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, 2020

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 300 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

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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 November 13, 2020, Greenlane Holdings, Inc. had13,072,416 shares of Class A common stock outstanding, 3,590,909 shares of Class B common stock outstanding and 76,489,218 shares of Class C common stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	September 30, 2020	December 31, 2019
Assets	(Unaudited)	
Current assets		
Cash	$ 39,993	$ 47,773
Accounts receivable, net of allowance of $ 1,324 and $ 936 at September 30, 2020 and December 31, 2019, respectively	6,438	8,091
Inventories, net	36,919	43,060
Vendor deposits	8,775	11,120
Assets held for sale	1,177	—
Other current assets	8,924	4,924
Total current assets	102,226	114,968
Property and equipment, net	12,392	13,165
Intangible assets, net	5,930	6,301
Goodwill	3,128	11,982
Operating lease right-of-use assets	3,085	4,695
Other assets	2,053	2,091
Total assets	$ 128,814	$ 153,202
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 17,963	$ 11,310
Accrued expenses and other current liabilities	15,956	10,600
Customer deposits	2,593	3,152
Current portion of operating leases	725	1,084
Current portion of finance leases	208	116
Total current liabilities	37,445	26,262
Notes payable, less current portion and debt issuance costs, net	7,886	8,018
Operating leases, less current portion	2,708	3,844
Finance leases, less current portion	277	194
Other liabilities	1,038	620
Total long-term liabilities	11,909	12,676
Total liabilities	49,354	38,938
Commitments and contingencies (Note 6)		
Stockholders' Equity		
Preferred stock, $ 0.0001 par value, 10,000 shares authorized, none issued and outstanding	—	—
Class A common stock, $ 0.01 par value per share, 125,000 shares authorized; 13,072 shares issued and outstanding as of September 30, 2020; 9,999 shares issued and 9,812 shares outstanding as of December 31, 2019	131	98
Class B common stock, $ 0.0001 par value per share, 10,000 shares authorized; 3,591 and 5,975 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	1	1
Class C Common stock, $ 0.0001 par value per share, 100,000 shares authorized; 76,489 and 77,791 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	8	8
Additional paid-in capital	39,194	32,108
Accumulated deficit	(20,732)	(9,727)
Accumulated other comprehensive loss	(154)	(72)
Total stockholders' equity attributable to Greenlane Holdings, Inc.	18,448	22,416
Non-controlling interest	61,012	91,848
Total stockholders' equity	79,460	114,264
Total liabilities and stockholders' equity	$ 128,814	$ 153,202

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,	
	2020	2019	2020	2019
Net sales	$ 35,764	$ 44,886	$ 102,032	$ 147,770
Cost of sales	33,297	38,448	85,419	123,194
Gross profit	2,467	6,438	16,613	24,576
Operating expenses:				
Salaries, benefits and payroll taxes	5,010	6,562	17,745	21,673
General and administrative	10,673	4,751	25,758	15,549
Goodwill impairment charge	—	—	8,996	—
Depreciation and amortization	599	650	1,959	1,980
Total operating expenses	16,282	11,963	54,458	39,202
Loss from operations	(13,815)	(5,525)	(37,845)	(14,626)
Other income (expense), net:				
Change in fair value of convertible notes	—	—	—	(12,063)
Interest expense	(115)	(119)	(335)	(862)
Other income, net	357	7,746	1,483	8,670
Total other income (expense), net	242	7,627	1,148	(4,255)
(Loss) income before income taxes	(13,573)	2,102	(36,697)	(18,881)
Provision for income taxes	220	11,063	147	10,966
Net loss	(13,793)	(8,961)	(36,844)	(29,847)
Less: Net loss attributable to non-controlling interest	(9,300)	(2,563)	(25,839)	(4,016)
Net loss attributable to Greenlane Holdings, Inc.	$ (4,493)	$ (6,398)	$ (11,005)	$ (25,831)
Net loss attributable to Class A common stock per share - basic and diluted (Note 8)	$ (0.35)	$ (0.64)	$ (0.95)	$ (0.67)
Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 8)	12,798	9,998	11,559	9,998
Other comprehensive income (loss):				
Foreign currency translation adjustments	285	(13)	130	38
Unrealized gain (loss) on derivative instrument	35	(310)	(525)	(310)
Comprehensive loss	(13,473)	(9,284)	(37,239)	(30,119)
Less: Comprehensive loss attributable to non-controlling interest	(9,066)	(2,809)	(26,152)	(4,238)
Comprehensive loss attributable to Greenlane Holdings, Inc.	$ (4,407)	$ (6,475)	$ (11,087)	$ (25,881)

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

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

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2019	9,812	$ 98	5,975	$ 1	77,791	$ 8	$ 32,108	$ (9,727)	$ (72)	$ 91,848	$ 114,264
Net loss	—	—	—	—	—	—	—	(4,461)	—	(12,278)	(16,739)
Equity-based compensation	—	—	—	—	—	—	64	—	—	206	270
Issuance of Class A common stock for the acquisition of Conscious Wholesale	480	5	—	—	—	—	1,496	—	—	—	1,501
Cancellation of Class B common stock due to equity-based compensation award forfeitures	—	—	(105)	—	—	—	223	—	—	(223)	—
Joint venture consolidation	—	—	—	—	—	—	—	—	—	189	189
Other comprehensive loss	—	—	—	—	—	—	—	—	(267)	(853)	(1,120)
Balance, March 31, 2020	10,292	103	5,870	1	77,791	8	33,891	(14,188)	(339)	78,889	98,365
Net loss	—	—	—	—	—	—	—	(2,051)	—	(4,261)	(6,312)
Equity-based compensation	—	—	—	—	—	—	220	—	—	672	892
Issuance of Class A common stock for the acquisition of Conscious Wholesale	171	2	—	—	—	—	485	—	—	—	487
Cancellation of Class B common stock due to equity-based compensation award forfeitures	—	—	(6)	—	—	—	9	—	—	(9)	—
Exchanges of non-controlling interest for Class A common stock	2,140	21	(2,140)	—	—	—	3,896	—	—	(3,917)	—
Other comprehensive income	—	—	—	—	—	—	—	—	99	306	405
Balance, June 30, 2020	**12,603**	**$ 126**	**3,724**	**$ 1**	**77,791**	**$ 8**	**$ 38,501**	**$ (16,239)**	**$ (240)**	**$ 71,680**	**$ 93,837**
Net loss	—	—	—	—	—	—	—	(4,493)	—	(9,300)	(13,793)
Equity-based compensation	—	—	—	—	—	—	(298)	—	—	(682)	(980)
Issuance of Class A common stock	35	1	—	—	—	—	75	—	—	—	76
Cancellation of Class B common stock due to equity-based compensation award forfeitures	—	—	(133)	—	—	—	221	—	—	(221)	—
Exchanges of non-controlling interest for Class A common stock	434	4	—	—	(1,302)	—	695	—	—	(699)	—
Other comprehensive income	—	—	—	—	—	—	—	—	86	234	320
Balance, September 30, 2020	**13,072**	**$ 131**	**3,591**	**$ 1**	**76,489**	**$ 8**	**$ 39,194**	**$ (20,732)**	**$ (154)**	**$ 61,012**	**$ 79,460**

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)

	Redeemable Class B Units	Members' Deficit	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Stockholders' Equity
			Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2018	$ 10,033	$ (10,773)	—	$ —	—	$ —	—	$ —	$ —	$ —	$ (286)	$ —	$ (11,059)
Activity prior to the initial public offering and related organizational transactions (Note 1):													
Issuance of redeemable Class B units, net of issuance costs	6,514	—	—	—	—	—	—	—	—	—	—	—	—
Redemption of Class A and Class B units	(416)	(2,602)	—	—	—	—	—	—	—	—	—	—	(2,602)
Equity-based compensation	2,304	191	—	—	—	—	—	—	—	—	—	—	191
Net loss	(3,045)	(14,619)	—	—	—	—	—	—	—	—	—	—	(14,619)
Member distributions	—	(21)	—	—	—	—	—	—	—	—	—	—	(21)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	28	—	28
Balance, March 31, 2019	15,390	(27,824)	—	—	—	—	—	—	—	—	(258)	—	(28,082)
Net loss	(246)	(1,179)	—	—	—	—	—	—	—	—	—	—	(1,179)
Equity-based compensation	113	137	—	—	—	—	—	—	—	—	—	—	137
Member distributions	(76)	(801)	—	—	—	—	—	—	—	—	—	—	(801)
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	(8)	—	(8)
Effects of the initial public offering and related organizational transactions (Note 1):													
Effects of the organizational transactions	(15,181)	29,667	—	—	—	—	—	—	(114,094)	—	203	99,404	15,180
Issuance of Class A common stock in the IPO, net of underwriting discount	—	—	5,250	53	—	—	—	—	82,950	—	—	—	83,003
Issuance of Class A common stock to convertible notes holders	—	—	3,548	35	—	—	—	—	60,277	—	—	—	60,312
Issuance of Class A common to stock selling stockholders	—	—	750	8	(106)	—	(1,935)	—	(7)	—	—	—	1
Issuance of Class A common stock to underwriter upon exercise of overallotment option	—	—	450	4	(63)	—	(1,161)	—	(4)	—	—	—	—
Issuance of Class B common stock	—	—	—	—	6,157	1	—	—	(1)	—	—	—	—
Issuance of Class C common stock	—	—	—	—	—	—	80,887	8	(8)	—	—	—	—
Capitalization of initial public offering costs	—	—	—	—	—	—	—	—	(3,523)	—	—	—	(3,523)
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	—	—	—	—	5,173	—	—	—	5,173
Joint venture consolidation	—	—	—	—	—	—	—	—	—	—	—	60	60
Activity subsequent to the initial public offering and related organizational transactions (Note 1):													
Net loss	—	—	—	—	—	—	—	—	—	(343)	—	(1,453)	(1,796)
Equity-based compensation	—	—	—	—	—	—	—	—	709	—	—	1,122	1,831
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	7	24	31
Balance June 30, 2019	—	—	9,998	100	5,988	1	77,791	8	31,472	(343)	(56)	99,157	130,339
Net loss	—	—	—	—	—	—	—	—	—	(6,398)	—	(2,563)	(8,961)
Equity-based compensation	—	—	—	—	—	—	—	—	360	—	—	1,148	1,508
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(77)	(246)	(323)
Effects of the organizational transactions	—	—	—	—	—	—	—	—	297	—	—	(297)	—
Balance September 30, 2019	**$ —**	**$ —**	**9,998**	**$ 100**	**5,988**	**$ 1**	**77,791**	**$ 8**	**$ 32,129**	**$ (6,741)**	**$ (133)**	**$ 97,199**	**$ 122,563**

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

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

	Nine Months Ended September 30,	
	2020	**2019**
Cash flows from operating activities:		
Net loss (including amounts attributable to non-controlling interest)	$ (36,844)	$ (29,847)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,959	1,980
Reversal of tax receivable agreement liability	—	(5,721)
Change in deferred tax asset, net	—	10,879
Equity-based compensation expense	182	6,083
Unrealized gain on equity investment	—	(1,537)
Goodwill impairment charge	8,996	—
Change in fair value of contingent consideration	(719)	—
Change in fair value of convertible notes	—	12,063
Change in provision for doubtful accounts	766	91
Loss on disposal of assets	569	—
Loss related to indemnification asset not probable of recovery	2,200	—
Other	242	37
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Decrease in accounts receivable	886	1,396
Decrease (increase) in inventories	6,140	(15,764)
Decrease (increase) in vendor deposits	2,543	(778)
Decrease (increase) in deferred offering costs	—	2,284
(Increase) in other current assets	(6,217)	(1,720)
Increase (decrease) in accounts payable	6,653	(13,182)
Increase in accrued expenses	9,558	465
(Decrease) in customer deposits	(670)	(272)
Net cash used in operating activities	(3,756)	(33,543)
Cash flows from investing activities:		
Purchase consideration paid for acquisitions, net of cash acquired	(1,841)	(1,283)
Purchases of property and equipment, net	(1,438)	(1,268)
Purchase of intangible assets	(300)	(58)
Investment in equity securities	—	(500)
Net cash used in investing activities	(3,579)	(3,109)
Cash flows from financing activities:		
Proceeds from issuance of convertible notes	—	8,050
Proceeds from issuance of Class A common stock sold in initial public offering, net of underwriting costs	—	83,003
Payment of debt issuance costs - convertible notes	—	(1,734)
Deferred offering costs paid	—	(3,523)
Redemption of Class A and Class B units of Greenlane Holdings, LLC	—	(3,019)
Member distributions	—	(897)
Other	(310)	(187)
Net cash (used in) provided by financing activities	(310)	81,693
Effects of exchange rate changes on cash	(135)	158
Net (decrease) increase in cash	(7,780)	45,199
Cash, as of beginning of the period	47,773	7,341
Cash, as of end of the period	$ 39,993	$ 52,540
Supplemental disclosures of cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 1,193	$ 547
Lease liabilities arising from obtaining finance lease assets	$ 272	$ 88
Lease liabilities arising from obtaining operating lease right-of-use assets	$ 331	$ 2,973
Non-cash investing and financing activities:		
Conversion of convertible debt to Class A common stock	$ —	$ 60,313
Redeemable Class B Units issued for acquisition of a subsidiary, net of issuance costs	$ —	$ 6,664
Shares of Class A common stock issued for acquisition of Conscious Wholesale	$ 1,988	$ —
Exchanges of non-controlling interest for Class A common stock	$ (4,616)	$ —

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

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 (as defined below) and other related Transactions (as defined below) 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.

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

We merchandise vaporizers and other products in the United States, Canada and Europe and we distribute to retailers through wholesale operations and to consumers through e-commerce activities and our retail stores.

Although we have a minority economic interest in 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, as a result of the Transactions described below, 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.

The Operating Company has been determined to be our predecessor for accounting purposes and, accordingly, the consolidated financial statements for periods prior to the IPO and the related Transactions have been adjusted to combine the previously separate entities for presentation purposes. Amounts for the period from January 1, 2019 through April 22, 2019 presented in the condensed consolidated financial statements and notes to the condensed financial statements herein represent the historical operations of the Operating Company, and amounts for the period from April 23, 2019 through September 30, 2020 reflect our consolidated operations.

Initial Public Offering and Organizational Transactions

On April 23, 2019, we completed our IPO of shares of Class A common stock at a public offering price of $17.00 per share. Our sale of Class A common stock generated aggregate net proceeds of approximately $79.5 million, after deducting the underwriting discounts and commissions and offering expenses paid by us.

In connection with the closing of the IPO, Greenlane and the Operating Company consummated the following organizational transactions (collectively, the "Transactions"):

- The Operating Company adopted and approved the Third Amended and Restated Operating Agreement of the Operating Company (the "Operating Agreement"), which converted each member's existing membership interests in the Operating Company into Common Units, including unvested profits interests into unvested Common Units, and appointed us as the sole manager of the Operating Company;
- We amended and restated our certificate of incorporation to, among other things, provide for Class A common stock, Class B common stock and Class C common stock;
- We issued, for nominal consideration, one share of our Class B common stock to our non-founder members for each Common Unit they owned, and issued, for nominal consideration, three shares of Class C common stock to our founder members for each Common Unit they owned;
- We issued 3,547,776 shares of our Class A common stock upon conversion of the convertible notes at a settlement price equal to 80% of the IPO price;

- We issued 1,200,000 shares of our Class A common stock to our members upon exchange of an equal number of Common Units, which shares were sold by the members as selling stockholders in the IPO, including 450,000 shares issued pursuant to the partial exercise of the underwriters' option to purchase additional shares;

- We issued and sold 5,250,000 shares of our Class A common stock to the purchasers in the IPO, and we contributed all of the net proceeds to the Operating Company in exchange for a number of Common Units equal to the number of shares of our Class A common stock sold by us in the IPO at a price per Common Unit equal to the IPO price per share of Class A common stock. After giving effect to the IPO and the related Transactions, we owned approximately 23.9% of the Operating Company's outstanding Common Units;

- The members of the Operating Company continue to own their Common Units not exchanged for the shares of our Class A common stock sold by them as selling stockholders in the IPO. Common Units are redeemable, subject to contractual restrictions, at the election of such members for newly-issued shares of our Class A common stock on a one-to-one basis (and their shares of our Class B common stock or our Class C common stock, as the case may be, will be canceled on a one-to-one basis in the case of our Class B common stock or three-to-one basis in the case of our Class C common stock upon any such issuance). We also have the option to instead make a cash payment equal to a volume weighted average market price of one share of our Class A common stock for each Common Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the Operating Agreement. Our decision to make a cash payment upon a member's redemption election will be made by our independent directors (within the meaning of the Nasdaq Marketplace Rules) who are disinterested in such proposed redemption; and

- We entered into (i) a Tax Receivable Agreement (the "TRA") with the Operating Company and the Operating Company's members and (ii) a Registration Rights (the "Registration Rights Agreement") with the Operating Company's members.

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

We entered into the TRA with the Operating Company and each of the Operating Company's members, which provides for the payment by us to the Operating Company's members of 85.0% of the amount of tax benefits, if any, that we may actually realize (or in some cases, are deemed to realize) as a result of (i) the step-up in tax basis in our share of the Operating Company's assets resulting from the redemption of Common Units under the mechanism described above and (ii) certain other tax benefits attributable to payments made under the TRA.

As a result of the completion of the Transactions, including the IPO, our amended and restated certificate of incorporation and the Operating Agreement require that (i) 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 (ii) the Operating Company at all times maintains (x) 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, (y) 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, and (z) a three-to-one ratio between the number of shares of our Class C common stock owned by the founder members of the Operating Company and their affiliates and the number of Common Units owned by the founder members of the Operating Company and their affiliates.

The following table sets forth the economic and voting interests of our common stock holders as of September 30, 2020:

Class of Common Stock (ownership)	Total Shares [1]	Class A Shares (as converted) [2]	Economic Ownership in the Operating Company [3]	Voting Interest in Greenlane [4]	Economic Interest in Greenlane [5]
Class A	13,072,416	13,072,416	31.0 %	14.0 %	100.0 %
Class B (non-founder members)	3,590,909	3,590,909	8.5 %	3.9 %	— %
Class C (founder members)	76,489,218	25,496,406	60.5 %	82.1 %	— %
Total	93,152,543	42,159,731	100.0 %	100.0%	100.0 %

(1) Represents the total number of outstanding shares for each class of common stock as of September 30, 2020.

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019. The condensed consolidated results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020, or any other future annual or interim period. Certain reclassifications have been made to prior year amounts or balances to conform to the presentation adopted in the current year.

Use of Estimates

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

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

Assets Held for Sale

We generally consider assets to be held for sale when (i) we commit to a plan to sell the assets, (ii) the assets are available for immediate sale in their present condition, (iii) we have initiated an active program to locate a buyer and other actions required to complete the plan to sell the assets, (iv) consummation of the planned sale transaction is probable, (v) the assets are being actively marketed for sale at a price that is reasonable in relation to their current fair value, (vi) the transaction is expected to qualify for recognition as a completed sale, within one year, and (vii) significant changes to or withdrawal of the plan is unlikely. Following the classification of any depreciable assets within a disposal group as held for sale, we discontinue depreciating the asset and write down the asset to the lower of carrying value or fair market value less cost to sell, if needed. As described in Note 4—Leases and Note 7—Supplemental Financial Statement Information, we have taken actions that have caused certain property and equipment and right-of-use assets to meet the relevant criteria for classification and reporting as held for sale.

Goodwill

Goodwill represents the difference between the purchase price and the estimated fair value of the net assets acquired accounted for by the acquisition method of accounting. Goodwill is tested for impairment annually, or when events or changes in circumstances indicate it is more likely than not that the carrying amount is not recoverable. Estimating the fair value of a reporting unit for goodwill impairment is highly sensitive to changes in projections and assumptions. Ultimately, potential changes in these assumptions may impact the estimated fair value of a reporting unit and result in an impairment if the fair value of such reporting unit is less than its carrying value.

Due to market conditions and estimated adverse impacts from the COVID-19 pandemic, management concluded that a triggering event occurred in the first quarter of 2020, requiring a quantitative impairment test of our goodwill for our United States and Europe reporting units. Based on this assessment, we concluded that the fair value of our Europe reporting unit exceeded its carrying value and no impairment charge was required. However, the estimated fair value of our United States reporting unit was determined to be below its carrying value, which resulted in a $9.0 million goodwill impairment during the first quarter of 2020. This impairment charge resulted from the impacts of COVID-19 on our current and forecasted wholesale revenues and the restrictions on certain products we sell imposed by the Federal Drug Administration's ("FDA") Enforcement

Priorities for Electronic Nicotine Delivery Systems ("ENDS") and Other Deemed Products on the Market Without Premarket Authorization ("ENDS Enforcement Guidance"), which resulted in changes to our estimates and assumptions of the expected future cash flows of the United States reporting unit.

No additional impairment charges were recognized during the third quarter of 2020. We will continue to monitor the significant global economic uncertainty as a result of the COVID-19 pandemic, including its duration and severity, the extent of its disruption on our operations, and the changes in our mitigation strategies, which may lead to additional impairment charges in future reporting periods.

Changes in the carrying amount of our goodwill by reporting unit for the nine months ended September 30, 2020 were as follows:

(in thousands)	**U.S.**	**Canada**	**Europe**	**Total**
Balance at December 31, 2019	$ 8,996	$ —	$ 2,986	$ 11,982
Goodwill impairment charge	(8,996)	—	—	(8,996)
Foreign currency translation adjustment	—	—	142	142
Balance at September 30, 2020	$ —	$ —	$ 3,128	$ 3,128

Revenue Recognition

Revenue is recognized when customers obtain control of goods and services promised by us. Revenue is measured based on the amount of consideration that we expect to receive in exchange for those goods or services, reduced by promotional discounts and estimates for return allowances and refunds. Taxes collected from customers for remittance to governmental authorities are excluded from net sales.

We generate revenue primarily from the sale of finished products to customers, whereby each product unit represents a single performance obligation. We recognize revenue from product sales when the customer has obtained control of the products, which is either upon shipment from one of our fulfillment centers or upon delivery to the customer, depending upon the specific terms and conditions of the arrangement, or at the point of sale for our retail store sales. We provide no warranty on products sold. Product warranty is provided by the manufacturers.

Our performance obligations for services are satisfied when the services are rendered within the arranged service period. Total service revenue is not material and accounted for less than 0.1% of revenues for the three and nine months ended September 30, 2020 and 2019.

Beginning with the first quarter of 2020, we entered into a limited number of bill-and-hold arrangements. Each bill-and-hold arrangement is reviewed and revenue is recognized only when certain criteria have been met: (i) the customer has requested delayed delivery and storage of the products by us, in exchange for a storage fee, because they want to secure a supply of the products but lack storage space, (ii) the risk of ownership has passed to the customer, (iii) the products are segregated from our other inventory items held for sale, (iv) the products are ready for shipment to the customer, and (v) the products are customized and thus we do not have the ability to use the products or direct them to another customer. During the three and nine months ended September 30, 2020, we recorded $0.5 million and $1.5 million of revenue under bill-and-hold arrangements, respectively. We did not recognize any revenue under bill-and-hold arrangements during the three and nine months ended September 30, 2019. Storage fees charged to customers for bill-and-hold arrangements are recognized as invoiced. Such fees were not significant for the three and nine months ended September 30, 2020.

For certain product offerings such as premium, patented, child-resistant packaging, closed-system vaporization solutions and custom-branded retail products, we generally receive a deposit from the customer (generally 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 these orders within one to three months from the date of order, depending on the complexity of the customization and the size of the order. See “Note 7—Supplemental Financial Statement Information” for a summary of changes to our customer deposits liability balance during the nine months ended September 30, 2020.

We estimate product returns based on historical experience and record them as a refund liability that reduces the net sales for the period. We analyze actual historical returns, current economic trends and changes in order volume when evaluating the adequacy of our sales returns allowance in any reporting period. Our liability for returns, which is included within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheets, was approximately $0.7 million and $0.6 million at September 30, 2020 and December 31, 2019, respectively. The recoverable cost of merchandise estimated to be returned by customers, which is included within "Other current assets" in our condensed consolidated balance sheets, was approximately $0.2 million and $0.3 million as of September 30, 2020 and December 31, 2019, respectively.

We elected to account for shipping and handling expenses that occur after the customer has obtained control of products as a fulfillment activity in cost of sales. Shipping and handling fees charged to customers are included in net sales upon completion of our performance obligations. We apply the practical expedient provided for by ASC 606 by not adjusting the transaction price for significant financing components for periods less than one year. We also apply the practical expedient provided by ASC 606 based upon which we generally expense sales commissions when incurred because the amortization period is one year or less. Sales commissions are recorded within "Salaries, benefits and payroll tax expenses" in the condensed consolidated statements of operations and comprehensive loss.

No single customer represented more than 10% of our net sales for the three and nine months ended September 30, 2020 and 2019. We had one customer that represented approximately 10.7% of our accounts receivable balance as of September 30, 2020. No other customer represented more than 10% of our accounts receivable balance as of September 30, 2020 and December 31, 2019.

Federal Drug Administration's ENDS Enforcement Guidance and Premarket Tobacco Product Applications

In January 2020, the FDA issued ENDS Enforcement Guidance, which outlines the FDA's intent to prioritize enforcement against flavored, cartridge-based ENDS products (except tobacco or menthol flavored products), all other ENDS products for which the manufacturer has failed to take adequate measures to prevent access to minors, and any ENDS products targeted to minors or whose marketing is likely to promote usage by minors. Additionally, the deadline for ENDS manufacturers to submit Premarket Tobacco Product Applications ("PMTA") was September 9, 2020. The FDA also intends to prioritize any ENDS products offered for sale after September 9, 2020 for which the manufacturer has not submitted a PMTA. The FDA is not necessarily bound by these enforcement priorities, and it has recently taken actions against other products and may take additional actions against other products as warranted by circumstances.

The ENDS Enforcement Guidance had the effect of prohibiting the sale of certain products in the United States, including mint-flavored products from JUUL Labs and other flavored ENDS, starting February 2020. Products impacted by the ENDS Enforcement Guidance represented less than 0.1% of our net sales for the three and nine months ended September 30, 2020 and approximately 19.7% and 17.2% of our net sales for the three and nine months ended September 30, 2019, respectively.

During the nine months ended September 30, 2020 and 2019, we sold products for which the manufacturers have not submitted a PMTA to the FDA by September 9, 2020. Sales of these products represented approximately 0.4% and 0.8% of our net sales for the nine months ended September 30, 2020 and 2019, respectively.

While we have been compliant with and expect to remain in compliance with the ENDS Enforcement Guidance, further actions and developments of FDA's guidance could adversely affect our sales of ENDS products and may have a material adverse effect on our business, results of operations and financial condition.

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. Accordingly, we performed an analysis of the VAT overpayments to the Dutch tax authorities, which we expect will be refunded to us, and VAT payable to other EU member states, including potential fines and penalties. Based on this analysis, we recorded a VAT payable of approximately $7.6 million within "Accrued expenses and other current liabilities" and VAT receivable of approximately $4.5 million within "Other current assets", in our condensed consolidated balance sheet as of September 30, 2020.

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 is limited to an amount equal to the purchase price under the purchase and sale agreement. Furthermore, we are the beneficiary to a bank guarantee in the amount of approximately $0.9 million for claims for which we are entitled to indemnification under the purchase and sale agreement. The bank guarantee has an expiration date of October 1, 2021. Accordingly, as of September 30, 2020, we recognized an indemnification asset of approximately $0.9 million within "Other current assets" using the loss recovery model, as management believes that amounts covered by the bank guarantee are probable of recovery.

Management intends to pursue recovery of all additional losses from the sellers to the full extent of the indemnification provisions of the purchase and sale agreement, however, the collectability of such additional indemnification amounts may be subject to litigation and may be affected by the credit risk of indemnifying parties, and are therefore subject to significant uncertainties as to the amount and timing of recovery. Therefore, during the three months ended September 30, 2020, we recognized a charge of approximately $2.2 million within general and administrative expenses in our condensed consolidated statements of operations and comprehensive loss, which represents the difference between the VAT payable and the VAT receivable and indemnification asset recorded as of September 30, 2020.

We establish VAT receivables in jurisdictions where VAT paid exceeds VAT collected and are recoverable through the filing of refund claims. Our VAT receivable balance as of September 30, 2020 relates to refund claims with the Dutch tax authorities. We intend to voluntarily disclose VAT owed to the 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 6—Commitments and Contingencies" for additional discussion regarding our contingencies.

Recently Adopted Accounting Guidance

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. We adopted this standard prospectively beginning January 1, 2020. Adoption of this new standard did not have a material impact on the Company's condensed consolidated financial statements.

Recently Issued Accounting Guidance Not Yet Adopted

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

In December 2019, the FASB issued No. ASU 2019-12,*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This update will be effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. We are currently assessing the impact, if any, the guidance will have on our consolidated financial statements.

In January 2020, the FASB issued ASU No. 2020-01,*Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*, which clarifies the interaction of the accounting for equity securities under Topic 321, the accounting for equity method investments in Topic 323, and the accounting for certain forward contracts and purchased options in Topic 815. This update will be effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. We are currently assessing the impact, if any, the guidance will have on our consolidated financial statements.

NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(in thousands)	Condensed Consolidated Balance Sheet Caption	Fair Value at September 30, 2020			
		Level 1	Level 2	Level 3	Total
Liabilities:					
Interest rate swap contract	Other long-term liabilities	$ —	$ 731	$ —	$ 731
Contingent consideration	Accrued expenses and other current liabilities	—	—	—	—
Total Liabilities		$ —	$ 731	$ —	$ 731

(in thousands)	Condensed Consolidated Balance Sheet Caption	Fair Value at December 31, 2019			
		Level 1	Level 2	Level 3	Total
Liabilities:					
Interest rate swap contract	Other long-term liabilities	$ —	$ 206	$ —	$ 206
Contingent consideration	Accrued expenses and other current liabilities	—	—	1,568	1,568
Total Liabilities		$ —	$ 206	$ 1,568	$ 1,774

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, 2020.

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 our floating rate Real Estate Note. The counterparty to this instrument is a reputable financial institution. The interest rate swap contract is entered into for periods consistent with the related underlying exposure and does not constitute a position independent of this exposure. Our interest rate swap contract was designated as a cash flow hedge at the inception date, and is reflected at its fair value in our condensed consolidated balance sheets. The fair value of our interest rate swap liability is determined based on the present value of expected future cash flows. Since our interest rate swap value is based on the LIBOR forward curve and credit default swap rates, which are observable at commonly quoted intervals for the full term of the swap, it is considered a Level 2 measurement.

Details of the outstanding swap contract as of September 30, 2020, which is a "pay-fixed and receive-floating" contract, are as follows:

Swap Maturity	Notional Value (in thousands)	Pay-Fixed Rate	Receive-Floating Rate	Floating Rate Reset Terms
October 1, 2025	$ 8,170	2.07750 %	One-Month LIBOR	Monthly

We performed an initial qualitative assessment of hedge effectiveness using the hypothetical derivative method in the period in which the hedging transaction was entered, as the critical terms of the hypothetical derivative and the hedging instrument were the same. Quarterly, we perform a qualitative analysis for prospective and retrospective assessments of hedge effectiveness. The unrealized loss on the derivative instrument is included within "Other comprehensive loss" in our condensed consolidated statements of operations and comprehensive loss. There was no measure of hedge ineffectiveness and no reclassifications from other comprehensive loss into interest expense for the three and nine months ended September 30, 2020.

