were fully set forth herein.

(m) Representations Relating to the Guaranty.

(i) Each Obligor has knowledge of each other Obligor's financial condition and affairs and it has adequate means to obtain from each other Obligor, on an ongoing basis, information relating thereto and to such Obligor's ability to pay and perform the Secured Obligations, and agrees to assume responsibility for keeping, and to keep, so informed until the Maturity Date. Each Obligor acknowledges and agrees that Lender shall have no obligation to investigate the financial condition or affairs of any other Obligor for the benefit of such Obligor nor to advise such Obligor of any fact respecting, or any change in, the financial condition or affairs of any other Obligor that might become known to Lender at any time, whether or not Lender knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor, or might (or does) materially increase the risk of such Guarantor as guarantor, or might (or would) affect the willingness of such Guarantor to continue as a guarantor of the Secured Obligations.

(ii) It is in the best interests of each Obligor to execute this Agreement inasmuch as such Obligor will derive substantial direct and indirect benefits from the Loan and other financial accommodations made to Borrower by Lender pursuant to the Loan Documents, and each Obligor agrees that Lender is relying on this representation in agreeing to make the Loans and other financial accommodations made to the Borrower.

(n) Perfection Certificate; Jurisdiction of Organization; Chief Executive Office. Each Obligor is concurrently delivering with this Agreement to Lender the Perfection Certificate signed by such Obligor. Each Obligor represents and warrants to Lender as of the date hereof (or, to the extent that any information is expressly stated to have been made as of an earlier date, as of such earlier date) that: (a) such Obligor's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof, (b) such Obligor is an organization of the type, and is organized in the jurisdiction, set forth in the Perfection Certificate, (c) the Perfection Certificate accurately sets forth such Obligor's organizational identification number or accurately states that such Obligor has none, (d) the Perfection Certificate accurately sets forth such Obligor's address of its books and records, and (e) all other information set forth on the Perfection Certificate pertaining to such Obligor is accurate and complete in all material respects.

8. Covenants. Each Obligor hereby agrees and covenants that until such time as the Specified Obligations have been indefeasibly paid in full in cash or immediately available funds and all commitments of the Lender have terminated:

(a) Maintenance of Existence. Such Obligor shall preserve, renew, and maintain in full force and effect its organizational existence and take all reasonable action to maintain all rights, privileges, and franchises necessary or desirable in the normal conduct of its business, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Use of Proceeds. Borrower shall use the proceeds of the Loan hereunder only to  
(i) pay for the costs, expenses and fees in connection with the Loan and (ii) finance general





operating, working capital and other proper corporate purposes of Borrower not otherwise prohibited by the terms hereof.

(c) Compliance. Such Obligor shall comply with all Laws applicable to it and its business and its obligations under its material contracts and agreements, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(d) Notice of Events of Default. As soon as possible and in any event within two (2) Business Days after any Designated Officer (as defined below) of the Borrower has actual knowledge that an Event of Default has occurred, Borrower shall notify Lender in writing of the nature and extent of such Event of Default and the action, if any, it or any Obligor has taken or proposes to take with respect to such Event of Default. The “Designated Officers” shall be each of the following, and their duly appointed replacements:

Craig Snyder, CEO Lana Reeve, CFLO

(e) Payment of Obligations. Such Obligor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, except for those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP or, all taxes and other assessments and governmental charges or levies imposed upon such Obligor’s Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies) against or with respect to such Obligor’s Collateral.

(f) Pledged Equity/Control.

(i) Such Obligor shall deliver to Lender promptly (but in any event within ten (10) Business Days or such later date as Lender may reasonably agree) upon the receipt thereof by or on behalf of such Obligor, all certificates and instruments constituting Pledged Equity (including any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization of such Pledged Equity), option or rights in respect of any Pledged Equity, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Equity, or otherwise in respect thereof. Prior to delivery to Lender, all such certificates, instruments, and other documents constituting Pledged Equity shall be held in trust by such Obligor for the benefit of Lender pursuant hereto. All such certificates representing Pledged Equity shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, substantially in the form provided in Exhibit 8(f)(i) hereto.

(ii) If any of the Collateral of such Obligor (other than cash or Cash Equivalents) is or shall become evidenced or represented by an Uncertificated Security, such Obligor shall promptly notify Lender in writing thereof, and upon the reasonable request of Lender, cause the issuer thereof either (A) to register Lender as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (B) to promptly (but in any event within ten (10) Business Days of such request or such later date as Lender may reasonably agree) agree in writing with such Obligor and Lender that

such issuer will comply with instructions with respect to such Uncertificated Security originated by Lender without further consent of such Obligor.

(iii) No Obligor will consent to any person having “control” (within the meaning of Section 104.9107 of the UCC) over any Letter-of-Credit Rights which such Obligor has an interest, other than Lender, or any other interest therein, other than Permitted Liens.

(iv) Such Obligor shall execute and deliver to Lender all agreements, assignments, instruments or other documents necessary or as reasonably requested by Lender for the purpose of obtaining and maintaining control with respect to any Collateral consisting of (A) Investment Property (other than any Deposit Accounts), (B) Letter-of- Credit Rights and (C) Electronic Chattel Paper (other than Excluded Chattel Paper), duly endorsed in a manner satisfactory to the Lender, to be held as Collateral pursuant to this Agreement; provided that all of such property owned by any Obligor as of the date hereof shall be deemed to have been requested by Lender and shall be delivered to Lender on the date hereof.

(g) Maintenance of Perfected Security Interest; Filing of Financing Statements, Notices, etc.

(i) At the sole expense of such Obligor, each Obligor shall execute and deliver to Lender such agreements, assignments or instruments (including affidavits, notices, reaffirmations and amendments and restatements of existing documents, as Lender may reasonably request) and do all such other things, in each case, as Lender may reasonably deem necessary or appropriate (i) to assure to Lender its security interests hereunder, including (A) such instruments as Lender may from time to time reasonably request in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, (B) with regard to Copyrights and Copyright Licenses, a Notice of Grant of Security Interest in Copyrights and Copyright Licenses for filing with the United States Copyright Office or its foreign equivalents in the form of Exhibit 8(g)(i) (the “Copyright Security Agreement”), (C) with regard to Patents and Patent Licenses, a Notice of Grant of Security Interest in Patents and Patent Licenses for filing with the United States Patent and Trademark Office or its foreign equivalents in the form of Exhibit 8(g)(ii) hereto (the “Patent Security Agreement”) and (D) with regard to Trademarks and Trademark Licenses, a Notice of Grant of Security Interest in Trademarks and Trademark Licenses for filing with the United States Patent and Trademark Office or its foreign equivalents in the form of Exhibit 8(g)(iii) hereto (the “Trademark Security Agreement”), (ii) to perform the obligations and consummate the transactions contemplated hereby and (iii) to otherwise protect and assure Lender of its rights and interests hereunder. Such Obligor will furnish to the Lender from time to time statements and schedules further identifying and describing the assets and property of such Obligor in reasonable detail and such other reports in connection therewith, in each case, as Lender may reasonably request.

