

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 March 31, 2022

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Act. Yes No

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

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

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

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

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

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

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

As of May 12, 2022, Greenlane Holdings, Inc. had 106,882,892 shares of Class A common stock outstanding and 21,184,919 shares of Class B common stock outstanding.

Greenlane Holdings, Inc.
Form 10-Q
For the Quarterly Period Ended March 31, 2022

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ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

PART I

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

	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Current assets		
Cash	\$ 5,944	\$ 12,857
Accounts receivable, net of allowance of \$ 1,409 and \$ 1,285 at March 31, 2022 and December 31, 2021, respectively	19,903	14,690
Inventories, net	68,526	66,982
Vendor deposits	12,485	18,475
Other current assets (Note 8)	11,959	11,733
Total current assets	118,817	124,737
Property and equipment, net	22,356	20,851
Intangible assets, net	83,235	84,710
Goodwill	41,819	41,860
Operating lease right-of-use assets	7,042	9,128
Other assets	7,855	4,541
Total assets	\$ 281,124	\$ 285,827
LIABILITIES		
Current liabilities		
Accounts payable	\$ 30,535	\$ 23,041
Accrued expenses and other current liabilities (Note 8)	25,271	25,297
Customer deposits	6,838	7,924
Current portion of notes payable, including \$ 8,000 owed to related party	11,602	11,615
Current portion of operating leases	2,828	3,091
Total current liabilities	77,074	70,968
Notes payable, less current portion and debt issuance costs, net	9,633	10,607
Operating leases, less current portion	4,346	6,142
Other liabilities	821	1,746
Total long-term liabilities	14,800	18,495
Total liabilities	91,874	89,463
Commitments and contingencies (Note 7)		
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, 600,000 shares authorized; 102,600 shares issued and outstanding as of March 31, 2022; 85,210 shares issued and outstanding as of December 31, 2021	1,026	852
Class B common stock, \$0.0001 par value per share, 30,000 shares authorized; 21,185 shares issued and outstanding as of March 31, 2022; 21,745 shares issued and outstanding as of December 31, 2021	2	2
Class C Common stock, \$0.0001 par value per share, no shares authorized, issued and outstanding as of March 31, 2022 and December 31, 2021	—	—
Additional paid-in capital	240,280	228,894
Accumulated deficit	(70,876)	(55,544)
Accumulated other comprehensive income (loss)	685	324
Total stockholders' equity attributable to Greenlane Holdings, Inc.	171,117	174,528
Non-controlling interest	18,133	21,836
Total stockholders' equity	189,250	196,364
Total liabilities and stockholders' equity	\$ 281,124	\$ 285,827

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

	Three months ended March 31,	
	2022	2021
Net sales	\$ 46,534	\$ 34,009
Cost of sales	40,566	25,454
Gross profit	<u>5,968</u>	<u>8,555</u>
Operating expenses:		
Salaries, benefits and payroll taxes	10,061	6,370
General and administrative	11,715	9,581
Depreciation and amortization	2,403	544
Total operating expenses	<u>24,179</u>	<u>16,495</u>
Loss from operations	<u>(18,211)</u>	<u>(7,940)</u>
Other income (expense), net:		
Interest expense	(406)	(116)
Other income (expense), net	(54)	324
Total other income (expense), net	<u>(460)</u>	<u>208</u>
Loss before income taxes	(18,671)	(7,732)
Provision for (benefit from) income taxes	78	(18)
Net loss	<u>(18,749)</u>	<u>(7,714)</u>
Less: Net loss attributable to non-controlling interest	<u>(3,417)</u>	<u>(3,458)</u>
Net loss attributable to Greenlane Holdings, Inc.	<u>\$ (15,332)</u>	<u>\$ (4,256)</u>
Net loss attributable to Class A common stock per share - basic and diluted (Note 9)	\$ (0.17)	\$ (0.28)
Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 9)	90,170	15,263
Other comprehensive income (loss):		
Foreign currency translation adjustments	88	(155)
Unrealized gain (loss) on derivative instrument	358	204
Comprehensive loss	<u>(18,303)</u>	<u>(7,665)</u>
Less: Comprehensive loss attributable to non-controlling interest	<u>(3,331)</u>	<u>(3,427)</u>
Comprehensive loss attributable to Greenlane Holdings, Inc.	<u>\$ (14,972)</u>	<u>\$ (4,238)</u>

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

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

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance December 31, 2021	85,210	\$ 852	21,745	\$ 2	—	\$ —	\$ 228,894	\$ (55,544)	\$ 324	\$ 21,836	\$ 196,364
Net loss	—	—	—	—	—	—	—	(15,332)	—	(3,417)	(18,749)
Equity-based compensation	1,870	19	—	—	—	—	711	—	—	172	902
Issuance of Class A shares, net of costs - ATM Program	11,135	111	—	—	—	—	6,690	—	—	—	6,801
Issuance of Class A shares - contingent consideration	3,826	38	—	—	—	—	3,448	—	—	—	3,486
Exchanges of noncontrolling interest for Class A common stock	560	6	(560)	—	—	—	537	—	—	(543)	—
Other comprehensive income	—	—	—	—	—	—	—	—	361	85	446
Balance March 31, 2022	102,601	\$ 1,026	21,185	\$ 2	—	\$ —	\$ 240,280	\$ (70,876)	\$ 685	\$ 18,133	\$ 189,250

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance December 31, 2020	13,322	\$ 133	3,491	\$ 1	76,039	\$ 8	\$ 39,742	\$ (24,848)	\$ 29	\$ 54,192	\$ 69,257
Net loss	—	—	—	—	—	—	—	(4,256)	—	(3,458)	(7,714)
Equity-based compensation	226	2	—	—	—	—	180	—	—	324	506
Other comprehensive income	—	—	—	—	—	—	—	—	18	31	49
Issuance of Class A common stock	426	4	—	—	—	—	2,001	—	—	—	2,005
Exchanges of noncontrolling interest for Class A common stock	2,368	24	(1,043)	—	(3,975)	(1)	5,774	—	—	(5,797)	—
Cancellation of Class B common stock due to forfeitures	—	—	(5)	—	—	—	8	—	—	(8)	—
Balance March 31, 2021	16,342	\$ 163	2,443	\$ 1	72,064	\$ 7	\$ 47,705	\$ (29,104)	\$ 47	\$ 45,284	\$ 64,103

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)

	Three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net loss (including amounts attributable to non-controlling interest)	\$ (18,749)	\$ (7,714)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,403	544
Equity-based compensation expense	874	529
Change in provision for doubtful accounts	227	101
Gain related to indemnification asset	(1,798)	(621)
Unrealized loss on equity investments	302	—
Other	(183)	5
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Decrease (increase) in accounts receivable	(5,440)	713
Decrease (increase) in inventories	(1,545)	1,462
Decrease (increase) in vendor deposits	5,990	433
Decrease (increase) in other current assets	(3,624)	1,147
(Decrease) increase in accounts payable	5,859	(10,450)
(Decrease) Increase in accrued expenses and other liabilities	4,748	(1,943)
(Decrease) increase in customer deposits	(1,087)	537
Net cash used in operating activities	(12,023)	(15,257)
Cash flows from investing activities:		
Purchase consideration paid for acquisitions, net of cash acquired	—	(2,403)
Purchases of property and equipment, net	(784)	(419)
Proceeds from sale of assets held for sale	75	—
Net cash used in investing activities	(709)	(2,822)
Cash flows from financing activities:		
Proceeds from issuance of Class A common stock, net of costs - ATM Program	6,801	—
Payments on notes payable	(992)	(47)
Other	(135)	(57)
Net cash provided by (used in) financing activities	5,674	(104)
Effects of exchange rate changes on cash	145	57
Net (decrease) in cash	(6,913)	(18,126)
Cash, as of beginning of the period	12,857	30,435
Cash, as of end of the period	\$ 5,944	\$ 12,309
Supplemental disclosures of cash flow information		
Cash paid for amounts included in the measurement of lease liabilities	\$ 802	\$ 373
Lease liabilities arising from obtaining finance lease assets	\$ —	\$ 119
Lease liabilities arising from obtaining operating lease right-of-use assets, net of the effect of acquisitions	\$ —	\$ 793
Non-cash investing and financing activities:		
Issuance of Class A common stock for business acquisitions	\$ 3,486	\$ 1,218
Non-cash purchases of property and equipment	\$ 1,663	\$ 287
Issuance of promissory note for business acquisition	\$ —	\$ 2,503
Decrease in non-controlling interest as a result of exchanges for Class A common stock	\$ (543)	\$ (5,797)

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

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

NOTE 1. BUSINESS OPERATIONS AND ORGANIZATION

Organization

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

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

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

On August 31, 2021, we completed our previously announced merger with KushCo Holdings, Inc. ("KushCo") and have included the results of operations of KushCo in our consolidated statements of operations and comprehensive loss from that date forward. As such, KushCo financial information is included in our condensed consolidated financial statements for the three months ended March 31, 2022, and is excluded from the comparative period in 2021. Immediately following the merger with KushCo, stockholders that held Class A common stock prior to the completion of the merger owned 51.9% and former KushCo stockholders owned 48.1% of the equity of the combined company on a fully diluted basis. In connection with the merger with KushCo, the Greenlane Certificate of Incorporation was amended and restated (the "A&R Charter") in order to (i) increase the number of authorized shares of Greenlane Class B common stock, \$0.0001 par value per share (the "Class B Common stock"), from 10 million shares to 30 million shares in order to effect the conversion of each outstanding share of Class C common stock, \$0.0001 par value per share (the "Class C common stock"), into one-third of one share of Class B common stock, (ii) increase the number of authorized shares of Class A common stock from 125 million shares to 600 million shares, and (iii) eliminate references to the Class C common stock. Pursuant to the terms of an Agreement and Plan of Merger, dated as of March 31, 2021 (the "Merger Agreement") with KushCo, immediately prior to the consummation of the business combination, holders of Class C common stock received one-third of one share of Class B common stock for each share of Class C common stock held immediately prior to the closing of the merger.

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

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

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

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

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

The following table sets forth the economic and voting interests of our common stock holders as of March 31, 2022:

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	102,599,528	102,599,528	82.9 %	82.9 %	100.0 %
Class B	21,184,919	21,184,919	17.1 %	17.1 %	— %
Total	123,784,447	123,784,447	100.0 %	100.0 %	100.0 %

(1) Represents the total number of outstanding shares for each class of common stock as of March 31, 2022.

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

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

(4) Represents the aggregate voting interest in us through the holders' ownership of Common Stock. Each share of Class A common stock and Class B common stock entitles its holder 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, 2021. The condensed consolidated results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022, or any other future annual or interim period. Certain reclassifications have been made to prior year amounts or balances to conform to the presentation adopted in the current year.