Contingent Consideration

Each period we revalue our contingent consideration obligations associated with business acquisitions to their fair value. Additional purchase price payments ranging from $0 to $2.6 million are contingent upon the achievement of certain operational and financial targets measured through December 31, 2020. The estimate of the fair value of contingent consideration is determined by applying a risk-neutral framework using a Monte Carlo Simulation, which includes inputs not observable in the market, such as the risk-free rate, risk-adjusted discount rate, the volatility of the underlying financial metrics and projected financial forecast of the acquired business over the earn-out period, and therefore represents a Level 3 measurement. Significant increases or decreases in these inputs could result in a significantly lower or higher fair value measurement of the contingent consideration liability. During the nine months ended September 30, 2020, we recognized a gain from the fair value adjustment of contingent consideration of approximately $0.7 million. The fair value adjustment was largely attributed to changes in forecasted revenues and gross profits for our European operating segment over the remainder of 2020 driven primarily by the impacts of the COVID-19 pandemic. 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) for the nine months ended September 30, 2020 is as follows:

(in thousands)	Conscious Wholesale Contingent Consideration
Balance at December 31, 2019	$ 1,568
Foreign currency translation adjustments	(14)
Payments for contingent consideration	(835)
Gains from fair value adjustments included in results of operations	(719)
Balance at September 30, 2020	$ —

Investment in Equity Securities

Our investment in equity securities consists of a 1.49% ownership interest in Airgraft Inc. We determined that our ownership does not provide us with significant influence over the operations of this investee. Accordingly, we account for our investment in this entity as equity securities. Airgraft Inc. is a private entity and its equity securities do not have a readily determinable fair value. We elected to measure this security under the measurement alternative election at cost minus impairment, if any, and adjust the security to fair value when an observable price change can be identified; thus, the investment in equity securities constitutes a Level 3 investment, measured on a non-recurring basis. There have been 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, 2020.

During the three and nine months ended September 30, 2020, we did not identify any fair value adjustments using observable price changes in orderly transactions for an identical or similar investment of the same issuer. At September 30, 2020 and December 31, 2019, the carrying value of this investment was approximately $ 2.0 million, which included a fair value adjustment of $1.5 million based on an observable price change recognized during the year ended December 31, 2019.

NOTE 4. LEASES

Greenlane as a Lessee

As of September 30, 2020, we had 12 facilities financed under operating leases consisting of warehouses, offices, and retail stores, with lease term expirations between 2020 and 2026. Lease terms are generally three to nine years for warehouses, office space and retail store locations. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Beginning January 2020, we began taking steps to optimize our distribution network, transitioning to a more streamlined distribution center network with fewer, centrally-located, highly automated facilities. In March 2020, we entered into a new operating lease agreement for a new retail store location in Barcelona, Spain and we permanently closed our Ponce City Market retail store. In May 2020, we closed our Delta, B.C, Canada distribution center, and in June 2020 we terminated the lease agreements for our Torrance, California distribution center and Toronto, Canada office location. Additionally, we closed our Jacksonville, Florida distribution center in the third quarter of 2020. During the second quarter of 2020, we entered into service agreements with two third-party logistics facilities located in Hebron, Kentucky and Delta, B.C., Canada, both of which serve as replacement facilities to the distribution centers we have closed.

In August 2020, we initiated the process of seeking a third-party to assume our Jacksonville, Florida distribution center lease. Accordingly, our United States operating segment recorded approximately $0.4 million of right-of-use assets held for sale within "assets held for sale" and approximately $0.4 million of liabilities held for sale within "accrued expenses and other current liabilities" as of September 30, 2020. We expect to transfer the right-of-use asset and corresponding operating lease liability by the third quarter of 2021.

During the nine months ended September 30, 2020, we recorded approximately $1.7 million in charges related to the closures above, including $1.3 million related to right-of-use asset impairments, $0.1 million related to impairments of leasehold improvements, and a lease cancellation fee of approximately $0.3 million. These charges were offset by the derecognition of the associated operating lease liabilities of approximately $1.4 million, recorded within "general and administrative expenses" in our condensed consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2020.

The following table provides details of our future minimum lease payments under finance and operating lease liabilities recorded in our condensed consolidated balance sheet as of September 30, 2020. The table below does not include commitments that are contingent on events or other factors that are currently uncertain or unknown.

(in thousands)	**Finance Leases**	**Operating Leases**	**Total**
Remainder of 2020	$ 54	$ 215	$ 269
2021	207	867	1,074
2022	145	965	1,110
2023	81	922	1,003
2024	4	627	631
Thereafter	—	245	245
Total minimum lease payments	491	3,841	4,332
Less: imputed interest	6	408	414
Present value of minimum lease payments	485	3,433	3,918
Less: current portion	208	725	933
Long-term portion	$ 277	$ 2,708	$ 2,985

Rent expense under operating leases was approximately $0.3 million and $1.2 million for the three and nine months ended September 30, 2020 and approximately $0.3 million and $0.6 million for the three and nine months ended September 30, 2019, respectively.

The majority of our finance lease obligations relate to leased warehouse equipment. Payments under our finance lease agreements are fixed for terms ranging fromthree to five years. We recorded approximately $0.4 million and $0.3 million, respectively, of finance lease assets, net within "property and equipment, net" as of September 30, 2020 and December 31, 2019, and the related liabilities within "current portion of finance leases" and "finance leases, less current portion" in our condensed consolidated balance sheets.

The following expenses related to our finance and operating leases were included in "general and administrative expenses" within our condensed consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended September 30,	
(in thousands)	**2020**	**2019**
Finance lease costs		
Amortization of leased assets	$ 93	$ 96
Interest of lease liabilities	14	36
Operating lease costs		
Operating lease cost	1,093	604
Variable lease cost	219	280
Total lease costs	$ 1,419	$ 1,016

The table below presents lease-related terms and discount rates as of September 30, 2020:

	September 30, 2020
Weighted average remaining lease terms	
Operating leases	4.1 years
Finance leases	2.7 years
Weighted average discount rate	
Operating leases	4.9 %
Finance leases	4.2 %

Greenlane as a Lessor

As of September 30, 2020, we had four operating leases for office space leased to third-party tenants in our corporate headquarters building in Boca Raton, Florida. Rental income of approximately $0.1 million and $0.5 million for the three and nine months ended September 30, 2020 and 2019, respectively, was included within “other income, net” in our condensed consolidated statements of operations and comprehensive loss.

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

Rental Income	*(in thousands)*
Remainder of 2020	$ 139
2021	621
2022	154
2023	99
2024	77
Thereafter	53
Total	$ 1,143

NOTE 5. LONG TERM DEBT

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

(in thousands)	September 30, 2020	December 31, 2019
3.0% note payable for a four-year loan for the purchase of a truck	$ —	$ 18
Real Estate Note	8,170	8,297
	8,170	8,315
Less unamortized debt issuance costs	(104)	(119)
Less current portion of long-term debt	(180)	(178)
Long-term debt, net, excluding operating leases and finance leases	$ 7,886	$ 8,018

Line of Credit

On April 5, 2019, the Operating Company, as the borrower, entered into a second amendment to the first amended and restated credit agreement, dated October 1, 2018 (the "line of credit") with Fifth Third Bank, for a $15.0 million revolving credit loan with a maturity date of August 23, 2020. In August 2020, the maturity date of the line of credit was further extended to November 30, 2020. This line of credit will not be renewed past November 30, 2020, and we are currently evaluating our future banking relationships. We have not drawn on this line of credit in 2019 or 2020. Interest on the principal balance outstanding on the line of credit is due monthly at a rate of LIBOR plus 3.50% per annum provided that no default has occurred. The Operating Company's obligations under the line of credit are guaranteed by Jacoby & Co. Inc. (an affiliated entity of our Chief Executive Officer and Chief Strategy Officer) and all of our operating subsidiaries, and are collateralized by our accounts receivable, inventory, property and equipment, deposit accounts, intangibles and other assets. The line of credit borrowing base is 80% of eligible accounts receivable plus 50% of eligible inventory. The line of credit requires that we maintain a fixed charge coverage ratio of no less than 1.25, to be calculated on a quarterly basis on the last day of each calendar quarter. As of September 30, 2020, we were in compliance with the line of credit covenants. There were no borrowings outstanding on our line of credit at September 30, 2020 and December 31, 2019.

Real Estate Note

In October 2018, one of the Operating Company's wholly-owned subsidiaries financed the purchase of a building which serves as our corporate headquarters through a real estate term note (the "Real Estate Note") in the principal amount of $8.5 million. Principal payments plus accrued interest at a rate of LIBOR plus2.39% are due monthly. Our obligations under the Real Estate Note are secured by a mortgage on the property. The Real Estate Note is subject to an interest rate swap contract, see "Note 3—Fair Value of Financial Instruments."

Convertible Notes

In December 2018, the Operating Company issued an aggregate of $40.2 million in convertible promissory notes (the "convertible notes") and received net cash proceeds of $38.9 million. In January 2019, the Operating Company issued an additional $8.1 million in convertible notes and received net cash proceeds of $6.5 million. During the three months ended March 31, 2019, we recognized debt issuance costs of $0.4 million associated with the issuance of January 2019 convertible notes within "interest expense," and we also recognized an expense related to the change in fair value of the convertible notes of $12.1 million within "other income (expense), net" in our condensed consolidated statement of operations and comprehensive loss. The convertible notes did not accrue interest. In April 2019, in connection with the closing of our IPO, we issued 3,547,776 shares of our Class A common stock to the holders of the convertible notes upon conversion of the convertible notes of the Operating Company at a settlement price equal to 80% of the IPO price per share. There were no convertible notes outstanding at September 30, 2020 or December 31, 2019.

NOTE 6. 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.

On August 2, 2019, a purported stockholder of the Company filed a purported class action lawsuit against the Company, officers and directors of the Company, and the underwriters for related to the Company's initial public offering. The complaint alleges, among other things, that the Company's registration statement related to its initial public offering contained untrue statements of material fact and, or omitted to state material facts necessary to make the statements in the registration statement not misleading, in violation of Sections 11, 12 and 15 of the Securities Act of 1933, as amended. Since August 2, 2019 four

additional purported class action lawsuits have been filed making substantially similar allegations. At this time, the class has not been certified and the Company cannot estimate the amount of damages (if any) being sought by the plaintiffs.

Three of the complaints alleging violations of securities laws as described above were filed against the Company in the Circuit Court of the Fifteenth Judicial Circuit for Palm Beach County, Florida. These cases have been consolidated under the caption *In re Greenlane Holdings, Inc. Securities Litigation* (Case No. 50-2019-CA-010026). The plaintiffs filed an amended complaint on December 9, 2019 and the Company filed a motion to dismiss on February 7, 2020. A ruling on the motion to dismiss is pending.

Two of the complaints alleging violations of securities laws as described above were filed against the Company in the United States District Court for the Southern District of Florida. These cases have been consolidated under the caption *In re Greenlane Holdings, Inc. Securities Litigation* (Case No. 19-CV-81259). The plaintiffs filed an amended complaint on March 6, 2020 and the Company filed a motion to dismiss on March 20, 2020. A ruling on the motion to dismiss is pending.

We can provide no assurances as to the outcome of these lawsuits or as to the costs associated with them. However, we believe the claims are without merit and intend to vigorously defend ourselves.

See "Note 10—Incomes Taxes" for information regarding income tax contingencies.

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.

NOTE 7. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Accrued Expenses and Other Current Liabilities

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

(in thousands)	September 30, 2020	December 31, 2019
Accrued expenses and other current liabilities:		
Payroll related including bonus	$ 2,244	$ 1,314
Contingent consideration	—	1,568
VAT payable	7,591	—
Accrued marketing fees and royalties	677	304
Refund liability	721	622
Liabilities held for sale	392	—
Accrued purchase price consideration for business acquisition	—	3,029
Current portion of long-term debt	180	178
Other	4,151	3,585
	$ 15,956	$ 10,600

Customer Deposits

For certain product offerings such as premium, patented, child-resistant packaging, closed-system vaporization solutions and custom-branded retail products. For these product offerings, we generally receive a deposit from the customer (generally 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 three months from the date of order, depending on the complexity of the customization and the size of the order. Changes in our customer deposits liability balance during the nine months ended September 30, 2020 were as follows:

(in thousands)	Customer Deposits
Balance as of December 31, 2019	$ 3,152
Increases due to deposits received, net of other adjustments	7,353
Revenue recognized	(7,912)
Balance as of September 30, 2020	$ 2,593

Accumulated Other Comprehensive Loss

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

(in thousands)	Foreign Currency Translation	Unrealized Loss on Derivative Instrument	Total
Balance at December 31, 2019	$ (22)	$ (50)	$ (72)
Other comprehensive income (loss)	130	(525)	(395)
Less: Other comprehensive (income) loss attributable to non-controlling interest	(87)	400	313
Balance at September 30, 2020	$ 21	$ (175)	$ (154)

(in thousands)	Foreign Currency Translation	Unrealized Loss on Derivative Instrument	Total
Balance at December 31, 2018	$ (286)	$ —	$ (286)
Other comprehensive income (loss)	38	(310)	(272)
Effects of the reorganization transactions	203	—	203
Less: Other comprehensive (income) loss attributable to non-controlling interest	(14)	236	(24)
Balance at September 30, 2019	$ (59)	$ (74)	$ (133)

Supplier Concentration

We have three major vendors whose products accounted for an aggregate of approximately 40.7% and 36.0% our total net sales and 40.5% and 33.9% of our total purchases for the three and nine months ended September 30, 2020, respectively, and an aggregate of approximately 62.3% and 61.2% of our total net sales and 53.4% and 50.4% of our total purchases for the three and nine months ended September 30, 2019, respectively. We expect to maintain our existing relationships with these vendors.

Assets Held for Sale

During the three months ended September 30, 2020, we performed a review of our property and equipment held at our distribution centers, corporate headquarters, and retail locations for disposal or sale in connection with our transformation plan. As a result of this review, we made the decision to commit to a formal plan to sell machinery that was to be used by our United States operating segment, which was determined to no longer be needed as part of our supply and packaging customization processes. Accordingly, we determined that this machinery met the criteria to be reclassified as held for sale as of September 30, 2020.

An asset group classified as held for sale is reflected at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the assets exceeds its estimated fair value, a loss is recognized. Due to the reclassification as held for sale of this supply and packaging machinery, we recognized an impairment charge of approximately $0.2 million for the three months ended September 30, 2020, which was included within "general and administrative expenses" in our condensed consolidated statements of operations and comprehensive loss. We recorded approximately $0.8 million of machinery held for sale within "Assets Held for Sale" as of September 30, 2020. We are actively seeking a buyer and expect to complete the sale of the machinery by the third quarter of 2021.

NOTE 8. STOCKHOLDERS' EQUITY

Class A Common Stock Repurchase Program

In November 2019, our Board of Directors approved a stock repurchase program authorizing up to $5.0 million in repurchases of our outstanding shares of Class A common stock. Under the program, we may repurchase shares in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. We may periodically repurchase shares in open market transactions, directly or indirectly, in block purchases and in privately negotiated transactions or otherwise. The timing, pricing, and amount of any repurchases under the share repurchase program will be determined by management at its discretion based on a variety of factors, including, but not limited to, trading volume and market price of our Class A common stock, corporate considerations, our working capital and investment requirements, general market and economic conditions, and legal requirements. The share repurchase program does not obligate us to repurchase any common stock and may be modified, discontinued, or suspended at any time. Shares of Class A common stock repurchased under the program are subsequently retired. There were no share repurchases under the program during the three and nine months ended September 30, 2020.

Non-Controlling Interest

As discussed in "Note 1—Business Operations and Organization," we consolidate the financial results of the Operating Company and report a non-controlling interest related to the Common Units held by non-controlling interest holders on our consolidated financial statements. As of September 30, 2020, we owned 31.0% of the economic interests in the Operating Company, with the remaining 69.0% of the economic interests owned by non-controlling interest holders. The non-controlling interest on the accompanying consolidated statements of operations and comprehensive loss represents the portion of the loss attributable to the economic interest in the Operating Company held by the non-controlling holders of Common Units calculated based on the weighted average non-controlling interests' ownership during the periods presented.

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 elements.

Prior to the amendment and restatement of the Operating Company's LLC Agreement on April 17, 2019 in connection with the IPO, the Operating Company's membership interests were defined solely as percentage interests as the LLC Agreement did not define a number of membership units outstanding or authorized. As a result, the basic and diluted net loss per share for the three and nine months ended September 30, 2019 includes only the period from the IPO on April 23 through September 30, 2019.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net loss	$ (13,793)	$ (8,961)	$ (36,844)	$ (10,757)
Less: Net loss attributable to non-controlling interests	(9,300)	(2,563)	(25,839)	(4,016)
Net loss attributable to Class A common stockholders	$ (4,493)	$ (6,398)	$ (11,005)	$ (6,741)
Denominator:				
Weighted average shares of Class A common stock outstanding	12,798	9,998	11,559	9,998
Net loss per share of Class A common stock - basic and diluted	$ (0.35)	$ (0.64)	$ (0.95)	$ (0.67)

For the three and nine months ended September 30, 2020, 3,590,909 shares of Class B common stock, 76,489,218 shares of Class C common stock and 1,356,781 stock options 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.

For the three and nine months ended September 30, 2019, 5,988,485 shares of Class B common stock, 77,791,218 shares of Class C common stock and 632,847 stock options were excluded from the weighted-average in the computation of diluted net loss per share of Class A common stock because the effect would have been anti-dilutive.

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

NOTE 9. COMPENSATION PLANS

2019 Equity Incentive Plan

On April 17, 2019, we adopted the 2019 Equity Incentive Plan (the "2019 Plan"). The 2019 Plan provides eligible participants with compensation opportunities in the form of cash and equity incentive awards. The 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. Under the 2019 Plan, we may grant up to 5,000,000 stock options and other equity-based awards to employees, directors and executive officers.

During the three months ended September 30, 2020, we issued15,000 restricted shares of our Class A common stock to certain executive officers under the 2019 Plan. Compensation expense related to these restricted shares was immaterial for the three months ended September 30, 2020.

During the three and nine months ended September 30, 2020, we recorded compensation expense related to stock options of approximately $0.5 million and $1.2 million, respectively, which was included within "salaries, benefits and payroll taxes" in our condensed consolidated statement of operations and comprehensive loss. During the three and nine months ended September 30, 2019, we recorded compensation expense related to stock options of approximately $0.3 million and $0.6 million, respectively.

As of September 30, 2020, total unrecognized compensation expense related to unvested stock options was approximately $3.4 million, which is expected to be recognized over a weighted-average period of 3.4 years.

Common Units of the Operating Company Granted as Equity-Based Compensation

During the three months ended September 30, 2020, we recorded a net reversal of compensation expense related to Common Units of approximately $1.5 million, which was comprised of compensation expense of approximately $0.5 million offset by a reversal of compensation expense for actual forfeitures that occurred during the period of approximately $2.0 million. During the nine months ended September 30, 2020, we recorded a net reversal of compensation expense related to Common Units of approximately $1.0 million, which was comprised of compensation expense of approximately $1.7 million offset by a reversal of compensation expense for actual forfeitures that occurred during the period of approximately $2.7 million.

During the three and nine months ended September 30, 2019, we recorded compensation expense related to Common Units of approximately $1.2 million and $5.5 million, respectively. Compensation expense related to Common Units is included within "salaries, benefits, and payroll taxes" in our condensed consolidated statements of operations and comprehensive loss.

As of September 30, 2020, total unrecognized compensation expense related to unvested Common Units was approximately $1.0 million, which is expected to be recognized over a weighted-average period of 1.9 years.

NOTE 10. INCOME TAXES

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

As of September 30, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, respectively. In the event that management determines that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, an adjustment to the valuation allowance will be made, which would reduce the provision for income taxes. The provision for income taxes for the three and nine months ended September 30, 2020 and 2019, respectively, relates to taxes in foreign jurisdictions, including Canada and the Netherlands.

For the three and nine months ended September 30, 2020, the effective tax rate differed from the U.S. federal statutory tax rate of 21% primarily due to the Operating Company's pass-through structure for U.S. income tax purposes, the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, and the valuation allowance against the deferred tax asset.

For the three and nine months ended September 30, 2020, 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 Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted on March 27, 2020, made tax law changes to provide financial relief to companies as a result of the business impacts of COVID-19. Key income tax provisions of the CARES Act include changes in net operating loss carryback and carryforward rules, acceleration of alternative minimum tax credit recovery, increase in the net interest expense deduction limit and charitable contribution limit, and immediate write-off of qualified improvement property. The changes are not expected to have a significant impact on us.

Tax Receivable Agreement (TRA)

We entered into the TRA with the Operating Company and each of the members that provides for the payment by the Operating Company to the members of85% 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 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, 2020 and December 31, 2019.

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, 2020, we did not make any payments, inclusive of interest, to members of the Operating Company pursuant to the TRA.

NOTE 11. SEGMENT REPORTING

We merchandise vaporizers and other products in the United States, Canada and Europe and we distribute to retailers through our wholesale operations and to consumers through e-commerce activities. We define our segments as those operations whose results our Chief Operating Decision Makers ("CODMs"), a committee comprised of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), regularly review 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.

The reportable segments identified are our business activities for which discrete financial information is available and for which operating results are regularly reviewed by our CODMs. As of September 30, 2020, we have three reportable segments: (1) United States, (2) Canada and (3) Europe. The United States operating segment is comprised of our United States operations, the Canadian operating segment is comprised of our Canadian operations, and the European operating segment is comprised of our European operations, currently based in the Netherlands. Corporate and other activities which are not allocated to our reportable segments consist primarily of equity-based compensation expenses and other corporate overhead items. We sell similar products in each of our segments.

The table below provides information on revenues from external customers, intersegment revenues, and income (loss) before income taxes for our reportable segments for the three and nine months ended September 30, 2020 and 2019. We eliminate intersegment revenues in consolidation.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2020**	**2019**	**2020**	**2019**
Revenue from external customers:				
United States	$ 28,984	$ 38,597	$ 82,482	$ 129,017
Canada	4,447	6,289	12,362	18,753
Europe	2,333	—	7,188	—
Corporate and other	—	—	—	—
	$ 35,764	$ 44,886	$ 102,032	$ 147,770
Intercompany revenues:				
United States	$ 3,865	$ 1,392	$ 9,273	$ 2,910
Canada	17	23	55	105
Europe	561	—	1,653	—
Corporate and other	—	—	—	—
	$ 4,443	$ 1,415	$ 10,981	$ 3,015
Income (loss) before income taxes:				
United States	$ (10,757)	$ (2,716)	$ (27,353)	$ (4,967)
Canada	321	458	626	221
Europe	(3,187)	—	(4,320)	—
Corporate and other	50	4,360	(5,650)	(14,135)
	$ (13,573)	$ 2,102	$ (36,697)	$ (18,881)

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 (the "Company") for the quarterly period ended September 30, 2020 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, 2019, which are included in our Annual Report on Form 10-K. The terms "we," "our" and "us" as used herein refer to the Operating Company and its consolidated subsidiaries prior to the Transactions described in this Form 10-Q and to Greenlane Holdings, Inc. and its consolidated subsidiaries, including the Operating Company, following the Transactions.

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Examples of forward-looking statements include, without limitation:

- the impacts of the novel coronavirus ("COVID-19") pandemic and measures intended to prevent or mitigate its spread, and our ability to accurately assess and predict such impacts on our results of operations, financial condition, acquisition and disposition activities, and growth opportunities;
- statements regarding our growth and other strategies, results of operations or liquidity;
- statements concerning projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance;
- statements regarding our industry;
- statements of management's goals and objectives;
- statements regarding anticipated government regulations and policies;
- projections of revenue, earnings, capital structure and other financial items;
- assumptions underlying statements regarding us or our business; and
- other similar expressions concerning matters that are not historical facts.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Factors that might cause such a difference include those discussed in our filings with the SEC, under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.

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. 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.

Except as required under the federal securities laws and rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein. These statements should be considered only after carefully reading the risk factors and the other information in our Annual Report on Form 10-K for the year ended December 31, 2019 and this entire Quarterly Report on Form 10-Q.

Overview

We are one of the largest global sellers of premium cannabis accessories and liquid nicotine products in the world. We operate as a powerful house of brands, third-party brand accelerator and distribution platform for consumption devices and lifestyle brands serving the global cannabis and liquid nicotine markets with an expansive customer base of more than 7,000 retail locations, including licensed cannabis dispensaries, and smoke and vape shops. We merchandise vaporizers and other products in the United States, Canada and Europe and we distribute to retailers through wholesale operations and to consumers through e-commerce activities and our retail stores. We provide value-added customer support to complement our product offerings and help our customers operate and grow their businesses. We believe our market leadership, wide distribution network, broad product selection and extensive technical expertise provide us with significant competitive advantages and create a compelling value proposition for our customers and our suppliers. In addition, our premium product lines, broad product portfolio and strategically-located distribution centers position us well to meet the needs of our customers and ensure timely delivery of products.

We are the partner of choice for many of the industry's leading players including PAX Labs, Grenco Science, Firefly, DaVinci, Eyce, Santa Cruz Shredder, Cookies, and dozens of others. We have also set out to develop 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. Our Greenlane Brands are comprised of child-resistant packaging innovator Pollen Gear; VIBES rolling papers; the Marley Natural accessory line; the Keith Haring accessory line; Aerospaced & Groove grinders; and Higher Standards, which is both an upscale product line and an innovative retail experience with flagship stores at New York City's famed Chelsea Market and a new location opened in January 2020 in the iconic Malibu Village in California. In May 2020, we opened a new Cookies branded retail store located in Barcelona, Spain. We also own and operate several industry-leading e-commerce platforms, including Vapor.com, Higherstandards.com, Aerospaced.com, Azarius.net and Vaposhop.com. These e-commerce platforms offer convenient, flexible shopping solutions directly to consumers.

We continue to be well-funded to execute upon our business transformation plans, with $40.0 million in cash as of September 30, 2020, compared to $47.8 million in cash as of December 31, 2019.

We operate distribution centers in the United States, Canada, and Europe. Starting in the first quarter of 2020, we began taking steps to optimize our distribution network, by consolidating several of our U.S.based distribution centers to a more centralized model with fewer, larger, highly-automated facilities, which will help us reduce costs and improve service levels going forward. This consolidated distribution center model requires fewer distribution center employees and, we expect it will enable us to drive business improvement in multiple areas, including inventory management, sales operations, and customer experience. We closed our distribution centers in Schenectady, New York and Delta, B.C., Canada in May 2020. In June 2020, we terminated the lease agreements for our Torrance, California distribution center and Toronto, Canada office location. In August 2020, closed our Jacksonville distribution center. During the second quarter of 2020, we entered into service agreements with two 3PL facilities located in Hebron, Kentucky and Delta, B.C., Canada, both of which serve as replacement facilities to the distribution centers we have closed.

During the third quarter of 2020, we closed our Jacksonville distribution center, and performed an analysis of inventory on hand at each distribution center to be transferred to our Hebron, Kentucky 3PL facility. From this analysis, we recorded approximately $3.2 million in inventory write-offs and adjustments to lower of cost or net realizable value related to slow-selling products. These reductions in slow-selling inventory are consistent with the goals of our transformation initiative, as the warehouse space saved from liquidating these products will be allocated to products with higher margin opportunities and higher marketability. Additionally, the adjustments of inventory to lower of cost or net realizable value are expected to improve inventory turnover and lead to positive cash flows in 2021.

We have three distinct operating segments, which include our United States operations, our Canadian operations, and our European operations. These operating segments also represent our reportable segments. Refer to "Note 11— Segment Reporting", for more discussion regarding our segment reporting. See "Result of Operations" below for a breakdown of our net sales by operating segment. We expect revenue for our Europe operating segment to increase over the next reporting periods as we continue to expand our foothold in Europe.

We market and sell our products in the business to business ("B2B"), business to consumer ("B2C") and supply and packaging ("S&P") areas of the marketplace. We have a diverse base of customers, and our top ten customers accounted for only 14.1% and 11.1% of our net sales for the three and nine months ended September 30, 2020, respectively, with no single customer accounting for more than 3.1% and 2.1% of our net sales for the three and nine months ended September 30, 2020, respectively. While we distribute products to several large national and regional retailers in Canada, our typical B2B customer is an independent retailer operating in a single market. Our sales teams interact regularly with customers as most of them have frequent restocking needs. We believe our high-touch customer service model strengthens relationships, builds loyalty and drives repeat business. During the third quarter of 2020, our B2B, B2C and S&P revenues represented approximately 63.2%,

12.6% and 11.5% of net sales, respectively, compared to 80.6%, 3.2%, and 9.8% of net sales, respectively, during the same period in 2019. Channel and drop-ship revenues derived from the sales and shipment of our products to the customers of third-party website operators and providing other services to our customers represented approximately 12.6% of our net sales during the third quarter of 2020, compared to 6.4% during the same period in 2019.

For the three and nine months ended September 30, 2020, our net sales were lower than for the same period in 2019 largely due to the FDA's restriction on the sale of certain products, primarily mint-flavored JUUL products, and our deliberate decision to proactively move away from low margin sales, which historically included JUUL product discounts. We reduced our sales of JUUL products to $3.3 million, or 9.2% of net sales for the third quarter of 2020, compared to $20.2 million, or 45% of net sales for the third quarter of 2019. As we look ahead to the key drivers of growth in our business, we continue to be focused on the higher margin parts of the business that will better position us for the long-term, through continued investment in growing our Greenlane Brands, the supply and packaging revenue stream, and our direct-to-consumer businesses. Our portfolio of Greenlane Brands accounted for $5.6 million, or 15.5%, of net sales for the third quarter of 2020, compared to $3.4 million, or 7.5%, for the third quarter in 2019 . Our Greenlane Brand sales for the third quarter of 2020 were largely driven by sales of our Pollen Gear and Vibes Greenlane Brands, which amounted to $2.7 million and $1.3 million, respectively.

In December 2019, a novel strain of coronavirus known as COVID-19 was reported in Wuhan, China. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In response to the COVID-19 pandemic, many state and local governments throughout the United States began issuing "stay at home" orders directing the closure of non-essential businesses and directing citizens to remain home unless they are conducting essential business or other prescribed activities. Similar orders have proliferated in Canada and Europe. Prior to the impact of the COVID-19 pandemic, we had anticipated returning to cash-flow positive operations by the fourth quarter of 2020. While we are continuing to work towards this goal, the timing of this goal has shifted to 2021, and may continue to shift depending on how long the current environment remains.

Based on our role as a supplier to essential businesses, including licensed cannabis businesses and an e-commerce distributor, our distribution centers have not had significant impacts to their operations resulting from the COVID-19 pandemic. While certain distribution centers in the United States were permanently closed as part of our transformation plan, these closures were planned prior to the COVID-19 pandemic to migrate to a more centralized model. We implemented protective measures for our distribution center employees, including social distancing measures, which limited the number of employees present during work shifts. To compensate for the reduced number of employees present during work shifts, we extended distribution center operating hours in order to sustain timely fulfillment of sales orders. With respect to our corporate offices, we have implemented several measures in response to the COVID-19 pandemic, including encouraging remote work for our employees in our U.S. and European offices. We are also in the process of evaluating modifications to our "work from home" policy and are considering moving certain limited positions to permanent "work from home" arrangements to reduce the capacity of our offices and to enable required distancing guidelines.