(ii) Such Obligor will not change its jurisdiction of organization, the location of its chief executive office, its name or its identity or corporate structure to such an extent that any financing statement filed by Lender in connection with this Agreement would become misleading, except upon not less than ten (10) Business Days’ prior written notice to Lender (or such shorter amount of time reasonably acceptable to Lender) and delivery to Lender of (A) all additional financing statements and other documents (executed where appropriate) reasonably requested by Lender to maintain the validity, perfection and



priority of the security interests provided for herein and (B) if applicable, any supplement to the Perfection Certificate.

(iii) Furthermore, each Obligor also hereby irrevocably makes, constitutes and appoints Lender, its nominee or any other person whom Lender may designate, as such Obligor's attorney in fact with full power and for the limited purpose to sign in the name of such Obligor any financing statements, or amendments and supplements to financing statements, renewal financing statements, notices or any similar documents which in the Lender's reasonable discretion would be necessary or appropriate in order to perfect and maintain perfection of the security interests granted hereunder, such power, being coupled with an interest, being and remaining irrevocable until such time as the Secured Obligations arising under the Loan Documents have been indefeasibly paid in full in cash or immediately available funds and all commitments of Lender have terminated. Each Obligor hereby agrees that a carbon, photographic or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement by Lender without notice thereof to such Obligor wherever Lender may in its sole discretion desire to file the same.

(iv) Such Obligor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 7(b) hereof and shall defend such security interest against the claims and demands of all Persons whomsoever, subject to the express rights of such Obligor under the Loan Documents to dispose of the Collateral.

(h) Collateral Held by Warehouseman, Bailee, etc. If any Collateral having a value, individually or in the aggregate, in excess of \$50,000 is at any time in the possession or control of a warehouseman, bailee or any agent or processor of such Obligor and Lender so requests (i) notify such Person in writing of Lender's security interest therein and (ii) instruct such Person to hold all such Collateral for Lender's account and subject to Lender's instructions. Any such Person shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, Lender. At any time and from time during the existence of an Event of Default following notice to and consultation with the Borrower, Lender may give notice to any such Person holding all or any portion of the Collateral, that such Person is holding the Collateral as the agent and bailee of, and as pledge holder for, Lender, and obtain such Person's written acknowledgment thereof.

(i) Commercial Tort Claims. Such Obligor shall promptly, and in any event within five (5) Business Days after obtaining any Commercial Tort Claim other than any Excluded Commercial Tort Claim seeking damages, individually or in the aggregate, in excess of \$25,000, (i) forward to Lender an updated Schedule 5(c) listing any and all such Commercial Tort Claims by or in favor of such Obligor seeking damages, individually or in the aggregate, in excess of \$25,000 and (ii) execute and deliver such statements, documents and notices and do and cause to be done all such things as may be required or requested by Lender, or required by Law to create, preserve, perfect and maintain Lender's security interest in any such Commercial Tort Claims initiated by or in favor of any Obligor.

(j) Books and Records. Such obligor shall mark its books and records (and shall cause the issuer of the Pledged Equity of such Obligor to mark its books and records) to reflect the security interest granted pursuant to this Agreement.

(k) Nature of Collateral. Such Obligor shall at all times maintain the Collateral as personal property and not affix any of the Collateral to any real property in a manner which would change its nature from personal property to real property or a Fixture to real property.

(l) Issuance or Acquisition of Equity Interests in Partnerships or Limited Liability Companies. Not without executing and delivering, or causing to be executed and delivered, Lender such agreements, documents and instruments as Lender may require, in each case within thirty (30) Business Days of the issuance or acquisition thereof, such Obligor shall not issue or acquire any Pledged Equity consisting of an interest in a partnership or a limited liability company that (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a Security governed by Article 8 of the UCC, (iii) is an investment company security, (iv) is held in a Securities Account or (v) constitutes a Security or a Financial Asset.

(m) Intellectual Property.

(i) Such Obligor shall not do any act or knowingly omit to do any act whereby any Intellectual Property could reasonably be expected to become invalidated or otherwise impaired, except to the extent the applicable Obligor has reasonably determined such Intellectual Property is no longer necessary or relevant in the ordinary course of business, and shall (A) not do any act, or knowingly omit to do any act, whereby any Intellectual Property that is material to such Obligor's business could reasonably be expected to become injected into the public domain; (B) notify Lender promptly in writing if it knows that any Intellectual Property that is material to such Obligor's business could reasonably be expected to become injected into the public domain or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any court or tribunal in the United States or any other country) regarding an Obligor's ownership of any such Intellectual Property or its validity; (C) take all steps that are reasonably necessary or reasonably requested by Lender, to maintain and pursue each application (and to obtain the relevant registration) of each Intellectual Property owned by an Obligor that is material to such Obligor's business and to maintain each registration of each Intellectual Property owned by an Obligor that is material to such Obligor's business including, without limitation, filing of applications for renewal where necessary; and (D) promptly notify Lender in writing of any infringement of any Intellectual Property of an Obligor that is material to such Obligor's business of which such Obligor becomes aware and, upon the request of Lender, take such reasonably necessary actions as determined by such Obligor in consultation with Lender to protect such Intellectual Property, including, where appropriate, the bringing of suit for infringement, seeking injunctive relief and seeking to recover any and all damages for such infringement.

(ii) Such Obligor shall not make any assignment or agreement in conflict with the security interest in the Intellectual Property of each Obligor hereunder (except the grant of Permitted Liens).

(iii) Except to the extent any applicable Obligor has determined any Trademark is no longer necessary or relevant in the ordinary course of business, such Obligor shall (A) continue to maintain each Trademark in full force and effect, free from any claim of abandonment for non-use, (B) employ such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Laws, and (C) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any such Trademark may become invalidated or impaired in any way.

(iv) Such Obligor shall not do any act, or omit to do any act, whereby any Intellectual Property material to such Obligor's business may become forfeited, abandoned or dedicated.

(v) [Reserved].

(vi) Except to the extent any applicable Obligor has determined any Intellectual Property is no longer necessary or relevant in the ordinary course of business, such Obligor shall take all steps reasonably necessary as determined by such Obligor, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of its Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vii) Such Obligor shall promptly notify Lender in writing after such Obligor learns that any Intellectual Property owned by such Obligor and included in the Collateral is infringed, misappropriated or diluted by a third party in any material respect.

(viii) [Reserved].

(ix) Such Obligor shall take actions reasonably necessary in such Obligor's reasonable determination to protect the confidentiality of such Intellectual Property and its rights therein, including (A) protecting the secrecy and confidentiality of its confidential information and Trade Secrets by having and enforcing a policy requiring all its prior, current and future employees, consultants, licensees, vendors and contractors, and all other persons having access to such Trade Secrets, to execute appropriate confidentiality agreements, (B) taking actions reasonably necessary in Obligor's reasonable determination to ensure that no Trade Secret falls or has fallen into the public domain, and (C) protecting the secrecy and confidentiality of the source code of all computer software programs and applications of which it is the owner (or licensee, if any third party source code is in its possession or under its control) by having and enforcing a policy requiring any licensees (or sublicensees) of such source code to enter into license agreements with appropriate use and non-disclosure restrictions.