Principles of Consolidation

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

Liquidity

Our principal sources of liquidity at March 31, 2022 consisted of cash on hand, future cash anticipated to be generated from operations, and our ATM Program described below.

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

In August 2021, we established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to \$50 million, from time to time, through Cowen and Company, LLC ("Cowen"), as the sales agent. Net proceeds from sales of our shares of Class A common stock under the ATM Program are expected to be used for working capital and general corporate purposes. Since the launch of the ATM program in August 2021 and through March 31, 2022, we sold 13,535,970 shares of our Class A common stock under the ATM Program, which generated gross proceeds of approximately \$10.4 million and paid fees to the sales agent of approximately \$0.3 million. In connection with the filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") with the SEC on March 31, 2022, the ATM Program became subject to the offering limits set forth in General Instruction I.B.6 of Form S-3 ("Instruction I.B.6") because our public float was less than \$75 million. The ATM Program was subsequently amended on April 18, 2022 to reflect the Instruction I.B.6 limitations. For so long as our public float is less than \$75 million, the aggregate market value of the shares of Class A common stock sold by us pursuant to Instruction I.B.6 during any twelve consecutive months may not exceed one-third of our public float.

In December 2021, we entered into the Bridge Loan with Aaron LoCascio, our co-founder, former Chief Executive Officer and President, and a current director of the Company, in which Mr. LoCascio provided us with a loan in the principal amount of \$8.0 million. Accrued interest at a rate of 15.0% is due monthly, and principal amount is due in full in June 2022. The Bridge Loan is secured by a continuing security interest in all of our assets and properties whether then or thereafter existing or required, including our inventory and receivables (as defined under the Universal Commercial Code) and includes negative covenants restricting our ability to incur further indebtedness and engage in certain asset dispositions until the earlier of June 30, 2022 or the Bridge Loan has been fully repaid.

We are in the process of securing an asset backed loan to assist us with working capital needs. However, we can provide no assurances as to the timing of our entry into this loan or that we will enter into it at all. We believe that our cash on hand, combined with our ability to access the capital markets, will be sufficient to fund our working capital and capital expenditure requirements, as well as our debt repayments and other liquidity requirements associated with our existing operations, for at least the next 12 months.

Use of Estimates

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

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

Voluntary Change in Accounting Principle

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

<i>(in thousands)</i>	For the three months ended March 31, 2021					
	Prior to Change		Effect of Change		As Adjusted	
Cost of sales	\$	26,696	\$	(1,242)	\$	25,454
Gross profit	\$	7,313	\$	1,242	\$	8,555
General and administrative	\$	8,339	\$	1,242	\$	9,581
Total operating expenses	\$	15,253	\$	1,242	\$	16,495

Segment Reporting

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

Revenue Recognition

Revenue under bill-and-hold arrangements was \$0 and \$0.2 million for the three months ended March 31, 2022 and 2021, respectively. Storage fees charged to customers for bill-and-hold arrangements are recognized as invoiced. Such fees were not significant for the three months ended March 31, 2022 and 2021.

Our liability for returns, which is included within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheets, was approximately \$0.9 million and \$1.0 million as of March 31, 2022 and December 31, 2021. The recoverable cost of merchandise estimated to be returned by customers, which is included within "Other current assets" in our condensed consolidated balance sheets, was approximately \$0.2 million as of March 31, 2022 and December 31, 2021, respectively.

For the three months ended March 31, 2022, one customer represented approximately 16% of our net sales. No single customer represented more than 10% of our net sales for the three months ended March 31, 2021. As of March 31, 2022, three customers represented approximately 17%, 10%, and 10% of accounts receivable, respectively. As of December 31, 2021, two customers represented approximately 13% and 11% of accounts receivable, respectively.

Value Added Taxes

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

We performed an analysis of the VAT overpayments to the Dutch tax authorities, which we expected to be refunded to us, and VAT payable to other EU member states, including potential fines and penalties. Based on this analysis, we recorded VAT payable of approximately \$ 1.0 million and \$2.5 million relating to this matter within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheet as of March 31, 2022 and December 31, 2021, respectively.

Pursuant to the purchase and sale agreement by which we acquired our European subsidiaries, the sellers are required to indemnify us against certain specified matters and losses, including any and all liabilities, claims, penalties and costs incurred or sustained by us in connection with non-compliance with tax laws in relation to activities of the sellers. The indemnity (or indemnification receivable) is limited to an amount equal to the purchase price under the purchase and sale agreement. During the three months ended March 31, 2022, we recognized a gain of approximately \$1.8 million within "general and administrative expenses" in our condensed consolidated statements of operations and comprehensive loss, which represented the partial reversal of a charge previously recognized based on the difference between the VAT payable and the VAT receivable and indemnification asset, as the indemnification asset became probable of recovery based on the reduction in our previously estimated VAT liability for penalties and interest based on our voluntary disclosure to, and ongoing settlement with, the relevant tax authorities in the EU member states.

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

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

Recently Issued Accounting Guidance Not Yet Adopted

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

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

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

NOTE 3. BUSINESS ACQUISITIONS

Supplemental Unaudited Pro Forma Financial Information

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

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

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

The following table presents pro forma results for the three months ended March 31, 2022 and 2021 as if our acquisition of Eyce and DaVinci, along with the closing of the merger with KushCo, had occurred on January 1, 2021, and Eyce, DaVinci, and KushCo's results had been included in our consolidated results beginning on that date (in thousands):

	For the three months ended March 31,			
	2022		2021	
	(unaudited)			
Net sales	\$	46,534	\$	62,793
Cost of sales		40,566		48,353
Gross profit		5,968		14,440
Net loss	\$	(18,749)	\$	(18,235)

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

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

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

As of March 31, 2022, we had equity securities, an interest rate swap contract and contingent consideration that are required to be measured at fair value on a recurring basis.

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

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

<i>(in thousands)</i>	Condensed Consolidated Balance Sheet Caption	Fair Value at March 31, 2022			
		Level 1	Level 2	Level 3	Total
Assets:					
Equity securities	Other assets	\$ 1,617	\$ —	\$ —	\$ 1,617
Interest rate swap contract	Other assets	—	70	—	70
Total Assets		\$ 1,617	\$ 70	\$ —	\$ 1,687
Liabilities:					
Contingent consideration - current	Accrued expenses and other current liabilities	\$ —	\$ —	\$ 2,812	\$ 2,812
Contingent consideration - long-term	Other long-term liabilities	—	—	554	554
Total Liabilities		\$ —	\$ —	\$ 3,366	\$ 3,366

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

The estimated fair values of our financial instruments have been determined using available market information and what we believe to be appropriate valuation methodologies. There were no transfers between Level 1 and Level 2 and no transfers to or from Level 3 of the fair value hierarchy during the three months ended March 31, 2022 and 2021, respectively.

Derivative Instrument and Hedging Activity

On July 11, 2019, we entered into an interest rate swap contract to manage our risk associated with the interest rate fluctuations on the Company's floating rate Real Estate Note described in Note 6. 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 March 31, 2022 are as follows:

Swap Maturity	Notional Value (in thousands)	Pay Fixed Rate	Receive Floating Rate	Floating Rate Reset Terms
October 1, 2025	\$ 7,911	2.0775 %	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. On a quarterly basis, we perform a qualitative analysis for quarterly prospective and retrospective assessments of hedge effectiveness. The unrealized loss on the derivative instrument is included within "Other comprehensive income (loss)" in our condensed consolidated statement of operations and comprehensive loss. There was no measure of hedge ineffectiveness and no reclassifications from other comprehensive loss into interest expense for the three months ended March 31, 2022 and 2021.

Contingent Consideration

Each period we revalue our contingent consideration obligations associated with business acquisitions to their fair value. The estimate of the fair value of contingent consideration is determined by applying a risk-neutral framework using a Monte Carlo Simulation, which includes inputs not observable in the market, such as the risk-free rate, risk-adjusted discount rate, the volatility of the underlying financial metrics and projected financial forecast of the acquired business over the earn-out period, and therefore represents a Level 3 measurement. Significant increases or decreases in these inputs could result in a significantly lower or higher fair value measurement of the contingent consideration liability. Changes in the fair value of contingent consideration are included within "Other income (expense), net" in our condensed consolidated statements of operations and comprehensive loss.

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

<i>(in thousands)</i>	Three months ended March 31, 2022	
Balance at December 31, 2021	\$	6,857
Eyce 2021 Contingent Payment settlement in Class A common stock		(875)
DaVinci 2021 Contingent Payment settlement in Class A common stock		(2,611)
Gain from fair value adjustments included in results of operations		(5)
Balance March 31, 2022	\$	3,366

<i>(in thousands)</i>	Three months ended March 31, 2021	
Balance at December 31, 2020	\$	—
Contingent consideration issued for Eyce acquisition		1,218
Balance at March 31, 2021	\$	1,218

Equity Securities Without a Readily Determinable Fair Value

Our investment in equity securities without readily determinable fair value consist of ownership interests in Airgraft Inc., Sun Grown Packaging, LLC ("Sun Grown") and Vapor Dosing Technologies, Inc. ("VIVA"). We determined that our ownership interests do not provide us with significant influence over the operations of these investments. Accordingly, we account for our investments in these entities as equity securities. Airgraft Inc., Sun Grown, and VIVA are private entities and their equity securities do not have a readily determinable fair value. We elected to measure these equity securities under the measurement alternative election at cost minus impairment, if any, with adjustments through earnings for observable price changes in orderly transactions for the identical or similar investment of the same issuer. We acquired our investments in Sun Grown and VIVA as part of our merger with KushCo, which we completed in August 2021. We did not identify any fair value adjustments related to these equity securities during the three months ended March 31, 2022 and 2021, respectively.

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

NOTE 5. LEASES

Greenlane as a Lessee

As of March 31, 2022, we had facilities financed under operating leases consisting of warehouses, offices, and retail stores, with lease term expirations between 2022 and 2027. Lease terms are generally three to seven years for warehouses, office space and retail store locations. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides details of our future minimum lease payments under finance and operating lease liabilities recorded in our condensed consolidated balance sheet as of March 31, 2022. The table below does not include commitments

that are contingent on events or other factors that are currently uncertain or unknown.	Operating Leases	
<i>(in thousands)</i>		
2022	\$	2,108
2023		2,219
2024		1,525
2025		1,406
2026		188
Thereafter		29
Total minimum lease payments		7,475
Less: imputed interest		301
Present value of minimum lease payments		7,174
Less: current portion		2,828
Long-term portion	\$	4,346

Rent expense under operating leases was approximately \$0.8 million and \$0.3 million for three months ended March 31, 2022 and 2021, respectively.

