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

FORM 10-Q/A

(Amendment No. 2)

(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, 2023

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

For the transition period from____ to ____

001-38875
(Commission file number)

Greenlane Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	83-0806637
State or other jurisdiction of incorporation or organization	**(I.R.S. Employer Identification No.)**
1095 Broken Sound Parkway, Suite 100 Boca Raton, FL	33487
(Address of principal executive offices)	**(Zip Code)**

(877) 292-7660
Registrant's telephone number, including area code

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

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

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

Indicate by check mark 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

Indicate by check mark whether the registrant 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, 2023, Greenlane Holdings, Inc. had1,599,313 shares of Class A common stock and 1,599,313 shares of Series A Preferred Stock outstanding.

EXPLANATORY NOTE

Overview

On May 16, 2023, Greenlane Holdings, Inc. (the "Company") filed Amendment No. 1 on Form 10-Q/A ("Amendment No. 1") to its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, solely for the purpose of filing revised certifications by the Company's principal executive officer and principal financial officer as Exhibit 31.1, Exhibit 31.2, Exhibit 32.1 respectively, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (the "302 Certifications"). Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, Amendment No. 1 also contained new certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "906 Certifications"). No revisions were made to the Company's financial statements or any other disclosure contained in the original Form 10-Q for the quarterly period ended March 31, 2023 (the "Original Form 10-Q"). Except for the revisions in the Section 302 and 906 Certifications filed with Amendment No. 1, Amendment No. 1 spoke as of the Original Form 10-Q filing date of May 15, 2023, and did not reflect events occurring after the Original Form 10-Q or modified or updated disclosures that may have been affected by subsequent events.

The Company is filing this Amendment No. 2 on Form 10-Q/A ("Amendment No. 2") to amend and restate certain items presented in the Company's Original Form 10-Q for the quarterly period ended March 31, 2023. This Amendment No. 2 contains our unaudited condensed consolidated financial statements as of and for the quarterly period ended March 31, 2023, which have been restated to correct certain errors related to the accounting for definite-lived intangibles and property and equipment as further described below (the "Misstatements") (refer to Note 2. included in Part I, Item 1 of this Amendment No.2 for additional information).

All material restatement information that relates to the Misstatements will be included in the Amended Reports, and we do not intend to separately amend other filings that the Company has previously filed with the SEC. As a result, such prior reports should no longer be relied upon.

In accordance with applicable SEC rules, this Amendment No. 2 includes new certifications specified in Rule 13a-14 under the Exchange Act from our Chief Executive Officer and Chief Legal and Financial Officer dated as of the date of this filing.

Other than as described above, this Amendment No. 2 does not reflect adjustments for events occurring after the filing of the Original Form 10-Q except to the extent that they are otherwise required to be included and discussed herein. See below and Part I, Item I, Note 2 in the notes to the unaudited condensed consolidated financial statements included in this Amendment No. 2, for a detailed discussion of the effect of the restatement on the financial statements included in this Amendment No. 2.

Except as noted herein, the information included in the Original Form 10-Q remains unchanged. This Amendment No. 2 continues to describe the conditions as of the date of the Original Form 10-Q and, except as contained herein, we have not updated or modified the disclosures contained in the Original Form 10-Q to reflect any events that have occurred after the Original Form 10-Q. Accordingly, forward-looking statements included in this Amendment No. 2 may represent management's views as of the Original Form 10-Q and should not be assumed to be accurate as of any date thereafter. This Amendment No. 2 should be read in conjunction with the Company's filings made with the SEC subsequent to the filing of the Original Form 10-Q, including any amendment to those filings.

Background on the Restatement

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on November 15, 2023, on November 10, 2023, the Audit Committee of the Board of Directors (the "Audit Committee") of the Company, after consultation with management and discussions with Marcum LLP, the Company's independent registered public accounting firm for the fiscal year ended December 31, 2022, concluded that the sequence it used in applying the guidance in ASC 360-10-35 and ASC-350-10 was done out of order in determining whether an impairment of its definite-lived intangible assets existed as of September 30, 2022. Under the guidance provided by ASC 360-10-35, the carrying amounts of any assets that are not within the scope of ASC 360-10, other than goodwill, should be adjusted for impairment, as necessary, prior to testing long-lived assets for impairment under ASC-350-10 and the carrying amount of assets within the scope of ASC 360-10 should be adjusted for impairment prior to testing goodwill for impairment under ASC 350-10.

Additionally, on January 2, 2024, the Audit Committee, after consultation with management and discussions with Marcum LLP, concluded that the that the Company's ERP system capitalized cost was impaired due to the system not being able to be sold separately from the business, and the current enterprise value of the business does not support the carrying value of the ERP system.