(n) Receivables. Other than in the ordinary course of business, such Obligor will not

(a) grant any extension of the time of payment of any Receivable (other than an Excluded Receivable), (b) compromise or settle any Receivable (other than an Excluded Receivable) for less than the full amount thereof, (c) release, wholly or partially, any Person liable for the payment of any Receivable (other than an Excluded Receivable), (d) allow any credit or discount whatsoever on any Receivable (other than an Excluded Receivable) or (e) amend, supplement or modify any Receivable (other than an Excluded Receivable) in any manner that could adversely affect the value thereof; provided, that none of such actions may be taken by such Obligor upon the occurrence and during the continuation of an Event of Default.

(o) Investment Property.

(i) Any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any issuer shall be held by the applicable Obligor hereunder

as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of Lender, to the extent provided hereunder, be delivered to Lender to be held by it as additional collateral security for the Secured Obligations. If any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Obligor, such Obligor shall hold such money or property in accordance with the Note and the other Loan Documents. Notwithstanding the foregoing, any such payment or distribution made in cash is only subject to this Section 8(o)(i) upon the occurrence and during the continuation of an Event of Default.

(ii) Without the prior written consent of Lender, such Obligor will not (A) vote to enable, or take any other action to permit, any issuer of Pledged Equity to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of any issuer, (B) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Property or Proceeds thereof (other than any dispositions permitted under Section 9(d)), (C) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement, Permitted Liens or other Liens permitted by the Loan Documents or (D) enter into any agreement or undertaking restricting the right or ability of such Obligor or Lender to sell, assign or transfer any of the Investment Property or Proceeds thereof.

(iii) In the case of each Obligor that is an issuer, such Obligor agrees that (A) it will be bound by the terms of this Agreement relating to the Investment Property (that constitutes Collateral hereunder) issued by it and will comply with such terms insofar as such terms are applicable to it and (B) it will take all actions required or reasonably requested by Lender to enable or permit each Obligor to comply with Sections 13(a), 13(d) and 14(e) hereof as to all Investment Property issued by it.

(iv) The parties acknowledge that no representation or warranty by any Obligor in this Section 8(o) is given as to Investment Property and the entities issuing the Investment Property.

(p) Further Assurances. Upon the request of the Noteholder, such Obligor shall promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Note and the other Loan Documents to which it is a party.

9. Negative Covenants. Each Obligor hereby agrees and covenants that until such time as the Specified Obligations have been indefeasibly paid in full in cash or immediately available funds and all commitments of the Lender have terminated that said Obligor will not do, directly or indirectly, any of the following:

(a) Indebtedness. Incur, create, or assume any debt other than trade debt in the ordinary course of business other than debt arising under any of the AR Financing Agreements.



(b) Liens. Incur, create, assume, or suffer to exist any Lien on any of its property or assets that constitute Collateral, whether now owned or hereafter acquired, except for the following (collectively, "Permitted Liens"): (i) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of such Obligor in conformity with GAAP; (ii) non-consensual Liens arising by operation of law, arising in the ordinary course of business, and for amounts which are not overdue for a period of more than thirty (30) days or that are being contested in good faith by appropriate proceedings; or (iii) Liens created pursuant to this Agreement and other financing agreements.

(c) Restricted Payments. Declare or pay any cash dividend on, or make any payment on account of, the purchase, redemption, defeasance, retirement of other acquisition of, any limited liability company membership interest of (or other ownership or profit interest in) such Obligor, whether now or hereafter outstanding, or make any other distribution in respect thereof, whether in cash or property or in obligations of such Obligor.

(d) Disposition of Assets. Sell, assign, lease, transfer or otherwise dispose of any of its assets that constitute Collateral, whether now owned or hereafter acquired, other than (i) the sale, assignment, lease, transfer or other disposition of such assets in the ordinary course of business, including sale of excess assets due to the closure of the Tustin office, (ii) dispositions of such assets to any of Greenlane Holdings, Inc., Greenlane Holdings, LLC, Merger Sub Gotham 2, LLC and (iii) dispositions of such assets that are worn-out, surplus or obsolete.

(e) Line of Business. Enter into any business, directly or indirectly, except for those businesses in which such Obligor is engaged on the date of this Agreement or that are reasonably related thereto.

(f) Dissolution. Engage in any dissolution, liquidation, division into two or more legal entities, consolidation or merger with or into any other business entity other than the dissolution of an Immaterial Subsidiary or the merger of an Immaterial Subsidiary into Borrower or of any of its direct or indirect Subsidiaries pursuant to which Borrower or such Subsidiary is the surviving entity.

10. Authorization to File Financing Statements. Each Obligor hereby authorizes Lender (and its counsel and its agents) to prepare and file such financing statements (including continuation statements) or amendments thereof or supplements thereto or other instruments as Lender may from time to time deem necessary or appropriate in order to perfect and maintain the security interests granted hereunder in accordance with the UCC (including authorization to (i) describe the Collateral in a manner that is consistent with the grants made hereunder, (ii) describe the Collateral as being of equal or lesser scope or with greater detail, or (iii) include or contain any information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance). Each Obligor hereby ratifies and authorizes the filing by Lender (and its counsel and its agents) of any financing statement with respect to the Collateral made prior to the date hereof.

11. Advances. Upon the occurrence of an Event of Default and during continuation thereof, Lender, after giving the Obligors advance written notice of its intention to do so (provided notice may be given promptly after taking such action if Lender determines that its rights would be materially impaired by giving advance notice to the Obligors), may, at its sole option and in its sole discretion, perform the same and in so doing may expend such sums as Lender may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a



payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures which Lender may make for the protection of the security hereof or which may be compelled to make by operation of Law. All such sums and amounts so expended shall be repayable by the Obligors on a joint and several basis promptly upon timely notice thereof and demand therefor, shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the Default Rate. No such performance of any covenant or agreement by Lender on behalf of any Obligor, and no such advance or expenditure therefor, shall relieve the Obligors of any Event of Default. Lender may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by an Obligor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

12. Event of Default.

(a) The occurrence and continuance of any of the following shall constitute an “Event of Default” hereunder:

(i) Failure to Pay. Borrower fails to pay any principal or interest or any other amount when due and such failure continues for three (3) Business Days.

(ii) Breach of Representations and Warranties. Any representation or warranty made by an Obligor to Lender herein or in any other Loan Document to which it is a party is incorrect in any material respect on the date as of which such representation or warranty was made.

(iii) Breach of Covenants. Any Obligor fails to observe or perform any covenant, condition or agreement contained in this Agreement, the Note or any other Loan Document to which it is a party and such default, other than that specified in Section 12(a)(i) above, shall continue unremedied for a period of fourteen (14) days after the earlier of (x) the date on which written notice thereof shall have been given to Obligor from Lender or  
(y) the date on which an Obligor has knowledge of such failure.