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

<i>(in thousands)</i>	For the three months ended	
	March 31,	
	2022	2021
Operating lease costs		
Operating lease cost	765	250
Variable lease cost	36	39
Total lease cost	\$ 801	\$ 289

The table below presents lease-related terms and discount rates as of March 31, 2022:

	March 31, 2022
Weighted average remaining lease terms	
Operating leases	3.2 years
Weighted average discount rate	
Operating leases	2.7 %

Greenlane as a Lessor

We have five operating leases for office space leased to third-party tenants in our corporate headquarters building in Boca Raton, Florida and one sublease in California. For the three months ended March 31, 2022 and 2021, respectively, we recorded approximately \$0.3 million and \$0.2 million in rental income related to these operating leases, which we 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	<i>(in thousands)</i>	
2022	\$	575
2023		485
2024		77
2025		53
Thereafter		—
Total	\$	1,190

NOTE 6. DEBT

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

<i>(in thousands)</i>	March 31, 2022		December 31, 2021	
Real Estate Note	\$	7,911	\$	7,958
Bridge Loan		8,000		8,000
DaVinci Promissory Note		4,367		5,000
Eyce Promissory Note		1,280		1,592
		<u>21,558</u>		<u>22,550</u>
Less unamortized debt issuance costs		(323)		(328)
Less current portion of debt		<u>(11,602)</u>		<u>(11,615)</u>
Debt, net, excluding operating leases and finance leases	\$	<u>9,633</u>	\$	<u>10,607</u>

Real Estate Note

On October 1, 2018, one of the Operating Company's wholly-owned subsidiaries financed the purchase of a building which serves as our corporate headquarters through a real estate term note (the "Real Estate Note") in the principal amount of \$8.5 million. Principal payments plus accrued interest at a rate of one-month LIBOR plus 2.39% are due monthly, with a final payment of all remaining outstanding principal and accrued interest due in October 2025. Our obligations under the Real Estate Note are secured by a mortgage on the property. The Real Estate Note contains customary covenants and restrictions, including, without limitation, covenants that require us to comply with laws, restrictions on our ability to incur additional indebtedness, and various customary remedies for the lender following an event of default, including the acceleration of repayment of outstanding amounts under the Real Estate Note and execution upon the collateral securing obligations under the Real Estate Note. As of March 31, 2022, we were in compliance with the Real Estate Note covenants. Our Real Estate Note is subject to an interest rate swap contract, see "Note 4—Fair Value of Financial Instruments."

One-month LIBOR is expected to be discontinued and replaced after June 2023 and the credit facility has a maturity date beyond that time. There can be no assurances as to what the alternative base rate will be once one-month LIBOR is discontinued, and we can provide no assurances whether that base rate will be more or less favorable than LIBOR. We intend to monitor the developments with respect to the phasing out of one-month LIBOR and work with our lenders to ensure that any transition away from one-month LIBOR will have minimal impact on our financial condition but can provide no assurances regarding the impact of LIBOR discontinuation.

Eyce Promissory Note

In March 2021, one of the Operating Company's wholly-owned subsidiaries financed a portion of the consideration of the acquisition of Eyce through the issuance of an unsecured promissory note (the "Eyce Promissory Note") in the principal amount of \$2.5 million. Principal payments plus accrued interest at a rate of 4.5% are due quarterly through April 2023.

DaVinci Promissory Note

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

Bridge Loan

In December 2021, we entered into a Secured Promissory Note with Aaron LoCascio, our co-founder, former Chief Executive Officer and President, and a current director of the Company, in which Mr. LoCascio provided us with a bridge loan in the principal amount of \$8.0 million (the "Bridge Loan"). The Bridge Loan accrues interest at a rate of 15.0% is due monthly, and the principal amount is due in full in June 2022. We incurred \$0.3 million of debt issuance costs related to the Bridge Loan, which are recorded as a direct deduction from the carrying amount of the Bridge Loan, and which will continue to be amortized over the term of the Bridge Loan through interest expense.

The Bridge Loan is secured by a continuing security interest in all of our assets and properties whether then or thereafter existing or required, including our inventory and receivables (as defined under the Universal Commercial Code) and includes negative covenants restricting our ability to incur further indebtedness and engage in certain asset dispositions until the earlier of June 30, 2022 or the Bridge Loan has been fully repaid.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In the ordinary course of business, we are involved in various legal proceedings involving a variety of matters. We do not believe there are any pending legal proceedings that will have a material adverse effect on our business, consolidated financial position, results of operations, or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. We have not taken any reserves for litigation for the year ended December 31, 2021.

Other Commitments and Contingencies

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

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

NOTE 8. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Accrued Expenses and Other Current Liabilities

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

<i>(in thousands)</i>	March 31, 2022		December 31, 2021	
VAT payable (including amounts related to VAT matter described in Note 2)	\$	3,188	\$	4,393
Contingent consideration		2,812		5,641
Accrued employee compensation		6,392		6,055
Accrued professional fees		2,475		1,700
Refund liability (including accounts receivable credit balances)		1,294		1,481
Accrued construction in progress (ERP)		1,086		1,061
Sales tax payable		872		1,034
Other		7,152		3,932
	\$	25,271	\$	25,297

Customer Deposits

For certain product offerings such as child-resistant packaging, closed-system vaporization solutions and custom-branded retail products, we may receive a deposit from the customer (generally 25% - 50% of the total order cost, but the amount can vary by customer contract), when an order is placed by a customer. We typically complete orders related to customer deposits within one to six months from the date of order, depending on the complexity of the customization and the size of the order, but the order completion timeline can vary by product type and terms of sale with each customer. Changes in our customer deposits liability balance during the three months ended March 31, 2022 were as follows:

<i>(in thousands)</i>	Customer Deposits	
Balance as of December 31, 2021	\$	7,924
Increases due to deposits received, net of other adjustments		5,213
Revenue recognized		(6,299)
Balance as of March 31, 2022	\$	6,838

We typically complete orders related to customer deposits within six weeks to three months from the date of order, depending on the complexity of the customization and the size of the order.

Accumulated Other Comprehensive Income (Loss)

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

<i>(in thousands)</i>	<u>Foreign Currency Translation</u>	<u>Unrealized Gain or (Loss) on Derivative Instrument</u>	<u>Total</u>
Balance at December 31, 2021	\$ 282	\$ 42	\$ 324
Other comprehensive income (loss)	88	358	446
Less: Other comprehensive (income) loss attributable to non-controlling interest	(17)	(68)	(85)
Balance at March 31, 2022	<u>\$ 353</u>	<u>\$ 332</u>	<u>\$ 685</u>

<i>(in thousands)</i>	<u>Foreign Currency Translation</u>	<u>Unrealized Gain or (Loss) on Derivative Instrument</u>	<u>Total</u>
Balance at December 31, 2020	\$ 183	\$ (154)	\$ 29
Other comprehensive income (loss)	(155)	204	49
Less: Other comprehensive (income) loss attributable to non-controlling interest	99	(130)	(31)
Balance at March 31, 2021	<u>\$ 127</u>	<u>\$ (80)</u>	<u>\$ 47</u>

Supplier Concentration

Our four largest vendors accounted for an aggregate of approximately 44.6% and 42.9% of our total net sales and 67.0% and 35.5% of our total purchases for the three months ended March 31, 2022 and 2021, respectively. We expect to maintain our relationships with these vendors.

Related Party Transactions

Nicholas Kovacevich, our Chief Executive Officer and Dallas Imbimbo, who served on our Board prior to his resignation on April 8, 2022, own capital stock of Unrivaled Brands Inc. (“Unrivaled”) and serve on the Unrivaled board of directors. Net sales to Unrivaled for the three months ended March 31, 2022 and 2021 totaled \$0.2 million and \$0, respectively. Total accounts receivable due from Unrivaled were \$0.6 million and \$0.4 million as of March 31, 2022 and December 31, 2021, respectively.

Adam Schoenfeld, co-founder and a current director of the Company, has a significant ownership interest in one of our customers, Universal Growing. Net sales to Universal Growing for the three months ended March 31, 2022 and 2021 totaled approximately \$0.1 million, respectively. Total accounts receivable due from Universal Growing as of March 31, 2022 and December 31, 2021 were de minimis.

In December 2021, we entered into a Secured Promissory Note with Aaron LoCascio, our co-founder, former Chief Executive Officer and President, and a current director of the Company, with respect to the \$8.0 million Bridge Loan described under Note 6 above.

NOTE 9. STOCKHOLDERS' EQUITY

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

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 months ended March 31, 2022 or 2021, respectively.

Non-Controlling Interest

As discussed in “Note 1—Business Operations and Organization,” we consolidate the financial results of the Operating Company in our condensed consolidated financial statements and report a non-controlling interest related to the Common Units held by non-controlling interest holders. As of March 31, 2022, we owned 82.9% of the economic interests in the Operating Company, with the remaining 17.1% of the economic interests owned by non-controlling interest holders. The non-controlling interest in the accompanying condensed consolidated statements of operations and comprehensive loss represents the portion of the net loss attributable to the economic interest in the Operating Company held by the non-controlling holders of Common Units calculated based on the weighted average non-controlling interests’ ownership during the periods presented.

At-the-Market Equity Offering

In August 2021, we established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to \$50 million, from time to time, through Cowen and Company, LLC ("Cowen"), as the sales agent. Net proceeds from sales of our shares of Class A common stock under the ATM Program are expected to be used for working capital and general corporate purposes.

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

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

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

During the three months ended March 31, 2022, we sold 11,134,715 shares of our Class A common stock under the ATM Program, which generated gross proceeds of approximately \$7.0 million and paid fees to the sales agent of approximately \$0.2 million. Since the launch of the ATM program in August 2021 and through March 31, 2022, we sold 13,535,970 shares of our Class A common stock under the ATM Program, which generated gross proceeds of approximately \$10.4 million and paid fees to the sales agent of approximately \$0.3 million.

Common Stock and Warrant Offering

On August 9, 2021, we entered into securities purchase agreements with certain accredited investors, pursuant to which we agreed to issue and sell an aggregate of 2,200,000 shares of our Class A common stock, pre-funded warrants to purchase up to 5,926,583 shares of our Class A common stock (the “Pre-Funded Warrants”) and warrants to purchase up to 6,075,950 shares of our Class A common stock (the “Standard Warrants”) and, together with the Pre-Funded Warrants, the “Warrants”), in a registered direct offering (the “Offering”). The shares of Class A common stock and Warrants were sold in Units (the “Units”), with each unit consisting of one share of Class A common stock or a Pre-Funded Warrant and a Standard Warrant to purchase 0.6 of a share of our Class A common stock. The Units were offered pursuant to our existing shelf registration statement on Form S-3. Subject to certain ownership limitations, the Standard Warrants were immediately exercisable at an exercise price equal to \$3.55 per share of Class A common stock. The Standard Warrants are exercisable for five years from the date of issuance. Each Pre-Funded Warrant was exercisable with no expiration date for one Share of Class A common stock at an exercise price of \$ 0.01. The Offering generated gross proceeds of approximately \$31.9 million and net proceeds to the Company of approximately \$29.9 million. All Pre-Funded Warrants were exercised in August and September 2021, based upon which we issued an additional 5,926,583 shares of our Class A common stock, for net proceeds of approximately \$0.1 million.