With states reopening across the country, our B2B revenue has begun to normalize from the decreases we experienced at the beginning of the second quarter due to the pandemic. Specifically, our September 2020 B2B revenues were approximately $7.8 million compared to approximately $4.2 million for April 2020, representing an increase of approximately 85.6% in monthly revenue. From the standpoint of our B2C revenue stream, we resumed operations of our Higher Standards store at Malibu Village in California on July 11, 2020 and our Higher Standards store at Chelsea Market in New York on July 14, 2020, both in a limited capacity, as permitted by local regulations and public health guidelines. Our Amsterdam retail location has remained open, in a limited capacity, since the onset of the pandemic in March 2020. While we have not experienced notable difficulties in collecting our outstanding accounts receivable due to COVID-19, we are continuing to monitor the impact of the pandemic on our customers, including their ability to remain in business and to make payments to us in the ordinary course of business.

Our e-commerce revenue for the nine months ended September 30, 2020 increased by $8.3 million, or 160%, compared to the same period in the prior year. The addition of the Azarius and Vaposhop domains through the Conscious Wholesale acquisition prior to the COVID-19 pandemic, combined with our well-established Vapor.com domain, allowed us to mitigate the reduction in sales through our other revenue channels with e-commerce revenues. Online channels accounted for approximately $4.3 million and $13.4 million in net sales for the three and nine months ended September 30, 2020, respectively, and we expect to continue to capitalize on newly acquired e-commerce customers in future periods.

With respect to our purchasing activities, our Greenlane Brands revenue channel continues to experience supply chain challenges, which were expected given the pressure that the COVID-19 pandemic has placed on our operations. We have not experienced notable impacts to our other supply channels as a whole since the outbreak of the COVID-19 pandemic, including as it relates to our overseas vendors and suppliers. However, we are continuing to monitor the pandemic's effect on our vendors and our ability to source our inventory, and are continuously evaluating adjustments to our purchasing to meet any anticipated changes in demand and product availability.

While we believe the measures we implemented in the first and second quarters of 2020 have minimized the COVID-19 pandemic's impact to our business, we cannot reasonably estimate the length or severity of this pandemic, or whether the measures we have taken or may take in the future will be sufficient to mitigate any future adverse impacts of the pandemic. We expect that the COVID-19 pandemic will continue to negatively impact our financial condition and results of operations, however, the extent of the impact of the pandemic will depend on certain developments that remain uncertain and cannot be predicted as of the date of this Form 10-Q.

Regulatory Developments

Our operating results and prospects will be impacted, directly and indirectly, by regulatory developments at the local, state, and federal levels. Certain changes in local, state, national, and international laws and regulations, such as increased legalization of cannabis, create significant opportunities for our business. However, other changes to laws and regulations result in restrictions on which products we are permitted to sell and the manner in which we market our products, increased taxation of our products, and negative changes to the public perceptions of our products, among other effects.

We believe the continuing trend of states' legalization of medicinal and adult-use cannabis is likely to contribute to an increase in the demand for many of our products. In the 2020 election, voters approved ballot initiatives legalizing adult-use cannabis in New Jersey, Arizona, Montana and South Dakota. Voters also approved initiatives legalizing medical marijuana in Mississippi and South Dakota. However, we can provide no assurances that additional states will legalize cannabis.

Recently, the identification of many cases of e-cigarette or vaping product use associated lung injury ("EVALI") has led to significant scrutiny of e-cigarette and other vaporization products. According to the Centers for Disease Control and Prevention ("CDC"), most of the patients with EVALI reported a history of using vaporization products containing tetrahydrocannabinol ("THC"). The CDC has reported that products containing THC, particularly those obtained from informal sources (e.g., illicit dealers), are linked to most of the incidents involving EVALI. The CDC has recommended, among other things, that consumers not use vaping products containing THC and not purchase vaping products from unlicensed sellers. While the CDC has not definitively identified the cause(s) of EVALI, on November 5, 2019, it published findings that 48 of 51 fluid samples collected from the lungs of patients with EVALI contained vitamin E acetate. We do not sell vitamin E acetate or any products containing vitamin E acetate. Additionally, certain academic studies and news reports have suggested that smoking or vaping may increase the risk of complications for individuals who contract COVID-19. EVALI, COVID-19 and other public health concerns could contribute to negative perceptions of vaping and smoking, which in turn could lead consumers to avoid certain of our products, which would materially and adversely affect our results of operations.

In response to health concerns and concerns about people under the age of eighteen using vaping products, several localities, states, and the federal government have enacted measures restricting the sale of certain types of vaping products. For example, on December 20, 2019, legislation was signed into law that raised the federal minimum age of sale for tobacco products from 18 to 21. As another example, on January 2, 2020, the United States Food and Drug Administration ("FDA") announced a new policy prioritizing enforcement against certain unauthorized flavored e-cigarette products that appeal to minors, including fruit and mint flavors, as well as of any other products that are targeted to minors. More recently, as discussed above, the FDA announced its intention to take enforcement measures related to ENDS products offered for sale after September 9, 2020 for which the manufacturer has not submitted a PMTA. Additionally, some state, provincial, and local governments have enacted or plan to enact laws and regulations that restrict the sale of certain types of vaping products. For example, several states and localities have implemented bans on certain flavored vaping products in an effort to reduce the appeal of such products to minors and some localities have banned the sale of nicotine vaping products entirely. Other states, including Arkansas, Maine, Utah, and Vermont have banned the sale of vaporizers direct to consumers through mail. These new vaping laws are rapidly shifting and, in some instances, have been repealed or narrowed as the result of successful legal challenges. Laws banning certain vaping products or restricting the manner in which they may be sold have taken effect or will soon take effect in Arkansas, Massachusetts, New York, New Jersey, Maryland, Rhode Island, Vermont, Utah and Maine among other jurisdictions. Taken together, these federal, state, and provincial restrictions on vaping products materially and adversely affect our revenues. The ultimate impact of these policy developments will depend upon, among other things, the types and quantities of products we sell that are encompassed by each ban, the success of legal challenges to the bans, our suppliers' actions to adapt to actual and potential regulatory changes, and our ability to provide alternative products.

In addition, 27 states and the District of Columbia have recently adopted laws imposing taxes on liquid nicotine. Additionally, at least eleven states have adopted laws imposing taxes on vaporizers. These taxes will result in increased prices to end consumers, which may adversely impact the demand for our products. We expect these taxes would impact our competitors similarly, assuming their compliance with applicable laws.

Critical Accounting Policies and Estimates

See Part II, Item 7, "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes to our critical accounting policies and estimates since our Annual Report on Form 10-K for the year ended December 31, 2019.

The impact of COVID-19 continues to unfold and remains uncertain. As a result, many of our estimates and assumptions, such as those used in determining the allowance for slow-moving or obsolete inventory, the accounts receivable allowance for doubtful accounts, the valuation of goodwill, and the valuation of contingent consideration required increased judgment and carried a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates and assumptions may change materially in future periods.

Results of Operations

The following table presents our operating results (unaudited):

	Three Months Ended September 30,					Nine Months Ended September 30,				
				% of net sales					% of net sales	
($ in thousands)	**2020**	**2019**	**% Change**	**2020**	**2019**	**2020**	**2019**	**% Change**	**2020**	**2019**
Net sales:										
United States	$ 28,984	$ 38,597	(24.9)%	81.0 %	86.0 %	$ 82,482	$ 129,017	(36.1)%	80.8 %	87.3 %
Canada	4,447	6,289	(29.3)%	12.5 %	14.0 %	12,362	18,753	(34.1)%	12.1 %	12.7 %
Europe	2,333	—	— %	6.5 %	— %	7,188	—	*	7.1 %	— %
Total net sales	35,764	44,886	(20.3)%	100.0 %	100.0 %	102,032	147,770	(31.0)%	100.0 %	100.0 %
Cost of sales	33,297	38,448	(13.4)%	93.1 %	85.7 %	85,419	123,194	(30.7)%	83.7 %	83.4 %
Gross profit	2,467	6,438	(61.7)%	6.9 %	14.3 %	16,613	24,576	(32.4)%	16.3 %	16.6 %
Operating expenses:										
Salaries, benefits and payroll taxes	5,010	6,562	(23.7)%	14.0 %	14.6 %	17,745	21,673	(18.1)%	17.4 %	14.7 %
General and administrative	10,673	4,751	124.6 %	29.8 %	10.6 %	25,758	15,549	65.7 %	25.2 %	10.5 %
Goodwill impairment charge	—	—	*	— %	— %	8,996	—	*	8.8 %	— %
Depreciation and amortization	599	650	(7.8)%	1.7 %	1.4 %	1,959	1,980	(1.1)%	1.9 %	1.3 %
Total operating expenses	16,282	11,963	36.1 %	45.5 %	26.6 %	54,458	39,202	38.9 %	53.3 %	26.5 %
Loss from operations	(13,815)	(5,525)	150.0 %	(38.6)%	(12.3)%	(37,845)	(14,626)	158.8 %	34.4 %	(10.0)%
Other income (expense), net:										
Change in fair value of convertible notes	—	—	*	— %	— %	—	(12,063)	*	— %	(8.2)%
Interest expense	(115)	(119)	(3.4)%	(0.3)%	(0.3)%	(335)	(862)	(61.1)%	(0.3)%	(0.6)%
Other income, net	357	7,746	(95.4)%	1.0 %	17.3 %	1,483	8,670	(82.9)%	1.5 %	5.9 %
Total other income (expense), net	242	7,627	(96.8)%	0.7 %	17.0 %	1,148	(4,255)	(127.0)%	1.1 %	(2.9)%
(Loss) income before income taxes	(13,573)	2,102	(745.7)%	(37.9)%	4.7 %	(36,697)	(18,881)	94.4 %	(36.1)%	(12.8)%
Provision for income taxes	220	11,063	(98.0)%	0.6 %	24.6 %	147	10,966	(98.7)%	0.1 %	7.4 %
Net loss	(13,793)	(8,961)	53.9 %	(38.5)%	(20.0)%	(36,844)	(29,847)	23.4 %	(36.1)%	(20.2)%
Net loss attributable to non-controlling interest	(9,300)	(2,563)	262.9 %	(26.0)%	(5.7)%	(25,839)	(4,016)	*	(25.3)%	(2.7)%
Net loss attributable to Greenlane Holdings, Inc.	$ (4,493)	$ (6,398)	(29.8)%	(12.5)%	(14.3)%	$ (11,005)	$ (25,831)	(57.4)%	(10.8)%	(17.5)%

*Not meaningful

Net Sales

United States

Revenues in the United States for the three months ended September 30, 2020 were approximately $29.0 million, compared to approximately $38.6 million in the same period in 2019, representing a decrease of $9.6 million, or 24.9%, primarily due to the ban on flavored vape pods implemented by the U.S. Food and Drug Administration effective January 1, 2020, our decision to discontinue sales of lower-margin JUUL products, and minor disturbances to our B2B revenue channel from COVID-19 driven store closures, which were partially offset by increased e-commerce revenues. As a result, we had no revenues from mint and other flavored pods in the three months ended September 30, 2020, compared to approximately $8.8 million in revenues from mint-flavored pods and other flavored pods generated in the United States during the third quarter of 2019. Additionally, our sales of JUUL products (excluding flavored pods) in the United States decreased by approximately $7.6 million, from $7.7 million during the three months ended September 30, 2019 to approximately $0.1 million during the three months ended September 30, 2020. These reductions in revenue were partially offset by increased domestic sales of our higher-margin Greenlane Brands, which were approximately $5.2 million for the three months ended September 30, 2020, compared to approximately $3.1 million in the same period in 2019, representing an increase of $2.1 million, or 65.6%.

Revenues in the United States for the nine months ended September 30, 2020 were approximately $82.5 million, compared to approximately $129.0 million in the same period in 2019, representing a decrease of $46.5 million, or 36.1% primarily due to the reasons described above and disturbances to our revenue channels from COVID-19. Approximately $0.03 million in revenues from mint-flavored pods and other flavored pods was generated in the United States during the nine months ended September 30, 2020, compared to $25.3 million in the same period of 2019. Additionally, our sales of JUUL products (excluding flavored pods) in the United States decreased by $18.4 million, from $18.7 million during the nine months ended September 30, 2019 to approximately $0.3 million during the nine months ended September 30, 2020. These reductions in revenue were partially offset by increased domestic sales of our higher-margin Greenlane Brands, which were approximately $15.5 million for the nine months ended September 30, 2020, compared to approximately $10.6 million in the same period in 2019, representing an increase of $4.8 million, or 45.9%.

Canada

Revenues in Canada for the three months ended September 30, 2020 were approximately $4.4 million, compared to approximately $6.3 million in the same period in 2019, representing a decrease of $1.8 million, or 29.3%, primarily due to shifts in the Canadian regulatory environment and COVID-19. Specifically, the legalization of cannabis in Canada in October 2018 led to a surge of revenues in the third quarter of 2019, whereas difficulties caused by the COVID-19 pandemic and regulatory uncertainty surrounding the future of JUUL and other e-cigarette products in Canada led to a reduction in revenues in the third quarter of 2020.

Revenues in Canada for the nine months ended September 30, 2020 were approximately, $12.4 million, compared to approximately $18.8 million in the same period in 2019, representing a decrease of $6.4 million or 34.1%, primarily due to the reasons described above.

Europe

As a result of our acquisition of Conscious Wholesale on September 30, 2019, we began operating in the Netherlands and expanded our reach to European countries. This acquisition resulted in the establishment of our European segment, which generated revenues of approximately $2.3 million and $7.2 million during the three and nine months ended September 30, 2020, respectively.

Cost of Sales and Gross Margin

Cost of sales decreased approximately $5.2 million, or 13.4%, in the three months ended September 30, 2020 compared to the same period in 2019, primarily due to the decrease of approximately $12.7 million, or 33.7%, in costs of merchandise expense, from approximately $37.8 million in the three months ended September 30, 2019, to approximately $25.1 million in the three months ended September 30, 2020. This decrease was partially offset by a $6.5 million increase to non-merchandise cost of sales in the three months ended September 30, 2020 compared to the same period in 2019 primarily due to a decrease in volume purchase rebates for JUUL caused by the decrease in JUUL business. Additionally, we incurred costs of sales of approximately $3.2 million in connection with write-offs and lower of cost or net realizable value adjustments of our inventory during the three months ended September 30, 2020. These adjustments were made by management as part of a strategic initiative to free-up warehouse space for products with higher margins and higher marketability, and to reduce the average costs for certain slow moving inventory items. We anticipate these actions will position this inventory for higher turnover during the holiday season, and assist in generating positive cash flows in the fourth quarter of 2020.

Gross margin, or gross profit as a percentage of net sales, has been and will continue to be affected and fluctuate based upon a variety of factors, including the average mark-up over cost of our products, the mix of products sold and purchasing efficiencies. Our products are sourced from suppliers who may use their own third-party manufacturers. Our product costs and gross margins may be impacted by the product mix we sell in any given period. For example, our vaporizer products tend to have a higher product cost and lower gross margins than our grinder products.

We reported a gross margin of 6.9% for the third quarter of 2020, compared to 14.3% for the third quarter of 2019, which is attributable primarily to an increase in cost of sales incurred in connection with lower of cost or net realizable value inventory adjustments incurred during the third quarter of 2020, which were made in connection with management's product rationalization initiative to liquidate certain product offerings and improve inventory turnover. Specifically, management's product rationalization resulted in the incurrence of approximately $3.2 million in cost of sales, which diluted the gross margin for the three months ended September 30, 2020, representing a reduction in gross margin of approximately 9.0%. This decrease to gross margin was partially offset by a decrease in JUUL sales, as we continued in our transformation initiative to reduce our concentration in JUUL products and focus on higher margin products, such as our Greenlane Brands.

Cost of sales decreased approximately $37.8 million, or 30.7%, in the nine months ended September 30, 2020 compared to the same period in 2019, primarily due to the decrease of approximately $49.3 million, or 40.9%, in costs of merchandise expense, from approximately $120.5 million in the nine months ended September 30, 2019, to approximately $71.2 million in the nine months ended September 30, 2020. This decrease was partially offset by a $11.2 million increase to non-merchandise cost of sales in the nine months ended September 30, 2020 compared to the same period in 2019 primarily due to a decrease in volume purchase rebates for JUUL caused by the decrease in JUUL business.

Operating Expenses

Salaries, Benefits and Payroll Taxes

Salaries, benefits and payroll taxes in the three months ended September 30, 2020 decreased approximately $1.6 million, or 23.7%, compared to the same period in 2019, primarily due to a decrease in stock compensation expense of $2.5 million. Specifically, we recognized a net reversal of stock compensation expense of approximately $1.0 million during the three months ended September 30, 2020, primarily due to actual forfeitures of unvested equity awards held by former officers, as compared to approximately $1.5 million of stock compensation expense for the same period in 2019. This decrease in stock compensation expense was offset by increases of approximately $0.7 million in employee wages and $0.2 million in medical and workers' compensation insurance for the three months ended September 30, 2020, as compared to the same period in 2019.

Salaries, benefits and payroll taxes in the nine months ended September 30, 2020 decreased approximately $3.9 million, or 18.1%, compared to the same period in 2019, primarily due to a decrease in stock compensation expense of $5.9 million. Specifically, we recognized approximately $0.2 million of stock compensation expense in the nine months ended September 30, 2020, compared to approximately $6.1 million of expense in the nine months ended 2019. The decrease in stock compensation expense was offset by increases of approximately $1.5 million in employee wages, $0.2 million in 401(k) expenses, and $0.2 million in medical and worker's compensation insurance for the nine months ended September 30, 2020, as compared to the same period of 2019.

As part of our transformation initiative, we reduced our workforce by an aggregate of 77 employees in February, March, and April 2020. The impact of these reductions in force resulted in a reduction in our salaries, benefits and payroll tax expenses of approximately $1.0 million and $1.9 million for the three and nine months ended September 30, 2020, respectively. We anticipate additional annual savings of approximately $3.8 million attributable to these personnel reduction efforts going forward.

As we continue to execute our transformation plan and closely monitor the evolving COVID-19 landscape, we remain focused on identifying cost-saving opportunities while delivering on our strategy to recruit, train, promote and retain the most talented and success-driven personnel in the industry. Management is continuing to explore opportunities in the fourth quarter of 2020 to further reduce its salary expenses and other operating expenses by continuing to execute on its transformation plan. In October 2020, we reduced our North American workforce by an additional 16 employees. As a result of this personnel reduction, we experienced a reduction in stock compensation expense of $0.3 million during the fourth quarter of 2020 and anticipate annualized savings of approximately $1.7 million going forward, not inclusive of payroll and other taxes.

General and Administrative Expenses

General and administrative expenses increased approximately $5.9 million, or 124.6%, in the three months ended September 30, 2020 as compared to the same period in 2019. This increase was primarily due to a loss of approximately $2.2 million related to a portion of an indemnification asset which was not probable of recovery. The remaining increase in general and administrative expenses is due to approximately $0.9 million in subcontractor fees related to consultation services in connect design and implementation of the new ERP project, and the temporary staffing solutions to assist in the consolidation of our distribution centers; an increase of $1.0 million in third party logistic expenses related to additional expenses incurred as

we transition our distribution centers to our new 3PL facilities in Kentucky and Canada; an increase of approximately $0.8 million in allowances for uncollectible vendor deposits incurred in connection with management's strategic initiative to improve inventory turnover; an increase of approximately $0.5 million in restructuring costs related to the severance payments related to two former executives and other individuals that were terminated as part of our transformation plan; and an increase of approximately $0.2 million related to a loss recognized during the three months ended September 30, 2020, representing the excess in carrying value over fair market value of an asset classified as held for sale during the period.

General and administrative expenses increased approximately $10.2 million, or 65.7%, in the nine months ended September 30, 2020 as compared to the same period in 2019. This increase was primarily due to a loss of approximately $2.2 million related to an indemnification asset which was not probable of recovery; approximately $1.7 million in additional accounting fees associated with the change in auditors in Q3 2019 as well as due diligence related to acquisition targets in late 2019 and early 2020; an increase of approximately $2.2 million in subcontractor fees; an increase of $1.2 million incurred as we transition our distribution centers to our new 3PL facilities in Kentucky and Canada; an increase of approximately $0.9 million related to increases in rent and facilities expense and web-based software expenses; and an increase of approximately $0.8 million in allowances for uncollectible vendor deposits incurred in connection with management's strategic initiative to improve inventory turnover and an increase of approximately $0.9 million in severance related costs associated with our restructuring plan.

Goodwill Impairment Charge

Due to recent market conditions and estimated adverse impacts from the COVID-19 pandemic, management concluded that a triggering event occurred in the first quarter of 2020, requiring a quantitative impairment test of our goodwill for our United States and Europe reporting units. Based on this assessment, we concluded that the fair value of our Europe reporting unit exceeded its carrying value and no impairment charge was required. However, the estimated fair value of the United States reporting unit was determined to be below its carrying value, which resulted in a $9.0 million goodwill impairment charge.

Depreciation and Amortization Expenses

Depreciation and amortization expense remained consistent for the three and nine months ended September 30, 2020, as compared to the same periods in 2019, with a slight decrease in 2020 related to the disposition of fixed assets in connection with our distribution center consolidation initiative.

Other Income (Expense), Net

Other income (expense), net decreased by approximately $7.4 million for the three months ended September 30, 2020 compared to the same period in 2019, primarily due to a gain of approximately $7.2 million recognized in the prior year, consisting of a gain of approximately $5.7 million resulting from the reversal of the tax receivable agreement ("TRA") liability and an unrealized gain of $1.5 million on our equity securities investment in Airgraft Inc.

Other income (expense), net, increased by approximately $5.4 million in the nine months ended September 30, 2020 compared to the same period in 2019, primarily due a change in the fair value of our convertible notes payable during the nine months ended September 30, 2019, which resulted in an expense of approximately $12.1 million in the nine months ended September 30, 2019, with no corresponding expense in 2020. This increase in 2019 was offset by gain of approximately $7.2 recognized in the nine months ended September 30, 2019, resulting from the reversal of the TRA liability, as well as an unrealized gain of $1.5 million recognized on our equity securities investment in Airgraft Inc. We also experienced a reduction of interest expense of approximately $0.5 million during the nine months ended September 30, 2020, primarily due to the absence of debt issuance costs that were reflected in the nine months ended September 30, 2019.

Provision for Income Taxes

As a result of the IPO and the related transactions (defined in "Note 1—Business Operations and Organization" of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q), we own a portion of the Common Units of the Operating Company, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, the Operating Company is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by the Operating Company is passed through to, and included in the taxable income or loss of, its members, including us, in accordance with the terms of the Operating Agreement. We are subject to federal income taxes, in addition to state and local income taxes with respect to our allocable share of the Operating Company’s taxable income or loss.

Prior to the consummation of our IPO in April 2019, the provision for income taxes included only income taxes on income from the Operating Company’s Canadian subsidiary, based upon an estimated annual effective tax rate of approximately 15.0%. After the consummation of the IPO, we became subject to U.S. federal, state and local income taxes with respect to our allocable share of the Operating Company’s taxable income or loss. Furthermore, after completing the Conscious

Wholesale acquisition in September 2019, the Operating Company became subject to Dutch income taxes on income from its Netherlands-based subsidiary, based upon an estimated effective tax rate of approximately 25.0%.

During the third quarter of 2019, 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, thus reducing the carrying balance to $0. In the event that management determines that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, an adjustment to the valuation allowance will be made which would reduce the provision for income taxes.

Key Metrics and Non-GAAP Financial Measures

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	**2020**	**2019**	**2020**	**2019**
Net sales	$ 35,764	$ 44,886	$ 102,032	$ 147,770
Period-over-period change	(20.3)%	3.0 %	(31.0)%	16.0 %
Net cash used in operations	(1,343)	$ (14,772)	$ (3,756)	$ (33,543)
Adjusted net loss (1)	$ (6,852)	$ (7,453)	$ (18,370)	$ (10,525)
Adjusted EBITDA (1)	$ (6,275)	$ (3,367)	$ (17,150)	$ (5,809)

(1) Adjusted Net Loss and Adjusted EBITDA are non-GAAP financial measures. For the definitions and reconciliation of Adjusted Net Loss and Adjusted EBITDA to net loss, see " Non-GAAP Financial Measures."

Non-GAAP Financial Measures

We disclose Adjusted Net Loss and Adjusted EBITDA, which are non-GAAP performance measures, because management believes these metrics assist investors and analysts in assessing our overall operating performance and evaluating how well we are executing our business strategies. You should not consider Adjusted Net Loss or Adjusted EBITDA as alternatives to net loss, as determined in accordance with U.S. GAAP, as indicators of our operating performance. Adjusted Net Loss and Adjusted EBITDA have limitations as an analytical tool. Some of these limitations are:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- Adjusted EBITDA does not include interest expense, which has been a necessary element of our costs;
- Adjusted EBITDA does not reflect income tax payments we may be required to make;
- Adjusted EBITDA and Adjusted Net Loss do not reflect equity-based compensation;
- Adjusted EBITDA and Adjusted Net Loss do not reflect transaction and other costs which are generally incremental costs that result from an actual or planned transaction;
- Other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because Adjusted Net Loss and Adjusted EBITDA do not account for these items, these measures have material limitations as indicators of operating performance. Accordingly, management does not view Adjusted Net Loss or Adjusted EBITDA in isolation or as substitutes for measures calculated in accordance with U.S. GAAP.

The reconciliation of our Net Loss to Adjusted Net Loss for each of the periods indicated is as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (13,793)	$ (8,961)	$ (36,844)	$ (29,847)
Debt placement costs for convertible notes (1)	—	—	—	422
Transition to being a public company (2)	—	—	—	775
Equity-based compensation expense	(980)	1,508	182	6,062
Initial consulting costs related to ERP system implementation (3)	45	—	153	—
Restructuring expenses (4)	495	—	859	—
Due diligence costs related to acquisition target	—	—	903	—
Goodwill impairment charge	—	—	8,996	—
Adjustments related to product rationalization to increase inventory turnover of slow-selling products (5)	3,222	—	3,222	—
Inventory charges related to management's strategic initiative (5)	1,137	—	1,137	—
Allowances for vendor deposits incurred in connection with management's strategic initiative (5)	822	—	822	—
Loss related to indemnification asset not probable of recovery	2,200	—	2,200	—
Change in fair value of convertible notes	—	—	—	12,063
Adjusted net loss	$ (6,852)	$ (7,453)	$ (18,370)	$ (10,525)

(1) Debt placement costs related to the issuance of convertible notes in January 2019.
(2) Includes certain non-recurring fees and expenses primarily attributable to consulting fees and incremental audit and legal fees incurred in connection with our IPO.
(3) Includes non-recurring expenses related to the initial project design for our planned ERP system implementation.
(4) Includes primarily severance payments for employees terminated as part of our transformation plan.
(5) Includes certain non-recurring charges related to management's strategic initiative. These adjustments were incurred liquidate inventory on hand and on order, rationalize product offerings, improve inventory turnover of slow-selling products and vacate warehouse space for products with higher margin and marketability.

The reconciliation of our Net Loss to Adjusted EBITDA for each of the periods indicated is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2020**	**2019**	**2020**	**2019**
Net loss	$ (13,793)	$ (8,961)	$ (36,844)	$ (29,847)
Other income, net (1)	(357)	(7,746)	(1,483)	(8,670)
Transition to being a public company (2)	—	—	—	775
Interest expense	115	119	335	862
Provision for income taxes	220	11,063	147	10,966
Depreciation and amortization	599	650	1,959	1,980
Equity-based compensation expense	(980)	1,508	182	6,062
Initial consulting costs related to ERP system implementation (3)	45	—	153	—
Restructuring expenses (4)	495	—	859	—
Due diligence costs related to acquisition target	—	—	903	—
Adjustments related to product rationalization to increase inventory turnover of slow-selling products (5)	3,222	—	3,222	—
One-time early termination fee on operating lease in connection with moving to a centralized distribution center model	—	—	262	—
Goodwill impairment charge	—	—	8,996	—
Inventory charges related to management's strategic initiative (5)	1,137	—	1,137	—
Allowances for vendor deposits incurred in connection with management's strategic initiative (5)	822	—	822	—
Loss related to indemnification asset not probable of recovery	2,200	—	2,200	—
Change in fair value of convertible notes	—	—	—	12,063
Adjusted EBITDA	$ (6,275)	$ (3,367)	$ (17,150)	$ (5,809)

(1) Includes rental and interest income, changes in the fair value of contingent consideration, unrealized gains on our equity security, a gain related to the adjustment of our TRA liability, and other miscellaneous income.

(2) Includes certain non-recurring fees and expenses primarily attributable to consulting fees and incremental audit and legal fees incurred in connection with our IPO.

(3) Includes non-recurring expenses related to the initial project design for our planned ERP system implementation.

(4) Includes primarily severance payments for employees terminated as part of our transformation plan.

(5) Includes certain non-recurring charges related to management's strategic initiative. These adjustments were incurred liquidate inventory on hand and on order, rationalize product offerings, improve inventory turnover of slow-selling products and vacate warehouse space for products with higher margin and marketability.

Liquidity and Capital Resources

Our primary requirements for liquidity and capital are working capital, debt service 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 of September 30, 2020, we had approximately $40.0 million of cash, of which $0.7 million was held in foreign bank accounts, and approximately $64.8 million of working capital, which is calculated as current assets minus current liabilities, compared with approximately $47.8 million of cash, of which $0.9 million was held in foreign bank accounts, and approximately $88.7 million of working capital as of December 31, 2019. 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.

On April 5, 2019, the Operating Company, as the borrower, entered into a second amendment to the first amended and restated credit agreement, dated October 1, 2018 (the "line of credit") with Fifth Third Bank, for a $15.0 million revolving credit loan with a maturity date of August 23, 2020. In August 2020, the maturity date of the line of credit was further extended to November 30, 2020. The line of credit will not be renewed past November 30, 2020, and the Company is evaluating its future banking relationships. The Company has not drawn on this line of credit in in 2019 or 2020. Interest on the principal balance outstanding on the line of credit is due monthly at a rate of LIBOR plus 3.50% per annum provided that no default has occurred. The line of credit borrowing base is 80% of eligible accounts receivable plus 50% of eligible inventory. There were no borrowings outstanding on our line of credit at September 30, 2020 or December 31, 2019, respectively.

On October 1, 2018, one of the Operating Company's wholly-owned subsidiaries closed on the purchase of a building for $10.0 million, which serves as our corporate headquarters. The purchase was financed through a real estate term note (the "Real Estate Note") in the principal amount of $8.5 million, with one of the Operating Company's wholly-owned subsidiaries as the borrower and Fifth Third Bank as the lender. Principal amounts plus any accrued interest at a rate of LIBOR plus 2.39% are due monthly. Our obligations under the Real Estate Note are secured by a mortgage on the property.

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

Despite decreases in gross profit for the three and nine moths ended September 30, 2020 and the uncertainty around the ongoing COVID-19 pandemic, we believe that our cash on hand will be sufficient to fund our working capital and capital expenditure requirements, as well as our debt repayments and other liquidity requirements associated with our existing operations, for at least the the next 12 months.

In addition, we may choose to raise additional funds at any time through equity or debt financing arrangements, which may or may not be needed for additional working capital, capital expenditures or other strategic investments. 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 this Form 10-Q. 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.

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:

	Nine Months Ended September 30,	
(in thousands)	**2020**	**2019**
Net cash used in operating activities	$ (3,756)	$ (33,543)
Net cash used in investing activities	(3,579)	(3,109)
Net cash (used in) provided by financing activities	(310)	81,693

Net Cash Used in Operating Activities

During the nine months ended September 30, 2020, net cash used in operating activities of approximately $3.8 million was a result of a net loss of $36.8 million offset by non-cash adjustments to net loss of approximately $14.2 million, including stock-based compensation expense of approximately $0.2 million, a loss related to an indemnification asset which was not probable of recovery of approximately $2.2 million, and a goodwill impairment charge of $9.0 million, and $18.9 million cash generated by working capital primarily driven by increases in accounts payable, inventories, and accrued expenses and decreases in other current assets and deferred offering costs.