(iv) Cross-Defaults. Any Obligor fails to pay when due any of its indebtedness (other than indebtedness arising under the Note or any other Loan Document), or any interest or premium thereon, when due and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness.

(v) Bankruptcy and Related Matters.

(1) Any Obligor commences any case, proceeding, or other action (i) under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts or (ii) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets, or said Obligor makes a general assignment for the benefit of its creditors;

(2) There is commenced against any Obligor any case, proceeding, or other action which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged, or unbonded for a period of forty-five (45) days;

(3) There is commenced against any Obligor any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within forty-five (45) days from the entry thereof;

(4) There is an assignment for the benefit of creditors; or

(5) There is any action taken by any Obligor in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in subsections (1) to (4) above.

(vi) Judgments. One or more judgments or decrees shall be entered against any Obligor and all such judgments or decrees involving in the aggregate a liability in an amount in excess of \$50,000 and all such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof.

(b) Once an Event of Default occurs, it will continue in existence unless and until Lender states in writing that the facts and circumstances that precipitated the Event of Default have been resolved to Lender's satisfaction (in its sole and absolute discretion) and that the Loan is reinstated.

### 13. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during continuation thereof, Lender shall have, in addition to the rights and remedies provided herein, in the other Loan Documents, in any other documents relating to the Secured Obligations, or by Law (including, but not limited to, levy of attachment, garnishment and the rights and remedies set forth in the UCC of the jurisdiction applicable to the affected Collateral), the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further, Lender may, with or without judicial process or the aid and assistance of others, (i) upon notice to the Obligors (to the extent required by Law), enter on any premises on which any of the Collateral may be located and, without resistance or interference by the Obligors, take possession of the Collateral, (ii) dispose of any Collateral on any such premises, (iii) require the Obligors to assemble and make available to Lender at the expense of the Obligors any Collateral at any place and time designated Lender which is reasonably convenient to both parties, (iv) remove any Collateral from any such premises for the purpose of effecting sale or other disposition thereof, and/or (v) without demand and without advertisement, notice, hearing or process of law, all of which each of the Obligors hereby waives to the fullest extent permitted by Law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale (which in the case of a private sale of Pledged Equity, shall be to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof), at any exchange or broker's board or elsewhere, by one or more contracts, in one or more parcels, for Money, upon credit or

otherwise, at such prices and upon such terms as Lender deems advisable, in its sole discretion (subject to any and all mandatory legal requirements). Each Obligor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sale shall be deemed to have been made in a commercially reasonable manner and, in the case of a sale of Pledged Equity, that Lender shall have no obligation to delay sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act of 1933. Neither Lender's compliance with applicable Law nor its disclaimer of warranties relating to the Collateral shall be considered to adversely affect the commercial reasonableness of any sale. To the extent the rights of notice cannot be legally waived hereunder, each Obligor agrees that any requirement of reasonable notice shall be met if such notice, specifying the place of any public sale or the time after which any private sale is to be made, is personally served on or mailed, postage prepaid, to the Borrower in accordance with the notice provisions of Section 9.1 of the Note at least ten (10) days before the time of sale or other event giving rise to the requirement of such notice. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Obligor further acknowledges and agrees that any offer to sell any Pledged Equity which has been (i) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial communities of Las Vegas, Nevada (to the extent that such offer may be advertised without prior registration under the Securities Act of 1933), or (ii) made privately in the manner described above shall be deemed to involve a "public sale" under the UCC, notwithstanding that such sale may not constitute a "public offering" under the Securities Act of 1933, and Lender may, in such event, bid for the purchase of such securities. Lender shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by applicable Law, Lender may be a purchaser at any such sale. Further, in the event of a foreclosure by Lender on any of the Collateral pursuant to a public or private sale or a sale under §363 of the Bankruptcy Code of the United States, Lender may be the purchaser of any or all of such Collateral at any such sale and Lender shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by Lender at such sale. To the extent permitted by applicable Law, each of the Obligors hereby waives all of its rights of redemption with respect to any such sale. Subject to the provisions of applicable Law, Lender may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by Law, be made at the time and place to which the sale was postponed, or Lender may further postpone such sale by announcement made at such time and place.

(b) Reserved.

(c) Reserved.

(d) Investment Property. In addition to the remedies set forth in Section 14(e) hereof, each Obligor hereby authorizes and instructs each issuer of any Investment Property pledged by such Obligor hereunder to, following the occurrence and during the continuance of an Event of Default, and any such issuer party hereto agrees to, (i) comply with any instruction received by it from Lender in writing, without any other or further instructions from such Obligor, and each Obligor agrees that each issuer shall be fully protected in so complying and (ii) after receipt by an issuer of any instructions pursuant to the foregoing clause (i), pay any dividends or other payments with respect to such Investment Property directly to Lender; provided, however, that the foregoing

shall be subject to any additional requirements under foreign law in the case of any Pledged Equity of foreign Subsidiaries. Lender agrees that it shall not send any such instruction unless (A) an Event of Default has occurred and is continuing and (B) such instruction is otherwise in accordance with the terms of this Agreement.

(e) Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuance thereof, Lender, upon notice to the Obligors and subject to any lease applicable thereto, shall have the right to enter and remain upon the various premises of the Obligors without cost or charge to Lender, and use the same, together with materials, supplies, books and records of the Obligors for the purpose of collecting and liquidating the Collateral, or for preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise. In addition, Lender, upon notice to the Obligors, may remove Collateral, or any part thereof, from such premises and/or any records with respect thereto, in order to effectively collect or liquidate such Collateral.

(f) Nonexclusive Nature of Remedies. Failure by Lender to exercise any remedy following the occurrence of an Event of Default or any other right or option under this Agreement, any other Loan Document, any other document relating to the Secured Obligations, or as provided by Law, or any delay by Lender in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated, which in the case of Lender shall only be granted as provided herein. To the extent permitted by Law, neither Lender nor any party acting as attorney for Lender, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct hereunder that has been determined by a final non-appealable judgment from a court of competent jurisdiction. The rights and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right or remedy which Lender may have.

(g) Retention of Collateral. In addition to the rights and remedies hereunder, Lender may, following the occurrence of an Event of Default, in compliance with Sections 104.9620 and 104.9621 of the UCC or otherwise complying with the requirements of applicable Law of the relevant jurisdiction, accept or retain the Collateral in satisfaction of the Secured Obligations. Unless and until Lender shall have provided such notices, however, Lender shall not be deemed to have retained any Collateral in satisfaction of any Secured Obligations for any reason.