Class C Common Stock Conversion

On August 31, 2021, we completed our merger with KushCo. Pursuant to the Merger Agreement, immediately prior to the consummation of the Mergers, holders of Class C common stock, \$0.0001 par value per share, received one-third of one share

of Class B common stock, for each share of Class C common stock held, and Greenlane adopted the A&R Charter which eliminated Class C common stock as a class of Greenlane's capital stock.

Net Loss Per Share

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

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

<i>(in thousands, except per share data)</i>	Three months ended March 31,	
	2022	2021
<i>Numerator:</i>		
Net loss	\$ (18,749)	\$ (7,714)
Less: Net loss attributable to non-controlling interests	(3,417)	(3,458)
Net loss attributable to Class A common stockholders	\$ (15,332)	\$ (4,256)
<i>Denominator:</i>		
Weighted average shares of Class A common stock outstanding	90,170	15,263
Net loss per share of Class A common stock - basic and diluted	\$ (0.17)	\$ (0.28)

For the three months ended March 31, 2022 and 2021, shares of Class B common stock, shares of Class C common stock and stock options and warrants to purchase Class A common stock were excluded from the weighted-average in the computation of diluted net loss per share of Class A common stock because the effect would have been anti-dilutive.

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

NOTE 10. COMPENSATION PLANS

Amended and Restated 2019 Equity Incentive Plan

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

The Amended 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.

KushCo Equity Plan

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

Rule 10b5-1 Trading Plans

During the three months ended March 31, 2022, Section 16 officer Adam Schoenfeld had an equity trading plan in place in accordance with Rule 10b5-1(c)(1) under the Exchange Act. An equity trading plan is a written document that preestablishes the amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of our Class A common stock, including shares acquired under our equity plans.

Equity-Based Compensation Expense

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

<i>(in thousands)</i>	For the three months ended	
	March 31,	
	2022	2021
Stock options - Class A common stock	\$ 674	\$ 320
Restricted shares - Class A common stock	188	110
Restricted stock units (RSUs) - Class A common stock	11	24
Common units of the Operating Company	—	76
Total equity-based compensation expense	\$ 873	\$ 530

Total remaining unrecognized compensation expense as of March 31, 2022 was as follows:

	Remaining Unrecognized Compensation Expense March 31, 2022	Weighted Average Period over which Remaining Unrecognized Compensation Expense is Expected to be Recognized
	(in thousands)	(in years)
Stock options - Class A common stock	\$ 1,306	1.3
Restricted shares - Class A common stock	864	1.8
Restricted stock units (RSUs) - Class A common stock	25	2.9
Total remaining unrecognized compensation expense	\$ 2,195	

NOTE 11. INCOME TAXES

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

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

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

For the three months ended March 31, 2022 and 2021, 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.

We do not record U.S. income taxes on the undistributed earnings of our foreign subsidiaries, except for the Canadian subsidiary, based upon our intention to permanently reinvest undistributed earnings to ensure sufficient working capital and further expansion of existing operations outside the United States. In the event we are required to repatriate funds from outside of the United States, such repatriation would be subject to local laws, customs, and tax consequences.

Uncertain Tax Positions

For the three months ended March 31, 2022 and 2021, we did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties. The Company is subject to audit examination for federal and state purposes for the years 2018 – 2020.

Tax Receivable Agreement (TRA)

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

The annual tax benefits are computed by calculating the income taxes due, including such tax benefits, and the income taxes due without such benefits. The Operating Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in the Operating Company. The rights of each noncontrolling interest holder under the TRA are assignable to transferees of its interest in the Operating Company. The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income the Operating Company generates each year and the applicable tax rate.

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

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

During the three months ended March 31, 2022 and 2021, we did not make any payments, inclusive of interest, to members of the Operating Company pursuant to the TRA.

NOTE 12. SEGMENT REPORTING

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

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

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

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

Our CODM allocates resources to and assesses the performance of our two operating segments based on the operating segments' net sales and gross profit. The following table sets forth information by reportable segment for the three months ended March 31, 2022 and 2021, respectively. There were no material intersegment sales during the three months ended March 31, 2022 and 2021, respectively.

<i>(in thousands)</i>	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Net sales	\$ 17,141	\$ 29,393	\$ 46,534	\$ 30,544	\$ 3,465	\$ 34,009
Cost of sales	14,319	26,247	40,566	22,934	2,520	25,454
Gross profit	\$ 2,822	\$ 3,146	\$ 5,968	\$ 7,610	\$ 945	\$ 8,555

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

<i>(in thousands)</i>	As of March 31, 2022			As of December 31, 2021		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Accounts receivable, net	\$ 6,710	\$ 13,193	\$ 19,903	\$ 3,746	\$ 10,944	\$ 14,690
Inventories, net	\$ 33,326	\$ 35,200	\$ 68,526	\$ 32,142	\$ 34,840	\$ 66,982
Vendor deposits	\$ 9,731	\$ 2,754	\$ 12,485	\$ 9,675	\$ 8,800	\$ 18,475

NOTE 13. SUBSEQUENT EVENTS

Entry into Amended Eyce Asset Purchase Agreement

On April 7, 2022, the Company entered into an amendment to that certain Asset Purchase Agreement, dated March 2, 2021 (the "Amended Eyce APA"), by and between Eyce and Warehouse Goods LLC, a wholly owned subsidiary of the Company, to accelerate the issuance of shares of Class A common stock issuable to Eyce under the agreement upon the attainment of certain EBITDA and revenue benchmarks (the "Amended 2022 Contingent Payment"). The shares of Class A common stock issuable to Eyce under the Amended 2022 Contingent Payment will vest ratably in seven tranches starting on July 1, 2022, such that on January 1, 2024 (the "Vesting Date"), all shares issuable to Eyce under the Amended 2022 Contingent Payment will have been issued to Eyce. The shares of Class A common stock issuable under the Amended 2022 Contingent Payment are subject to certain forfeiture restrictions tied to the continued employment of Eyce personnel with the Company through the Vesting Date.

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

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

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part I, Item 2 of this Form 10-Q under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "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 laws, regulations, and policies relevant to our business;
- projections of revenue, earnings, capital structure and other financial items;
- assumptions underlying statements regarding us or our business; and
- other similar expressions concerning matters that are not historical facts.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Factors that might cause such a difference include those discussed in our filings with the SEC, under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") and in other documents that we file from time to time with the Securities and Exchange Commission (the "SEC").

Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, those listed below and those discussed in greater detail in Part I, Item 1A of the 2021 Annual Report under the heading "Risk Factors."

- our strategy, outlook and growth prospects;
- general economic trends and trends in the industry and markets in which we operate;
- public health crises, including the COVID-19 pandemic;
- our dependence on, and our ability to establish and maintain business relationships with, third-party suppliers and service suppliers;
- the competitive environment in which we operate;
- our vulnerability to third-party transportation risks;
- the impact of governmental laws and regulations and the outcomes of regulatory or agency proceedings;
- our ability to accurately estimate demand for our products and maintain appropriate levels of inventory;
- our ability to maintain or improve our operating margins and meet sales expectations;
- our ability to adapt to changes in consumer spending and general economic conditions;
- our ability to use or license certain trademarks;
- our ability to maintain consumer brand recognition and loyalty of our products;
- our and our customers' ability to establish or maintain banking relationships;
- fluctuations in U.S. federal, state, local and foreign tax obligation and changes in tariffs;
- our ability to address product defects;
- our exposure to potential various claims, lawsuits and administrative proceedings;
- contamination of, or damage to, our products;
- any unfavorable scientific studies on the long-term health risks of vaporizers, electronic cigarettes, or cannabis or hemp-derived products, including cannabidiol ("CBD");
- failure of our information technology systems to support our current and growing business;
- our ability to prevent and recover from Internet security breaches;
- our ability to generate adequate cash from our existing business to support our growth;
- our ability to raise capital on favorable terms, or at all, to support the continued growth of the business;
- our ability to protect our intellectual property rights;
- our dependence on continued market acceptance of our products by consumers;
- our sensitivity to global economic conditions and international trade issues;
- our ability to comply with certain environmental, health and safety regulations;
- our ability to successfully identify and complete strategic acquisitions;
- natural disasters, adverse weather conditions, operating hazards, environmental incidents and labor disputes;
- increased costs as a result of being a public company; and

- our failure to maintain adequate internal controls over financial reporting.

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

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

Overview

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

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

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

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

2022 Plan

On March 10, 2022, the Company announced via press release its 2022 Plan to reduced its cost structure, increase liquidity, and accelerate its path to profitability. The 2022 Plan includes a recently completed reduction in force, reduction of facility footprints worldwide, a sale leaseback of the Company's headquarter building, disposition of non-core assets, discontinuation of lower-margin third-party brands, increase of prices on select products, and the securing of an asset based loan that will support working capital needs.

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

Discontinuation of Nicotine Sales and Increased Focus on Greenlane Brands

Over the course of 2021, we reduced our reliance on lower-margin third-party nicotine brands and increased our focus on our Greenlane Brands, as part of our strategy to scale our portfolio of proprietary brands to build the leading house of brands in the ancillary cannabis industry. As evidence of this, sales from nicotine products decreased to \$0 of total net sales for the three months ended March 31, 2022 from \$1.7 million, or 5.1% of total net sales for the same period in 2021. We intend to keep lower-margin third-party nicotine brands eliminated entirely over the course of 2022.