During the nine months ended September 30, 2019, net cash used in operating activities of approximately $33.5 million was a result of a net loss of $29.8 million offset by non-cash adjustments to net loss of $23.9 million, and a $27.6 million increase in cash consumed by working capital primarily driven by an increase in accounts payable of approximately $25.3 million, accrued expenses of approximately $3.0 million, inventories of approximately $2.5 million, and payments of operating leases of approximately $0.5 million, offset primarily by decreases in accounts receivable, vendor deposits, deferred offering costs, and other current assets of approximately $5.7 million, $3.3 million, $2.3 million, and $1.1 million, respectively. Further, for the nine months ended September 30, 2019, we had non-cash expenses of approximately $23.9 million, including approximately $12.1 million related to the change in fair value of convertible notes, approximately $6.1 million related to equity-based compensation, approximately $10.9 million related to the valuation allowance established against our deferred tax asset, and approximately $2.0 million related to depreciation and amortization, primarily offset by approximately $1.5 million related to an unrealized gain on the equity securities investment and approximately $5.7 million related to the reversal of the tax receivable agreement liability.

Net Cash Used in Investing Activities

During the nine months ended September 30, 2020, we used approximately $1.4 million of cash for capital expenditures, including computer hardware and software to support our growth and development and machinery to support the operations of our supply and packaging revenue stream. Additionally, we used approximately $1.8 million of cash for the acquisition of Conscious Wholesale, and $0.3 million of cash for the acquisition of intangible assets.

During the nine months ended September 30, 2019, we used approximately $1.3 million of cash for capital expenditures, including computer hardware and software to support our growth and development, and to purchase warehouse supplies and equipment, including the build-out of our two retail locations. Additionally, during the nine months ended September 30, 2019, we completed the Pollen Gear LLC and Conscious Wholesale business acquisitions, for which we paid cash consideration of $2.2 million offset by net cash acquired of $0.9 million, which resulted in net cash used of approximately $1.3 million. We also made an investment in equity securities of an entity for approximately $0.5 million, which represents a 1.49% ownership interest in the entity.

Net Cash (Used in) Provided by Financing Activities

During the nine months ended September 30, 2020, net cash used in financing activities primarily consisted of approximately $0.3 million in payments on other long-term liabilities, notes payable and finance lease obligations.

During the nine months ended September 30, 2019, net cash provided by financing activities was primarily attributable to proceeds from the issuance of Class A common stock sold in the IPO, net of underwriting costs of approximately $83.0 million, and proceeds from the issuance of convertible notes of approximately $8.1 million, which was primarily offset in part by the redemption of limited liability company membership interests of approximately $3.0 million, payment of approximately $3.5 million of deferred offering costs related to the IPO, payment of approximately $1.7 million of debt issuance costs related to the convertible notes issued in December 2018 and January 2019, and approximately $0.9 million paid related to member distributions for the period.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, as of September 30, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our quantitative and qualitative disclosures about market risk from those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" previously included in our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

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 Principal Financial and Accounting Officer, we evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020. Based upon their evaluation, our Chief Executive Officer and our Principal Financial and Accounting Officer concluded that, as of September 30, 2020, 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, 2019.

Remediation Plan and Status for the Material Weaknesses

As previously described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2019, we began implementing a remediation plan to address the material weaknesses identified in the fourth quarter of 2019, and our management continues to be actively engaged in the remediation efforts. The material weaknesses will not 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.

Among the previously reported design and operating deficiencies which contributed to material weaknesses in our control activities, management noted ineffective user access controls over certain IT systems to appropriately segregate duties and adequately restrict user access to financial applications and data to the appropriate personnel. While certain compensating control activities have been designed and implemented to mitigate the risks related to ineffective user access controls, we continue to evaluate whether these compensating control activities are expected to operate at a level of precision that would prevent or detect a misstatement that could be material.

As previously disclosed, in 2020, we began a multi-year implementation of a new enterprise resource planning ("ERP") system, which will replace our existing core financial systems, and which we expect will be completed during 2021. 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 that additional efforts related to re-designing user access roles and permissions in the existing ERP system, which is expected to be decommissioned in 2021, will be limited. Based on these considerations, and subject to management's ongoing assessment, we cannot provide assurances 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.

Changes in Internal Control Over Financial Reporting

During the second quarter of 2020, we entered into service agreements with two third-party logistics facilities located in Hebron, Kentucky and Delta, B.C., Canada, both of which serve as replacement facilities to the distribution centers we have closed. In conjunction with this transition, we have adjusted our processes and designed and implemented controls related to our inventory management and order fulfillment. During the quarter ended September 30, 2020, we designed and implemented additional control activities related to inventory counts at the third-party logistics facilities. These changes in our internal control over financial reporting that occurred during the quarters ended June 30, 2020 and September 30, 2020 have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As noted above, we are continuing our remediation efforts related to the material weaknesses in our internal control over financial reporting, including as it relates to controls over inventory counts and recording of inventory reserves. Any changes to our internal control of our internal reporting related to our transition to the third-party logistics, and the related controls, will be evaluated once the applicable controls operate for a sufficient period of time and management can conclude, through testing, that these controls are operating effectively.

In 2020, we began a multi-year implementation of a new ERP system, which will replace our existing core financial systems. The ERP system is designed to accurately maintain the Company's financial records, enhance the flow of financial information, improve data management and provide timely information to our management team. Changes to our general ledger and consolidated financial reporting are expected to take place in 2021. As the phased implementation of the new ERP system progresses, we may change our processes and procedures which, in turn, could 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings as of September 30, 2020, see Note 6 to our 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 to our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 and in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020.

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

Unregistered Sales of Equity Securities

During the nine months ended September 30, 2020, we issued an aggregate of 650,604 shares of Class A common stock as a portion of the purchase consideration for the acquisition of a 100% interest ARI Logistics B.V. and Shavita B.V. (collectively, "Conscious Wholesale"), a leading European wholesaler and retailer of consumption accessories, vaporizers, and other high-quality products. The acquisition was completed in September 2019, as described in Item 8, Note 3 of our Annual Report on Form 10-K for the year ended December 31, 2019. These shares were issued in reliance on an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933.

During the nine months ended September 30, 2020, we issued an aggregate of 2,574,303 shares of Class A common stock in exchange for an equivalent number of shares of Class B common stock and Common Units of the Operating Company pursuant to the terms of our Amended and Restated Certificate of Incorporation and the Operating Company's Third Amended and Restated Operating Agreement. These shares were issued in reliance on an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933.

During the nine months ended September 30, 2020, we issued an aggregate of 20,631 shares of Class A common stock as a portion of consideration for the purchase of intangible assets. These shares were issued in reliance on an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933.

Use of Proceeds from Registered Securities

On April 23, 2019, we completed our IPO of 6,000,000 shares of Class A common stock, which was comprised of 5,250,000 shares of Class A common stock sold by Greenlane and 750,000 shares sold by certain selling stockholders, in each case at a public offering price of $17.00 per share. On April 29, 2019, the underwriters purchased an additional 450,000 shares of Class A common stock from selling stockholders pursuant to the partial exercise of their option to purchase additional shares in the IPO. We received aggregate net proceeds of approximately $79.5 million, after deducting the underwriting discounts and commissions and offering expenses. We used approximately $3.1 million of the proceeds from the IPO to fund a portion of the purchase price of the Conscious Wholesale business acquisition. We have used and intend to continue using the remainder of the net proceeds for working capital and general corporate purposes, including to fund possible investments in, and acquisitions of, complementary companies or their assets, businesses, partnerships, minority investments, products or technologies. However, we currently have no other commitments or agreements regarding any such acquisitions or investments. All shares were sold pursuant to a registration statement on Form S-1, as amended (File No. 333-230405), which was declared effective by the SEC on April 17, 2019. Cowen and Company, LLC and Canaccord Genuity LLC served as representatives of the several underwriters in the offering.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Greenlane Holdings, Inc. (Incorporated by reference to Exhibit 3.1 to Greenlane's Current Report on Form 8-K, filed April 25, 2019).
3.2	Second Amended and Restated By-Laws of Greenlane Holdings, Inc. (Incorporated by reference to Exhibit 3.2 to Greenlane's Current Report on Form 8-K, filed April 25, 2019).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
10.1*	Separation Agreement by and between Warehouse Goods LLC and Ethan Rudin, dated as of August 18, 2020 (Incorporated by reference to Greenlane's Current Report on Form 8-K/A, filed August 24, 2020).
10.2*	Indemnification Agreement by and between Greenlane Holdings, Inc. and each of its directors and officers listed on Schedule A thereto.
10.3*	Executive Employment Agreement by and between Warehouse Goods LLC and William Mote, dated as of August 19, 2020.
10.4*	Executive Employment Agreement by and between Warehouse Goods LLC and William Bine, dated as of August 25, 2020.
10.5*	Separation Agreement by and between Warehouse Goods LLC and Jay Scheiner, dated as of July 27 2020.
10.6*	Amended and Restated Employment Agreement by and between Warehouse Goods LLC and Douglas Fischer, dated as of September 9, 2020.
10.7*	Executive Employment Agreement by and between Warehouse Goods LLC and Michael Cellucci, dated as of September 28, 2020.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith.

** This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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: November 16, 2020

By: /s/ William Mote

Chief Financial Officer

INDEMNIFICATION AGREEMENT

by and between

GREENLANE HOLDINGS, INC.

And

[ ]

as Indemnitee

Dated as of [ ], 20[ ]

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INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated effective as of [ ], 20[ ] (this "Agreement"), by and between Greenlane Holdings, Inc., a Delaware corporation (the "Company"), and [ ] ("Indemnitee"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in Article 1. See Schedule A for a list of officers and directors who have entered into this Indemnification Agreement with the Company.

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the fullest extent permitted by law;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company;

WHEREAS, the Company's Amended and Restated Certificate of Incorporation (as the same may be amended and/or restated from time to time, the "Certificate of Incorporation") requires indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the Delaware General Corporation Law ("DGCL");

WHEREAS, the Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts providing for indemnification may be entered into between the Company and members of the board of directors of the Company (the "Board"), executive officers and other key employees of the Company;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor nor to diminish or abrogate any rights of Indemnitee thereunder (regardless of, among other things, any amendment to or revocation of governing documents or any change in the composition of the Board or any Corporate Transaction); and

WHEREAS, Indemnitee will serve or continue to serve as a director, officer or key employee of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is otherwise terminated by the Company.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS
As used in this Agreement:

1.1. "Affiliate" shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (as in effect on the date hereof).

1.2. "Agreement" shall have the meaning set forth in the preamble.

1.3. "Beneficial Owner" and "Beneficial Ownership" shall have the meaning set forth in Rule 13d-3 under the

1.4. Exchange Act (as in effect on the date hereof).

1.5. "Board" shall have the meaning set forth in the recitals.

1.6. "Bylaws" shall mean the Company's Bylaws (as the same may be amended and/or restated from time to time).

1.7. "Certificate of Incorporation" shall have the meaning set forth in the recitals.

1.8. "Change in Control" shall mean, and shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(a) Acquisition of Stock by Third Party. Any Person other than a Permitted Holder is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding Voting Securities, unless (i) the change in the relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors or (ii) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change in Control under part (c) of this definition;

(b) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least a majority of the directors then still in office who were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (b) (collectively, the "Continuing Directors"), cease for any reason to constitute at least a majority of the members of the Board;

(c) Corporate Transactions. The effective date of a reorganization, merger or consolidation of the Company (in each case, a 'Corporate Transaction"), unless following such Corporate Transaction: (i) all or substantially all of the individuals and entities who were the Beneficial Owners of Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction (including, without limitation, a corporation or other Person that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership of Voting Securities immediately prior to such Corporate Transaction; (ii) no Person (excluding any corporation resulting from such Corporate Transaction or the Permitted Holders) is the Beneficial Owner, directly or indirectly, of 50% or more of the combined voting power of the then outstanding Voting Securities of the Company or other Person resulting from such Corporate Transaction, except to the extent that such ownership existed prior to such Corporate Transaction; and (iii) at least a majority of the board of directors of the Company or other Person resulting from such Corporate Transaction were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Corporate Transaction; or

(d) Other Events. The approval by the stockholders of the Company of a plan of complete liquidation or dissolution of the Company or the consummation of an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Company of all or substantially all of the Company's

assets, other than such sale or other disposition by the Company of all or substantially all of the Company's assets to a Person, at least 50% of the combined voting power of the Voting Securities of which are Beneficially Owned by (i) the stockholders of the Company immediately prior to such sale or (ii) the Permitted Holders.

1.8. "Company" shall have the meaning set forth in the preamble and shall also include, in addition to the resulting corporation or other entity, any constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation or other entity as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

1.9. "Continuing Directors" shall have the meaning set forth in Section 1.7(b).

1.10. "Corporate Status" shall describe the status as such of a Person who is or was a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of the Company or of any other Enterprise which such Person is or was serving at the request of the Company.

1.11. "Corporate Transaction" shall have the meaning set forth in Section 1.7(c).

1.12. "Delaware Court" shall mean the Court of Chancery of the State of Delaware.

1.13. "DGCL" shall have the meaning set forth in the recitals.

1.14. "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.15. "Enterprise" shall mean the Company and any other corporation, constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned Subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent.

1.16. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

1.17. "Expenses" shall include all reasonable and documented attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or negotiating for the settlement of, responding to or objecting to a request to provide discovery in, or otherwise participating in, any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments, fines or penalties against Indemnitee.

1.18. "Indemnification Arrangements" shall have the meaning set forth in Section 15.2.

1.19. "Indemnitee" shall have the meaning set forth in the preamble.

1.20. "Independent Counsel" shall mean a law firm, or a member of a law firm, that is of outstanding reputation, experienced in matters of corporation law and neither is as of the date of selection of such firm, nor has been during the period of three years immediately preceding the date of selection of such firm, retained to represent: (a) the Company or Indemnitee in any material matter (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any Person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to

determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. For purposes of this definition, a "material matter" shall mean any matter for which billings exceeded or are expected to exceed $100,000.

1.21. "Permitted Holder" shall mean Aaron LoCascio, Adam Schoenfeld, Jacoby & Co. Inc. and their respective Affiliates and Related Parties.

1.22. "Person" shall have the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act (as in effect on the date hereof);provided, however, that the term "Person" shall exclude: (a) the Company; (b) any Subsidiaries of the Company; and (c) any employee benefit plan of the Company or a Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

1.23. "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, including, without limitation, any and all appeals, whether brought by or in the right of the Company or otherwise and whether of a civil (including, without limitation, intentional or unintentional tort claims), criminal, administrative or investigative nature, whether formal or informal, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by or omission by Indemnitee, or of any action or omission on Indemnitee's part while acting as a director or officer of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise; in each case whether or not acting or serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement or Section 145 of the DGCL; including one pending on or before the date of this Agreement but excluding one initiated by Indemnitee to enforce Indemnitee's rights under this Agreement or Section 145 of the DGCL.

1.24. "Related Party" shall mean, with respect to any Person, (a) any controlling stockholder, controlling member, general partner, Subsidiary, spouse or immediate family member (in the case of an individual) of such Person, (b) any estate, trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or owners of which consist solely of one or more Permitted Holders and/or such other Persons referred to in the immediately preceding clause (a), or (c) any executor, administrator, trustee, manager, director or other similar fiduciary of any Person referred to in the immediately preceding clause (b), acting solely in such capacity.

1.25. "Section 409A" shall have the meaning set forth in Section 17.2.

1.26. "Subsidiary" with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

1.27. "Voting Securities" shall mean any securities of the Company (or a surviving entity as described in the definition of a "Change in Control") that vote generally in the election of directors (or similar body).

1.28. References to "fines" shall include any excise tax or penalty assessed on Indemnitee with respect to any employee benefit plan; references to "other enterprise" shall include employee benefit plans; references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

1.29. The phrase "to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law" shall include, but not be limited to: (a) to the fullest extent authorized or permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL and (b) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

ARTICLE 2

INDEMNITY IN THIRD-PARTY PROCEEDINGS

Subject to Article 8 and Article 11, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 2 if Indemnitee is, was or is threatened to be made a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8 and Article 11, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties and, subject to Section 10.3, amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful.

ARTICLE 3

INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY

Subject to Article 8 and Article 11, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Article 3 if Indemnitee is, was or is threatened to be made a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Subject to Article 8 and Article 11, to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Article 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged (and not subject to further appeal) by a court of competent jurisdiction to be liable to the Company, except to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

ARTICLE 4

INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL

Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For the avoidance of doubt, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, then the Company shall indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each resolved claim, issue or matter, whether or not Indemnitee was wholly or partly successful; provided that Indemnitee shall only be entitled to indemnification for Expenses with respect to unsuccessful claims under this Article 4 to the extent Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that such conduct was unlawful. For purposes of this Article 4 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, or by settlement, shall be deemed to be a successful result as to such claim, issue or matter.

ARTICLE 5

INDEMNIFICATION FOR EXPENSES OF A WITNESS

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

ARTICLE 6

ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS

In addition to and notwithstanding any limitations in Articles 2, 3 or 4, but subject to Article 8 and Article 11, the Company shall indemnify, hold harmless and exonerate Indemnitee to the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law if Indemnitee is, was or is threatened to be made a party to or a participant in, any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and, subject to Section 10.3, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with the Proceeding. No indemnity shall be available under this Article 6 on account of Indemnitee's conduct that constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law.

ARTICLE 7

CONTRIBUTION IN THE EVENT OF JOINT LIABILITY

7.1. To the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law, if the indemnification rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

7.2. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

7.3. The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than Indemnitee) who may be jointly liable with Indemnitee.

ARTICLE 8

EXCLUSIONS

8.1. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity, contribution or advancement of Expenses in connection with any claim made against Indemnitee:

(a) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any similar successor statute) or similar provisions of state statutory law or common law; or

(b) in connection with any Proceeding (or any part of any Proceeding) initiated or brought voluntarily by Indemnitee, including, without limitation, any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, other than a Proceeding initiated by Indemnitee to enforce its rights under this Agreement, unless (i) the Board authorized the Proceeding (or

any part of any Proceeding) or (ii) the Company provides the indemnification payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(c) for the payment of amounts required to be reimbursed to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as amended, or any similar successor statute; or

(d) for any payment to Indemnitee that is determined to be unlawful by a final judgment or other adjudication of a court or arbitration, arbitral or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing and under the procedures and subject to the presumptions of this Agreement; or

(e) in connection with any Proceeding initiated by Indemnitee to enforce its rights under this Agreement if a court of competent jurisdiction determines by final judicial decision that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous.

The exclusion in Section 8.1(c) shall not apply to counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee.

ARTICLE 9

ADVANCES OF EXPENSES; SELECTION OF LAW FIRM

9.1. Subject to Article 8 and Article 11, the Company shall, unless prohibited by applicable law, advance the Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within ten business days after the receipt by the Company of a statement or statements requesting such advances, together with a reasonably detailed written explanation of the basis therefor and an itemization of legal fees and disbursements in reasonable detail, from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Indemnitee shall qualify for advances, to the fullest extent permitted by this Agreement, solely upon the execution and delivery to the Company of an undertaking providing that Indemnitee undertakes to repay the advance to the extent that it is ultimately determined, by final judicial decision of a court of competent jurisdiction from which there is no further right to appeal, that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement or pursuant to applicable law. This Section 9.1 shall not apply to any claim made by Indemnitee for which an indemnification payment is excluded pursuant to Article 8.

9.2. If the Company shall be obligated under Section 9.1 hereof to pay the Expenses of any Proceeding against Indemnitee, then the Company shall be entitled to assume the defense of such Proceeding upon the delivery to Indemnitee of written notice of its election to do so. If the Company elects to assume the defense of such Proceeding, then unless the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding Voting Securities, the Company shall assume such defense using a single law firm (in addition to local counsel) selected by the Company representing Indemnitee and other present and former directors or officers of the Company. The retention of such law firm by the Company shall be subject to prior written approval by Indemnitee, which approval shall not be unreasonably withheld, delayed or conditioned. If the Company elects to assume the defense of such Proceeding and the plaintiff or plaintiffs in such Proceeding include one or more Persons holding, together with his, her or its Affiliates, in the aggregate, a majority of the combined voting power of the Company's then outstanding Voting Securities, then the Company shall assume such defense using a single law firm (in addition to local counsel) selected by Indemnitee and any other present or former directors or officers of the Company who are parties to such Proceeding. After (x) in the case of retention of any such law firm selected by the Company, delivery of the required notice to Indemnitee, approval of such law firm by Indemnitee and the retention of such law firm by the Company, or (y) in the case of retention of any such law firm selected by Indemnitee, the completion of such retention, the Company will not be liable to Indemnitee under this Agreement for any Expenses of any other law firm incurred by Indemnitee after the date that such first law firm is retained by the Company with respect to the same Proceeding; provided, that in the case of retention of any such law firm selected by the Company (a) Indemnitee shall have the right to retain a separate law firm in any such Proceeding at Indemnitee's sole expense; and (b) if (i) the retention of a law firm by Indemnitee has been previously authorized by the Company in writing, (ii) Indemnitee shall have reasonably concluded that (1) there may be a conflict of interest between either (x) the Company and Indemnitee or (y) Indemnitee and another present or former director or officer of the Company also represented by such law firm in the conduct of any such defense, or (2) there may be defenses available to Indemnitee that are incompatible or inconsistent with those available to the Company or another present or former director represented by such law firm in the conduct of such defense, or (iii) the Company shall not, in fact, have retained a law firm to prosecute the defense of such Proceeding within thirty days, then the reasonable Expenses of a single law firm retained by Indemnitee shall be at the expense of the Company. Notwithstanding anything else to the

contrary in this Section 9.2, the Company will not be entitled without the written consent of the Indemnitee to assume the defense of any Proceeding brought by or in the right of the Company.

ARTICLE 10

PROCEDURE FOR NOTIFICATION; DEFENSE OF CLAIM; SETTLEMENT

10.1. Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified under this Agreement, give the Company notice in writing promptly of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement; provided, however, that a delay in giving such notice shall not deprive Indemnitee of any right to be indemnified under this Agreement unless, and then only to the extent that, such delay is materially prejudicial to the defense of such claim. The omission or delay to notify the Company will not relieve the Company from any liability for indemnification which it may have to Indemnitee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

10.2. The Company will be entitled to participate in the Proceeding at its own expense.

10.3. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any claim effected without the Company's prior written consent, provided the Company has not breached its obligations hereunder. The Company shall not settle any claim, including, without limitation, any claim in which it takes the position that Indemnitee is not entitled to indemnification in connection with such settlement, nor shall the Company settle any claim which would impose any fine or obligation on Indemnitee or attribute to Indemnitee any admission of liability, without Indemnitee's prior written consent. Neither the Company nor Indemnitee shall unreasonably withhold, delay or condition their consent to any proposed settlement.

ARTICLE 11

PROCEDURE UPON APPLICATION FOR INDEMNIFICATION

11.1. Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10.1, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (a) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (b) if a Change in Control shall not have occurred, (i) by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors (provided there is a minimum of three Disinterested Directors), even though less than a quorum of the Board, or (iii) if there are less than three Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten business days after such determination and any future amounts due to Indemnitee shall be paid in accordance with this Agreement. Indemnitee shall cooperate with the Person making such determination with respect to Indemnitee's entitlement to indemnification, including, without limitation, providing to such Person upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination, provided, that nothing contained in this Agreement shall require Indemnitee to waive any privilege Indemnitee may have. Any costs or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Person making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

11.2. If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11.1 hereof, the Independent Counsel shall be selected as provided in this Section 11.2. If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten business days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that

the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Article 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the Person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court or arbitrator has determined that such objection is without merit. If, within twenty days after submission by Indemnitee of a written request for indemnification pursuant to Section 10.1 hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may seek arbitration for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a Person selected by the arbitrator or by such other Person as the arbitrator shall designate, and the Person with respect to whom all objections are so resolved or the Person so appointed shall act as Independent Counsel under Section 11.1 hereof. Such arbitration referred to in the previous sentence shall be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, and Article 13 hereof shall apply in respect of such arbitration and the Company and Indemnitee. Upon the due commencement of any judicial proceeding pursuant to Section 13.1 of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

ARTICLE 12

PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS

12.1. In making a determination with respect to entitlement to indemnification hereunder, the Person making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10.1 of this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its Board, its Independent Counsel and its stockholders) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification or advancement of expenses is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its Board, its Independent Counsel and its stockholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

12.2. If the Person empowered or selected under Article 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (a) an intentional misstatement by Indemnitee of a material fact, or an intentional omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (b) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such thirty-day period may be extended for a reasonable time, not to exceed an additional fifteen days, if the Person making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

12.3. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

12.4. For purposes of any determination of good faith pursuant to this Agreement, Indemnitee shall be deemed to have acted in good faith if, among other things, Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its board of directors, any committee of the board of directors or any director, or on information or records given or reports made to the Enterprise, its board of directors, any committee of the board of directors or any director, by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise, its board of directors, any committee of the board of directors or any director. The provisions of this Section 12.4 shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement. In any event, it shall be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably

believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

12.5. The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12.6. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

ARTICLE 13

REMEDIES OF INDEMNITEE

13.1. In the event that (a) a determination is made pursuant to Article 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (b) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Article 9 of this Agreement, (c) no determination of entitlement to indemnification shall have been made pursuant to Section 11.1 of this Agreement within thirty days after receipt by the Company of the request for indemnification and of reasonable documentation and information which Indemnitee may be called upon to provide pursuant to Section 11.1, (d) payment of indemnification is not made pursuant to Articles 4, 5, 6 or the last sentence of Section 11.1 of this Agreement within ten business days after receipt by the Company of a written request therefor, (e) a contribution payment is not made in a timely manner pursuant to Article 7 of this Agreement, (f) payment of indemnification pursuant to Article 3 or 6 of this Agreement is not made within ten business days after a determination has been made that Indemnitee is entitled to indemnification or (g) the Company or any representative thereof takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of Indemnitee's entitlement to such indemnification, contribution or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration. The award rendered by such arbitration will be final and binding upon the parties hereto, and final judgment on the arbitration award may be entered in any court of competent jurisdiction.

13.2. In the event that a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Article 13, Indemnitee shall be presumed to be entitled to receive advances of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 11.1 of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Article 13, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Article 9 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal shall have been exhausted or lapsed).

13.3. If a determination shall have been made pursuant to Section 11.1 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Article 13, absent (a) an intentional misstatement by Indemnitee of a material fact or an intentional omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (b) a prohibition of such indemnification under applicable law.

13.4. The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Article 13 that the procedures and presumptions of this Agreement are not valid, binding and

enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

13.5. The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee (a) to enforce his or her rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Certificate of Incorporation, or the Bylaws now or hereafter in effect; or (b) for recovery or advances under any insurance policy maintained by any Person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

13.6. Interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies, or is obliged to indemnify, for the period commencing with the date on which Indemnitee requests indemnification, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

ARTICLE 14

SECURITY

Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

ARTICLE 15

NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; PRIMACY OF INDEMNIFICATION; SUBROGATION

15.1. The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation, the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15.2. The DGCL and the Certificate of Incorporation permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements, including, but not limited to, providing a trust fund, letter of credit or surety bond ("Indemnification Arrangements") on behalf of Indemnitee against any liability asserted against Indemnitee or incurred by or on behalf of Indemnitee or in such capacity as a director, officer, employee or agent of the Company, or arising out of his or her status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement or under the DGCL, as it may then be in effect. The purchase, establishment and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

15.3. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managing members, fiduciaries, employees or agents of the Company or of any other Enterprise which such Person serves at the request of the Company, Indemnitee shall be covered by such

policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

15.4. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including, without limitation, execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

15.5. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

15.6. The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification payments or advancement of Expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary, (a) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (b) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, contribution or insurance coverage rights against any Person or entity other than the Company.

ARTICLE 16

ENFORCEMENT AND BINDING EFFECT

16.1. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director, officer or key employee of the Company.

16.2. This Agreement shall be effective as of the date set forth on the first page and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

16.3. The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including, without limitation, temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of such a bond or undertaking.

ARTICLE 17

MISCELLANEOUS

17.1. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's assigns, heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect successor by purchase, merger,

consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

17.2. Section 409A. It is intended that any indemnification payment or advancement of Expenses made hereunder shall be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the guidance issued thereunder ("Section 409A") pursuant to Treasury Regulation Section 1.409A-1(b)(10). Notwithstanding the foregoing, if any indemnification payment or advancement of Expenses made hereunder shall be determined to be "nonqualified deferred compensation" within the meaning of Section 409A, then (i) the amount of the indemnification payment or advancement of Expenses during one taxable year shall not affect the amount of the indemnification payments or advancement of Expenses during any other taxable year, (ii) the indemnification payments or advancement of Expenses must be made on or before the last day of the Indemnitee's taxable year following the year in which the expense was incurred and (iii) the right to indemnification payments or advancement of Expenses hereunder is not subject to liquidation or exchange for another benefit.

17.3. Severability. In the event that any provision of this Agreement is determined by a court to require the Company to do or to fail to do an act which is in violation of applicable law, such provision (including, without limitation, any provision within a single Article, Section, paragraph or sentence) shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms to the fullest extent permitted by law.

17.4. Entire Agreement. Without limiting any of the rights of Indemnitee under the Certificate of Incorporation or Bylaws, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

17.5. Modification, Waiver and Termination. No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

17.6. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or (b) mailed by certified or registered mail with postage prepaid on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(ii) If to the Company, to:

Greenlane Holdings, Inc.
1095 Broken Sound Parkway, Suite 300
Boca Raton, Florida 33487
Attn: General Counsel
Telephone: (561) 571-9581

or to any other address as may have been furnished to Indemnitee in writing by the Company.

17.7. Applicable Law. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. If, notwithstanding the foregoing sentence, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

17.8. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

17.9. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

17.10. Representation by Counsel. Each of the parties has been represented by and has had an opportunity to consult legal counsel in connection with the negotiation and execution of this Agreement. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or arbitrator or any governmental authority by reason of such party having drafted or being deemed to have drafted such provision.

17.11. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

17.12. Additional Acts. If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the day and year first above written.

COMPANY:

GREENLANE HOLDINGS, INC.

By: _____
Name:
Title:

INDEMNITEE:

By: _____
Name:
Address:

[Signature page to Indemnification Agreement]

Schedule A

Indemnitee	Date
Aaron LoCascio	4/17/2019
Adam Schoenfeld	4/17/2019
William J. Bine	7/30/2020
William E. Mote Jr.	8/19/2020
Douglas Fischer	4/17/2019
Michael Cellucci	10/1/2020
Dawn Marie Cavanagh	7/29/2020
Neil Closner	4/17/2019
Richard Taney	4/17/2019
Jeffery Uttz	4/17/2019
Ethan Rudin	4/17/2019
Sasha Kadey	4/17/2019
Jay M. Scheiner	4/17/2019

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of 19 August 2020 (the "Effective Date"), is entered into by and between, Warehouse Goods LLC, a Delaware corporation (the "Company"), and William Mote (the "Employee"). (Company and Employee are sometimes individually referred to herein as a "Party" and collectively as the "Parties").