(h) Deficiency. In the event that, following the occurrence of an Event of Default, the proceeds of any sale, collection, realization or other disposition of the Collateral are insufficient to pay all amounts to which Lender are legally entitled, the Obligors shall be jointly and severally liable for the deficiency, together with interest thereon at the Default Rate, together with the costs of collection and the fees, charges and disbursements of counsel. Any surplus remaining after the full payment and satisfaction of the Secured Obligations shall be returned to the Obligors or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

(i) Intellectual Property. With respect to all Intellectual Property constituting Collateral, upon the occurrence and during the continuance of an Event of Default at such time as Lender shall be lawfully entitled to exercise such rights and remedies hereunder, and solely for purposes of exercising such rights and remedies, each Obligor hereby (A) grants to Lender a non-exclusive (exercisable without payment of royalty or other compensation to such Obligor), irrevocable (until termination of this Agreement) license to use or sublicense, any Intellectual Property now owned or hereafter acquired by such Obligor and included in the Collateral, wherever

the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof; provided, however, (x) that any such licenses granted hereunder with respect to trademarks registrations and applications shall be subject to the maintenance of quality standards with respect to the goods and services on which such trademarks are used sufficient to preserve the validity of such trademarks; (y) that any such licenses granted hereunder with regard to trade secrets shall be subject to the requirement that the secret status of trade secrets be maintained and reasonable steps are taken to ensure that they are maintained; and (z) that Lender shall have no greater rights than those of the Obligor under any such license granted hereunder; and (B) as to the rights of such Obligor itself, and subject to the rights of any third party at law, in equity, or pursuant to any license agreement entered into by such Obligor, such Obligor agrees that, at any time and from time to time following the occurrence and during the continuance of an Event of Default, Lender may sell or license such Obligor's Inventory directly to any third party, including without limitation third parties who have previously purchased any of such Obligor's Inventory from such Obligor and in connection with any such sale or other enforcement of Lender's rights under this Agreement, may (subject to any restrictions contained in applicable third-party licenses entered into by such Obligor) sell Inventory which bears any trademark included in the Collateral owned by or licensed to such Obligor and any Inventory that is covered by any Intellectual Property interest owned by or licensed to such Obligor, and Lender may finish any work in process and affix any such relevant trademark owned by or licensed to such Obligor thereto and sell such Inventory as provided herein; provided, however, that all goodwill arising from any such use of any such trademark shall inure to the benefit of such Obligor. The use of the license granted pursuant to clause (A) of the preceding sentence may be exercised, at the option of Lender, only upon the occurrence and during the continuance of an Event of Default. As used herein, the term "Inventory" shall mean "inventory," as such term is defined in the UCC, now owned or hereafter acquired by any person, wherever located, and in any event including inventory, merchandise, goods and other personal property that are held by or on behalf of such person for sale or lease or are furnished or are to be furnished under a contract of service, or that constitutes raw materials, work in process, finished goods, returned goods, or materials or supplies of any kind used or consumed or to be used or consumed in such person's business or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

#### 14. Rights of Lender.

(a) Power of Attorney. In addition to other powers of attorney contained herein, each Obligor hereby designates and appoints Lender, and each of its designees or agents, as attorney-in- fact of such Obligor, irrevocably and with power of substitution, with authority to take any or all of the following actions, without notice to or assent by such Obligor, upon the occurrence and during the continuance of an Event of Default and at such time as Lender shall be lawfully entitled to exercise such rights and remedies hereunder, and solely for purposes of exercising such rights and remedies against the Collateral:

- (i) to demand, collect, settle, compromise, adjust, give discharges and releases, all as Lender may reasonably determine;
- (ii) to commence and prosecute any actions at any court for the purposes of collecting any Collateral and enforcing any other right in respect thereof;
- (iii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as Lender may deem reasonably appropriate;

(iv) to sell, assign, transfer, pledge, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services which have given rise thereto, as fully and completely as though Lender were the absolute owner thereof for all purposes, and do, at Lender's option and such Obligor's expense, at any time, or from time to time, all acts and things which Lender deems necessary or desirable to protect, preserve or realize upon the Collateral and Lender's security interests therein and to effect the intent of this Agreement, as fully and effectively as such Obligor might do;

(v) to adjust and settle claims under any insurance policy relating thereto;

(vi) to execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that Lender may determine necessary or desirable in order to perfect and maintain the security interests and liens granted in this Agreement and in order to fully consummate all of the transactions contemplated therein;

(vii) to institute any foreclosure proceedings that Lender may deem appropriate;

(viii) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices and other documents relating to the Collateral;

(ix) to exchange any of the Pledged Equity or other property upon any merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Pledged Equity with any committee, depository, transfer agent, registrar or other designated agency upon such terms as Lender may reasonably deem appropriate;

(x) to vote for a shareholder resolution, or to sign an instrument in writing, sanctioning the transfer of any or all of the Pledged Equity into the name of Lender or into the name of any transferee to whom the Pledged Equity or any part thereof may be sold pursuant to Section 13 hereof;

(xi) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral; and

(xii) to do and perform all such other acts and things as Lender may reasonably deem to be necessary, proper or convenient in connection with the Collateral.

Each Obligor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable until such time as the Secured Obligations arising under the Loan Documents have been indefeasibly paid in full in cash or immediately available funds and all commitments of the Lender have terminated. Lender shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to Lender in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Lender shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of



competent jurisdiction. This power of attorney is conferred on Lender solely to protect, preserve and realize upon its security interest in the Collateral.

(b) Assignment by Lender. Lender may from time to time assign the Specified Obligations in accordance with the Note, with written notice thereof given to Borrower, and such assignee shall be entitled to all of the rights and remedies of Lender under this Agreement in relation thereto.

(c) Lender's Duty of Care. Other than the exercise of reasonable care to assure the safe custody of the Collateral while being held by Lender hereunder, Lender shall have no duty or liability to preserve rights pertaining thereto, it being understood and agreed that the Obligors shall be responsible for preservation of all rights in the Collateral, and Lender shall be relieved of all responsibility for the Collateral upon surrendering it or tendering the surrender of it to the Obligors. Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which Lender accords its own property, which shall be no less than the treatment employed by a reasonable and prudent agent in the industry, it being understood that Lender shall not have responsibility for taking any necessary steps to preserve rights against any parties with respect to any of the Collateral. Lender shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Obligor for any act or failure to act hereunder. In the event of a public or private sale of Collateral pursuant to Section 13 hereof, Lender shall have no responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not Lender has or is deemed to have knowledge of such matters, or (ii) taking any steps to clean, repair or otherwise prepare the Collateral for sale. Upon exercise of its remedies hereunder with respect to Pledged Equity, Lender shall in good faith realize the value of the underlying entity.

(d) Liability with Respect to Accounts. Anything herein to the contrary notwithstanding, each of the Obligors shall remain liable under each of the Accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account. Lender shall not have any obligation or liability under any Account (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by Lender of any payment relating to such Account pursuant hereto, nor shall Lender be obligated in any manner to perform any of the obligations of an Obligor under or pursuant to any Account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(e) Voting and Payment Rights in Respect of the Pledged Equity.