COVID-19

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

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

Results of Operations

The following table presents operating results for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,								
			% of Net sales				Change		
	2022	2021	2022	2021	2022	2021	\$	%	
Net sales	\$ 46,534	\$ 34,009	100.0	100.0	%	%	\$ 12,525	36.8	%
Cost of sales	40,566	25,454	87.2	74.8	%	%	15,112	59.4	%
Gross profit	5,968	8,555	12.8	25.2	%	%	(2,587)	(30.2)	%
Operating expenses:									
Salaries, benefits and payroll taxes	10,061	6,370	21.6	18.7	%	%	3,691	57.9	%
General and administrative	11,715	9,581	25.2	28.2	%	%	2,134	22.3	%
Depreciation and amortization	2,403	544	5.2	1.6	%	%	1,859	341.7	%
Total operating expenses	24,179	16,495	52.0	48.5	%	%	7,684	46.6	%
Loss from operations	(18,211)	(7,940)	(39.2)	(23.3)	%	%	(10,271)	129.4	%
Other income (expense), net:									
Interest expense	(406)	(116)	(0.9)	(0.3)	%	%	(290)	250.0	%
Other income (expense), net	(54)	324	(0.1)	1.0	%	%	(378)	(116.7)	%
Total other expense, net	(460)	208	(1.0)	0.6	%	%	(668)	*	
Loss before income taxes	(18,671)	(7,732)	(40.2)	(22.8)	%	%	(10,939)	141.5	%
Provision for (benefit from) income taxes	78	(18)	0.2	(0.1)	%	%	96	(533.3)	%
Net loss	(18,749)	(7,714)	(40.4)	(22.8)	%	%	(11,035)	143.1	%
Net loss attributable to non-controlling interest	(3,417)	(3,458)	(7.3)	(10.2)	%	%	41	(1.2)	%
Net loss attributable to Greenlane Holdings, Inc.	\$ (15,332)	\$ (4,256)	(33.1)	(12.5)	%	%	\$ (11,076)	260.2	%

*Not meaningful

Consolidated Results of Operations

Net Sales

For the three months ended March 31, 2022, net sales were approximately \$46.5 million, compared to approximately \$34.0 million for the same period in 2021, representing an increase of \$12.5 million, or 36.8%. The year-over-year increase was primarily due to the merger with KushCo, which contributed \$28.4 million in net sales. Excluding KushCo's post-merger sales, net sales declined 46.8% to \$18.1 million for the three months ended March 31, 2022 compared to \$34.0 million for the same period in 2021. Although we aim to concentrate on Greenlane Brands, these sales decreased \$3.1 million, or 34.0%, to \$6.0 million for the three months ended March 31, 2022 from \$9.0 million for the same period in 2021, driven largely by a decrease in third-party brand sales of 48.6% due to our strategy to focus on proprietary brands, and also interruptions due to our ERP implementation.

Cost of Sales and Gross Margin

For the three months ended March 31, 2022, cost of sales increased by \$15.1 million, or 59.4%, as compared to the same period in 2021. The increase in cost of sales was primarily due to the impact of the KushCo merger of \$26.2 million, offset by a decrease in revenue of 46.8% excluding the impact of the KushCo merger.

Gross margin decreased to 12.8% for the three months ended March 31, 2022, compared to gross margin of 25.2% for the same period in 2021. Excluding inventory write-offs of damaged and obsolete inventory for the three months ended March 31, 2022 and March 31, 2021 of \$5.8 million and \$1.0 million, respectively, associated with post-merger and ongoing product rationalization initiatives, gross margins decreased 2.9% to 25.3% for the three months ended March 31, 2022, compared to 28.1% for the same period in 2021. The decrease in margin is related to an increase in lower margin KushCo-related sales of \$28.4 million, and a 34.0% decrease in Greenlane Brands sales, which carry a higher margin profile than 3rd-party brand sales with a lower margin profile.

Salaries, Benefits and Payroll Taxes

Salaries, benefits and payroll taxes expenses increased by approximately \$3.7 million, or 57.9%, to \$10.1 million for the three months ended March 31, 2022, compared to \$6.4 million for the same period in 2021, primarily due to an increase related to the KushCo merger, an increase in severance of \$0.6 million and an increase in stock compensation of \$0.4 million, offset by a salaries and payroll taxes decrease related to a reduction in force we completed in March 2022, which we expect to result in approximately \$8.0 million in annualized cash compensation cost savings. This reduction in force is a part of our aforementioned 2022 Plan to reduce our cost structure, increase liquidity and accelerate our path to profitability.

As we continue to closely monitor the evolving business landscape, including the impacts of COVID-19 on our customers, vendors, and overall business performance, 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. In light of the KushCo merger, management is continuing to explore opportunities in 2022 to further reduce salary and other operating expenses.

General and Administrative Expenses

General and administrative expenses increased by approximately \$2.1 million, or 22.3%, for the three months ended March 31, 2022, compared to the same period in 2021. This increase was primarily due to an increase of approximately \$1.1 million in professional fees related to our ERP system implementation; an increase of \$0.3 million in insurance expense primarily driven by directors and officers insurance premiums increase; an increase of \$1.3 million related to the addition of KushCo facilities; and \$0.3 million in third party logistics fees related to the addition of a KushCo 3PL Canada facility; an increase of \$0.7 million in outbound shipping driven by an increase in sales contributed by the KushCo merger; an increase in other G&A expense of \$0.4 million; offset by a decrease of \$1.0 million in legal and accounting fees driven by decreased M&A activity and a \$1.1 million decrease in bad debt expense with the majority related to a gain of \$1.8 million due to indemnification asset recovery related to VAT liability offset by additional bad debt expense of \$0.6 million.

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$1.9 million, or 341.7%, for the three months ended March 31, 2022, compared to the same period in 2021. The increase is primarily related to the additional depreciation and amortization expense related to assets acquired in conjunction with the KushCo merger, as well as the Eyce and DaVinci business acquisitions.

Other Income (Expense), Net

Interest expense.

Interest expense consists of interest incurred on our Real Estate Note, promissory notes related to the Eyce and DaVinci acquisitions, and Bridge loan. We also experienced an increase of interest expense of approximately \$0.3 million during the three months ended March 31, 2022, due to the addition of promissory notes related to the Eyce and DaVinci acquisitions and the Secured Promissory Note (the "Bridge Loan") with a related party during 2021.

Other expense, net.

Other income (expense), net, decreased by approximately \$0.4 million for the three months ended March 31, 2022, compared to the same period in 2021. The change is primarily due a loss related to the change in fair value of equity investment of \$0.3 million.

Provision for (Benefit from) Income Taxes

As a result of the IPO and the related transactions (described further in "Note 1—Business Operations and Organizations" of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q), we own a portion of the Common Units of the Operating Company, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, the Operating Company is 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.

As discussed above, prior to the consummation of the IPO, 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 26.5%. After the consummation of the IPO, Greenlane became subject to U.S. federal, state and local income taxes with respect to Greenlane's 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%.

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

Segment Operating Performance

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

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

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

Our CODM allocates resources to and assesses the performance of our two operating segments based on the operating segments' net sales and gross profit. The following table sets forth information by reportable segment for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,					
			% of Total Net sales		Change	
	2022	2021	2022	2021	\$	%
Net sales:						
Consumer Goods	\$ 17,141	\$ 30,544	36.8 %	89.8 %	\$ (13,403)	(43.9)%
Industrial Goods	29,393	3,465	63.2 %	10.2 %	25,928	748.3 %
Total net sales	\$ 46,534	\$ 34,009				
Cost of sales:						
		% of Segment Net sales		Change		
	2022	2021	2022	2021	\$	%
Consumer Goods	\$ 14,319	\$ 22,934	83.5 %	75.1 %	\$ (8,615)	(37.6)%
Industrial Goods	26,247	2,520	89.3 %	72.7 %	23,727	941.5 %
Total cost of sales	\$ 40,566	\$ 25,454				
Gross profit:						
Consumer Goods	\$ 2,822	\$ 7,610	16.5 %	24.9 %	\$ (4,788)	(62.9)%
Industrial Goods	3,146	945	10.7 %	27.3 %	2,201	232.9 %
Total gross profit	\$ 5,968	\$ 8,555				

Consumer Goods

For the three months ended March 31, 2022, our Consumer Goods operating segment reported net sales of approximately \$17.1 million compared to approximately \$30.5 million for the same period in 2021, representing a decrease of \$13.4 million or 43.9%. The year-over-year decrease represented a \$1.6 million or 23.6% decrease in Greenlane Brands sales and a \$11.8 million or 38.8% decrease in third-party brand sales due to our strategy to focus on proprietary brands, and also interruptions due to our ERP implementation.

For the three months ended March 31, 2022, cost of sales decreased by \$8.6 million, or 37.6%, as compared to the same period in 2021. The decrease in cost of sales was primarily due to the 43.9% decrease in Consumer Goods net sales.

Gross margin decreased to 16.5% for the three months ended March 31, 2022, compared to gross margin of approximately 24.9% for the same period in 2021. Excluding post-merger strategic product rationalization initiative charges of \$1.9 million, gross margin was approximately 27.4% for the three months ended March 31, 2022, compared to gross margin of approximately 24.6%, excluding damaged and obsolete charges of \$1.0 million, for the same period in 2021. This increase was largely due to the decrease in lower margin third-party brand sales.

Industrial Goods

For the three months ended March 31, 2022, our Industrial Goods operating segment reported net sales of approximately \$29.4 million compared to approximately \$3.5 million for the same period in 2021, representing an increase of \$25.9 million or 748.3%. The increase is directly related to net sales of approximately \$28.4 million contributed by our merger with KushCo, partially offset by a \$1.5 million, or 61.6%, decrease in Pollen Gear revenue.

For the three months ended March 31, 2022, cost of sales increased by \$23.7 million, or 941.5%, as compared to the same period in 2020. The increase is directly related to cost of sales of approximately \$26.2 million contributed by our merger with KushCo.

Gross margin was approximately 10.7% for the three months ended March 31, 2022, compared to gross margin of approximately 27.3% for the same period in 2021, representing 54.3% year over year decrease. Excluding post-merger strategic product rationalization initiative charges of \$3.8 million, gross margin was approximately 23.8% for the three months ended March 31, 2022, compared to gross margin of approximately 27.3% for the same period in 2021. The year over year decrease in gross margin of approximately 1.7% is related to the sale of lower-margin KushCo-related products.

Net Sales by Geographic Regions

	Three Months Ended March 31,					
			% of Net sales		Change	
	2022	2021	2022	2021	\$	%
Net sales:						
United States	\$ 42,991	\$ 28,667	92.4 %	84.3 %	\$ 14,324	50.0 %
Canada	\$ 1,855	\$ 2,561	4.0 %	7.5 %	(706)	(27.6)%
Europe	\$ 1,688	\$ 2,781	3.6 %	8.2 %	(1,093)	(39.3)%
Total net sales	\$ 46,534	\$ 34,009	100.0 %	100.0 %	\$ 12,525	36.8 %

United States

For the three months ended March 31, 2022, our United States net sales were approximately \$43.0 million, compared to approximately \$28.7 million for the same period in 2021, representing an increase of \$14.3 million, or 50.0%. The year-over-year increase was primarily due to the merger with KushCo, which contributed \$28.4 million in total net sales. Excluding net sales contributed by KushCo, total net sales decreased by approximately \$14.1 million, or 49.2%, to approximately \$14.6 million for the three months ended March 31, 2022, compared to the same period in 2021. The year-over-year decrease was primarily due to a decrease in wholesale revenue of \$8.7 million, and a decrease in consumer retail revenue of \$2.8 million.