WHEREAS, the Company and the Employee desire to enter into an employment relationship, in accordance with the terms and conditions set forth in this Agreement.

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

1. Employment Term. Unless terminated earlier in accordance with Section 4 hereof, Employee's employment with the Company pursuant to this Agreement shall be for an initial term of three (3) years commencing on the Effective Date and ending on the third anniversary of the Effective Date (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive one-year terms commencing on the applicable anniversary of the Effective Date (each such successive year being a "Renewal Term," and, together with the Initial Term, or such lesser period in the event of termination of Employee's employment prior to the expiration of the Initial Term or a Renewal Term by a Party pursuant to the provisions of this Agreement, the "Employment Term"), unless either Party gives written notice to the other Party not less than ninety (90) days prior to the end of the Initial Term or a Renewal Term, as the case may be, of such Party's election not to renew this Agreement ("Notice of Non-Renewal").

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

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

(b) Exclusive Employment. Employee agrees to devote all of Employee's full business time and attention exclusively to the performance of Employee's duties hereunder and in furtherance of the business of the Company Group. Employee shall (i) perform Employee's duties and responsibilities hereunder honestly, in good faith, to the best of Employee's abilities in a diligent manner, and in accordance with the Company Group's policies and applicable law, (ii) use Employee's best efforts to promote the success of the Company Group, (iii) not do anything, or permit anything to be done at Employee's direction, that is intended to be inconsistent with

Employee's duties to the Company Group or opposed to the best interests of the Company Group or which is a conflict of interest, and (iv) not be or become an officer, director, manager, employee, advisor, or consultant of any business other than that of the Company Group, unless the Employee receives advance written approval from the COO and all other approvals required under the

policies of the Company Group. Employee shall not, during Employee's employment with the Company, be involved directly or indirectly, in any manner, as a partner, officer, director, stockholder, member, manager, consultant, advisor, investor, creditor or employee for any company engaged in a substantially similar business to the Company Group; however, Employee may use Employee's personal funds to invest in a publicly traded company that engages in a similar business, but shall not own more than two (2%) percent of the stock thereof. Notwithstanding the foregoing, Employee may engage in civic and not-for-profit activities, as long as such activities do not interfere with Employee's performance of Employee's duties to the Company Group or the commitments made by Employee in this Section 2(b).

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

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

3. Compensation; Benefits.

(a) Base Salary. During the Employment Term, the Company shall pay to Employee an annualized base salary of Three Hundred and Twenty Thousand and No/100 Dollars ($320,000.00) (the "Base Salary"), which shall be payable in regular installments in accordance with the Company's customary payroll practices and procedures, but in no event less frequently than monthly, and prorated for any partial year worked. The Base Salary is subject to review annually throughout the Employment Term by the Compensation Committee (the "Compensation Committee") of the Board and the Board of Directors of Greenlane Holdings, Inc. (the "Board") and may be subject to increase in the Board's discretion.

(b) Incentive Compensation.

(i) Annual Bonus.

(A) Amount. For each complete fiscal year during the Employment Term, Employee shall be eligible to receive an annual performance-based bonus (the "Annual Bonus") of fifty percent (50%) based upon achieved Company performance metrics for the given fiscal year and/or Employee achievement of identified individual performance goals, all as determined by the Compensation Committee within the first quarter of such applicable fiscal year during the Employment Term.

(B) Timing of Payment. The Annual Bonus shall be paid in the immediately following fiscal year to the fiscal year to which the Annual Bonus relates at the same

time bonuses are paid to other executives of the Company, but in no event later than three months following the end of the fiscal year to which the Annual Bonus relates.

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

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

(ii) Annual Equity Award.

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

(B) Grant. Each Annual Equity Award is intended to be granted and coincide with the anniversary date of the Effective Date of this Agreement, but such grant cannot become effective until formal action is taken with respect to such grant by the Compensation Committee. As such, the Company will take commercially reasonable efforts to coordinate with the Compensation Committee to take grant action for each Annual Equity Award as soon as administratively practicable following each respective anniversary date of the Effective Date of this Agreement.

(iii) Clawback Provisions. Notwithstanding anything to the contrary contained herein and without limiting any other rights and remedies of the Company or Greenlane (including as may be required by law), if Employee has engaged in fraud or other willful misconduct that contributes materially to any financial restatements or material loss to the Company or Greenlane (or any member of the Company Group) , the Company (with respect to the Annual Bonuses) or Greenlane (with respect to the Annual Equity Awards) shall recover, for the 3-year period preceding the date on which the Company or Greenlane (or any member of the Company Group), as the case may be, is required to prepare the account restatements, the amount by which

any incentive compensation paid to Employee exceeded the lower amount that would have been

payable to Employee after giving effect to the restated financial results or the material loss, in one or more of the following methods:

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

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

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

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

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

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

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

(d) Expenses. Subject to Section 24 below, during the Employee's employment with the Company, the Employee shall be entitled to reimbursement of all documented reasonable business expenses incurred by the Employee in accordance with the policies, practices and procedures of the Company applicable to employees of the Company, as in effect from time to time.

(e) Relocation Reimbursement. If Employee's principal office location during the Employment Term is changed by the Board to a location more than seventy-five (75) miles away from the Company's headquarters in Boca Raton, Florida, then the Company shall reimburse Employee for the expenses incurred by Employee in relocating Employee's primary residence up to a maximum of Ten Thousand Dollars ($10,000), which shall be reimbursed to Employee within thirty (30) days after Employee submits documentation to the Company of such relocation expenses incurred by Employee (the "Relocation Reimbursement"). Employee acknowledges that such relocation reimbursement amounts are required to be included in taxable income and reported as wages in the year in which the reimbursement is received. If Employee terminates Employee's employment with the Company and this Agreement for any reason prior to the two-year anniversary of the date on which Employee receives payment of the Relocation Reimbursement

anniversary of the date on which Employee receives payment of the Relocation Reimbursement,

then Employee agrees to repay the Company the Relocation Reimbursement (net of original taxes withheld) and hereby authorizes the Company to deduct such repayment from the Accrued Obligations (as defined in Section 5(a)(i) hereof), to the extent permissible under applicable law.

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

(g) Paid Time Off. During the Employment Term, Employee shall be entitled to paid time off as needed, in accordance with the plans, policies, programs and practices of the Company applicable to its executives, and, in each case, subject to the prior consent of the CEO or the CEO's designee.

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

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

(a) Expiration of Employment Term. This Agreement and Employee's employment with the Company will terminate upon expiration of the Employment Term following Notice of Non-Renewal provided by either Party to the other Party in accordance with Section 1 hereof. Any Notice of Non-Renewal given by the Company to the Employee shall not constitute a termination of this Agreement by the Company with Cause or without Cause. Any Notice of Non-Renewal given by the Employee to the Company shall constitute a resignation by the Employee.

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

(c) Resignation By Employee For Any Reason. Employee may terminate this Agreement and Employee's employment with the Company for any reason, by providing written notice to the Company at least ninety (90) days prior to the effective date of termination (the "Notice Period"). During the Notice Period, Employee shall continue to perform the duties of Employee's position and the Company shall continue to compensate Employee as set forth herein. Notwithstanding the foregoing, if Employee provides the Company with notice of termination pursuant to this Section 4(c), the Company will have the option of requiring Employee to immediately vacate the Company's premises and cease performing Employee's duties hereunder. If the Company so elects this option, then the Company will be obligated to provide the compensation and benefits hereunder to Employee for the duration of the Notice Period.

(d) Termination By the Company For Cause. The Company may immediately terminate this Agreement and Employee's employment with the Company for Cause, which shall

be effective upon delivery by the Company of written notice to Employee of such termination,

subject to any cure period as required herein. For purposes of this Agreement, "Cause" shall mean, with respect to the Employee, one or more of the following: (i) the conviction of the Employee of the commission of a felony or other crime involving moral turpitude (including pleading guilty or no contest to such crime), whether or not such felony or other crime was committed in connection with the business of the Company Group; (ii) the commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud in connection with the performance of the Employee's duties and responsibilities hereunder; (iii) reporting to work under the influence of alcohol or illegal drugs, the use of illegal drugs at the workplace, or other conduct causing the Company Group public disgrace or disrepute or significant economic harm, whether in conjunction with the performance of Employee's duties on behalf of the Company Group or otherwise; (iv) the commission of any act or omission which is significantly injurious to the Company Group, monetarily, as determined in the reasonable discretion of the Board; (v) willful failure or refusal to perform material duties and responsibilities as reasonably directed by the COO or Board; (vi) any act or omission deliberately aiding or abetting a competitor of the Company Group to the disadvantage or detriment of the Company Group; (vii) breach of any applicable fiduciary duty to the Company Group; or (viii) any other material breach of this Agreement. The Company shall not have the right to terminate for Cause under subsections (iii), (v) or (viii) of this Section 4(d) unless and until the Company provides Employee written notice containing detailed reasons for the Cause termination and at least ten 10 days to cure any act or omission constituting Cause pursuant to such subsections prior to the effective termination date, provided however that the act or omission is, in fact, curable. In no event shall the Employee have more than one cure opportunity with respect to the recurrence of the same or similar actions or inactions constituting Cause.

(e) Termination as a Result of Death or Disability of Employee. This Agreement and the Employee's employment with the Company shall terminate automatically upon the date of the Employee's death without notice by or to either Party. This Agreement and the Employee's employment with the Company shall be terminated upon thirty (30) days' written notice by the Company to the Employee that the Company has made a good faith determination that the Employee has a Disability. For purposes of this Agreement, "Disability" means the incapacity or inability of the Employee, whether due to accident, sickness or otherwise, as confirmed in writing by a medical doctor acceptable to the Company, to perform the essential functions of the Employee's position under this Agreement, with or without reasonable accommodation, for an aggregate of ninety (90) days during any twelve (12) month period of the Employee's employment with the Company. Upon written request by the Company, the Employee shall, as soon as practicable, provide the Company with medical documentation and other information sufficient to enable the Company to determine whether the Employee has a Disability.

5. Obligations of the Company Upon Termination.

(a) Termination By the Company Without Cause. If the Employee incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Code and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Term by reason of a termination of the Employee's employment by the Company without Cause pursuant to Section 4(b) hereof:

(i) The Company shall pay Employee within thirty (30) days after the

effective date of termination or by such earlier date if required by applicable law, (A) the aggregate

amount of Employee's earned but unpaid Base Salary then in effect, (B) incurred but unreimbursed documented reasonable reimbursable business expenses through the date of such termination, and (C) any other amounts due under applicable law, in each case earned and owing through the date of termination (the "Accrued Obligations").

(ii) In addition to the Accrued Obligations, the Company shall pay to Employee the amount of any Annual Bonus earned, but not yet paid, with respect to the fiscal year prior to the fiscal year in which the date of termination of Employee's employment with the Company occurs (the "Earned Annual Bonus"), which such payment shall be made to Employee in accordance with Section 3(b) hereof.

(iii) In addition to the Accrued Obligations, subject to (A) Section 5(c) below, (B) the Employee timely signing, delivering, and not revoking (if applicable) the Release (as defined in this Section 5(a)(iii)), and (C) the Employee's compliance with the Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 hereof following the termination of Employee's employment with the Company, the Company shall pay to the Employee severance equal to six (6) months of the Base Salary in effect on the date of termination (the "Severance"), which shall be payable in equal installments in accordance with the Company's regular payroll practices and subject to all customary withholding and deductions.

Notwithstanding the foregoing, it shall be a condition to the Employee's right to receive the Severance that the Employee execute and deliver to the Company an effective general release of claims in a form prescribed by the Company, which form shall include, among customary terms and conditions, the survival of Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 of this Agreement following termination of Employee's employment with the Company (the "Release"), within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the date of termination of Employee's employment with the Company, and that the Employee not revoke such Release during any applicable revocation period (the combined review period and revocation period hereinafter referred to as the "Consideration Period"). Subject to Section 5(c) below, upon timely execution, delivery and non-revocation of the Release by Employee, the installment payments of the Severance shall begin on the first normal payroll date that is after the later of (I) the date on which the Employee delivered to the Company the Release signed by the Employee, or (II) the end of any applicable revocation period (unless a longer period is required by law). Notwithstanding the foregoing, if the earliest payment date determined under the preceding sentence is in one taxable year of the Employee and the latest possible payment date is in a second taxable year of the Employee, the first installment payment of Severance shall be made on the first normal payroll date that immediately follows the last date of the Consideration Period.

(b) Termination By the Employee For Any Reason; Termination By the Company For Cause; Termination Due to Death or Disability of Employee. If the Employee terminates the Employee's employment and this Agreement for any reason, the Company terminates the Employee's employment and this Agreement for Cause, or the Employee's employment and this Agreement terminates due to expiration of the Employment Term or due to the Employee's death or Disability, then the Company's obligation to compensate the Employee shall in all respects cease as of the date of termination, except that the Company shall pay to the Employee (or the Employee's estate in the event of death) (i) the Accrued Obligations within thirty

(30) days after the effective date of termination (or by such earlier date if required by applicable law), and (ii) the Earned Annual Bonus, if any, in accordance with Section 3(b) hereof.

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

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

6. Non-Disclosure of Confidential Information.

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

concerning any product, technology or procedure employed by the Company Group but not

generally known to its current or prospective clients, suppliers, vendors or competitors, or under development by or being tested by the Company Group; any inventions, innovations or improvements covered by Section 9 hereof; and information concerning planned or pending acquisitions or divestitures. Notwithstanding the foregoing, the term Confidential Information shall not include information which (A) becomes available to Employee from a source other than the Company Group or from third parties with whom the Company Group is not bound by a duty of confidentiality, or (B) becomes generally available or known in the industry other than as a result of its disclosure by Employee.

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

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

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

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

is made in confidence to a federal, state, or local government official, either directly or indirectly,

or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee further acknowledges that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

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

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

(d) Return of Confidential Information and Property. Upon termination of Employee's employment with the Company, notwithstanding the reason or cause of termination, and at any other time upon written request by the Company, Employee shall promptly return to the Company all originals, copies, or duplicates, in any form or format (whether paper, electronic or other storage media), of the Confidential Information and the Third Party Information, as well as any and all other documents, computer discs, computer data, equipment, and property of the

Company Group (including, but not limited to, cell phones, credit cards, and laptop computers if

they have been provided to Employee), relating in any way to the business of the Company Group or in any way obtained by Employee during the course of Employee's employment with the Company. Employee further agrees that after termination of Employee's employment with the Company, Employee shall not retain any copies, notes, or abstracts in any form or format (whether paper, electronic or other storage media) of the Confidential Information, the Third Party Information, or other documents or property belonging to the Company Group.

7. Non-Competition; Non-Solicitation.

(a) Non-Competition. Employee acknowledges the highly competitive nature of Company Group's business and, in consideration of Employee's employment and continued employment with the Company, access to the Confidential Information, and the payment of the Base Salary and certain benefits by Company to Employee pursuant to the terms hereof (which Employee acknowledges is sufficient to justify the restrictions contained herein), Employee agrees that during Employee's employment with the Company and for a period of twenty-four (24) months from the date of termination of Employee's employment with the Company for any reason whatsoever (and whether upon notice of the Company or the Employee) (the "Restricted Period"), Employee will not engage, directly or indirectly, as a principal, officer, agent, employee, director, member, partner, stockholder (other than as the passive holder of less than 2% of the outstanding stock of a publicly-traded corporation), independent contractor, or through the investment of capital, lending of money or property, rendering of consulting services or advice, or in any other capacity, whether with or without compensation or other remunerations, in the Restricted Business (as hereinafter defined) anywhere within the Restricted Area (as hereinafter defined), except on behalf of the Company Group or with the prior written consent of the Board. For purposes of this Agreement, the "Restricted Area" includes any country, state, province, county, or city in which Company Group (i) conducts business as of the date of termination of Employee's employment with the Company or (ii) conducted business within the one-year period prior to the date of termination of Employee's employment with the Company. For purposes of this Agreement, "Restricted Business" shall mean the business of selling vaporization products and accessories, consumption devices and accessories, hemp-derived cannabidiol, and ancillary products for licensed cannabis producers (e.g. child-resistant packaging), and any other business that is the same as, similar to, or competitive with the products or services provided by the Company Group.

(b) Non-Solicitation of Clients, Suppliers, Vendors, and Referral Sources. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, for Employee's own benefit or on behalf of any other person or entity (other than the Company Group), directly or indirectly through another person or entity: (i) contact, solicit, or communicate with any existing or prospective client, supplier, vendor, or referral source of the Company Group for the purpose of encouraging, causing, or inducing the client, supplier, vendor, or referral source to cease or reduce doing business with the Company Group; (ii) contact, solicit, or communicate with any existing or prospective client of the Company Group for the purpose of providing the client with products or services competitive with those products or services provided by the Company Group; or (iii) aid or assist any other person, business, or entity to do any of the aforesaid prohibited acts. The restriction created by this Section 7(b) is limited to client, supplier, vendor, or referral source with which the Company Group did business or proposed to do business at any time during Employee's employment with the Company.

(c) Non-Solicitation of Employees, Consultants, and Independent Contractors. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, directly or indirectly (in any capacity, on Employee's own behalf or on behalf of any other person or entity): (i) solicit, request, induce or encourage any employees, consultants or independent contractors of the Company Group to terminate their employment, to cease to be engaged by the Company Group, and/or to terminate or reduce their business relationship with the Company Group; or (ii) hire, employ, or offer to hire or employ (other than for the Company Group) any employee, consultant, or independent contractor who is employed or engaged by the Company Group, or any person or entity who was employed by the Company Group or engaged by the Company Group as a consultant or independent contractor at any time during the one (1) year period preceding the date of termination of Employee's employment with the Company.

(d) Reasonableness of Restrictive Covenants. Employee agrees and acknowledges that to assure the Company that the Company Group will retain the value of its operations, it is necessary that the Employee abide by the restrictions set forth in this Agreement. Employee further agrees that the promises made in this Agreement are reasonable and necessary for protection of the Company Group's legitimate business interests including, but not limited to: the Confidential Information; client good will associated with the specific marketing and trade area in which the Company Group conducts its business; the Company Group's substantial relationships with prospective and existing clients, suppliers, vendors, and referral sources; and a productive and competent and undisrupted workforce. Employee agrees that the restrictive covenants in this Agreement will not prevent Employee from earning a livelihood in Employee's chosen business, they do not impose an undue hardship on Employee, and that they will not injure the public.

(e) Tolling of Restrictive Period. The time period during which Employee is to refrain from the activities described in Section 7 of this Agreement will be extended by any length of time during which Employee is in breach of Section 7 of this Agreement. The Employee acknowledges that the purposes and intended effects of the restrictive covenants would be frustrated by measuring the period of the restriction from the date of termination of Employee's employment where the Employee failed to honor the restrictive covenant until required to do so by court order.

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

9. Intellectual Property.

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

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

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

(d) License of Intellectual Property Not Assigned. Notwithstanding the above, should Employee be deemed to own or have any Intellectual Property that is used, embodied, or reflected in the Work Products, Employee hereby grants to the Company Group, its successors and assigns, the non-exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicenses, to use, reproduce, publish, create

derivative works of, market, advertise, distribute, sell, publicly perform and publicly display and

otherwise exploit by all means now known or later developed the Work Products and Intellectual Property.

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

(f) Employee's Representations Regarding Work Products. Employee represents and warrants that all Work Products that Employee makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of performing Employee's duties for Assigned Party under this Agreement are (i) original or an improvement of the Assigned Party's prior Work Products and (ii) do not include, copy, use, or infringe any Intellectual Property rights of a third party.

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

11. Indemnification. During and after the Employment Term, the Employee shall be entitled to all rights to indemnification available under the by-laws, certificate of incorporation and any director and officer insurance policies of Greenlane and the Company, any indemnification agreement entered into between Greenlane and Employee, or to which Employee may otherwise be entitled through Greenlane, the Company, and/or any of their respective subsidiaries and affiliates, in accordance with their respective terms. Employee hereby agrees to indemnify, save and hold harmless the Company Group, including each of their respective past, present and future employees, consultants, agents, shareholders, members, officers, managers, and directors, but excluding Employee (collectively the "Company Indemnitees"), from and against any and all claims, causes

of action, demands, charges, judgments, losses, damages or costs (including reasonable attorneys'

fees) and other obligations and liabilities whatsoever (collectively, "Losses") which may arise, directly or indirectly, as a result of, or in connection with Employee's commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud. By way of inclusion and not limitation, "Losses" hereunder shall be deemed to include any claims, fines, penalties, actions, proceedings or orders of state or federal agencies or contingent liabilities. Employee further agrees to assist any Company Indemnitee with its defense of any future third party claims against any Company Indemnitee for which Employee's assistance is necessary or advisable in the reasonable discretion of such Company Indemnitee's counsel, without cost to any Company Indemnitee provided, however, that in no event shall Employee be responsible for any portion of any Company Indemnitee's legal fees, except as otherwise provided in this Section 11.

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

13. Remedies for Breach. Employee acknowledges and agrees that it would be difficult to measure the damages to the Company Group from any breach or threatened breach by Employee of this Agreement, including but not limited to Sections 6, 7, 8, and 9 hereof; that injury to the Company Group from any such breach would be irreparable; and that money damages would therefore be an inadequate remedy for any such breach. Accordingly, Employee agrees that if Employee breaches or threatens to breach any of the promises contained in this Agreement, the Company Group shall, in addition to all other remedies it may have (including monetary remedies), be entitled to seek an injunction and/or equitable relief, on a temporary or permanent basis, to restrain any such breach or threatened breach without showing or proving any actual damage to the Company Group. Nothing herein shall be construed as a waiver of any right the Company Group may have or hereafter acquire to pursue any other remedies available to it for such breach or threatened breach, including recovery of damages from Employee. Notwithstanding any provision of this Agreement to the contrary, Employee shall not be entitled to any post-termination payments pursuant hereto during any period in which Employee is materially violating any of Employee's obligations under Sections 6, 7, 8, or 9 hereof.

14. Assignment; Third-Party Beneficiaries. The rights of the Company under this Agreement may, without the consent of Employee, be assigned by the Company to (i) any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly, acquires all or substantially all of the Company's stock or assets

otherwise, directly or indirectly, acquires all or substantially all of the Company's stock or assets, or (ii) any affiliate or future affiliate of the Company, and such assignment by Company pursuant

to this Section 14 shall automatically, and without any further action required by the Parties, relieve the assignor Company (and discharge and release the assignor Company) from all obligations and liabilities under or related to this Agreement (all such obligations and/or automatically liabilities assumed by the assignee Company). This Agreement shall be binding upon and inure to the benefit of any successor or assigns of Company. Employee may not assign this Agreement without the written consent of the Company. Employee agrees that each member of the Company Group is an express third party beneficiary of this Agreement, and this Agreement, including the restrictive covenants and other obligations set forth in Sections 6, 7, 8, 9, 10, and 11 hereof, are for each such member's benefit. Employee expressly agrees and consents to the enforcement of this Agreement, including but not limited to the restrictive covenants and other obligations in Sections 6, 7, 8, 9, 10 and 11 hereof, by any member of the Company Group as well as by the Company Group's future affiliates, successors and/or assigns.

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

16. Governing Law; Arbitration.

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

(b) Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to final and binding arbitration administered by JAMS, Inc. ("JAMS") in accordance with the Federal Arbitration Act and the JAMS Employment Arbitration Rules and Procedures (the "Rules") then in effect, and conducted in Boca Raton, Florida by a single neutral arbitrator selected in accordance with the Rules. The Rules can be found at wwww.jamsadr.com/rules-employment-arbitration/. In arbitration, the Parties have the right to be represented by legal counsel; the arbitrator shall permit adequate discovery sufficient to allow the Parties to vindicate their claims and may not limit the Parties' rights to reasonable discovery; the Parties shall have the right to subpoena witnesses to compel their attendance at hearings and to cross-examine witnesses; and the arbitrator's decision shall be in writing and shall contain essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the power to resolve all disputes and award any type of legal or equitable relief, to the extent such relief is available under applicable law. Further, in any such arbitration proceeding, the prevailing party shall be entitled to an award of that party's costs and attorney's fees, unless otherwise prohibited by applicable law. Any award by the arbitrator may be entered as a judgment in any court having jurisdiction in an action to confirm or enforce the arbitration award. Except as necessary to confirm or enforce an award, the Parties agree to keep all arbitration proceedings completely confidential. Notwithstanding the foregoing, either Party may seek preliminary injunctive and/or other equitable relief from a court of competent jurisdiction in support of claims to be prosecuted in arbitration. In the event a dispute, controversy, or claim arising out of or related to this Agreement is found to fall outside of the arbitration provision in this Section 16(b), the Parties agree to submit to the

exclusive jurisdiction and venue of the state and federal courts in Palm Beach County, Florida for the resolution of such dispute, controversy, or claim.

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

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

19. Survival. Employee's post-termination obligations and the Company Group's post-termination rights under Sections 6 through 19 of this Agreement shall survive the termination of this Agreement and the termination of Employee's employment with the Company regardless of the reason for termination; shall continue in full force and effect in accordance with their terms; and shall continue to be binding on the Parties.

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

21. Entire Agreement. This Agreement constitutes the entire understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments, including but not limited to the Employment Agreement and Confidentiality Agreement, are hereby canceled and terminated.

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

23. Notices. Any notice, request or other document required or permitted to be given

under this Agreement shall be in writing and shall be deemed given: (a) upon delivery, if delivered

by hand; (b) three (3) days after the date of deposit in the mail, postage prepaid, if mailed by certified U.S. mail; or (c) on the next business day, if sent by prepaid overnight courier service. If not personally delivered by hand, notice shall be sent using the addresses set forth below or to such other address as either Party may designate by written notice to the other:

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

If to the Company, to:

Warehouse Goods LLC
Attention: Douglas Fischer, General Counsel
1095 Broken Sound Parkway NW, Suite 300,
Boca Raton, FL 33487
dfischer@gnln.com

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

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

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

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

COMPANY

WAREHOUSE GOODS LLC

DocuSigned by:
Aaron LoCascio
766BBE4C4A6E48B...

By: _____

Name: Aaron LoCascio

Title: CEO

EMPLOYEE

DocuSigned by:
6F03CCC69851433...

_____

[INSERT NAME] Bill Mote

GREENLANE HOLDINGS, INC.

By: _____

Name: _____

Title:

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of 25th August 2020 (the "Effective Date"), is entered into by and between, Warehouse Goods LLC, a Delaware corporation (the "Company"), and William Bine (the "Employee"). (Company and Employee are sometimes individually referred to herein as a "Party" and collectively as the "Parties").

WHEREAS, the Company and the Employee desire to enter into an employment relationship, in accordance with the terms and conditions set forth in this Agreement.

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

1. Employment Term. Unless terminated earlier in accordance with Section 4 hereof, Employee's employment with the Company pursuant to this Agreement shall be for an initial term of three (3) years commencing on the Effective Date and ending on the third anniversary of the Effective Date (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive one-year terms commencing on the applicable anniversary of the Effective Date (each such successive year being a "Renewal Term," and, together with the Initial Term, or such lesser period in the event of termination of Employee's employment prior to the expiration of the Initial Term or a Renewal Term by a Party pursuant to the provisions of this Agreement, the "Employment Term"), unless either Party gives written notice to the other Party not less than ninety (90) days prior to the end of the Initial Term or a Renewal Term, as the case may be, of such Party's election not to renew this Agreement ("Notice of Non-Renewal").

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

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

(b) Exclusive Employment. Employee agrees to devote all of Employee's full business time and attention exclusively to the performance of Employee's duties hereunder and in furtherance of the business of the Company Group. Employee shall (i) perform Employee's duties and responsibilities hereunder honestly, in good faith, to the best of Employee's abilities in a diligent manner, and in accordance with the Company Group's policies and applicable law, (ii) use Employee's best efforts to promote the success of the Company Group, (iii) not do anything, or permit anything to be done at Employee's direction, that is intended to be inconsistent with Employee's duties to the Company Group or opposed to the best interests of the Company Group

or which is a conflict of interest, and (iv) not be or become an officer, director, manager, employee, advisor, or consultant of any business other than that of the Company Group, unless the Employee receives advance written approval from the COO and all other approvals required under the policies of the Company Group. Employee shall not, during Employee's employment with the

Company, be involved directly or indirectly, in any manner, as a partner, officer, director, stockholder, member, manager, consultant, advisor, investor, creditor or employee for any company engaged in a substantially similar business to the Company Group; however, Employee may use Employee's personal funds to invest in a publicly traded company that engages in a similar business, but shall not own more than two (2%) percent of the stock thereof. Notwithstanding the foregoing, Employee may engage in civic and not-for-profit activities, as long as such activities do not interfere with Employee's performance of Employee's duties to the Company Group or the commitments made by Employee in this Section 2(b).

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

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

3. Compensation; Benefits.

(a) Base Salary. During the Employment Term, the Company shall pay to Employee an annualized base salary of Two Hundred and Fifty Thousand and No/100 Dollars ($250,000.00) (the "Base Salary"), which shall be payable in regular installments in accordance with the Company's customary payroll practices and procedures, but in no event less frequently than monthly, and prorated for any partial year worked. The Base Salary is subject to review annually throughout the Employment Term by the Compensation Committee (the "Compensation Committee") of the Board and the Board of Directors of Greenlane Holdings, Inc. (the "Board") and may be subject to increase in the Board's discretion.

(b) Incentive Compensation.

(i) Annual Bonus.

(A) Amount. For each complete fiscal year during the Employment Term, Employee shall be eligible to receive an annual performance-based bonus (the "Annual Bonus") of fifty percent (50%) based upon achieved Company performance metrics for the given fiscal year and/or Employee achievement of identified individual performance goals, all as determined by the Compensation Committee within the first quarter of such applicable fiscal year during the Employment Term.

(B) Timing of Payment. The Annual Bonus shall be paid in the immediately following fiscal year to the fiscal year to which the Annual Bonus relates at the same time bonuses are paid to other executives of the Company, but in no event later than three months

following the end of the fiscal year to which the Annual Bonus relates.

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

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

(ii) Annual Equity Award.

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

(B) Grant. Each Annual Equity Award is intended to be granted and coincide with the anniversary date of the Effective Date of this Agreement, but such grant cannot become effective until formal action is taken with respect to such grant by the Compensation Committee. As such, the Company will take commercially reasonable efforts to coordinate with the Compensation Committee to take grant action for each Annual Equity Award as soon as administratively practicable following each respective anniversary date of the Effective Date of this Agreement.

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

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

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

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

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

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

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

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

(d) Expenses. Subject to Section 24 below, during the Employee's employment with the Company, the Employee shall be entitled to reimbursement of all documented reasonable business expenses incurred by the Employee in accordance with the policies, practices and procedures of the Company applicable to employees of the Company, as in effect from time to time.

(e) Relocation Reimbursement. If Employee's principal office location during the Employment Term is changed by the Board to a location more than seventy-five (75) miles away from the Company's headquarters in Boca Raton, Florida, then the Company shall reimburse Employee for the expenses incurred by Employee in relocating Employee's primary residence up to a maximum of Twenty Thousand Dollars ($20,000), which shall be reimbursed to Employee within thirty (30) days after Employee submits documentation to the Company of such relocation expenses incurred by Employee (the "Relocation Reimbursement"). Employee acknowledges that such relocation reimbursement amounts are required to be included in taxable income and reported as wages in the year in which the reimbursement is received. If Employee terminates Employee's employment with the Company and this Agreement for any reason prior to the two-year anniversary of the date on which Employee receives payment of the Relocation Reimbursement, then Employee agrees to repay the Company the Relocation Reimbursement (net of original taxes withheld) and hereby authorizes the Company to deduct such repayment from the Accrued Obligations (as defined in Section 5(a)(i) hereof), to the extent permissible under applicable law

Obligations (as defined in Section 5(a)(i) hereof), to the extent permissible under applicable law.