(i) So long as no Event of Default shall exist, each Obligor may (A) exercise any and all voting and other consensual rights pertaining to the Pledged Equity of such Obligor or any part thereof for any purpose unless inconsistent with the terms of this Agreement or any other Loan Document and (B) receive and retain any and all dividends (other than stock dividends and other dividends constituting Collateral which are addressed hereinabove), principal or interest paid in respect of the Pledged Equity to the extent they are allowed hereunder; and

(ii) After the occurrence and during the continuance of an Event of Default and at such time as Lender shall be lawfully entitled to exercise such rights and remedies hereunder, and solely for purposes of exercising such rights and remedies, (A) all rights of an Obligor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to clause (i)(A) above shall cease and all such rights shall thereupon become vested in Lender, which shall then have the sole right to exercise such voting and other consensual rights, (B) all rights of an Obligor to receive the dividends, principal and interest payments which it would otherwise be authorized to receive and retain pursuant to clause (i)(B) above shall cease and all such rights shall thereupon be vested in Lender which shall then have the sole right to receive and hold as Collateral such dividends, principal and interest payments, (C) all dividends, principal and interest payments which are received by an Obligor contrary to the provisions of clause (ii)(B) above shall be received in trust for the benefit of Lender, shall be segregated from other property or funds of such Obligor, and shall be forthwith paid over to Lender as Collateral in the exact form received, to be held by Lender as Collateral and as further collateral security for the Secured Obligations, and (D) Lender shall have the sole right to exercise any rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof, all without liability except to account for property actually received by it, but Lender shall have no duty to any Obligor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

15. Application of Proceeds. Upon the acceleration of the Obligations pursuant to Section 8 of the Note, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by Lender in Money, will be applied in reduction of the Secured Obligations in the order set forth in Section 5.2 of the Note.

16. Continuing Agreement.

(a) This Agreement shall remain in full force and effect until such time as the Specified Obligations have been indefeasibly paid in full in cash or immediately available funds and all commitments of the Lenders arising under the Loan Documents have terminated, at which time this Agreement shall be automatically terminated and Lender shall forthwith release all of its liens and security interests hereunder and shall execute and deliver all UCC termination statements and/or other documents requested by the Obligor evidencing such termination.

(b) This Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Secured Obligations is rescinded or must otherwise be restored or returned by Lender as a preference, fraudulent conveyance or otherwise under any Debtor Relief Law, all as though such payment had not been made; provided that in the event payment of all or any part of the Secured Obligations is rescinded or must be restored or returned, all reasonable costs and expenses (including without limitation any reasonable legal fees and disbursements) incurred by Lender in defending and enforcing such reinstatement shall be deemed to be included as a part of the Secured Obligations.

17. Expenses. In addition to the expenses and costs described in Section 3 hereof, Borrower agrees to pay on demand: (i) all reasonable and documented (in summary form) out-of-pocket costs and expenses of Lender in connection with any and all amendments, modifications, renewals, extensions, supplements, waivers, consents and ratifications thereof and thereto, including, without limitation, the reasonable fees and expenses of legal counsel for Lender; (ii) all costs and expenses of Lender in connection with any Event of Default and the enforcement of this Agreement or any other Loan Document, including,

without limitation, court costs and the fees and expenses of legal counsel, advisors, consultants, experts and auditors for Lender; (iii) all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Agreement or any of the other Loan Documents;

(iv) all reasonable costs, expenses, assessments, and other charges incurred in connection with any filing, registration, recording, or perfection of any Lien contemplated by this Agreement or any other Loan Document; and (v) all other costs and expenses incurred by Lender in connection with the enforcement or protection of its rights under this Agreement or any other Loan Document, any workout or restructuring (including the negotiations thereof), any litigation, dispute, suit, proceeding or action, the enforcement of its rights and remedies, and the protection of its interests in bankruptcy, insolvency or other legal proceedings, including, without limitation, all costs, expenses, and other charges incurred in connection with evaluating, observing, collecting, examining, auditing, appraising, selling, liquidating, or otherwise disposing of the Collateral or other assets of the Obligors. Any amount to be paid under this Section 17 shall be a demand obligation owing by the Obligors and if not paid within ten (10) days of demand shall bear interest, to the extent not prohibited by and not in violation of applicable Law, from the date of expenditure until paid at a rate per annum equal to the Default Rate. The obligations of the Borrower under this Section 17 shall survive payment of the Secured Obligations and other obligations hereunder and the assignment of any right hereunder.

18. Amendments; Waivers; Modifications, etc. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by any Obligor therefrom shall be effective unless the same shall be in writing signed by Lender and the Obligors, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purposes for which made or given; provided that any update or revision to Schedule 5(c) hereof delivered by any Obligor shall not constitute an amendment for purposes of this Section 18.

19. Successors in Interest. This Agreement shall be binding upon each Obligor, its successors and permitted assigns and shall inure, together with the rights and remedies of Lender, to the benefit of Lender and its successors and permitted assigns.

20. Notices. All notices required or permitted to be given under this Agreement shall be in conformance with Section 9.1 of the Note.

21. Cumulative Remedies. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

22. Set-Off. Each Obligor hereby irrevocably authorizes Lender at any time and from time to time after the occurrence and during the continuance of an Event of Default, upon any amount becoming due and payable by such Obligor hereunder or under any other Loan Document (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender to or for the credit or the account of such Obligor, or any part thereof in such amounts as Lender may elect, against and on account of the obligations and liabilities of such Obligor to Lender hereunder and claims of every nature and description of Lender against such Obligor, in any currency, whether arising hereunder, under the Note, any other Loan Document or otherwise, as Lender may elect, whether or not Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. Lender shall notify such Obligor promptly of any such set-off and the application made by such holder of the Secured Obligations of the proceeds thereof; provided, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Lender under this Section 22 are in addition to other rights and remedies

(including other rights of set-off) that Lender may have and are subject to any applicable limitations set forth in the Note.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which were so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of executed counterparts of this Agreement by facsimile or other electronic means shall be effective as an original.

24. Headings. The headings of the sections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

25. Governing Law. This Agreement, the Note, the other Loan Documents, and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating thereto, and the transactions contemplated hereby and thereby shall be governed by the laws of the State of Nevada.

26. Submission to Jurisdiction.

(a) Each Obligor hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Agreement, the Note, or any other Loan Document shall be brought in the courts of the State of Nevada or of the United States of America for the District of Nevada located in Clark County, Nevada and (ii) submits to the jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against any Obligor in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 26 shall affect the right of Lender to (i) commence legal proceedings or otherwise sue any Obligor in any other court having jurisdiction over such Obligor or (ii) serve process upon such Obligor in any manner authorized by the laws of any such jurisdiction.

27. Venue. Obligors irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement, the Note or the other Loan Documents in any court referred to in Section 26 above and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

28. WAIVER OF JURY TRIAL. EACH OBLIGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

29. Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

30. Entirety. This Agreement, the other Loan Documents and the other documents relating to the Secured Obligations represent the entire agreement of the parties hereto and thereto, and supersede all

prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Loan Documents, any other documents relating to the Secured Obligations, or the transactions contemplated herein and therein.

31. Other Security. To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real property and securities owned by an Obligor), or by a guarantee, endorsement or property of any other Person, then the Lender shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuance of any Event of Default, and Lender shall have the right, in its sole discretion, to determine which rights, security, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or the Secured Obligations or any of the rights of Lender under this Agreement, under any other of the Loan Documents or under any other document relating to the Secured Obligations.