Canada

For the three months ended March 31, 2022, our Canadian net sales were approximately \$1.9 million, compared to approximately \$2.6 million for the same period in 2021, representing a decrease of \$0.7 million, or 27.6%. The year-over-year decrease was primarily due to a \$1.2 million decrease in wholesale revenue and a \$0.8 million decrease in nicotine sales as part of our strategic shift away from low margin sales. This was partially offset by \$1.0 million in net sales contributed by KushCo.

Europe

For the three months ended March 31, 2022, our European net sales were approximately \$1.7 million, compared to approximately \$2.8 million for the same period in 2021, representing a decrease of \$1.1 million or 39.3%. This was primarily due to a \$0.7 million, or 62.3%, decrease in third-party marketplace website sales and a \$0.5 million, or 40.3%, decrease in our B2B sales.

Liquidity and Capital Resources

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

Our primary requirements for liquidity and capital are working capital, debt service related to recent acquisitions and general corporate needs. Our primary sources of liquidity are our cash on hand and the cash flow that we generate from our operations, as well as proceeds from our ATM Program. As of March 31, 2022, we had approximately \$5.9 million of cash, of which \$0.8 million was held in foreign bank accounts, and approximately \$41.7 million of working capital, which is calculated as total current assets minus total current liabilities, as compared to approximately \$12.9 million of cash, of which \$0.7 million was held in foreign bank accounts, and approximately \$53.8 million of working capital as of December 31, 2021. The repatriation of cash balances from our foreign subsidiaries could have adverse tax impacts or be subject to capital controls; however, these balances are generally available to fund the ordinary business operations of our foreign subsidiaries without legal or other restrictions.

In December 2021, we entered into a Secured Promissory Note with Aaron LoCascio, our co-founder, former Chief Executive Officer and President, and a current director of the Company, in which Mr. LoCascio provided us with a bridge loan in the principal amount of \$8.0 million (the "Bridge Loan"). The Bridge Loan accrues interest at a rate of 15.0% per annum, which is due monthly, and the principal amount is due in full in June 2022. We are actively working to obtain financing to repay the Bridge Loan on or before its maturity date. However, we can provide no assurances that we will be able to obtain financing on attractive terms or at all in order to be able to repay or refinance the Bridge Loan, and we may be required to issue equity at on unattractive terms and at dilutive prices in order to be able to repay the Bridge Loan.

We are in the process of securing an asset backed loan to assist us with working capital needs. We can provide no assurances as to the timing of our entry into this loan, the final terms of the loan or that we will enter into it at all. However, we do not expect the covenants under any asset backed loan agreement to permit us to use the proceeds of such loan to refinance or repay the Bridge Loan. If we are unable to repay or refinance the Bridge Loan, we may be unable to obtain an asset-backed loan until the collateral securing the Bridge Loan has been released and the lenders of such asset-backed loan can obtain a first-lien security interest in such collateral.

On October 1, 2018, one of the Operating Company's wholly-owned subsidiaries closed on the purchase of a building for \$10.0 million, which serves as our corporate headquarters. The purchase was financed through a real estate term note (the "Real Estate Note") in the principal amount of \$8.5 million, with one of the Operating Company's wholly-owned subsidiaries as the borrower and Fifth Third Bank as the lender. Principal amounts plus any accrued interest at a rate of LIBOR plus 2.39% are due monthly. Our obligations under the Real Estate Note are secured by a mortgage on the property. We are seeking to enter into a sale lease-back transaction with respect to our corporate headquarters, at which point we would repay the Real Estate Note, and use the net proceeds from the sale for working capital purposes.

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

On March 31, 2022, the date on which our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") was filed with the SEC, the Shelf Registration Statement became subject to the offering limits set forth in General Instruction I.B.6 of Form S-3 ("Instruction I.B.6") because our public float was less than \$75 million. For so long as our public float is less than \$75 million, the aggregate market value of securities sold by us under the Shelf Registration Statement (including our ATM Program) pursuant to Instruction I.B.6 during any twelve consecutive months may not exceed one-third of our public float. Since the launch of the ATM program and through March 31, 2022, we sold 13,535,970 shares of our Class A common stock under the ATM Program, which generated gross proceeds of approximately \$10.4 million. In light of our low cash position, we have been forced to sell stock under our ATM program at prices that may not otherwise be attractive and are dilutive. We have offered \$0.3 million in securities pursuant to Instruction I.B.6 in the twelve calendar months preceding the date of filing of this Quarterly Report on Form 10-Q.

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

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

As of March 31, 2022, we did not have any off-balance sheet arrangements that are reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Cash Flows

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

<i>(in thousands)</i>	Three Months Ended March 31,	
	2022	2021
Net cash used in operating activities	\$ (12,023)	\$ (15,257)
Net cash used in investing activities	(709)	(2,822)
Net cash provided by (used in) financing activities	5,674	(104)

Net Cash Used in Operating Activities

During the three months ended March 31, 2022, net cash used in operating activities of approximately \$12.0 million consisted of (i) net loss of \$18.7 million, offset by non-cash adjustments to net loss of approximately \$1.8 million, including stock-based compensation expense of approximately \$0.9 million, depreciation and amortization expense of approximately \$2.4 million, and an offsetting reversal on the allowance of an indemnification receivable of approximately \$1.8 million, and (ii) a \$4.9 million decrease in working capital primarily driven by increases in accounts payable, accrued expenses and customer deposits of approximately \$9.5 million, offset by increases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$4.6 million.

During the three months ended March 31, 2021, net cash used in operating activities of approximately \$15.3 million consisted of (i) net loss of \$7.7 million, offset by non-cash adjustments to net loss of approximately \$0.6 million, including stock-based compensation expense of approximately \$0.5 million, depreciation and amortization expense of approximately \$0.5 million, and a reversal on the allowance of an indemnification receivable of approximately \$0.6 million, and (ii) \$8.1 million cash used in working capital primarily driven by decreases in accounts payable and accrued expenses of approximately \$12.4 million, an increase in customer deposits of approximately \$0.5 million, offset by decreases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$3.8 million.

Net Cash Used in Investing Activities

During the three months ended March 31, 2022, net cash used in investing activities of approximately \$0.7 million largely consisted of capital expenditures, including development costs for our new enterprise resource planning system.

During the three months ended March 31, 2021, we used approximately \$0.4 million of cash for capital expenditures, including development costs for our new enterprise resource planning system. Additionally, we used approximately \$2.4 million of cash for the acquisition of Eyce LLC.

Net Cash Provided by (Used in) Financing Activities

During the three months ended March 2022, net cash provided by financing activities of approximately \$5.7 million primarily consisted of cash proceeds of approximately \$6.8 million from the issuance of Class A common stock through our ATM Program, offset primarily by approximately \$1.0 million in payments on notes payable, finance lease obligations and other long-term liabilities.

During the three months ended March 31, 2021, net cash used in financing activities primarily consisted of approximately \$0.1 million in payments on notes payable, finance lease obligations, and other long-term liabilities.

Critical Accounting Policies and Estimates

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

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

Material Weaknesses Remediation Plan and Status

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

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

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

Changes in Internal Control Over Financial Reporting

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

There were no other changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

As of March 31, 2022, there have been no material changes from the risk factors previously disclosed in response to "Part I – Item 1A. 'Risk Factors'" in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 31, 2022.

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

On March 25, 2022, we issued an aggregate of 8,577 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, as amended.

ITEM 5. OTHER INFORMATION

Departure of William Mote

On May 16, 2022, William Mote, the Chief Financial Officer of the Company, entered into a Separation and General Release Agreement (the "Separation Agreement") with Warehouse Goods LLC, a wholly owned subsidiary of the Company, whereby Mr. Mote's employment with the Company will be terminated effective May 17, 2022 (the "Separation Date"). Mr. Mote's decision to step down as Chief Financial Officer of the Company is due to his desire to pursue other interests and is not the result of any disagreement with the Company or any matter relating to the Company's operations, policies or practices.

Pursuant to the Separation Agreement, Mr. Mote will receive a cash severance payment totaling \$218,418.87, representing six months' salary, fifty percent of Mr. Mote's pro-rated bonus eligibility for 2022, and COBRA payments for six months. The salary and COBRA payments are each payable in accordance with the Company's ordinary payroll practices, and the pro-rated bonus payment is payable within fifteen days of the effectiveness of the release contained in the Separation Agreement. As consideration for entering into the Separation Agreement, Mr. Mote agreed to a full and complete release of any and all waiveable claims and rights against the Company, its parents, subsidiaries and affiliates, and each of their officers, directors, members, shareholders, employees, agents, representatives, consultants, fiduciaries, attorneys, insurers, benefit plans, plan administrators, joint venture partners, subsidiaries and affiliates, and all of their predecessors, successors, and assigns, up to and through the Separation Date.

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

The foregoing description of the Separation Agreement is qualified in its entirety by reference to the full text of the Separation Agreement, which is attached hereto as Exhibit 10.4.

ITEM 6. EXHIBITS

Exhibit Number	Description
<u>10.1†</u>	<u>Separation and General Release Agreement by and between Warehouse Goods LLC and Adam Schoenfeld, dated as of March 9, 2022 (Incorporated by reference to Exhibit 10.1 to Greenlane's Current Report on Form 8-K, filed on March 10, 2022).</u>
<u>10.2†</u>	<u>Amended and Restated Employment Agreement by and between Warehouse Goods LLC and William Mote, dated as of March 10, 2022 (Incorporated by reference to Exhibit 10.3 to Greenlane's Current Report on Form 8-K, filed March 10, 2022).</u>
<u>10.3†</u>	<u>Employment Agreement by and between Warehouse Goods LLC and Nicholas Kovacevich, dated as of March 10, 2022 (Incorporated by reference to Exhibit 10.2 to Greenlane's Current Report on Form 8-K, filed March 10, 2022).</u>
<u>10.4†</u>	<u>Separation and General Release Agreement by and between Warehouse Goods LLC and William Mote, dated as of May 16, 2022</u>
<u>18.1*</u>	<u>Preferability Letter of Marcum LLP, dated May 16, 2022</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2*</u>	<u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Stockholders' Equity, and (iv) Condensed Consolidated Statements of Cash Flows. The instance document does not appear in the Interactive Data File because its XBRL tags are imbedded within the Inline XBRL document.
104*	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL

* Filed herewith.

† Indicates a management contract or compensatory plan or arrangement.