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

(g) Paid Time Off. During the Employment Term, Employee shall be entitled to paid time off as needed, in accordance with the plans, policies, programs and practices of the Company applicable to its executives, and, in each case, subject to the prior consent of the CEO or the CEO's designee.

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

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

(a) Expiration of Employment Term. This Agreement and Employee's employment with the Company will terminate upon expiration of the Employment Term following Notice of Non-Renewal provided by either Party to the other Party in accordance with Section 1 hereof. Any Notice of Non-Renewal given by the Company to the Employee shall not constitute a termination of this Agreement by the Company with Cause or without Cause. Any Notice of Non-Renewal given by the Employee to the Company shall constitute a resignation by the Employee.

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

(c) Resignation By Employee For Any Reason. Employee may terminate this Agreement and Employee's employment with the Company for any reason, by providing written notice to the Company at least ninety (90) days prior to the effective date of termination (the "Notice Period"). During the Notice Period, Employee shall continue to perform the duties of Employee's position and the Company shall continue to compensate Employee as set forth herein. Notwithstanding the foregoing, if Employee provides the Company with notice of termination pursuant to this Section 4(c), the Company will have the option of requiring Employee to immediately vacate the Company's premises and cease performing Employee's duties hereunder. If the Company so elects this option, then the Company will be obligated to provide the compensation and benefits hereunder to Employee for the duration of the Notice Period.

(d) Termination By the Company For Cause. The Company may immediately terminate this Agreement and Employee's employment with the Company for Cause, which shall be effective upon delivery by the Company of written notice to Employee of such termination, subject to any cure period as required herein. For purposes of this Agreement, "Cause" shall mean, with respect to the Employee, one or more of the following: (i) the conviction of the Employee of the commission of a felony or other crime involving moral turpitude (including pleading guilty or

no contest to such crime), whether or not such felony or other crime was committed in connection

with the business of the Company Group; (ii) the commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud in connection with the performance of the Employee's duties and responsibilities hereunder; (iii) reporting to work under the influence of alcohol or illegal drugs, the use of illegal drugs at the workplace, or other conduct causing the Company Group public disgrace or disrepute or significant economic harm, whether in conjunction with the performance of Employee's duties on behalf of the Company Group or otherwise; (iv) the commission of any act or omission which is significantly injurious to the Company Group, monetarily, as determined in the reasonable discretion of the Board; (v) willful failure or refusal to perform material duties and responsibilities as reasonably directed by the COO or Board; (vi) any act or omission deliberately aiding or abetting a competitor of the Company Group to the disadvantage or detriment of the Company Group; (vii) breach of any applicable fiduciary duty to the Company Group; or (viii) any other material breach of this Agreement. The Company shall not have the right to terminate for Cause under subsections (iii), (v) or (viii) of this Section 4(d) unless and until the Company provides Employee written notice containing detailed reasons for the Cause termination and at least ten 10 days to cure any act or omission constituting Cause pursuant to such subsections prior to the effective termination date, provided however that the act or omission is, in fact, curable. In no event shall the Employee have more than one cure opportunity with respect to the recurrence of the same or similar actions or inactions constituting Cause.

(e) Termination as a Result of Death or Disability of Employee. This Agreement and the Employee's employment with the Company shall terminate automatically upon the date of the Employee's death without notice by or to either Party. This Agreement and the Employee's employment with the Company shall be terminated upon thirty (30) days' written notice by the Company to the Employee that the Company has made a good faith determination that the Employee has a Disability. For purposes of this Agreement, "Disability" means the incapacity or inability of the Employee, whether due to accident, sickness or otherwise, as confirmed in writing by a medical doctor acceptable to the Company, to perform the essential functions of the Employee's position under this Agreement, with or without reasonable accommodation, for an aggregate of ninety (90) days during any twelve (12) month period of the Employee's employment with the Company. Upon written request by the Company, the Employee shall, as soon as practicable, provide the Company with medical documentation and other information sufficient to enable the Company to determine whether the Employee has a Disability.

5. Obligations of the Company Upon Termination.

(a) Termination By the Company Without Cause. If the Employee incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Code and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Term by reason of a termination of the Employee's employment by the Company without Cause pursuant to Section 4(b) hereof:

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

of termination (the "Accrued Obligations").

(ii) In addition to the Accrued Obligations, the Company shall pay to Employee the amount of any Annual Bonus earned, but not yet paid, with respect to the fiscal year prior to the fiscal year in which the date of termination of Employee's employment with the Company occurs (the "Earned Annual Bonus"), which such payment shall be made to Employee in accordance with Section 3(b) hereof.

(iii) In addition to the Accrued Obligations, subject to (A) Section 5(c) below, (B) the Employee timely signing, delivering, and not revoking (if applicable) the Release (as defined in this Section 5(a)(iii)), and (C) the Employee's compliance with the Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 hereof following the termination of Employee's employment with the Company, the Company shall pay to the Employee severance equal to three (3) months of the Base Salary in effect on the date of termination plus two (2) weeks of the Base Salary for each full year of service for the Company completed by Employee as of the date of termination (the "Severance"), which shall be payable in equal installments in accordance with the Company's regular payroll practices and subject to all customary withholding and deductions.

Notwithstanding the foregoing, it shall be a condition to the Employee's right to receive the Severance that the Employee execute and deliver to the Company an effective general release of claims in a form prescribed by the Company, which form shall include, among customary terms and conditions, the survival of Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 of this Agreement following termination of Employee's employment with the Company (the "Release"), within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the date of termination of Employee's employment with the Company, and that the Employee not revoke such Release during any applicable revocation period (the combined review period and revocation period hereinafter referred to as the "Consideration Period"). Subject to Section 5(c) below, upon timely execution, delivery and non-revocation of the Release by Employee, the installment payments of the Severance shall begin on the first normal payroll date that is after the later of (I) the date on which the Employee delivered to the Company the Release signed by the Employee, or (II) the end of any applicable revocation period (unless a longer period is required by law). Notwithstanding the foregoing, if the earliest payment date determined under the preceding sentence is in one taxable year of the Employee and the latest possible payment date is in a second taxable year of the Employee, the first installment payment of Severance shall be made on the first normal payroll date that immediately follows the last date of the Consideration Period.

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

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

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

6. Non-Disclosure of Confidential Information.

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

development by or being tested by the Company Group, any inventions, innovations or improvements covered by Section 9 hereof; and information concerning planned or pending

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

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

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

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

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

proceeding, if such filing is made under seal. Employee further acknowledges that an individual

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

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

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

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

Company. Employee further agrees that after termination of Employee's employment with the

Company, Employee shall not retain any copies, notes, or abstracts in any form or format (whether paper, electronic or other storage media) of the Confidential Information, the Third Party Information, or other documents or property belonging to the Company Group.

7. Non-Competition; Non-Solicitation.

(a) Non-Competition. Employee acknowledges the highly competitive nature of Company Group's business and, in consideration of Employee's employment and continued employment with the Company, access to the Confidential Information, and the payment of the Base Salary and certain benefits by Company to Employee pursuant to the terms hereof (which Employee acknowledges is sufficient to justify the restrictions contained herein), Employee agrees that during Employee's employment with the Company and for a period of twenty-four (24) months from the date of termination of Employee's employment with the Company for any reason whatsoever (and whether upon notice of the Company or the Employee) (the "Restricted Period"), Employee will not engage, directly or indirectly, as a principal, officer, agent, employee, director, member, partner, stockholder (other than as the passive holder of less than 2% of the outstanding stock of a publicly-traded corporation), independent contractor, or through the investment of capital, lending of money or property, rendering of consulting services or advice, or in any other capacity, whether with or without compensation or other remunerations, in the Restricted Business (as hereinafter defined) anywhere within the Restricted Area (as hereinafter defined), except on behalf of the Company Group or with the prior written consent of the Board. For purposes of this Agreement, the "Restricted Area" includes any country, state, province, county, or city in which Company Group (i) conducts business as of the date of termination of Employee's employment with the Company or (ii) conducted business within the one-year period prior to the date of termination of Employee's employment with the Company. For purposes of this Agreement, "Restricted Business" shall mean the business of selling vaporization products and accessories, consumption devices and accessories, hemp-derived cannabidiol, and ancillary products for licensed cannabis producers (e.g. child-resistant packaging), and any other business that is the same as, similar to, or competitive with the products or services provided by the Company Group.

(b) Non-Solicitation of Clients, Suppliers, Vendors, and Referral Sources. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, for Employee's own benefit or on behalf of any other person or entity (other than the Company Group), directly or indirectly through another person or entity: (i) contact, solicit, or communicate with any existing or prospective client, supplier, vendor, or referral source of the Company Group for the purpose of encouraging, causing, or inducing the client, supplier, vendor, or referral source to cease or reduce doing business with the Company Group; (ii) contact, solicit, or communicate with any existing or prospective client of the Company Group for the purpose of providing the client with products or services competitive with those products or services provided by the Company Group; or (iii) aid or assist any other person, business, or entity to do any of the aforesaid prohibited acts. The restriction created by this Section 7(b) is limited to client, supplier, vendor, or referral source with which the Company Group did business or proposed to do business at any time during Employee's employment with the Company.

(c) Non-Solicitation of Employees, Consultants, and Independent Contractors. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, directly or indirectly (in any capacity, on Employee's own behalf or on behalf of any other

person or entity): (i) solicit, request, induce or encourage any employees, consultants or

independent contractors of the Company Group to terminate their employment, to cease to be engaged by the Company Group, and/or to terminate or reduce their business relationship with the Company Group; or (ii) hire, employ, or offer to hire or employ (other than for the Company Group) any employee, consultant, or independent contractor who is employed or engaged by the Company Group, or any person or entity who was employed by the Company Group or engaged by the Company Group as a consultant or independent contractor at any time during the one (1) year period preceding the date of termination of Employee's employment with the Company.

(d) Reasonableness of Restrictive Covenants. Employee agrees and acknowledges that to assure the Company that the Company Group will retain the value of its operations, it is necessary that the Employee abide by the restrictions set forth in this Agreement. Employee further agrees that the promises made in this Agreement are reasonable and necessary for protection of the Company Group's legitimate business interests including, but not limited to: the Confidential Information; client good will associated with the specific marketing and trade area in which the Company Group conducts its business; the Company Group's substantial relationships with prospective and existing clients, suppliers, vendors, and referral sources; and a productive and competent and undisrupted workforce. Employee agrees that the restrictive covenants in this Agreement will not prevent Employee from earning a livelihood in Employee's chosen business, they do not impose an undue hardship on Employee, and that they will not injure the public.

(e) Tolling of Restrictive Period. The time period during which Employee is to refrain from the activities described in Section 7 of this Agreement will be extended by any length of time during which Employee is in breach of Section 7 of this Agreement. The Employee acknowledges that the purposes and intended effects of the restrictive covenants would be frustrated by measuring the period of the restriction from the date of termination of Employee's employment where the Employee failed to honor the restrictive covenant until required to do so by court order.

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

9. Intellectual Property.

(a) Work Product Owned By the Company. Employee agrees that the Company or the applicable member of the Company Group (each individually the "Assigned Party") is and will be the sole and exclusive owner of all ideas, inventions, discoveries,

improvements, designs, plans, methods, works of authorship, deliverables, writings, brochures,

manuals, know-how, method of conducting its business, policies, procedures, products, processes, software, or any enhancements, or documentation of or to the same and any other work product in any form or media that Employee made prior to the Effective Date, makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of Employee's past, current and future employment for the Assigned Party or with the use of the Assigned Party's time, materials or facilities, and is in any way related or pertaining to or connected with the present or anticipated business, products or services of the Assigned Party whether produced during normal business hours or on personal time (collectively, "Work Products").

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

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

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

(e) Maintenance; Disclosure; Execution; Attorney-In-Fact. Employee will, at the request and cost of the Assigned Party, sign, execute, make and do all such deeds, documents,

acts and things as the Assigned Party and their duly authorized agents may reasonably require to

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

(f) Employee's Representations Regarding Work Products. Employee represents and warrants that all Work Products that Employee makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of performing Employee's duties for Assigned Party under this Agreement are (i) original or an improvement of the Assigned Party's prior Work Products and (ii) do not include, copy, use, or infringe any Intellectual Property rights of a third party.

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

11. Indemnification. During and after the Employment Term, the Employee shall be entitled to all rights to indemnification available under the by-laws, certificate of incorporation and any director and officer insurance policies of Greenlane and the Company, any indemnification agreement entered into between Greenlane and Employee, or to which Employee may otherwise be entitled through Greenlane, the Company, and/or any of their respective subsidiaries and affiliates, in accordance with their respective terms. Employee hereby agrees to indemnify, save and hold harmless the Company Group, including each of their respective past, present and future employees, consultants, agents, shareholders, members, officers, managers, and directors, but excluding Employee (collectively the "Company Indemnitees"), from and against any and all claims, causes of action, demands, charges, judgments, losses, damages or costs (including reasonable attorneys' fees) and other obligations and liabilities whatsoever (collectively, "Losses") which may arise, directly or indirectly, as a result of, or in connection with Employee's commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud. By way of inclusion and not limitation, "Losses" hereunder shall be deemed to include any claims, fines, penalties, actions, proceedings or orders of state or

shall be deemed to include any claims, liens, penalties, debts, proceedings or orders of state or federal agencies or contingent liabilities. Employee further agrees to assist any Company

Indemnitee with its defense of any future third party claims against any Company Indemnitee for which Employee's assistance is necessary or advisable in the reasonable discretion of such Company Indemnitee's counsel, without cost to any Company Indemnitee provided, however, that in no event shall Employee be responsible for any portion of any Company Indemnitee's legal fees, except as otherwise provided in this Section 11.

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

13. Remedies for Breach. Employee acknowledges and agrees that it would be difficult to measure the damages to the Company Group from any breach or threatened breach by Employee of this Agreement, including but not limited to Sections 6, 7, 8, and 9 hereof; that injury to the Company Group from any such breach would be irreparable; and that money damages would therefore be an inadequate remedy for any such breach. Accordingly, Employee agrees that if Employee breaches or threatens to breach any of the promises contained in this Agreement, the Company Group shall, in addition to all other remedies it may have (including monetary remedies), be entitled to seek an injunction and/or equitable relief, on a temporary or permanent basis, to restrain any such breach or threatened breach without showing or proving any actual damage to the Company Group. Nothing herein shall be construed as a waiver of any right the Company Group may have or hereafter acquire to pursue any other remedies available to it for such breach or threatened breach, including recovery of damages from Employee. Notwithstanding any provision of this Agreement to the contrary, Employee shall not be entitled to any post-termination payments pursuant hereto during any period in which Employee is materially violating any of Employee's obligations under Sections 6, 7, 8, or 9 hereof.

14. Assignment; Third-Party Beneficiaries. The rights of the Company under this Agreement may, without the consent of Employee, be assigned by the Company to (i) any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly, acquires all or substantially all of the Company's stock or assets, or (ii) any affiliate or future affiliate of the Company, and such assignment by Company pursuant to this Section 14 shall automatically, and without any further action required by the Parties, relieve the assignor Company (and discharge and release the assignor Company) from all obligations and liabilities under or related to this Agreement (all such obligations and/or automatically liabilities assumed by the assignee Company). This Agreement shall be binding upon and inure to the benefit of any successor or assigns of Company. Employee may not assign this Agreement without the

of any successor or assign of Company. Employee may not assign this Agreement without the written consent of the Company. Employee agrees that each member of the Company Group is an

express third party beneficiary of this Agreement, and this Agreement, including the restrictive covenants and other obligations set forth in Sections 6, 7, 8, 9, 10, and 11 hereof, are for each such member's benefit. Employee expressly agrees and consents to the enforcement of this Agreement, including but not limited to the restrictive covenants and other obligations in Sections 6, 7, 8, 9, 10 and 11 hereof, by any member of the Company Group as well as by the Company Group's future affiliates, successors and/or assigns.

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

16. Governing Law; Arbitration.

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

(b) Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to final and binding arbitration administered by JAMS, Inc. ("JAMS") in accordance with the Federal Arbitration Act and the JAMS Employment Arbitration Rules and Procedures (the "Rules") then in effect, and conducted in Boca Raton, Florida by a single neutral arbitrator selected in accordance with the Rules. The Rules can be found at wwww.jamsadr.com/rules-employment-arbitration/. In arbitration, the Parties have the right to be represented by legal counsel; the arbitrator shall permit adequate discovery sufficient to allow the Parties to vindicate their claims and may not limit the Parties' rights to reasonable discovery; the Parties shall have the right to subpoena witnesses to compel their attendance at hearings and to cross-examine witnesses; and the arbitrator's decision shall be in writing and shall contain essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the power to resolve all disputes and award any type of legal or equitable relief, to the extent such relief is available under applicable law. Further, in any such arbitration proceeding, the prevailing party shall be entitled to an award of that party's costs and attorney's fees, unless otherwise prohibited by applicable law. Any award by the arbitrator may be entered as a judgment in any court having jurisdiction in an action to confirm or enforce the arbitration award. Except as necessary to confirm or enforce an award, the Parties agree to keep all arbitration proceedings completely confidential. Notwithstanding the foregoing, either Party may seek preliminary injunctive and/or other equitable relief from a court of competent jurisdiction in support of claims to be prosecuted in arbitration. In the event a dispute, controversy, or claim arising out of or related to this Agreement is found to fall outside of the arbitration provision in this Section 16(b), the Parties agree to submit to the exclusive jurisdiction and venue of the state and federal courts in Palm Beach County, Florida for the resolution of such dispute, controversy, or claim.

17. Mutual Waiver of Jury Trial in Court Proceedings. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM, RIGHT, ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT

OR THE RELATIONSHIP OF THE PARTIES. THIS WAIVER EXTENDS TO ANY AND ALL

RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE, INCLUDING BUT NOT LIMITED TO THE CONSTITUTION OF THE UNITED STATES, THE CONSTITUTION OF ANY STATE, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATION. EACH PARTY HEREBY ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING THE RIGHT TO DEMAND TRIAL BY JURY.

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

19. Survival. Employee's post-termination obligations and the Company Group's post-termination rights under Sections 6 through 19 of this Agreement shall survive the termination of this Agreement and the termination of Employee's employment with the Company regardless of the reason for termination; shall continue in full force and effect in accordance with their terms; and shall continue to be binding on the Parties.

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

21. Entire Agreement. This Agreement constitutes the entire understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments, including but not limited to the Employment Agreement and Confidentiality Agreement, are hereby canceled and terminated.

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

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

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

If to the Company, to:

Warehouse Goods LLC
Attention: Douglas Fischer, General Counsel
1095 Broken Sound Parkway NW, Suite 300,
Boca Raton, FL 33487
dfischer@gnln.com

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

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

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

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

COMPANY

WAREHOUSE GOODS LLC

DocuSigned by:
Aaron LoCascio
766BBE4C4A6E48B...

By: _____
Name: Aaron LoCascio
Title: CEO

EMPLOYEE

DocuSigned by:
William J Bine
DF9DD7F7024C43B...

_____
[INSERT NAME] William J Bine

GREENLANE HOLDINGS, INC.

By: _____
Name: _____
Title:

SEPARATION AND RELEASE OF CLAIMS AGREEMENT

This Separation and Release of Claims Agreement (the "Agreement") is being entered into on July 27, 2020 (the "Agreement Effective Date") by and between Jay Scheiner ("Executive" or "you") and Warehouse Goods LLC. (the "Company") (together, the "Parties").

WHEREAS, the Company and Executive are parties to the Employment Agreement dated as of April 13, 2015 (the "Employment Agreement"), under which Executive currently serves as Chief Operating Officer.

WHEREAS, the Parties have mutually agreed to establish terms for Executive's separation from employment with the Company; and

WHEREAS, the Parties agree that the payments, benefits, and rights set forth in this Agreement shall be the exclusive payments, benefits, and rights due to executive in connection with Executive's separation from employment with the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreement contained herein, and for the other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Executive's effective date of separation from employment with Company will be August 31, 2020 (the "Separation Date"). You hereby resign, as of the Separation Date, from the position of Chief Operating Officer and from any all other positions executive holds as an officer or employee of the Company, and, as may be applicable, its subsidiaries, and further agrees to execute and deliver any documents reasonably necessary to effectuate such resignations, as requested by the Company. Your rights, if any, under COBRA to continue your health benefits after they expire under this Agreement at your own expense will be explained under separate cover.

2. Upon the Separation Date, Executive shall be paid, in accordance with the Company's regular payroll practices, all unpaid base salary earned through the Separation date, as well as reimbursement of any unreimbursed businesses expenses properly incurred through the Separation Date for which executive has sought reimbursement (together, the "Accrued Obligations"). As of the Separation Date, as full consideration for you (i) signing and returning this Agreement in accordance with Section 18 below, (ii) continuing your employment through the Separation Date, (iii) assisting Company's transition to a new Chief Operating Offer through the Separation Date, and (iii) complying with the terms of this Agreement, the Company agrees to provide you with (i) six (6) months of your salary, (ii) six (6) months of continued benefits; including health benefits and your monthly car and cell phone allowances, and, (iii) the acceleration of vesting for all unvested profits interests, membership interests, stock, stock options, and other equity awards, including but not limited to those awarded pursuant to the Profits Interest Award Agreement between Greenlane Holdings, LLC (f/k/a Jacoby Holdings, LLC) and Executive, dated December 5, 2016, as amended by the Profits Interest Holder

Agreement dated December 17, 2018 ("Severance") under the terms described in Section 4 below. You acknowledge that unless you enter into this Agreement, you would not otherwise receive any severance benefits from the Company. The Company's provision to you of the Severance Payment is not, and should not be construed as, an admission of liability or wrongdoing by the Company.

3. As Severance, as full consideration for your execution of and compliance with this Agreement, and your release of all claims against the Company as set forth in Section 4 below, the Company agrees to:

(a) Severance Payment. Provide you with a payment of $149,200 representing six (6) months of salary including the monthly car and cell allowances. The Company shall pay the Severance payment as salary continuation in accordance with the Company's payroll practices after this Agreement becomes irrevocable pursuant to Section 18 below. The Company will deduct from the Severance withholding taxes and other deductions which it is required by law to make from wage payments to employees, in addition to any deductions as necessary under Section 3 (b) below.

(b) Benefits. Provide you with six (6) months of benefits continuance as outlined on Exhibit A of the Employment Agreement.

(c) Retention of Class B Units

i. All capitalized terms used in this Section have the definition assigned to them in the Profits Interest Holder Agreement.

ii. Notwithstanding terms to the contrary in the Profits Interest Holder Agreement, and notwithstanding Executive's separation from the Company, Executive shall retain all Class B units that have not vested to Executive as of the Separation Date of this Agreement, and such Class B units shall vest in accordance with the Profits Interest Holder Agreement.

iii. All remaining terms of the Profits Interest Holder Agreement remain in full force and effect. In the event of any conflict between the terms of this Agreement and the Profits Interest Holder Agreement, this Agreement shall govern.

4. In consideration for the Severance, which you acknowledge to be good and valuable consideration, you knowingly and voluntarily release and forever discharge the Company, any of its parents, subsidiaries, divisions, and related companies, and any of its past and present directors, managers, officers, shareholders, partners, employees, agents, attorneys and servants, and each of their predecessors, successors and assigns (the "Releasees") from any and all complaints, causes of action, or claims for relief, of any nature whatsoever, known or unknown (the "Release"). This Release includes, without limitation, any rights or claims relating in any way to your employment relationship with any of the Releasees, or the termination thereof, including any claim arising under any offer letter and/or employment agreement which you may

or may not have executed, or arising under any statute or regulation, including, but not limited to, any rights or claims you may have under the Age Discrimination in Employment Act (ADEA), which prohibits age discrimination in employment; Title VII of the Civil Rights Act of 1964, as amended, which prohibits discrimination in employment based on race, color, national origin, religion, or sex; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act (ADA), which prohibits discrimination in employment by reason of disability; the Employee Retirement Income Security Act (ERISA), which protects employees' interests in certain health and retirement benefits; the Family and Medical Leave Act (FMLA), which protects employees' rights to take certain leave periods; the Fair Labor Standards Act (FLSA), which protects employees' wages and regulates hours; the Federal Wiretap Act, the Electronic Communications Privacy Act, and the Stored Communications Act, all of which protect privacy; or any other federal, state, or local laws or regulations which govern the workplace, including, without limitation, the Florida Civil Rights Act, Florida Whistleblower Protection Act, Florida Workers' Compensation Law Retaliation provision, Florida Wage Discrimination Law, Florida Minimum Wage Act, Florida Equal Pay Law, Florida AIDS Act, Florida Discrimination on the Basis of Sickle Cell Trait Law, Florida OSHA, the Florida Constitution, the Florida Fair Housing Act, Miami-Dade County Code, Chapter 11A, Broward County Human Rights Act, Palm Beach County Code, Article VI, or any other state, federal or local statute or regulation which may be applicable to the Company. This Release also includes a release by you of any and all rights to be indemnified by the Company under statute, common law, or Company policy, and any and all claims for wrongful discharge, defamation, intentional tort, invasion of privacy, and breach of contract, implied or otherwise. This Release includes both claims that you know about and those you may not know about. You represent that as of the date of your execution of this Agreement, you have incurred no disability or injury in relation to or as a result of your employment and assert no claim for any form of compensation for such disability, injury or job-related condition.

5. You warrant that you have not filed any complaint, charge or claim for relief (collectively, a "Lawsuit") against any of the Releasees with any local, state or federal court or administrative agency. You promise never to file a Lawsuit asserting any claims that are released in Paragraph 4. Nothing in this Agreement shall prevent you from participating in or cooperating with any investigation or administrative proceeding conducted by the Florida Commission on Human Relations, the Equal Employment Opportunity Commission, or any other state or federal administrative agency. However, in the event that a Lawsuit against any of the Releasees is filed with or instituted by any such agency, you expressly waive and shall not accept any monetary damages or award arising from said Lawsuit. Additionally, nothing in this Agreement prohibits or restricts you (or your attorney) from initiating communications directly with, responding to an inquiry from, or providing testimony before the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any other federal or state regulatory authority regarding this Agreement or its underlying facts or circumstances or a possible securities law violation. This Agreement does not limit your right to receive an award for information provided to the SEC or FINRA. If you break your promise set forth in this Paragraph, you will pay for all costs incurred by the Releasees, including their reasonable attorneys' fees, in defending against your claims. This Paragraph does not apply to a

claim under the Older Workers' Benefit Protection Act (OWBPA) challenging the validity of the release of ADEA claims in Paragraph 4.

6. You hereby waive any right to apply or reapply for employment and agree that the Company has no obligation, contractual or otherwise, to rehire, reemploy or recall you in the future. The existence of this Agreement shall be a valid, non-discriminatory basis for rejecting any such application or, in the event you obtain such employment, to terminate such employment.

7. (a) You promise not to discuss or disclose the terms of your separation from the Company or the amount or nature of the benefits paid to you under this Agreement to any person other than your family members and your attorney and/or financial advisor, should one be consulted, provided that those to whom you may make such disclosure agree to keep said information confidential and not disclose it to others.

(b) You and the Company shall not disparage or make any statement which might adversely affect the reputation of the Releasees or You, respectively. For the purpose of this Paragraph, the term "disparage" shall include, without limitation, any statement accusing the aforesaid individuals or entities of acting in violation of any law or governmental regulation or of condoning any such action, or otherwise acting in an unprofessional, dishonest, disreputable, improper, incompetent or negligent manner.

8. (a) You agree that you have had access to the Company's confidential information, including, but not limited to all proprietary information, data, trade secrets, and know-how, including, without limitation, research, client lists, markets, marketing and other plans, and financial data ("Confidential Information"), that said Confidential Information is valuable to the Company, and that the unauthorized release of that Confidential Information would cause serious damage to the Company. You agree that you shall not disclose any of the Company's Confidential Information or trade secrets without the Company's written consent, and that the Employee Proprietary Rights and Confidentiality Agreement executed by you on February 2, 2015 (the "NDA") remains in full force and effect and is incorporated herein by reference. All written materials, records and documents made by you or coming into your possession during your employment by the Company concerning the business or affairs of the Company and/or its Confidential Information are the sole property of the Company and you shall immediately deliver the same to the Company. You agree that you have or will immediately return any Company property in your possession, calling cards, cell phones, credit cards, keys, and identification badges.

(b) Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. You shall promptly provide written notice of any such order to an authorized officer of the Company.

(c) Notice of Immunity under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016. Notwithstanding any other provision of this Agreement:

(i) You will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(ii) If you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Company's trade secrets to your attorney and use the trade secret information in the court proceeding if you: (1) file any document containing the trade secret under seal; and (2) do not disclose the trade secret, except pursuant to court order.

9. You expressly acknowledge that the terms of Paragraphs 7 and 8 are integral to this Agreement and that if you break any of your promises set forth in these Paragraphs you must pay to the Company all damages incurred by the Releasees, including attorneys' fees resulting from your breach of these promises.

10. You agree that you will cooperate with the Company (or its parents, subsidiaries, affiliates or related entities) and its legal counsel in connection with any matters in which you have been involved and/or of which you have knowledge. Such cooperation shall include, without limitation, answering questions and helping to transition your duties and assignments to other employees of the Company. In addition, you will cooperate with any current or future investigation or litigation relating to any matter with which you were involved while providing services to the Company, of which you have knowledge, or which occurred while you were providing services to the Company. The Company will make good-faith efforts to provide you with reasonable notice, whenever possible, of the need for your cooperation.

11. This Agreement is intended to comply with the requirements of Section 409A, and the parties hereby agree to amend this Agreement as and when necessary or desirable to conform to or otherwise properly reflect any guidance issued under Section 409A after the date hereof without violating Section 409A. In case any one or more provisions of this Agreement fails to comply with the provisions of Section 409A, the remaining provisions of this Agreement shall remain in effect, and this Agreement shall be administered and applied as if the non-complying provisions were not part of this Agreement. The parties in that event shall endeavor to agree upon a reasonable substitute for the non-complying provisions, to the extent that a substituted provision would not cause this Agreement to fail to comply with Section 409A, and, upon so agreeing, shall incorporate such substituted provisions into this Agreement. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on you by Section 409A or damages for failing to comply with Section 409A. A termination of your employment hereunder shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amount or benefit constituting "deferred compensation" under Section 409A upon or following a termination of employment

unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." In the event that any payment or benefit made hereunder or under any compensation plan, program or arrangement of the Company would constitute payments or benefits pursuant to a non-qualified deferred compensation plan within the meaning of Section 409A and, at the time of your "separation from service" you are a "specified employee" within the meaning of Section 409A, then any such payments or benefits shall be delayed until the six-month anniversary of the date of your "separation from service." Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A. All reimbursements for expenses paid pursuant hereto that constitute taxable income to you shall in no event be paid later than the end of the calendar year next following the calendar year in which you incur such expense or pays such related tax. Unless otherwise permitted by Section 409A, the right to reimbursement or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit and the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, respectively, in any other taxable year.