32. Consent of Issuers of Pledged Equity. Each issuer of Pledged Equity party to this Agreement hereby acknowledges, consents and agrees to the grant of the security interests in such Pledged Equity by the applicable Obligors pursuant to this Agreement, together with all rights accompanying such security interest as provided by this Agreement and applicable Law, notwithstanding any anti-assignment provisions in any operating agreement, limited partnership agreement, Constituent Document or similar organizational or governance documents of such issuer.

33. Marshaling. Lender shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the rights and remedies of Lender hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Obligor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Lender's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Obligor hereby irrevocably waives the benefits of all such laws.

[Remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

OBLIGORS: WAREHOUSE GOODS LLC,

a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

GREENLANE HOLDINGS, INC.,  
a Delaware corporation

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

GREENLANE HOLDINGS, LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

GREENLANE HOLDINGS EU B.V.,  
a company organized under the laws of The Netherlands

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

HSCM LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

HS PRODUCTS LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

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GS FULFILLMENT LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

GLOBAL PACIFIC HOLDINGS LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

VAPE WORLD DISTRIBUTION LTD.,  
a company organized under the laws of Canada

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

SOUTH ATLANTIC HOLDINGS LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

MERGER SUB GOTHAM 2, LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder  
Title: Chief Executive Officer

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LENDER: SYNERGY IMPORTS LLC,

a Nevada limited liability company

By: /s/ Name: Cortney Smith

ACTIVE:19666076.9

## SECURED PROMISSORY NOTE

**\$6,894,381.22 Las Vegas, Nevada  
September 22, 2023**

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, WAREHOUSE GOODS LLC, a Delaware limited liability company ("Borrower"), hereby unconditionally promises to pay to the order of SYNERGY IMPORTS LLC, a Nevada limited liability company, or its assigns ("Lender," and together with Borrower, the "Parties"), the principal amount of SIX MILLION EIGHT HUNDRED NINETY FOUR THOUSAND THREE HUNDRED EIGHTY ONE DOLLARS AND 22/100 (\$6,894,381.22) (the "Loan"), in lawful money of the United States of America, together with all accrued interest thereon computed from the date of this Promissory Note (this "Note"), or so much thereof as is advanced pursuant to that certain Loan, Security and Pledge Agreement, dated the date hereof, between Borrower and Lender (as the same may be amended, modified, restated, replaced, supplemented or otherwise modified from time to time, the "Loan Agreement"). The aforementioned maximum principal amount of \$6,894,381.22 is derived as follows: (a) \$2,200,000 in Advances made under the Loan Agreement, (b) up to \$501,166.37 in deferred payments owed to Eyce LLC and not yet due as of the date hereof (as described in Item 2(a) of Schedule 2 to the Loan Agreement, (c) \$1,537,437.22 in outstanding deferred payments owed to Organicix, LLC as of the date hereof (as described in Item 2(b) of Schedule 2 to the Loan Agreement), and (d) up to \$2,655,777.63 in deferred payments owed to Organicix, LLC and not yet due as of the date hereof (as described in Item 2(c) of Schedule 2 to the Loan Agreement). That maximum principal amount may be reduced upon changes in the calculations of deferred payments.

### 1. Definitions; Interpretation.

1.1 Capitalized terms used herein shall have the meanings set forth in this Section, and capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement:

"Applicable Rate" means the rate equal to twenty percent (20%) per annum.

"Borrower" has the meaning set forth in the introductory paragraph.

"Business Day" means a day other than a Saturday, Sunday, or other day on which commercial banks in Las Vegas, Nevada are authorized or required by law to close.

"Default Rate" means the lesser of the rate equal to forty percent (40%) or the maximum rate of interest that, at the time in question, would not cause the interest charged on the obligations owing to Lender under this Note to exceed the maximum amount that Lender would be allowed to contract for, charge, take, reserve or receive under applicable Law after taking into account, to the extent required by applicable Law, all relevant payments and charges under this Note.

"Interest Payment Date" means the 22<sup>nd</sup> day of each month during the term of this Note commencing on October 22, 2023

"Law" or "Laws" means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender" has the meaning set forth in the introductory paragraph.

"Loan" has the meaning set forth in the introductory paragraph.

“Loan Documents” means this Note, the Loan Agreement, the Guaranty and all other agreements, documents and instruments in favor of Lender from time to time delivered to Lender in connection with or under this Agreement or in connection with the Loan and all renewals, extensions, modifications, supplements, restatements, and replacements of, or substitutions for, any of the foregoing.

“Maturity Date” means the earlier of (a) March 22, 2024, (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 8, and (c) the date upon which Borrower completes a financing pursuant to which it receives gross proceeds of \$5,000,000.00 or more.

“Note” has the meaning set forth in the introductory paragraph.

“Parties” has the meaning set forth in the introductory paragraph.

“Person” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority or other entity.

1.2 Interpretation. For purposes of this Note (a) the words “include,” “includes,” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto,” and “hereunder” refer to this Note as a whole. The definitions given for any defined terms in this Note shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. Unless the context otherwise requires, references herein to: (x) Schedules, Exhibits, and Sections mean the Schedules, Exhibits, and Sections of this Note; (y) an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

2. Deferred Payments; Payment Dates; Optional Prepayments.

2.1 Deferred Payments. To the extent that Borrower does not make any of the Deferred Payments (as defined in the Loan Agreement) to Eyce LLC or Organicix, LLC on the applicable due date set forth in Schedule 2 to the Loan Agreement, such Deferred Payment shall be capitalized and added to the outstanding unpaid principal balance of the Loan due hereunder.

2.2 Payment Dates. The aggregate unpaid principal amount of the Loan, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 8.

2.3 Optional Prepayments. Borrower may prepay the Loan in whole or in part at any time or from time to time without penalty by paying the principal amount to be prepaid together with accrued interest thereon to the Maturity Date. No prepaid amount may be reborrowed.

3. Security. Borrower’s performance of its obligations hereunder is secured by a first priority

security interest in the collateral specified in the Loan Agreement and subject to the terms thereof.

4. ——— Interest.

4.1 ——— Interest Rate. Except as otherwise provided herein, the outstanding principal amount of the Loan made hereunder shall bear interest at the Applicable Rate from the date the Loan was made until the Loan is paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

4.2 Interest Payment Dates. Interest shall be payable monthly in arrears to Lender on each Interest Payment Date. The Interest Payment Dates and the amount of accrued interest due on each Interest Payment Date is set forth in the schedule attached hereto as Exhibit A. To the extent that

(i) any Deferred Payment is capitalized and added to the unpaid principal balance of the Loan pursuant to Section 2.1 or (ii) any partial prepayments of principal are made in accordance with Section 2.3, in either case, Lender shall amend Exhibit A to reflect the recalculated interest amounts due for the remaining Interest Payment Dates.

4.3 Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Default Rate from the date of such non-payment until such amount is paid in full.

4.4 Computation of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be, and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which the Loan is made, and shall not accrue on the Loan for the day on which it is paid.