CONFIDENTIAL SEPARATION AND GENERAL RELEASE AGREEMENT

THIS CONFIDENTIAL SEPARATION AND GENERAL RELEASE AGREEMENT (the "Agreement") is entered into between William Mote (the "Employee") and Warehouse Goods LLC (the "Company") (collectively, the "Parties"), as follows:

Terms and Conditions

1. **Separation of Employment.** Employee hereby acknowledges that Employee's employment with the Company will be terminated on May 17, 2022 (the "Separation Date"). The Parties mutually agree that the Amended and Restated Employment Agreement previously entered into by and between Employee and the Company (the "Employment Agreement") shall terminate effective as of the Separation Date, except that the post-termination rights and obligations of the Parties set forth in Sections 6, 8, 9, 10 & 11 of the Employment Agreement shall survive termination of the Employment Agreement and Employee's employment with the Company in accordance with the terms of the Employment Agreement, save and except any such obligations, if any, which are unenforceable under applicable law in the subject jurisdiction at the time.

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

3. **Consideration.** In consideration for Employee's release of claims in Section 4 below, Employee's release of claims in Section 3 of the Reaffirmation attached hereto as Exhibit "A" (the "Reaffirmation"), the other promises made by Employee herein, and in full satisfaction of all final payments due Employee from the Company (including, but not limited to severance pay, benefits or other remuneration in whatever form), and provided that: (i) Employee's employment with the Company has not been terminated prior to the Separation Date as a result of voluntary termination by the Employee or involuntary termination by the Company for any reason other than layoff, and (ii) both this Agreement and the Reaffirmation attached hereto as Exhibit "A" (the "Reaffirmation") are timely signed by Employee, returned to the Company, and not revoked as set forth in Section 30 of this Agreement and Section 7 of the Reaffirmation, and all Company property is returned by Employee to Company as set forth in Section 9 of this Agreement, then the Company shall pay Employee (i) the gross amount of a total of \$170,000.00 (the "Salary Severance"); (ii) \$10,692.84 representing six (6) months of COBRA payments (the "COBRA Severance") (the Salary Severance and the COBRA Severance are collectively referred to as the "Payment"), each of which will be paid by Company to Employee in equal bi-weekly installments over the course of the Company's regular bi-weekly paydays, beginning with the Company's first regular payday following the expiration of the revocation period set forth in Section 7 of the Reaffirmation, as well as (iii) \$37,726.03, representing fifty percent of Employee's pro-rated bonus eligibility, which will be paid within fifteen (15) days of the

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

4. General Release. In consideration for the Payment, Employee fully and completely releases and gives up any and all waivable claims and rights that Employee may have against the Company, its parents, subsidiaries, and affiliates, including but not limited to Greenlane Holdings, Inc., and each of their officers, directors, members, shareholders, employees, agents, representatives, consultants, fiduciaries, attorneys, insurers, benefit plans, plan administrators, joint venture partners, subsidiaries and affiliates, and all of their predecessors, successors, and assigns (collectively, the "Releasees"). This Agreement applies to all waivable claims resulting from anything that has happened up through the date that Employee signs this Agreement, including claims of which Employee is not aware and those not specifically mentioned in this Agreement. Employee understands that this Agreement does not waive rights or claims that may arise from events that occur after Employee signs this Agreement. Without limiting the generality of the foregoing, Employee specifically releases all waivable claims relating to: (i) Employee's employment by the Company, the terms and conditions of such employment, the Employment Agreement, employee benefits related to Employee's employment with the Company, the termination of Employee's employment with the Company, and/or any of the events relating directly or indirectly to or surrounding such termination; (ii) any and all claims of discrimination, harassment, whistleblowing or retaliation in employment (whether based on federal, state or local law, statutory or decisional), including without limitation, all claims under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") (this release is meant to comply with the Older Workers Benefit Protection Act ("OWBPA"), 29 U.S.C. § 621 et seq., which statute was enacted to, among other things, ensure that individuals age 40 or older who waive their rights under the ADEA do so knowingly and voluntarily), the Worker's Adjustment and Retraining Notification Act ("WARN"), Title VII of the Civil Rights Act of 1964, as amended ("Title VII"), the Americans with Disabilities Act, as amended ("ADA"), the Civil Rights Act of 1991, the Reconstruction Era Civil Rights Act of 1866, 42 USC §§ 1981-86, as amended, the Equal Pay Act ("EPA"), the Family and Medical Leave Act, as amended ("FMLA"), the Employee Retirement Income Security Act ("ERISA") (other than claims with regard to vested benefits), Sections 503 and 504 of the Rehabilitation Act of 1973, the Occupational Safety and Health Act ("OSHA"), the National Labor Relations Act ("NLRA"), or any state or local discrimination, harassment, whistle blowing or retaliation law; (iii) any and all claims for damages of any kind whatsoever, including without limitation compensatory, punitive, treble, liquidated and/or consequential damages; (iv) any and all claims under any contract, whether express or implied, and all claims in equity; (v) any and all claims for unintentional or intentional torts, for emotional distress, and for pain and suffering; (vi) any and all claims for violation of any statutory or administrative rules, regulations or codes; and (vii) any and all claims for attorneys' fees, paralegals' fees, costs, disbursements, wages, bonuses, benefits, vacation and/or the like. Employee represents that Employee knows of no claim that Employee has against the Company or any of the other Releasees that is not released

by this Section 4. Employee understands and agrees that this Agreement is binding on Employee and on anyone who succeeds to Employee's rights.

5. Taxes and Indemnification. Employee agrees to pay any and all taxes (other than payroll taxes) found to be owed from Payment made pursuant to this Agreement and to indemnify and hold the Company harmless for any federal, state and local tax liability, including taxes, interest, penalties or the like, and required withholdings, which may be or is asserted against or imposed upon the Releasees by any taxing authority based upon any amounts paid to Employee as a result of Employee's non-payment of taxes of such amounts for which Employee is legally responsible. Employee understands and agrees that any necessary tax documentation, such as W-2s, may be filed by Company with regard to monies paid under this Agreement. Employee and the Company acknowledge that nothing herein shall constitute tax advice to the other party.

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

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

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

9. Return of Company Property. On or before the Separation Date, Employee agrees to return all Company property including, but not limited to, documents, confidential information, books, records, equipment and/or files, whether prepared by Employee or otherwise coming into Employee's possession. Employee agrees not to retain any copies, other reproductions, or extracts of the Company's property, documents, and/or confidential information, in electronic form or otherwise after the Separation Date.

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

provided that the individual first agrees to keep the terms of this Agreement confidential. Employee acknowledges and agrees that any other disclosure regarding the terms of this Agreement would constitute a material breach of the Agreement. If Employee is compelled by legal subpoena or court order to provide information covered by this Section 10, prior to such disclosure, Employee will immediately provide a copy of such judicial order or subpoena, by overnight delivery and e-mail to the Company, attention Douglas Fischer, General Counsel at 1095 Broken Sound Parkway NW, Suite 300, Boca Raton, FL 33487, dfischer@greenlane.com. Employee agrees to provide the Company with a reasonable opportunity to intervene to assert what rights it may have to non-disclosure, prior to any response to the order or subpoena. Nothing in this Section 10 is intended to, nor should be construed to, limit Employee's rights as outlined in Section 11 below.

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

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

13. Survival of Post-Termination Obligations. Employee acknowledges and re-affirms Employee's obligations to comply with Employee's post-termination obligations under that certain Employee Proprietary Rights and Confidentiality Agreement executed by and between Employee and the Company (the "Confidentiality Agreement"), as well as the Employment Agreement, which shall survive termination of this Agreement, termination of the Employment Agreement, and termination of Employee's employment with the Company, and remain in full force and effect hereafter.

14. Severability. Should a court of competent jurisdiction determine that the general release set forth in Section 4 above is invalid, void and/or unenforceable, then Employee agrees that the Company's obligations under this Agreement are null and void and Employee shall return to the Company the Payment made to Employee under this Agreement. If any other provisions in this Agreement or the Reaffirmation are held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way. Nothing in this Section 14 is intended to, nor shall be construed to, apply to any contrary rights of Employee under the ADEA.

15. Acknowledgment. Employee acknowledges that Employee has been advised by the Company in writing to consult with an attorney before signing this Agreement; acknowledges and understands that the general release contained in Section 4 above effectively waives all claims against Releasees under the ADEA; and acknowledges that Employee has been afforded the opportunity to consider the terms of this Agreement for a period of forty-five (45) days prior to its execution. Employee acknowledges that Employee may use as much or as little of the forty-five (45) day period to make Employee's decision to execute this Agreement. Any material or non-material changes made to this Agreement after Employee receives this Agreement do not restart the running of the 45-day period. Employee acknowledges that no representation, promise or inducement has been made other than as set forth in this Agreement, and that Employee enters into this Agreement without reliance upon any other representation, promise or inducement not set forth herein. Employee acknowledges and represents that Employee assumes the risk for any mistake of fact now known or unknown, and that Employee understands and acknowledges the significance and consequences of this Agreement. Employee further acknowledges that Employee has read this Agreement and the Reaffirmation in their entirety; that Employee fully understands all of the terms and their significance; and that Employee has signed this Agreement voluntarily, knowingly and of Employee's own free will. Employee further affirms that, upon receipt of Employee's final paycheck, Employee will have been paid and/or have received all leave (paid or unpaid), base salary, commissions, bonuses, and all other compensation and benefits to which Employee may have been entitled from the Company through the Separation Date. Employee further affirms that Employee has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act or any similar state or federal law, and has not suffered any workplace injuries or occupational diseases that have not previously been reported to the Company.

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

17. Breach. Employee acknowledges that if Employee materially breaches or threatens to materially breach this Agreement or the Reaffirmation, breaches the confidentiality, non-incitement, and non-disparagement provisions of this Agreement, breaches the post-termination obligations contained in the Employment Agreement or Confidentiality Agreement, and/or commences a suit, action, proceeding or complaint in contravention of this Agreement and waiver of claims (except as outlined in Section 11 above), the Company's obligations to provide Employee the Payment referred to above shall immediately cease and the Company shall be entitled to all other remedies allowed in law or equity, including but not limited to the return of any payments made to Employee under this Agreement. Further, nothing in this Agreement shall prevent the Company from pursuing an injunction to enforce Employee's post-termination obligations in the Employment Agreement and Confidentiality Agreement. Nothing in this Section 17 is intended to, nor shall be construed to, apply to any contrary rights of Employee under the ADEA.

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

19. Complete Agreement. This Agreement and the Reaffirmation shall not be modified unless in writing and signed by both the Company and the Employee. The Parties agree that this Agreement and the Reaffirmation set forth all the promises and agreements between them and supersede all prior and contemporaneous agreements, understandings,

inducements or conditions, expressed or implied, oral or written, except that the post-employment obligations contained in the Confidentiality Agreement and Employment Agreement shall remain in full force and effect following the Employee's execution of this Agreement and the Reaffirmation, shall survive the termination of Employee's employment, and are incorporated by reference herein.

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

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

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

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

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

benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Employee on account of non-compliance with Section 409A.