12. This Agreement shall be governed in all respects, including as to interpretation, substantive effect and enforceability, by the laws of the State of Florida, without regard to conflicts of law provisions thereof that would require application to the laws of another jurisdiction other than those that mandatorily apply. Each party hereby irrevocably submits to the jurisdiction of the courts of the State of Florida and the federal courts of the United States of America located in the County of Palm Beach solely in respect of the interpretation and enforcement of the provisions of this Agreement. Disputes arising under and in connection with this Agreement shall be heard in the State of Florida, County of Palm Beach or in such other place as the parties hereto may agree, unless applicable law requires otherwise.

13. This Agreement is the entire agreement between you and the Company regarding the termination of your engagement. All writings and agreements between you and the Company or any of the Company's affiliates, including any offer letter and/or employment agreement which you may or may not have executed, are hereby terminated. You acknowledge that neither the Company nor any of the Releasees have made any promises to you other than those contained in this Agreement.

14. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. A facsimile signature shall be as valid and binding as an original.

15. No breach of any provision(s) of this Agreement may be waived unless in writing. This Agreement may be amended only by a written agreement executed by the parties in interest at the time of the amendment.

16. If any provision of this Agreement is determined to be invalid, unenforceable, or void, such provision shall be enforced to the greatest extent permitted by law, and the remainder of this Agreement and such provision as applied to other persons, places, and circumstances shall remain in full force and effect.

17. You understand that the Company has given you a period of twenty-one (21) days to review and consider this Agreement before signing it. You further understand that you may use as much of this twenty-one (21) day period as you wish prior to signing.

18. You may revoke this Agreement within seven (7) days of the date on which you sign it by delivering a written notice of revocation to Douglas Fischer, General Counsel at 1095 Broken Sound Parkway NW, Suite 300, Boca Raton, FL 33487, dfischer@gnln.com no later than the close of business on the seventh day after you sign and deliver this Agreement to the Company. If you revoke this Agreement, it will not be effective or enforceable, and the Company will not provide you with the benefits described in Paragraph 2.

19. The Company encourages you to consult with an attorney before signing this Agreement. You understand that whether or not you do so is your decision.

YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS AGREEMENT AND RELEASE, UNDERSTAND IT, AND ARE VOLUNTARILY ENTERING INTO IT OF YOUR OWN FREE WILL, WITHOUT DURESS OR COERCION, AFTER DUE CONSIDERATION OF ITS TERMS AND CONDITIONS. YOU FURTHER ACKNOWLEDGE THAT EXCEPT AS STATED IN THIS AGREEMENT, NEITHER THE COMPANY NOR ANY REPRESENTATIVE OF THE COMPANY HAS MADE ANY REPRESENTATIONS OR PROMISES TO YOU.

WAREHOUSE GOODS LLC

By: DocuSigned by: Roger Carthew 8017C61CAB924B0...

Date: 7/28/2020

ACCEPTED AND AGREED:

DocuSigned by: Jay Scheiner 647B4FFB06694EF...

Date: 7/28/2020

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), dated as of September 9, 2020 (the "Effective Date"), is entered into by and between, Warehouse Goods LLC, a Delaware corporation (the "Company"), and Douglas Fischer (the "Employee"). (Company and Employee are sometimes individually referred to herein as a "Party" and collectively as the "Parties").

WHEREAS, the Company and the Employee previously entered into that certain Employment Agreement, dated October 15, 2018, (the "Employment Agreement"), and that certain Employee Proprietary Rights and Confidentiality Agreement, dated February 14, 2019, (the "Confidentiality Agreement"); and

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

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

1. Employment Term. Unless terminated earlier in accordance with Section 4 hereof, Employee's employment with the Company pursuant to this Agreement shall be for an initial term of three (3) years commencing on the Effective Date and ending on the third anniversary of the Effective Date (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive one-year terms commencing on the applicable anniversary of the Effective Date (each such successive year being a "Renewal Term," and, together with the Initial Term, or such lesser period in the event of termination of Employee's employment prior to the expiration of the Initial Term or a Renewal Term by a Party pursuant to the provisions of this Agreement, the "Employment Term"), unless either Party gives written notice to the other Party not less than ninety (90) days prior to the end of the Initial Term or a Renewal Term, as the case may be, of such Party's election not to renew this Agreement ("Notice of Non-Renewal").

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

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

(b) Exclusive Employment. Employee agrees to devote all of Employee's full business time and attention exclusively to the performance of Employee's duties hereunder and in

furtherance of the business of the Company Group. Employee shall (i) perform Employee's duties and responsibilities hereunder honestly, in good faith, to the best of Employee's abilities in a diligent manner, and in accordance with the Company Group's policies and applicable law, (ii) use Employee's best efforts to promote the success of the Company Group, (iii) not do anything,

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

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

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

3. Compensation; Benefits.

(a) Base Salary. During the Employment Term, the Company shall pay to Employee an annualized base salary of Two Hundred and Twenty-Five Thousand and No/100 Dollars ($225,000.00) (the "Base Salary"), which shall be payable in regular installments in accordance with the Company's customary payroll practices and procedures, but in no event less frequently than monthly, and prorated for any partial year worked. The Base Salary is subject to review annually throughout the Employment Term by the Compensation Committee (the "Compensation Committee") of the Board and the Board of Directors of Greenlane Holdings, Inc. (the "Board") and may be subject to increase in the Board's discretion.

(b) Incentive Compensation.

(i) Annual Bonus.

(A) Amount. For each complete fiscal year during the Employment Term, Employee shall be eligible to receive an annual performance-based bonus (the "Annual Bonus") of twenty-five percent (25%) based upon achieved Company performance metrics for the given fiscal year and/or Employee achievement of identified individual

performance goals, all as determined by the Compensation Committee within the first quarter of such applicable fiscal year during the Employment Term.

(B) Timing of Payment. The Annual Bonus shall be paid in the immediately following fiscal year to the fiscal year to which the Annual Bonus relates at the same time bonuses are paid to other executives of the Company, but in no event later than three months following the end of the fiscal year to which the Annual Bonus relates.

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

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

(ii) Annual Equity Award.

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

(B) Grant. Each Annual Equity Award is intended to be granted and coincide with the anniversary date of the Effective Date of this Agreement, but such grant cannot become effective until formal action is taken with respect to such grant by the Compensation Committee. As such, the Company will take commercially reasonable efforts to coordinate with the Compensation Committee to take grant action for each Annual Equity Award as soon as administratively practicable following each respective anniversary date of the Effective Date of this Agreement.

(iii) Clawback Provisions. Notwithstanding anything to the contrary contained herein and without limiting any other rights and remedies of the Company or Greenlane (including as may be required by law), if Employee has engaged in fraud or other willful misconduct that contributes materially to any financial restatements or material loss to the Company or

that contributes materially to any financial restatements or material loss to the Company or

Greenlane (or any member of the Company Group) , the Company (with respect to the Annual Bonuses) or Greenlane (with respect to the Annual Equity Awards) shall recover, for the 3-year period preceding the date on which the Company or Greenlane (or any member of the Company Group), as the case may be, is required to prepare the account restatements, the amount by which any incentive compensation paid to Employee exceeded the lower amount that would have been payable to Employee after giving effect to the restated financial results or the material loss, in one or more of the following methods:

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

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

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

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

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

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

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

(d) Expenses. Subject to Section 24 below, during the Employee's employment with the Company, the Employee shall be entitled to reimbursement of all documented reasonable business expenses incurred by the Employee in accordance with the policies, practices and procedures of the Company applicable to employees of the Company, as in effect from time to time.

(e) Relocation Reimbursement. If Employee's principal office location during the Employment Term is changed by the Board to a location more than seventy-five (75) miles away from the Company's headquarters in Boca Raton, Florida, then the Company shall reimburse Employee for the expenses incurred by Employee in relocating Employee's primary residence up to a maximum of Ten Thousand Dollars ($10,000), which shall be reimbursed to Employee within thirty (30) days after Employee submits documentation to the Company of such relocation

thirty (30) days after Employee submits documentation to the Company of such relocation

expenses incurred by Employee (the "Relocation Reimbursement"). Employee acknowledges that such relocation reimbursement amounts are required to be included in taxable income and reported as wages in the year in which the reimbursement is received. If Employee terminates Employee's employment with the Company and this Agreement for any reason prior to the two-year anniversary of the date on which Employee receives payment of the Relocation Reimbursement, then Employee agrees to repay the Company the Relocation Reimbursement (net of original taxes withheld) and hereby authorizes the Company to deduct such repayment from the Accrued Obligations (as defined in Section 5(a)(i) hereof), to the extent permissible under applicable law.

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

(g) Paid Time Off. During the Employment Term, Employee shall be entitled to paid time off as needed, in accordance with the plans, policies, programs and practices of the Company applicable to its executives, and, in each case, subject to the prior consent of the CEO or the CEO's designee.

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

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

(a) Expiration of Employment Term. This Agreement and Employee's employment with the Company will terminate upon expiration of the Employment Term following Notice of Non-Renewal provided by either Party to the other Party in accordance with Section 1 hereof. Any Notice of Non-Renewal given by the Company to the Employee shall not constitute a termination of this Agreement by the Company with Cause or without Cause. Any Notice of Non-Renewal given by the Employee to the Company shall constitute a resignation by the Employee.

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

(c) Resignation By Employee For Any Reason. Employee may terminate this Agreement and Employee's employment with the Company for any reason, by providing written notice to the Company at least ninety (90) days prior to the effective date of termination (the "Notice Period"). During the Notice Period, Employee shall continue to perform the duties of Employee's position and the Company shall continue to compensate Employee as set forth herein. Notwithstanding the foregoing, if Employee provides the Company with notice of termination pursuant to this Section 4(c), the Company will have the option of requiring Employee to immediately vacate the Company's premises and cease performing Employee's duties hereunder.

If the Company so elects this option, then the Company will be obligated to provide the compensation and benefits hereunder to Employee for the duration of the Notice Period.

(d) Termination By the Company For Cause. The Company may immediately terminate this Agreement and Employee's employment with the Company for Cause, which shall be effective upon delivery by the Company of written notice to Employee of such termination, subject to any cure period as required herein. For purposes of this Agreement, "Cause" shall mean, with respect to the Employee, one or more of the following: (i) the conviction of the Employee of the commission of a felony or other crime involving moral turpitude (including pleading guilty or no contest to such crime), whether or not such felony or other crime was committed in connection with the business of the Company Group; (ii) the commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud in connection with the performance of the Employee's duties and responsibilities hereunder; (iii) reporting to work under the influence of alcohol or illegal drugs, the use of illegal drugs at the workplace, or other conduct causing the Company Group public disgrace or disrepute or significant economic harm, whether in conjunction with the performance of Employee's duties on behalf of the Company Group or otherwise; (iv) the commission of any act or omission which is significantly injurious to the Company Group, monetarily, as determined in the reasonable discretion of the Board; (v) willful failure or refusal to perform material duties and responsibilities as reasonably directed by the CEO or Board; (vi) any act or omission deliberately aiding or abetting a competitor of the Company Group to the disadvantage or detriment of the Company Group; (vii) breach of any applicable fiduciary duty to the Company Group; or (viii) any other material breach of this Agreement. The Company shall not have the right to terminate for Cause under subsections (iii), (v) or (viii) of this Section 4(d) unless and until the Company provides Employee written notice containing detailed reasons for the Cause termination and at least ten 10 days to cure any act or omission constituting Cause pursuant to such subsections prior to the effective termination date, provided however that the act or omission is, in fact, curable. In no event shall the Employee have more than one cure opportunity with respect to the recurrence of the same or similar actions or inactions constituting Cause.

(e) Termination as a Result of Death or Disability of Employee. This Agreement and the Employee's employment with the Company shall terminate automatically upon the date of the Employee's death without notice by or to either Party. This Agreement and the Employee's employment with the Company shall be terminated upon thirty (30) days' written notice by the Company to the Employee that the Company has made a good faith determination that the Employee has a Disability. For purposes of this Agreement, "Disability" means the incapacity or inability of the Employee, whether due to accident, sickness or otherwise, as confirmed in writing by a medical doctor acceptable to the Company, to perform the essential functions of the Employee's position under this Agreement, with or without reasonable accommodation, for an aggregate of ninety (90) days during any twelve (12) month period of the Employee's employment with the Company. Upon written request by the Company, the Employee shall, as soon as practicable, provide the Company with medical documentation and other information sufficient to enable the Company to determine whether the Employee has a Disability.

5. Obligations of the Company Upon Termination.

(a) Termination By the Company Without Cause. If the Employee incurs a

"separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of

the Code and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Term by reason of a termination of the Employee's employment by the Company without Cause pursuant to Section 4(b) hereof:

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

(ii) In addition to the Accrued Obligations, the Company shall pay to Employee the amount of any Annual Bonus earned, but not yet paid, with respect to the fiscal year prior to the fiscal year in which the date of termination of Employee's employment with the Company occurs (the "Earned Annual Bonus"), which such payment shall be made to Employee in accordance with Section 3(b) hereof.

(iii) In addition to the Accrued Obligations, subject to (A) Section 5(c) below, (B) the Employee timely signing, delivering, and not revoking (if applicable) the Release (as defined in this Section 5(a)(iii)), and (C) the Employee's compliance with the Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 hereof following the termination of Employee's employment with the Company, the Company shall pay to the Employee severance equal to three (3) months of the Base Salary in effect on the date of termination plus two (2) weeks of the Base Salary for each full year of service for the Company completed by Employee as of the date of termination (the "Severance"), which shall be payable in equal installments in accordance with the Company's regular payroll practices and subject to all customary withholding and deductions.

Notwithstanding the foregoing, it shall be a condition to the Employee's right to receive the Severance that the Employee execute and deliver to the Company an effective general release of claims in a form prescribed by the Company, which form shall include, among customary terms and conditions, the survival of Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 of this Agreement following termination of Employee's employment with the Company (the "Release"), within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the date of termination of Employee's employment with the Company, and that the Employee not revoke such Release during any applicable revocation period (the combined review period and revocation period hereinafter referred to as the "Consideration Period"). Subject to Section 5(c) below, upon timely execution, delivery and non-revocation of the Release by Employee, the installment payments of the Severance shall begin on the first normal payroll date that is after the later of (I) the date on which the Employee delivered to the Company the Release signed by the Employee, or (II) the end of any applicable revocation period (unless a longer period is required by law). Notwithstanding the foregoing, if the earliest payment date determined under the preceding sentence is in one taxable year of the Employee and the latest possible payment date is in a second taxable year of the Employee, the first installment payment of Severance shall be made on the first normal payroll date that immediately follows the last date of the Consideration Period.

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

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

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

6. Non-Disclosure of Confidential Information.

(a) Confidential Information. The Employee acknowledges that in the course of the Employee's employment with the Company, the Employee previously was provided with, had access to, accessed, and used Confidential Information (as defined herein) of the Company Group. Employee further acknowledges that in the course of Employee's continuing employment with the Company, the Employee will use, have access to, and develop Confidential Information (as defined herein) of the Company Group. For purposes of this Agreement, "Confidential Information" shall mean and include all information, whether written or oral, tangible or intangible (in any form or format), of a private, secret, proprietary or confidential nature, of or concerning the Company Group or the business or operations of the Company Group, including without limitation: any trade secrets or other confidential or proprietary information which is not publicly known or generally known in the industry; the identity, background, and preferences of any current, former, or prospective clients, suppliers, vendors, referral sources, and business affiliates;

pricing and financial information; current and prospective client, supplier, or vendor lists and

leads; proposals with prospective clients, suppliers, vendors, or business affiliates; contracts with clients, suppliers, vendors or business affiliates; marketing plans; brand standards guidelines; proprietary computer software and systems; marketing materials and information; information regarding corporate opportunities; operating and business plans and strategies; research and development; policies and manuals; personnel information of employees that is private and confidential; any information related to the compensation of employees, consultants, agents or representatives of the Company Group; sales and financial reports and forecasts; any information concerning any product, technology or procedure employed by the Company Group but not generally known to its current or prospective clients, suppliers, vendors or competitors, or under development by or being tested by the Company Group; any inventions, innovations or improvements covered by Section 9 hereof; and information concerning planned or pending acquisitions or divestitures. Notwithstanding the foregoing, the term Confidential Information shall not include information which (A) becomes available to Employee from a source other than the Company Group or from third parties with whom the Company Group is not bound by a duty of confidentiality, or (B) becomes generally available or known in the industry other than as a result of its disclosure by Employee.

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

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

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

(iv) Nothing in this Agreement or any other agreement with the Company containing confidentiality provisions shall be construed to prohibit Employee from: filing a charge with, participating in any investigation or proceeding conducted by, or cooperating

with the Equal Employment Opportunity Commission, the National Labor Relations Board, the

Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency charged with enforcement of any law, rule or regulation ("Government Agencies"); reporting possible violations of any law, rule or regulation to any Government Agencies; making other disclosures that are protected under whistleblower provisions of any law, rule or regulation; or receiving an award for information provided to any Government Agencies. Employee acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee further acknowledges that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

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

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

concerning any actual or threatened unauthorized use of the Third Party Information or disclosure of the Third Party Information to any unauthorized person about which Employee becomes aware.

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

7. Non-Competition; Non-Solicitation.

(a) Non-Competition. Employee acknowledges the highly competitive nature of Company Group's business and, in consideration of Employee's employment and continued employment with the Company, access to the Confidential Information, and the payment of the Base Salary and certain benefits by Company to Employee pursuant to the terms hereof (which Employee acknowledges is sufficient to justify the restrictions contained herein), Employee agrees that during Employee's employment with the Company and for a period of twenty-four (24) months from the date of termination of Employee's employment with the Company for any reason whatsoever (and whether upon notice of the Company or the Employee) (the "Restricted Period"), Employee will not engage, directly or indirectly, as a principal, officer, agent, employee, director, member, partner, stockholder (other than as the passive holder of less than 2% of the outstanding stock of a publicly-traded corporation), independent contractor, or through the investment of capital, lending of money or property, rendering of consulting services or advice, or in any other capacity, whether with or without compensation or other remunerations, in the Restricted Business (as hereinafter defined) anywhere within the Restricted Area (as hereinafter defined), except on behalf of the Company Group or with the prior written consent of the Board. For purposes of this Agreement, the "Restricted Area" includes any country, state, province, county, or city in which Company Group (i) conducts business as of the date of termination of Employee's employment with the Company or (ii) conducted business within the one-year period prior to the date of termination of Employee's employment with the Company. For purposes of this Agreement, "Restricted Business" shall mean the business of selling vaporization products and accessories, consumption devices and accessories, hemp-derived cannabidiol, and ancillary products for licensed cannabis producers (e.g. child-resistant packaging), and any other business that is the same as, similar to, or competitive with the products or services provided by the Company Group.

(b) Non-Solicitation of Clients, Suppliers, Vendors, and Referral Sources. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, for Employee's own benefit or on behalf of any other person or entity (other than the Company Group), directly or indirectly through another person or entity: (i) contact, solicit, or communicate

with any existing or prospective client, supplier, vendor, or referral source of the Company Group

for the purpose of encouraging, causing, or inducing the client, supplier, vendor, or referral source to cease or reduce doing business with the Company Group; (ii) contact, solicit, or communicate with any existing or prospective client of the Company Group for the purpose of providing the client with products or services competitive with those products or services provided by the Company Group; or (iii) aid or assist any other person, business, or entity to do any of the aforesaid prohibited acts. The restriction created by this Section 7(b) is limited to client, supplier, vendor, or referral source with which the Company Group did business or proposed to do business at any time during Employee's employment with the Company.

(c) Non-Solicitation of Employees, Consultants, and Independent Contractors. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, directly or indirectly (in any capacity, on Employee's own behalf or on behalf of any other person or entity): (i) solicit, request, induce or encourage any employees, consultants or independent contractors of the Company Group to terminate their employment, to cease to be engaged by the Company Group, and/or to terminate or reduce their business relationship with the Company Group; or (ii) hire, employ, or offer to hire or employ (other than for the Company Group) any employee, consultant, or independent contractor who is employed or engaged by the Company Group, or any person or entity who was employed by the Company Group or engaged by the Company Group as a consultant or independent contractor at any time during the one (1) year period preceding the date of termination of Employee's employment with the Company.

(d) Reasonableness of Restrictive Covenants. Employee agrees and acknowledges that to assure the Company that the Company Group will retain the value of its operations, it is necessary that the Employee abide by the restrictions set forth in this Agreement. Employee further agrees that the promises made in this Agreement are reasonable and necessary for protection of the Company Group's legitimate business interests including, but not limited to: the Confidential Information; client good will associated with the specific marketing and trade area in which the Company Group conducts its business; the Company Group's substantial relationships with prospective and existing clients, suppliers, vendors, and referral sources; and a productive and competent and undisrupted workforce. Employee agrees that the restrictive covenants in this Agreement will not prevent Employee from earning a livelihood in Employee's chosen business, they do not impose an undue hardship on Employee, and that they will not injure the public.

(e) Tolling of Restrictive Period. The time period during which Employee is to refrain from the activities described in Section 7 of this Agreement will be extended by any length of time during which Employee is in breach of Section 7 of this Agreement. The Employee acknowledges that the purposes and intended effects of the restrictive covenants would be frustrated by measuring the period of the restriction from the date of termination of Employee's employment where the Employee failed to honor the restrictive covenant until required to do so by court order.

8. Non-Disparagement. Employee agrees that at all times during and after the Employment Term, Employee will not engage in any conduct that is injurious to the reputation or interests of the Company Group, including, but not limited to, making disparaging comments (or inducing or encouraging others to make disparaging comments) about the Company Group, any of the shareholders, members, directors, officers, employees or agents of the Company Group, or the

Company Group's operations, financial condition, prospects, products or services. However,

nothing in this Agreement shall prohibit Employee from: exercising protected rights under Section 7 of the National Labor Relations Act; filing a charge with, participating in any investigation or proceeding conducted by, or cooperating with any Government Agencies; testifying truthfully in any forum or before any Government Agencies; reporting possible violations of any law, rule or regulation to any Government Agencies; or making other disclosures that are protected under whistleblower provisions of any law, rule or regulation.

9. Intellectual Property.

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

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

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

deems necessary, in the Work Products.

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

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

(f) Employee's Representations Regarding Work Products. Employee represents and warrants that all Work Products that Employee makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of performing Employee's duties for Assigned Party under this Agreement are (i) original or an improvement of the Assigned Party's prior Work Products and (ii) do not include, copy, use, or infringe any Intellectual Property rights of a third party.

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

11. Indemnification. During and after the Employment Term, the Employee shall be entitled to all rights to indemnification available under the by-laws, certificate of incorporation and any director and officer insurance policies of Greenlane and the Company, any indemnification

agreement entered into between Greenlane and Employee, or to which Employee may otherwise be

entitled through Greenlane, the Company, and/or any of their respective subsidiaries and affiliates, in accordance with their respective terms. Employee hereby agrees to indemnify, save and hold harmless the Company Group, including each of their respective past, present and future employees, consultants, agents, shareholders, members, officers, managers, and directors, but excluding Employee (collectively the "Company Indemnitees"), from and against any and all claims, causes of action, demands, charges, judgments, losses, damages or costs (including reasonable attorneys' fees) and other obligations and liabilities whatsoever (collectively, "Losses") which may arise, directly or indirectly, as a result of, or in connection with Employee's commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud. By way of inclusion and not limitation, "Losses" hereunder shall be deemed to include any claims, fines, penalties, actions, proceedings or orders of state or federal agencies or contingent liabilities. Employee further agrees to assist any Company Indemnitee with its defense of any future third party claims against any Company Indemnitee for which Employee's assistance is necessary or advisable in the reasonable discretion of such Company Indemnitee's counsel, without cost to any Company Indemnitee provided, however, that in no event shall Employee be responsible for any portion of any Company Indemnitee's legal fees, except as otherwise provided in this Section 11.

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

13. Remedies for Breach. Employee acknowledges and agrees that it would be difficult to measure the damages to the Company Group from any breach or threatened breach by Employee of this Agreement, including but not limited to Sections 6, 7, 8, and 9 hereof; that injury to the Company Group from any such breach would be irreparable; and that money damages would therefore be an inadequate remedy for any such breach. Accordingly, Employee agrees that if Employee breaches or threatens to breach any of the promises contained in this Agreement, the Company Group shall, in addition to all other remedies it may have (including monetary remedies), be entitled to seek an injunction and/or equitable relief, on a temporary or permanent basis, to restrain any such breach or threatened breach without showing or proving any actual damage to the Company Group. Nothing herein shall be construed as a waiver of any right the Company Group may have or hereafter acquire to pursue any other remedies available to it for such breach or threatened breach, including recovery of damages from Employee. Notwithstanding any provision of this Agreement to the contrary, Employee shall not be entitled to any post-termination payments

pursuant hereto during any period in which Employee is materially violating any of Employee's obligations under Sections 6, 7, 8, or 9 hereof.

14. Assignment; Third-Party Beneficiaries. The rights of the Company under this Agreement may, without the consent of Employee, be assigned by the Company to (i) any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly, acquires all or substantially all of the Company's stock or assets, or (ii) any affiliate or future affiliate of the Company, and such assignment by Company pursuant to this Section 14 shall automatically, and without any further action required by the Parties, relieve the assignor Company (and discharge and release the assignor Company) from all obligations and liabilities under or related to this Agreement (all such obligations and/or automatically liabilities assumed by the assignee Company). This Agreement shall be binding upon and inure to the benefit of any successor or assigns of Company. Employee may not assign this Agreement without the written consent of the Company. Employee agrees that each member of the Company Group is an express third party beneficiary of this Agreement, and this Agreement, including the restrictive covenants and other obligations set forth in Sections 6, 7, 8, 9, 10, and 11 hereof, are for each such member's benefit. Employee expressly agrees and consents to the enforcement of this Agreement, including but not limited to the restrictive covenants and other obligations in Sections 6, 7, 8, 9, 10 and 11 hereof, by any member of the Company Group as well as by the Company Group's future affiliates, successors and/or assigns.

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

16. Governing Law; Arbitration.

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

(b) Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to final and binding arbitration administered by JAMS, Inc. ("JAMS") in accordance with the Federal Arbitration Act and the JAMS Employment Arbitration Rules and Procedures (the "Rules") then in effect, and conducted in Boca Raton, Florida by a single neutral arbitrator selected in accordance with the Rules. The Rules can be found at wwww.jamsadr.com/rules-employment-arbitration/. In arbitration, the Parties have the right to be represented by legal counsel; the arbitrator shall permit adequate discovery sufficient to allow the Parties to vindicate their claims and may not limit the Parties' rights to reasonable discovery; the Parties shall have the right to subpoena witnesses to compel their attendance at hearings and to cross-examine witnesses; and the arbitrator's decision shall be in writing and shall contain essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the power to resolve all disputes and award any type of legal or equitable relief, to the extent such relief is available under applicable law. Further, in any such arbitration proceeding, the prevailing party shall be entitled to an award of that party's costs and attorney's fees, unless otherwise prohibited by applicable law.

Any award by the arbitrator may be entered as a judgment in any court having jurisdiction in an

action to confirm or enforce the arbitration award. Except as necessary to confirm or enforce an award, the Parties agree to keep all arbitration proceedings completely confidential. Notwithstanding the foregoing, either Party may seek preliminary injunctive and/or other equitable relief from a court of competent jurisdiction in support of claims to be prosecuted in arbitration. In the event a dispute, controversy, or claim arising out of or related to this Agreement is found to fall outside of the arbitration provision in this Section 16(b), the Parties agree to submit to the exclusive jurisdiction and venue of the state and federal courts in Palm Beach County, Florida for the resolution of such dispute, controversy, or claim.

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

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

19. Survival. Employee's post-termination obligations and the Company Group's post-termination rights under Sections 6 through 19 of this Agreement shall survive the termination of this Agreement and the termination of Employee's employment with the Company regardless of the reason for termination; shall continue in full force and effect in accordance with their terms; and shall continue to be binding on the Parties.

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

21. Entire Agreement. This Agreement constitutes the entire understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments, including but not limited to the Employment Agreement and Confidentiality Agreement, are hereby canceled and terminated.

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

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

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

If to the Company, to:

Warehouse Goods LLC
Attention: Douglas Fischer, General Counsel
1095 Broken Sound Parkway NW, Suite 300,
Boca Raton, FL 33487
dfischer@gnln.com

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

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

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

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

COMPANY

WAREHOUSE GOODS LLC

DocuSigned by:
By: Aaron LoCascio
766BBE4C4A6E48B...
Name: Aaron LoCascio
Title: CEO

EMPLOYEE

DocuSigned by:
Douglas Fischer
031D78DC786B4A7...
[INSERT NAME]

GREENLANE HOLDINGS, INC.

DocuSigned by:
By: Aaron LoCascio
766BBE4C4A6E48B...
Name: Aaron LoCascio
Title: CEO

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of September 28, 2020 (the "Effective Date"), is entered into by and between, Warehouse Goods LLC, a Delaware limited liability company d/b/a Greenlane (the "Company"), and Michael Cellucci (the "Employee"). (Company and Employee are sometimes individually referred to herein as a "Party" and collectively as the "Parties").

WHEREAS, the Company desires to hire the Employee as President of Sales and Marketing North America, and the Employee is willing to accept employment by the Company, on the terms and subject to the conditions set forth in this Agreement.

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

1. Employment Term. Unless terminated earlier in accordance with Section 4 hereof, Employee's employment with the Company pursuant to this Agreement shall be for an initial term of three (3) years commencing on the Effective Date and ending on the third anniversary of the Effective Date (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for successive one-year terms commencing on each subsequent anniversary of the Effective Date (each such successive year being a "Renewal Term," and, together with the Initial Term, or such lesser period in the event of termination of Employee's employment prior to the expiration of the Initial Term or a Renewal Term by a Party pursuant to the provisions of this Agreement, the "Employment Term"), unless either Party gives written notice to the other Party not less than ninety (90) days prior to the end of then current Employment Term of such Party's election not to renew this Agreement ("Notice of Non-Renewal").

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

(a) Position and Duties. During the Employment Term, the Employee shall serve as President Sales and Marketing North America for the Company, reporting directly to the Company's Chief Executive Officer (the "CEO"), and shall have such duties, authority, and responsibility consistent with being an executive officer of the Company responsible for sale and marketing on an entire continent as shall be assigned and determined from time to time by the CEO, including reasonable additional duties and responsibilities for the Company and its current and any future parent, subsidiaries and affiliates, including but not limited to Greenlane Holdings, Inc. ("Greenlane") and Greenlane Holdings, LLC (formerly known as Jacoby Holdings, LLC), (the Company and its current and any future parent, subsidiaries and affiliates are collectively referred to herein as the "Company Group") without additional compensation or benefits other than as set forth in this Agreement.

(b) Exclusive Employment. Except for Permitted Outside Activities (as defined in Section Error! Reference source not found.), Employee agrees to devote all of Employee's full business time and attention exclusively to the performance of Employee's duties hereunder and in furtherance of the business of the Company Group. Employee shall (i) perform Employee's duties and responsibilities hereunder honestly, in good faith, to the best of Employee's abilities in a diligent manner, and in accordance with the Company Group's written policies provided to the Employee reasonably in advance and applicable law, (ii) use Employee's best efforts to promote the success of

the Company Group, (iii) not do anything, or permit anything to be done at Employee's direction,

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that is intended to be inconsistent with Employee's duties to the Company Group or opposed to the best interests of the Company Group or which is a conflict of interest, and (iv) not be or become an officer, director, manager, employee, advisor, or consultant of any business other than that of the Company Group, unless the Employee receives advance written approval from the CEO and all other approvals required under the policies of the Company Group. Except for Permitted Outside Activities, Employee shall not, during the Employment Term, be involved directly or indirectly, in any manner, as a partner, officer, director, stockholder, member, manager, consultant, advisor, investor, creditor or employee for any company engaged in a substantially similar business to the Company Group; however, Employee may use Employee's personal funds to invest in a publicly traded company that engages in a similar business, but shall not own more than two (2%) percent of the stock thereof. Notwithstanding the foregoing, Employee may engage in civic and not-for-profit activities, as long as such activities do not interfere with Employee's performance of Employee's duties to the Company Group or the commitments made by Employee in this Section 2(b).