4.5 Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by Lender to Borrower under applicable Law, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law shall be deemed a voluntary prepayment of principal.

5. Payment Mechanics.

5.1 Manner of Payments. All payments of interest and principal shall be made in lawful money of the United States of America no later than 5:00 PM (Tustin, California time) on the date on which such payment is due by cashier's check, certified check, or by wire transfer of immediately available funds to Lender's account at a bank specified by Lender in writing to Borrower from time to time.

5.2 Application of Payments. All payments made under this Note shall be applied *first* to the payment of any fees or charges outstanding hereunder, *second* to accrued interest, and *third* to the payment of the principal amount outstanding under this Note.

5.3 Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

5.4 Rescission of Payments. If at any time any payment made by Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or

reorganization of Borrower or otherwise, Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

6. Representations, Warranties, Covenants and Conditions. All of the representations, warranties, covenants and conditions contained in the Loan Agreement and the other Loan Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms, covenants, and conditions of this Note and the Loan Agreement, the terms, covenants and conditions of the Loan Agreement shall govern.

7. Events of Default. The occurrence and continuance of an Event of Default contained in the Loan Agreement and the other Loan Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein.

8. Remedies. Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, Lender may thereupon by written notice to Borrower (a) declare the entire principal amount of the Loan, together with all accrued interest thereon and all other amounts payable under this Note, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under any of the Loan Documents or applicable Law; *provided, however*, that if an Event of Default described in Section 12(a)(v) of the Loan Agreement shall occur, the principal of and accrued interest on the Loan shall become immediately due and payable without any notice, declaration, or other act on the part of Lender.

9. Miscellaneous.

9.1 Notices.

(a) All notices, requests, or other communications required or permitted to be delivered hereunder shall be delivered in writing, in each case to the address specified below or to such other address as such Party may from time to time specify in writing in compliance with this provision:

(i) If to Borrower:

WAREHOUSE GOODS LLC  
1095 Broken Sound Parkway NW, Suite 100,  
Boca Raton, Florida 33487  
Attention: Craig Snyder, Chief Executive Officer  
Attention: Lana Reeve, Chief Financial and Legal Officer

With a copy to (which shall not constitute notice):

Lawrence Rimmel Pryor Cashman LLP 7 Times Square  
New York, New York 10036-6569

(ii) If to Obligors:

WAREHOUSE GOODS LLC  
1095 Broken Sound Parkway NW Suite 100,  
Boca Raton, Florida 33487  
Attention: Craig Snyder, Chief Executive Officer  
Attention: Lana Reeve, Chief Financial and Legal Officer

With a copy to (which shall not constitute notice):

Lawrence Remmel Pryor Cashman LLP 7 Times Square  
New York, New York 10036-6569

(iii) If to Lender:

Synergy Imports LLC

With a copies to (which shall not constitute notice): Josh Jacobson  
Gunster  
600 Brickell Ave.  
Suite 3500  
Miami, Florida 33131

Rob Kim  
Ballard Spahr LLP One Summerlin  
1980 Festival Plaza Drive Suite 900  
Las Vegas, Nevada 89135-2958

(b) Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received; (ii) sent by facsimile during the recipient's normal business hours shall be deemed to have been given when sent (and if sent after normal business hours shall be deemed to have been given at the opening of the recipient's business on the next Business Day); and (iii) sent by email shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email, or other written acknowledgment).

1.1 Expenses. Borrower shall pay:

(a) all reasonable out-of-pocket expenses incurred by Lender, including the reasonable fees, charges, and disbursements of counsel for Lender in connection with the preparation, negotiation, execution, delivery, and administration of the this Note, the other Loan Documents and any amendments, waivers, or other modifications of the provisions of

any thereof, including without limitation Florida Documentary Stamp Taxes, if applicable, and recording expenses; and

(b) all out-of-pocket expenses incurred by Lender, including the fees, charges, and disbursements of any counsel for Lender in connection with the enforcement or protection of its rights (i) in connection with this Note and the other Loan Documents, including its rights under this Section 9.2 or (ii) in connection with the Loan, including all such out-of-pocket expenses incurred in connection with any restructuring, workout, or negotiations in respect of this Note or the Loan.

1.2 Governing Law. This Note, the other Loan Documents, and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, the other Loan Documents, and the transactions contemplated hereby and thereby shall be governed by the laws of the State of Nevada.

1.3 Submission to Jurisdiction.

(a) Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note or any other Loan Document shall be brought in the courts of the State of Nevada or of the United States of America for the District of Nevada located in Clark County, Nevada and (ii) submits to the jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 9.4 shall affect the right of Lender to (i) commence legal proceedings or otherwise sue Borrower in any other court having jurisdiction over Borrower or (ii) serve process upon Borrower in any manner authorized by the laws of any such jurisdiction.

1.4 Venue. Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note or the other Loan Documents in any court referred to in Section 9.4 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

1.5 Waiver of Jury Trial. BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

1.6 Integration. This Note and the other Loan Documents to which Borrower is a party constitute the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

1.7 Successors and Assigns. This Note may be assigned or transferred by Lender to any Person. Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of Lender. This Note shall inure to the benefit of, and be binding upon, the Parties and their permitted assigns.

1.8 Waiver of Notice. Borrower hereby waives demand for payment, presentment for payment, protest, notice of payment, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, and diligence in taking any action to collect sums owing hereunder.

1.9 Amendments and Waivers. No term of this Note may be waived, modified, or amended except by an instrument in writing signed by both of the Parties. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

1.10 Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand, or limit any of the terms or provisions hereof.

1.11 No Waiver; Cumulative Remedies. No failure to exercise, and no delay in exercising on the part of Lender, of any right, remedy, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

1.12 Electronic Execution. The words “execution,” “signed,” “signature,” and words of similar import in this Note shall be deemed to include electronic or digital signatures or electronic records, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based record-keeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001 to 7031), the Uniform Electronic Transactions Act (UETA), or any state law based on the UETA, including the Florida Electronic Signatures Act (Florida Statutes §§ 668.001 to 668.006) and the Florida Uniform Electronic Transaction Act (Florida Statutes § 668.50).

1.13 Severability. If any term or provision of this Note or any other Loan Document is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or the or such other Loan Document or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, Borrower has executed this Note as of September 22, 2023.

WAREHOUSE GOODS LLC,  
a Delaware limited liability company

By: /s/ Name: Craig Snyder

Title: Chief Executive Officer

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

I, Craig Snyder, 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: January 9, 2024

/s/ Craig Snyder

Craig Snyder

Chief Executive Officer

(Principal Executive Officer)

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

I, Lana Reeve, 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: January 9, 2024

/s/ Lana Reeve

Lana Reeve

Chief Financial and Legal 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 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Craig Snyder, the Chief Executive Officer of the Company, and I, Lana Reeve, the Chief Financial 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: January 9, 2024

/s/ Craig Snyder

Craig Snyder

Chief Executive Officer

*(Principal Executive Officer)*

/s/ Lana Reeve

Lana Reeve

Chief Financial Officer

*(Principal Financial Officer)*