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

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

27. Construction; Headings. The Parties expressly acknowledge that they have had equal opportunity to negotiate the terms of this Agreement and that this Agreement shall not be construed against the drafter. The headings contained in the Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. The language in all parts of this Agreement will be in all cases construed simply according to its fair meaning and not strictly for or against any party. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for the convenience only and will not affect the construction or interpretation of any of the provisions herein.

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

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

30. Right of Revocation. Employee has the right to revoke this Agreement within seven (7) days after Employee's execution of this Agreement by giving written notice of such revocation to the Company, attention Douglas Fischer, General Counsel at 1095 Broken Sound Parkway NW, Suite 300, Boca Raton, FL 33487, dfischer@greenlane.com, delivered by no later than the seventh day after Employee signs and delivers this Agreement to the Company. As such, the Agreement shall not become effective until the eighth (8th) day following Employee's signing of this Agreement. In the event that Employee revokes this Agreement, then this Agreement, and the promises contained therein, shall automatically be deemed null and void and the Company will not be obligated to pay Employee the Payment promised in Section 3 above. Employee acknowledges and understands that the Company is not obligated to make the Payment to Employee until after the Effective Date defined in Section 7 of the Reaffirmation.

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

THIS IS A LEGAL DOCUMENT – READ CAREFULLY BEFORE SIGNING.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

Employee represents and warrants that Employee has read this Agreement in its entirety, has been offered a period of forty-five (45) days to review this Agreement and the Reaffirmation attached as Exhibit “A” hereto, and has been advised in writing herein to consult with counsel prior to signing this Agreement. Employee further represents and warrants that Employee is of sound mind and fully understands and voluntarily assents to all of the terms of this Agreement.

EMPLOYEE:

COMPANY:

Warehouse Goods LLC

Signature

By: _____
Signature

William Mote

Title: _____

Date: _____

Print Name

Date: _____

Employee's Initials ____ Company's Initials ____

EXHIBIT A TO SEPARATION AGREEMENT - REAFFIRMATION

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

REAFFIRMATION

1. This Reaffirmation (this "Reaffirmation") is the "Reaffirmation" referred to and defined in the Confidential Separation and General Release Agreement (the "Separation Agreement") between William Mote ("Employee," "I," "me," or "my") and Warehouse Goods, LLC (formerly known as Jacoby Holdings, LLC) (the "Company"). The Separation Agreement previously was signed by me and delivered to the Company.

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

3. In exchange for the consideration described in Section 3 of the Separation Agreement, I hereby fully and completely release and give up any and all waivable claims and rights that I may have against the Company, its parents, subsidiaries, affiliates, including but not limited to Greenlane Holdings, Inc., and each of their officers, directors, members, shareholders, employees, agents, representatives, consultants, fiduciaries, attorneys, insurers, benefit plans, plan administrators, joint venture partners, subsidiaries and affiliates, and all of their predecessors, successors, and assigns (collectively, the "Releasees"). The release in this Reaffirmation applies to all waivable claims resulting from anything that has happened up through the date I sign this Reaffirmation, including claims of which I am not aware and those not specifically mentioned in this Reaffirmation. I understand that this Reaffirmation does not waive rights or claims that may arise after the date that I sign this Reaffirmation. Without limiting the generality of the foregoing, I specifically release all waivable claims against the Releasees relating to: (i) my employment by the Company, the terms and conditions of such employment, the Employment Agreement (as defined in the Separation Agreement), employee benefits related to my employment with the Company, the termination of my employment with the Company, and/or any of the events relating directly or indirectly to or surrounding such termination; (ii) any and all claims of discrimination, harassment, whistleblowing or retaliation in employment (whether based on federal, state or local law, statutory or decisional), including without limitation, all claims under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") (this release is meant to comply with the Older Workers Benefit Protection Act ("OWBPA"), 29 U.S.C. § 621 et seq., which statute was enacted to, among other things, ensure that individuals age 40 or older who waive their rights under the ADEA do so knowingly and voluntarily), the Worker's Adjustment and Retraining Notification Act ("WARN"), Title VII of the Civil Rights Act of 1964, as amended ("Title VII"), the Americans with Disabilities Act, as amended ("ADA"), the Civil Rights Act of 1991, the Reconstruction Era Civil Rights Act of 1866, 42 USC §§ 1981-86, as amended, the Equal Pay Act ("EPA"), the Family and Medical Leave Act, as amended ("FMLA"), the Employee Retirement Income Security Act ("ERISA") (other than claims with regard to vested benefits), Sections 503 and 504 of the Rehabilitation Act of 1973, the Occupational Safety and Health Act ("OSHA"), the National Labor Relations Act ("NLRA"), or any state or local discrimination, harassment, whistle blowing or retaliation law; (iii) any and all claims for damages of any kind whatsoever, including without limitation compensatory, punitive, treble, liquidated and/or consequential damages; (iv) any and all claims under any contract, whether express or implied, and all claims in equity; (v) any and all claims for unintentional or intentional torts, for emotional distress, and for pain and suffering; (vi) any

EXHIBIT A TO SEPARATION AGREEMENT - REAFFIRMATION

and all claims for violation of any statutory or administrative rules, regulations or codes; and (vii) any and all claims for attorneys' fees, paralegals' fees, costs, disbursements, wages, bonuses, benefits, vacation and/or the like. I represent that I know of no claim that I have against the Company or any of the other Releasees that is not released by this Section 3. I understand and agree that this Reaffirmation is binding on me and on anyone who succeeds to my rights. I hereby irrevocably covenant to refrain from, directly or indirectly, asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any of the Releasees, based upon any matter purported to be released hereby, and this covenant and release shall be a complete and final bar to any claims released hereunder. I understand that nothing in the Separation Agreement or this Reaffirmation shall preclude me from exercising my rights as set forth in Section 5 hereof.

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

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

6. I acknowledge that I have been advised in writing to consult with an attorney before signing the Separation Agreement and this Reaffirmation, and that I have been afforded the opportunity to consider the terms of the Separation Agreement and this Reaffirmation and incorporated waiver of claims for forty-five (45) days prior to signing the Separation Agreement and this Reaffirmation. I acknowledge that no representation, promise, or inducement has been made other than as set forth in the Separation Agreement and this Reaffirmation, and that I enter into this Reaffirmation knowingly without reliance upon any other representation, promise, or

EXHIBIT A TO SEPARATION AGREEMENT - REAFFIRMATION

inducement that is not set forth in the Separation Agreement and herein. I acknowledge and represent that I assume the risk for any mistake of fact now known or unknown, and that I understand and acknowledge the significance and consequences of the Separation Agreement and this Reaffirmation. I further acknowledge that I have read the Separation Agreement and this Reaffirmation in their entirety; that I fully understand all of their terms and their significance; and that I have signed the Separation Agreement and this Reaffirmation voluntarily and of my own free will. I further affirm that, upon receipt of my final paycheck from the Company, I will have been paid and/or have received all leave (paid or unpaid), compensation, bonuses and/or benefits to which I may be entitled from the Company through the Separation Date and that no other leave (paid or unpaid), compensation, bonuses and/or benefits are due to me from Company. I further affirm that I have been provided and/or have not been denied any leave requested under applicable federal, state, and local law, and have not suffered any workplace injuries that have not previously been reported to the Company.

7. I understand that I have seven (7) days following the Separation date to return a signed copy of this Reaffirmation to the Company, attention Douglas Fischer, General Counsel, 1095 Broken Sound Parkway NW, Suite 300, Boca Raton, FL 33487, dfischer@greenlane.com. I further understand that I have the right to revoke this Reaffirmation within seven (7) days after my execution of this Reaffirmation by giving notice in writing of such revocation to the Company, attention Douglas Fischer, General Counsel, 1095 Broken Sound Parkway NW, Suite 300, Boca Raton, FL 33487, dfischer@greenlane.com. As such, this Reaffirmation shall not become effective until the eighth (8th) day following my signing of this Reaffirmation (the "Effective Date"). In the event that I do not timely return a signed copy of this Reaffirmation to the Company or I revoke this Reaffirmation, then this Reaffirmation and the Separation Agreement, and the promises contained therein, shall automatically be deemed null and void, the Company will not be obligated to provide me with the Payment under Section 3 of the Separation Agreement, and the Separation Date shall be unaltered. I acknowledge and understand that the Company is not obligated to provide me with the Payment under Section 3 of the Separation Agreement until after the Effective Date set forth in this Reaffirmation.

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

THIS IS A LEGAL DOCUMENT – READ CAREFULLY BEFORE SIGNING.

I represent and warrant that I have read the Separation Agreement, the Disclosure, and this Reaffirmation in their entirety, have been offered forty-five (45) days to review the Separation Agreement, the Disclosure, and this Reaffirmation and incorporated release, and have been advised in writing herein to consult with an attorney prior to signing this Reaffirmation. I further represent and warrant that I am of sound mind and fully understand and voluntarily assent to all of the terms of this Reaffirmation.

EMPLOYEE:

Signature

William Mote

EXHIBIT A TO SEPARATION AGREEMENT - REAFFIRMATION

Date: _____

Employee's Initials ____ Company's Initials ____

The Board of Directors
Greenlane Holdings, Inc.
1095 Broken Sound Parkway, Suite 300
Boca Raton, Florida 33487

Dear Directors:

Note 2 to the financial statements of Greenlane Holdings, Inc. included in its quarterly report on Form 10-Q for the quarterly period ended March 31, 2022 describes a change in accounting policy for outbound shipping and handling costs. There are no authoritative criteria for determining a “preferable” method based on the particular circumstances, however, we conclude that such change in the method of accounting is to an acceptable alternative method, which based on your business judgment to make this change and for the stated reasons, is preferable in your circumstances. We have not conducted an audit in accordance with the standards of the Public Company Accounting Oversight Board (United States) of any financial statements of the Company as of any date or for any period subsequent to December 31, 2021, and therefore we do not express any opinion on any financial statements of Greenlane Holdings, Inc. subsequent to that date.

Very truly yours,

/s/ Marcum LLP

Marcum LLP
Costa Mesa, California
May 16, 2022

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

I, Nicholas Kovacevich, certify that:

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

Date: May 16, 2022

/s/ NICHOLAS KOVACEVICH

Nicholas Kovacevich
Chief Executive Officer
(Principal Executive Officer)

**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 control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2022

/s/ WILLIAM MOTE

William Mote
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of Greenlane Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nicholas Kovacevich, the Chief Executive Officer of the Company, and I, 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: May 16, 2022

/s/ NICHOLAS KOVACEVICH

Nicholas Kovacevich
Chief Executive Officer
(Principal Executive Officer)

/s/ WILLIAM MOTE

William Mote
Chief Financial Officer
(Principal Financial Officer)