(c) Principal Location; Travel. During the Employment Term, the Employee shall perform the duties and responsibilities required by this Agreement at the Company Group's offices located in Boca Raton, Florida or such other location within 40 miles of Boca Raton as determined within the sole discretion of the CEO, and will be required to travel to other locations, including internationally, as may be necessary to fulfill the Employee's duties and responsibilities hereunder.

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

(e) Permitted Outside Activities Defined. For purposes of this Agreement the term "Permitted Outside Activities" means work in a limited capacity for, or any interest in, the following entities: Fairfax Group LLC, Early Game, Inc. (d/b/a Phyto Family), Phytoterps LLC (d/b/a Phytoterps), Quality Importers Trading Company, LLC or One Hundred & 5 LLC, but only to the extent such work or interest do not present a conflict of interest or otherwise violate the terms of this Agreement or the Company's written policies.

3. Compensation; Benefits.

(a) Base Salary. During the Employment Term, the Company shall pay to Employee an annualized base salary of two hundred and thirty thousand dollars ($230,000) (the "Base Salary"), which shall be payable in regular installments in accordance with the Company's customary payroll practices and procedures, but in no event less frequently than monthly, and prorated for any partial year worked. The Base Salary is subject to review annually throughout the Employment Term by the Compensation Committee (the "Compensation Committee") of the Board of Directors of Greenlane Holdings, Inc. (the "Board") and may be subject to increase in the Board's discretion.

(b) Incentive Compensation.

(i) Annual Bonus.

(A) Amount. For each complete fiscal year during the Employment

(a) Annual. For each completed year during the Employment Term, Employee shall be eligible to receive an annual performance-based bonus (the "Annual

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Bonus") based upon achieved Company performance metrics for the given fiscal year and/or Employee achievement of identified individual performance goals, all as determined by the Compensation Committee within the first quarter of such applicable fiscal year during the Employment Term.

(B) Timing of Payment. The Annual Bonus shall be paid in the immediately following fiscal year to the fiscal year to which the Annual Bonus relates at the same time bonuses are paid to other executives of the Company, but in no event later than three months following the end of the fiscal year to which the Annual Bonus relates.

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

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

(ii) Annual Equity Award.

(A) Amount of Annual Equity Award. Employee shall be eligible to receive long term equity incentive compensation awards under the Plan for each fiscal year during the Employment Term (an "Annual Equity Award"). With input from the Company, the Annual Equity Award will be determined under the equity grant policies established by the Compensation Committee and shall be subject to the underlying terms and conditions of the Plan. Notwithstanding the foregoing, any Award Agreement (as defined in Section 11(f) of the Plan) shall provide that in the event of a Change in Control (as defined in Section 11(h) of the Plan), one hundred percent (100%) of any Annual Equity Award granted to the Employee shall fully vest and, if applicable, become fully exercisable immediately before the Closing.

(B) Grant. Each Annual Equity Award is intended to be granted and coincide with the anniversary date of the Effective Date of this Agreement, but such grant cannot become effective until formal action is taken with respect to such grant by the Compensation Committee. As such, the Company will take commercially reasonable efforts to coordinate with the Compensation Committee to take grant action for each Annual Equity Award as soon as administratively practicable following each respective anniversary date of the Effective Date of this Agreement.

(iii) Clawback Provisions. Notwithstanding anything to the contrary contained herein and without limiting any other rights and remedies of the Company or Greenlane (including as may be required by law), if Employee has engaged in fraud or other willful misconduct that contributes materially to any financial restatements or material loss to the Company or Greenlane

that contributes materially to any financial restatements or material loss to the Company or Greenlane (or any member of the Company Group) , the Company (with respect to the Annual Bonuses) or

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Greenlane (with respect to the Annual Equity Awards) shall recover, for the 3-year period preceding the date on which the Company or Greenlane (or any member of the Company Group), as the case may be, is required to prepare the account restatements, the amount by which any incentive compensation paid to Employee exceeded the lower amount that would have been payable to Employee after giving effect to the restated financial results or the material loss, in one or more of the following methods:

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

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

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

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

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

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

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

(d) Expenses. Subject to Section 24 below, during the Employment Term, the Employee shall be entitled to reimbursement of all documented reasonable business expenses incurred by the Employee in accordance with the written policies, practices and procedures of the Company applicable to employees of the Company, as in effect from time to time and provided to Employee reasonably in advance.

(e) Relocation Reimbursement. If Employee's principal office location during the Employment Term is changed by the Board to a location more than seventy-five (75) miles away from the Company's headquarters in Boca Raton, Florida, then the Company shall reimburse Employee for the expenses incurred by Employee in relocating Employee's primary residence up to a maximum of $10,0000, which shall be reimbursed to Employee promptly, but in any event within thirty (30) days after Employee submits documentation to the Company of such relocation expenses incurred by Employee (the "Relocation Reimbursement"). Employee acknowledges that such relocation reimbursement amounts are required to be included in taxable income and reported as wages in the year in which the reimbursement is received. If Employee terminates Employee's employment with the Company and this Agreement for any reason prior to the two-year anniversary

of the date on which Employee receives payment of the Relocation Reimbursement, then Employee

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agrees to repay the Company the Relocation Reimbursement (net of original taxes withheld) and hereby authorizes the Company to deduct such repayment from the Accrued Obligations (as defined in Section 5(a)(i)), to the extent permissible under applicable law.

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

(g) Paid Time Off. During the Employment Term, Employee shall be entitled to paid time off as needed, in accordance with the plans, policies, programs and practices of the Company applicable to its executives, and, in each case, subject to the prior consent of the CEO or the CEO's designee.

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

4. Termination. This Agreement and the Employment Term may be terminated in accordance with any of the following provisions.

(a) Expiration of Employment Term. This Agreement and Employee's employment with the Company will terminate upon expiration of the Employment Term following Notice of Non-Renewal provided by either Party to the other Party in accordance with Section 1 hereof. Any Notice of Non-Renewal given by the Company to the Employee shall not constitute a termination of this Agreement by the Company with Cause or without Cause. Any Notice of Non-Renewal given by the Employee to the Company shall constitute a resignation by the Employee.

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

(c) Resignation By Employee For Any Reason. Employee may terminate this Agreement and the Employment Term for any reason, by providing written notice to the Company at least ninety (90) days prior to the effective date of termination (the "Notice Period"). During the Notice Period, Employee shall continue to perform the duties of Employee's position and the Company shall continue to compensate Employee as set forth herein. Notwithstanding the foregoing, if Employee provides the Company with notice of termination pursuant to this Section 4(c), the Company will have the option of requiring Employee to immediately vacate the Company's premises and cease performing Employee's duties hereunder. If the Company so elects this option, then the Company will be obligated to provide the compensation and benefits hereunder to Employee for the duration of the Notice Period.

(d) Termination By the Company For Cause. The Company may immediately terminate this Agreement and the Employment Term for Cause, which shall be effective upon delivery by the Company of written notice to Employee of such termination, subject to any cure period as required herein. For purposes of this Agreement, "Cause" shall mean, with respect to the Employee, one or more of the following: (i) the conviction of the Employee of the commission of a felony or

one or more of the following: (i) the conviction of the Employee of the commission of a felony or other crime involving moral turpitude (including pleading guilty or no contest to such crime), whether

or not such felony or other crime was committed in connection with the business of the Company Group; (ii) the commission of any act or omission involving gross negligence, willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud in connection with the performance of the Employee's duties and responsibilities hereunder; (iii) reporting to work under the influence of alcohol or illegal drugs, the use of illegal drugs at the workplace, or other conduct causing the Company Group public disgrace or disrepute or significant economic harm, whether in conjunction with the performance of Employee's duties on behalf of the Company Group or otherwise; (iv) the commission of any act or omission which is significantly injurious to the Company Group, monetarily, as determined in the reasonable discretion of the Board; (v) willful failure or refusal to perform material duties and responsibilities as reasonably directed by the CEO or Board; (vi) any act or omission deliberately aiding or abetting a competitor of the Company Group to the disadvantage or detriment of the Company Group; (vii) breach of any applicable fiduciary duty to the Company Group; or (viii) any other material breach of this Agreement. The Company shall not have the right to terminate for Cause under subsections (iii), (v) or (viii) of this Section 4(d) unless and until the Company provides Employee written notice containing detailed reasons for the Cause termination and at least ten 10 days to cure any act or omission constituting Cause pursuant to such subsections prior to the effective termination date, provided however that the act or omission is, in fact, curable. In no event shall the Employee have more than one cure opportunity with respect to the recurrence of the same or similar actions or inactions constituting Cause.

(e) Termination as a Result of Death or Disability of Employee. This Agreement and the Employment Term shall terminate automatically upon the date of the Employee's death without notice by or to either Party. This Agreement and the Employment Term shall be terminated upon thirty (30) days' written notice by the Company to the Employee that the Company has made a good faith determination that the Employee has a Disability. For purposes of this Agreement, "Disability" means the incapacity or inability of the Employee, whether due to accident, sickness or otherwise, as confirmed in writing by a medical doctor acceptable to the Company and Employee, to perform the essential functions of the Employee's position under this Agreement, with or without reasonable accommodation, for an aggregate of ninety (90) days during any twelve (12) month period of the Employment Term. Upon written request by the Company, the Employee shall, as soon as practicable, provide the Company with medical documentation and other information sufficient to enable the Company to determine whether the Employee has a Disability.

5. Obligations of the Company Upon Termination.

(a) Termination By the Company Without Cause. If the Employee incurs a "separation from service" from the Company (within the meaning of Section 409A(a)(2)(A)(i) of the Code and Treasury Regulation Section 1.409A-1(h)) (a "Separation from Service") during the Employment Term by reason of a termination of the Employee's employment by the Company without Cause pursuant to Section 4(b) hereof:

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

(ii) In addition to the Accrued Obligations, the Company shall pay to Employee the amount of any Annual Bonus earned, but not yet paid, with respect to the fiscal year

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prior to the fiscal year in which the date of termination of the Employment Term occurs (the "Earned Annual Bonus"), which such payment shall be made to Employee in accordance with Section 3(b) hereof.

(iii) In addition to the Accrued Obligations, subject to (A) Section 5(c) below, (B) the Employee timely signing, delivering, and not revoking (if applicable) the Release (as defined in this Section 5(a)(iii)), and (C) the Employee's compliance with the Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 hereof following the termination of the Employment Term, the Company shall pay to the Employee severance equal to three (3) months of the Base Salary in effect on the date of termination plus two (2) weeks of the Base Salary for each full year of service for the Company completed by Employee as of the date of termination (the "Severance"), which shall be payable in equal installments in accordance with the Company's regular payroll practices and subject to all customary withholding and deductions.

Notwithstanding the foregoing, it shall be a condition to the Employee's right to receive the Severance that the Employee execute and deliver to the Company an effective general release of claims in a form prescribed by the Company, which form shall include, among customary terms and conditions, the survival of Employee's post-termination obligations in Sections 6, 7, 8, 9, 10, and 11 of this Agreement following termination of the Employment Term (the "Release"), within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the date of termination of the Employment Term, and that the Employee not revoke such Release during any applicable revocation period (the combined review period and revocation period hereinafter referred to as the "Consideration Period"). Subject to Section 5(c) below, upon timely execution, delivery and non-revocation of the Release by Employee, the installment payments of the Severance shall begin on the first normal payroll date that is after the later of (I) the date on which the Employee delivered to the Company the Release signed by the Employee, or (II) the end of any applicable revocation period (unless a longer period is required by law). Notwithstanding the foregoing, if the earliest payment date determined under the preceding sentence is in one taxable year of the Employee and the latest possible payment date is in a second taxable year of the Employee, the first installment payment of Severance shall be made on the first normal payroll date that immediately follows the last date of the Consideration Period.

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

(c) Six-Month Delay. To the maximum extent permitted under Section 409A of the Code, the Severance payable under Section 5(a)(iii) is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-1(b)(9)(iii). To the extent the overall Severance payable under Section 5(a)(iii) does not qualify for the "severance pay exception," then notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation

any Severance payable under Section 5(a)(iii) hereof, shall be paid to the Employee during the six (6)-month period following the Employee's termination of employment with the Company if the

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Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under paragraph (a)(2)(B)(i) of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A of the Code"). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6) month period (or such earlier date upon which such amount can be paid under Section 409A of the Code without resulting in a prohibited distribution, including as a result of the Employee's death), the Company shall pay the Employee a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Employee during such delay period (without interest).

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

6. Non-Disclosure of Confidential Information.

(a) Confidential Information.

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

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(ii) Employee agrees to use Employee's best efforts to maintain the confidentiality of the Confidential Information, including adopting and implementing all reasonable procedures prescribed by the Company Group to prevent unauthorized use of Confidential

procedures prescribed by the Company Group to prevent unauthorized use of Confidential Information or disclosure of Confidential Information to any unauthorized person.

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

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

(v) Nothing in this Agreement or any other agreement with the Company containing confidentiality provisions shall be construed to prohibit Employee from: filing a charge with, participating in any investigation or proceeding conducted by, or cooperating with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency charged with enforcement of any law, rule or regulation ("Government Agencies"); reporting possible violations of any law, rule or regulation to any Government Agencies; making other disclosures that are protected under whistleblower provisions of any law, rule or regulation; or receiving an award for information provided to any Government Agencies. Employee acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee further acknowledges that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

(b) Restrictions On Use And Disclosure Of Confidential Information. At all times during and after the Employment Term, regardless of the reason for termination, Employee agrees: (i) not to use, permit use of, discuss, disclose, transfer, or disseminate in any manner any Confidential Information, except as necessary in the performance of Employee's duties for the Company Group and for the Company Group's sole benefit; (ii) not to make, or cause to be made, copies (in any form or format) of the Confidential Information, except as necessary in the performance of Employee's duties for the Company Group and for the Company Group's sole benefit; and (iii) to promptly and fully advise the Company of all facts known to Employee concerning any actual or threatened

unauthorized use of the Confidential Information or disclosure of the Confidential Information to any

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unauthorized person about which Employee becomes aware. The restrictions contained in this Section 6(b) also apply to Confidential Information developed by Employee during the Employment Term, which are related to the Company Group or to the Company Group's successors or assigns, as such information is developed for the benefit of and ownership of the Company Group and all rights and privileges to such information or derivative works, including but not limited to trademarks, patents and copyrights remain with the Company Group.

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

(d) Return of Confidential Information and Property. Upon termination of the Employment Term, notwithstanding the reason or cause of termination, and at any other time upon written request by the Company, Employee shall promptly return to the Company all originals, copies, or duplicates, in any form or format (whether paper, electronic or other storage media), of the Confidential Information and the Third Party Information, as well as any and all other documents, computer discs, computer data, equipment, and property of the Company Group (including, but not limited to, cell phones, credit cards, and laptop computers if they have been provided to Employee), relating in any way to the business of the Company Group or in any way obtained by Employee during the course of the Employment Term. Employee further agrees that after termination of the Employment Term, Employee shall not retain any copies, notes, or abstracts in any form or format (whether paper, electronic or other storage media) of the Confidential Information, the Third Party Information, or other documents or property belonging to the Company Group.

7. Non-Competition; Non-Solicitation.

(a) Non-Competition. Employee acknowledges the highly competitive nature of Company Group's business and, in consideration of the Employment Term, access to the Confidential Information, and the payment of the Base Salary and certain benefits by Company to Employee pursuant to the terms hereof (which Employee acknowledges is sufficient to justify the restrictions contained herein), Employee agrees that during the Employment Term and for a period of twenty-four (24) months from the date of termination of the Employment Term for any reason other than by Employee for Good Cause (and whether upon notice of the Company or the Employee) (the "Restricted Period"), Employee will not engage, directly or indirectly, as a principal, officer, agent, employee, director, member, partner, stockholder (other than as the passive holder of less than 2% of the outstanding stock of a publicly-traded corporation), independent contractor, or through the investment of capital, lending of money or property, rendering of consulting services or advice, or in any other capacity, whether with or without compensation or other remunerations, in the Restricted

Business (as hereinafter defined) anywhere within the Restricted Area (as hereinafter defined), except on behalf of the Company Group or with the prior written consent of the Board. For purposes of this

Agreement, the "Restricted Area" means each country, state, province, county, or city in which Company Group (i) conducts business as of the date of termination of the Employment Term or (ii) conducted business within the one-year period prior to the date of termination of the Employment Term. For purposes of this Agreement, "Restricted Business" shall mean the business of selling vaporization products and accessories, consumption devices and accessories, hemp-derived cannabidiol, and ancillary products for licensed cannabis producers ((e.g. child-resistant packaging) and any other business that is competitive with the products or services provided by the Company Group and which account for a material portion of the business of the Company Group. Notwithstanding the foregoing, neither Early Game, Inc. (d/b/a Phyto Family) nor Phytoterps LLC (d/b/a Phytoterps) shall be considered a Restricted Business in connection with those entities' sales of terpenes, cannabinoids, two-way humidification, and chromatography.

(b) Non-Solicitation of Clients, Suppliers, Vendors, and Referral Sources. Employee agrees that during the Restricted Period (as defined in Section 7(a)), the Employee shall not, for Employee's own benefit or on behalf of any other person or entity (other than the Company Group), directly or indirectly through another person or entity: (i) contact, solicit, or communicate with any existing client, supplier, vendor, or referral source of the Company Group for the primary purpose of encouraging, causing, or inducing the client, supplier, vendor, or referral source to cease or reduce doing business with the Company Group; (ii) contact, solicit, or communicate with any existing or prospective client of the Company Group for the purpose of providing the client with products or services competitive with those products or services provided by the Company Group and which account for a material portion of the business of the Company Group; or (iii) aid or assist any other person, business, or entity to do any of the aforesaid prohibited acts. The restriction created by this Section 7(b) is limited to a client, supplier, vendor, or referral source with which the Company Group conducted business with in the prior 12-month period.

(c) Non-Solicitation of Employees, Consultants, and Independent Contractors. Employee agrees that during the Restricted Period (as defined in Section 7(a) the Employee shall not, directly or indirectly (in any capacity, on Employee's own behalf or on behalf of any other person or entity): (i) solicit, request, induce or encourage any employees, consultants or independent contractors of the Company Group to terminate their employment, to cease to be engaged by the Company Group, and/or to terminate or reduce their business relationship with the Company Group; or (ii) hire, employ, or offer to hire or employ (other than for the Company Group) any employee, consultant, or independent contractor who is employed or engaged by the Company Group, or any person or entity who was employed by the Company Group or engaged by the Company Group as a consultant or independent contractor at any time during the one (1) year period preceding the date of termination of the Employment Term.

(d) Exceptions. Notwithstanding the foregoing,

(i) public announcements or advertisements in print media of general circulation or in other media reaching the general public, describing Employee's new office location, telephone number, e-mail address or other general information, shall not be deemed to be a solicitation in violation of either Section 7(b) or Section 7(c); and

(ii) the foregoing restrictions Section 7(b) or Section 7(c) do not and shall not prohibit Employee from directly or indirectly hiring any individual who responds to announcements or advertisements in print media of general circulation or in other media reaching the

general public and is not directed specifically at employees of the Company Group or any individual recruited by a recruitment firm that did not specifically target employees of the Employee Group.

(e) Reasonableness of Restrictive Covenants. Employee agrees and acknowledges that to assure the Company that the Company Group will retain the value of its operations, it is necessary that the Employee abide by the restrictions set forth in this Agreement. Employee further agrees that the promises made in this Agreement are reasonable and necessary for protection of the Company Group's legitimate business interests including, but not limited to: the Confidential Information; client good will associated with the specific marketing and trade area in which the Company Group conducts its business; the Company Group's substantial relationships with prospective and existing clients, suppliers, vendors, and referral sources; and a productive and competent and undisrupted workforce. Employee agrees that the restrictive covenants in this Agreement will not prevent Employee from earning a livelihood in Employee's chosen business, they do not impose an undue hardship on Employee, and that they will not injure the public.

(f) Tolling of Restrictive Period. The time period during which Employee is to refrain from the activities described in Section 7 of this Agreement will be extended by any length of time during which Employee is in breach of Section 7 of this Agreement. The Employee acknowledges that the purposes and intended effects of the restrictive covenants would be frustrated by measuring the period of the restriction from the date of termination of Employee's employment where the Employee failed to honor the restrictive covenant until required to do so by court order.

8. Non-Disparagement.

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

(b) The Company agrees that at all times during and after the Employment Term, the Company will cause all representatives of the Company Group not to engage in any conduct that is injurious to the reputation or interests of Employee, including, but not limited to, making disparaging comments (or inducing or encouraging others to make disparaging comments) about Employee.

(c) The restrictions in this Section 8 shall not apply to truthful statements made under oath in compliance with valid legal process, including but not limited to subpoenas, civil investigative demands, or similar process from a federal or state agency, but neither the Company nor Employee shall invite or initiate any such inquiry or process.

9. Intellectual Property.

(a) Company Work Product Owned By the Company. Employee agrees that the Company or the applicable member of the Company Group (each individually the "Assigned Party")

Company or the applicable member of the Company Group (each individually the "Assigned Party") is and will be the sole and exclusive owner of all ideas, inventions, discoveries, improvements,

designs, plans, methods, works of authorship, deliverables, writings, brochures, manuals, know-how, method of conducting its business, policies, procedures, products, processes, software, or any enhancements, or documentation of or to the same and any other work product in any form or media that Employee makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of Employee's employment for the Assigned Party with the use of the Assigned Party's time, materials or facilities, and is in any way related or pertaining to or connected with the present or anticipated business, products or services of the Assigned Party whether produced during normal business hours or on personal time (collectively, "Company Work Products"). For avoidance of doubt, Company Work Products shall not include any work products produced in the course of Employee performing Permitted Outside Activities, provided that such work products were not produced using resources of the Company Group.

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

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

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

(e) Maintenance; Disclosure; Execution; Attorney-In-Fact. Employee will, at the request and cost of the Assigned Party, sign, execute, make and do all such deeds, documents, acts

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

(f) Employee's Representations Regarding Work Products. Employee represents and warrants that all Work Products that Employee makes, works on, conceives, or reduces to practice, individually or jointly with others, in the course of performing Employee's duties for Assigned Party under this Agreement are (i) original or an improvement of the Assigned Party's prior Work Products and (ii) do not include, copy, use, or infringe any Intellectual Property rights of a third party.

10. Cooperation. Employee agrees that at all times during and after the Employment Term (including following the termination of the Employee's employment for any reason), Employee will cooperate with all reasonable requests by the Company Group, at the cost and expense of the Company Group, subject to Employee's availability following the Employment Term, for assistance in connection with any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, involving the Company Group, including by providing truthful testimony in person in any such action, suit, or proceeding, and by providing information and meeting and consulting with the Board or their representatives or counsel, or representatives of or counsel to the Company Group, as reasonably requested; provided, however, that the foregoing shall not apply to any action, suit, or proceeding involving disputes between Employee and the Company Group arising under this Agreement or any other agreement.

11. Indemnification. During and after the Employment Term, the Employee shall be entitled to all rights to indemnification available under the by-laws, certificate of incorporation, limited liability company agreement, certificate of formation and any manager, director and officer insurance policies of Greenlane and the Company, any indemnification agreement entered into between Greenlane and Employee, or to which Employee may otherwise be entitled through Greenlane, the Company, and/or any of their respective subsidiaries and affiliates, in accordance with their respective terms. Employee hereby agrees to indemnify, save and hold harmless the Company Group, including each of their respective past, present and future employees, consultants, agents, shareholders, members, officers, managers, and directors, but excluding Employee (collectively the "Company Indemnitees"), from and against any and all claims, causes of action, demands, charges, judgments, losses, damages or costs (including reasonable attorneys' fees) and other obligations and liabilities whatsoever (collectively, "Losses") which may arise, directly or indirectly, as a result of, or in connection with Employee's commission of any act or omission involving gross negligence,

willful misconduct, moral turpitude, misappropriation, embezzlement, dishonesty, or fraud. By way

of inclusion and not limitation, "Losses" hereunder shall be deemed to include any claims, fines, penalties, actions, proceedings or orders of state or federal agencies or contingent liabilities. Employee further agrees to assist any Company Indemnitee with its defense of any future third party claims against any Company Indemnitee for which Employee's assistance is necessary or advisable in the reasonable discretion of such Company Indemnitee's counsel, without cost to any Company Indemnitee provided, however, that in no event shall Employee be responsible for any portion of any Company Indemnitee's legal fees, except as otherwise provided in this Section 11.

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

13. Remedies for Breach. Employee acknowledges and agrees that it may be difficult to measure the damages to the Company Group from any breach or threatened breach by Employee of this Agreement, including but not limited to Sections 6, 7, 8, and 9 hereof; that injury to the Company Group from any such breach may be irreparable; and that money damages would therefore be an inadequate remedy for any such breach. Accordingly, Employee agrees that if Employee breaches or threatens to breach any of the promises contained in this Agreement, the Company Group shall, in addition to all other remedies it may have (including monetary remedies), be entitled to seek an injunction and/or equitable relief, on a temporary or permanent basis, to restrain any such breach or threatened breach without showing or proving any actual damage to the Company Group. Nothing herein shall be construed as a waiver of any right the Company Group may have or hereafter acquire to pursue any other remedies available to it for such breach or threatened breach, including recovery of damages from Employee. Notwithstanding any provision of this Agreement to the contrary, Employee shall not be entitled to any post-termination payments pursuant hereto during any period in which Employee is materially violating any of Employee's obligations under Sections 6, 7, 8, and 9 hereof.

14. Assignment; Third-Party Beneficiaries. The rights of the Company under this Agreement may, without the consent of Employee, be assigned by the Company to (a) any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly, acquires all or substantially all of the Company's stock or assets, or (b) any affiliate or future affiliate of the Company, and such assignment by Company pursuant to this Section 14 shall automatically, and without any further action required by the Parties, relieve the assignor Company (and discharge and release the assignor Company) from all obligations and liabilities under or related to this Agreement (all such obligations and/or automatically liabilities assumed by the assignee Company). This Agreement shall be binding upon and inure to the benefit of any successor or assigns of Company. Employee may not assign this Agreement without the

written consent of the Company. Employee agrees that each member of the Company Group is an

express third party beneficiary of this Agreement, and this Agreement, including the restrictive covenants and other obligations set forth in Sections 6, 7, 8, 9, 10, and 11 hereof, are for each such member's benefit. Employee expressly agrees and consents to the enforcement of this Agreement, including but not limited to the restrictive covenants and other obligations in Sections 6, 7, 8, 9, 10, and 11 hereof, by any member of the Company Group as well as by the Company Group's future affiliates, successors and/or assigns.

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

16. Governing Law; Arbitration.

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

(b) Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to final and binding arbitration administered by JAMS, Inc. ("JAMS") in accordance with the Federal Arbitration Act and the JAMS Employment Arbitration Rules and Procedures (the "Rules") then in effect, and conducted in Boca Raton, Florida by a single neutral arbitrator selected in accordance with the Rules. The Rules can be found at wwww.jamsadr.com/rules-employment-arbitration/. In arbitration, the Parties have the right to be represented by legal counsel; the arbitrator shall permit adequate discovery sufficient to allow the Parties to vindicate their claims and may not limit the Parties' rights to reasonable discovery; the Parties shall have the right to subpoena witnesses to compel their attendance at hearings and to cross-examine witnesses; and the arbitrator's decision shall be in writing and shall contain essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the power to resolve all disputes and award any type of legal or equitable relief, to the extent such relief is available under applicable law. Further, in any such arbitration proceeding, the prevailing party shall be entitled to an award of that party's costs and attorney's fees, unless otherwise prohibited by applicable law. Any award by the arbitrator may be entered as a judgment in any court having jurisdiction in an action to confirm or enforce the arbitration award. Except as necessary to confirm or enforce an award, the Parties agree to keep all arbitration proceedings completely confidential. Notwithstanding the foregoing, either Party may seek preliminary injunctive and/or other equitable relief from a court of competent jurisdiction in support of claims to be prosecuted in arbitration. In the event a dispute, controversy, or claim arising out of or related to this Agreement is found to fall outside of the arbitration provision in this Section 16(b) the Parties agree to submit to the exclusive jurisdiction and venue of the state and federal courts in Palm Beach County, Florida for the resolution of such dispute, controversy, or claim.

17. Mutual Waiver of Jury Trial in Court Proceedings. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM, RIGHT, ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE, INCLUDING BUT

NOT LIMITED TO THE CONSTITUTION OF THE UNITED STATES, THE CONSTITUTION OF ANY STATE, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATION.

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EACH PARTY HEREBY ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING THE RIGHT TO DEMAND TRIAL BY JURY.

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

19. Survival. The post-termination obligations and post-termination rights of the Parties under Sections 5 through 19 of this Agreement shall survive the termination of this Agreement and the termination of the Employment Term regardless of the reason for termination; shall continue in full force and effect in accordance with their terms; and shall continue to be binding on the Parties.

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

21. Entire Agreement. This Agreement constitutes the entire understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments, including but not limited to the Employment Agreement and Confidentiality Agreement, are hereby canceled and terminated.

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

23. Notices. Any notice, request or other document required or permitted to be given under this Agreement shall be in writing, may be sent in any commercially reasonable manner that provides proof of delivery (or refusal to accept delivery) to the address set forth below and will be considered to have been given when received, when delivery is refused or when the sender can otherwise demonstrate delivery or refusal to accept delivery. A Party may change such Party's address by giving notice of the change to the other Party in accordance with this Section.

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

If to the Company, to:

Warehouse Goods LLC
Attention: Douglas Fischer, General Counsel
1095 Broken Sound Parkway NW, Suite 300,
Boca Raton. FL 33487

dfischer@gnln.com

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24. Code Section 409A Compliance. It is intended that the provisions of this Agreement are either exempt from or comply with the terms and conditions of Section 409A of the Code and to the extent that the requirements of Section 409A of the Code are applicable thereto, all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company shall have no liability with regard to any failure to comply with Section 409A of the Code. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A of the Code each installment shall be treated as a separate payment. Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder: (a) the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Employee in any other calendar year; (b) the reimbursements for expenses for which Employee is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (c) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

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

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

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

COMPANY

WAREHOUSE GOODS LLC

DocuSigned by:
By: Michael Cellucci
Name: Michael Cellucci
Title: President

EMPLOYEE

DocuSigned by:
Michael Cellucci 9/28/2020
MICHAEL CELLUCCI

GREENLANE HOLDINGS, INC.

DocuSigned by:
By: Aaron LoCascio
Name: Aaron LoCascio
Title: CEO

Exhibit 31.1

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

I, Aaron LoCascio, 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 internal 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.

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: November 16, 2020

/s/ AARON LOCASCIO

Aaron LoCascio
Chief Executive Officer

Exhibit 31.2

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

I, William Mote, 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 internal 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.

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: November 16, 2020

/s/ William Mote
William Mote
Chief Financial Officer

Exhibit 32.1

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 period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron LoCascio, the Chief Executive Officer of the Company, and I, William Mote, 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: November 16, 2020

/s/ AARON LOCASCIO

Aaron LoCascio
Chief Executive Officer

/s/ William Mote

William Mote
Chief Financial Officer