As a result, the carrying balance of definite-lived intangible assets and property and equipment was overstated in the Company's previously issued unaudited consolidated financial statements for the quarterly period ended September 30, 2022, which also impacted the audited consolidated financial statements for the annual period ended December 31, 2022, and the quarterly unaudited consolidated financial statements for the quarterly periods ended March 31, 2023 and June 30, 2023 (collectively, the "Affected Periods"), as well as the relevant portions of any communication or filings which describe or are based on such financial statements, and therefore these financial statements for the Affected Periods should no longer be relied upon and are to be restated. These changes are to non-cash items and do not change the Company's reported operating revenues or costs of goods sold, however, the Company determined that these changes have a material impact on the as-filed financial statements for the Affected Periods, and as a result, the restatement of the Affected Periods is required.

There was no impact to net cash flows related to operating, financing or investing activities for any of the Affected Periods.

Greenlane Holdings, Inc.
Form 10-Q/A
For the Quarterly Period Ended March 31, 2023

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PART I

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	March 31, 2023		December 31, 2022	
	(As restated)		**(As restated)**	
ASSETS	(Unaudited)			
Current assets				
Cash	$	5,872	$	6,458
Restricted cash		—		5,718
Accounts receivable, net of allowance of $ 4,767 and $4,826 at March 31, 2023 and December 31, 2022, respectively		7,856		6,468
Inventories, net		37,043		40,643
Vendor deposits		5,299		6,296
Other current assets (Note 8)		6,724		11,120
Total current assets		62,794		76,703
Property and equipment, net		3,791		3,962
Operating lease right-of-use assets		2,936		3,442
Other assets		5,593		5,578
Total assets	$	75,114	$	89,685
LIABILITIES				
Current liabilities				
Accounts payable	$	16,999	$	14,953
Accrued expenses and other current liabilities (Note 8)		12,884		11,882
Customer deposits		3,224		3,983
Current portion of notes payable		2,699		3,185
Current portion of operating leases		1,179		1,528
Current portion of finance leases		128		128
Total current liabilities		37,113		35,659
Notes payable, less current portion and debt issuance costs, net		5,535		13,040
Operating leases, less current portion		1,730		1,887
Finance leases, less current portion		29		29
Other liabilities		80		79
Total long-term liabilities		7,374		15,035
Total liabilities		44,487		50,694
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; 15,985 shares issued and outstanding as of March 31, 2023; 15,985 shares issued and outstanding as of December 31, 2022		152		152
Class B common stock, $0.0001 par value per share, 30,000 shares authorized; 0 shares issued and outstanding as of March 31, 2023; 0 shares issued and outstanding as of December 31, 2022		—		—
Additional paid-in capital		264,085		263,880
Accumulated deficit		(233,807)		(225,114)
Accumulated other comprehensive income (loss)		233		55
Total stockholders' equity attributable to Greenlane Holdings, Inc.		30,663		38,973
Non-controlling interest		(36)		18
Total stockholders' equity		30,627		38,991
Total liabilities and stockholders' equity	$	75,114	$	89,685

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

	Three months ended March 31,	
	2023	2022
	(As restated)	
Net sales	$ 23,959	$ 46,534
Cost of sales	18,440	40,566
Gross profit	5,519	5,968
Operating expenses:		
Salaries, benefits and payroll taxes	5,370	10,061
General and administrative	7,677	11,715
Depreciation and amortization	491	2,403
Total operating expenses	13,538	24,179
Loss from operations	(8,019)	(18,211)
Other income (expense), net:		
Interest expense	(815)	(406)
Other income (expense), net	88	(54)
Total other income (expense), net	(727)	(460)
Loss before income taxes	(8,746)	(18,671)
Provision for (benefit from) income taxes	1	78
Net loss	(8,747)	(18,749)
Less: Net loss attributable to non-controlling interest	(54)	(3,417)
Net loss attributable to Greenlane Holdings, Inc.	$ (8,693)	$ (15,332)
Net loss attributable to Class A common stock per share - basic and diluted (Note 9)*	$ (0.55)	$ (3.40)
Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 9)*	15,986	4,509
Other comprehensive income:		
Foreign currency translation adjustments	178	88
Unrealized gain on derivative instrument	—	358
Comprehensive loss	(8,569)	(18,303)
Less: Comprehensive loss attributable to non-controlling interest	—	(3,331)
Comprehensive loss attributable to Greenlane Holdings, Inc.	$ (8,569)	$ (14,972)

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

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

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

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital*	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares*	Amount*	Shares*	Amount*					
Balance 12/31/2022 (As restated)	15,985	$ 152	—	$ —	$ 263,880	$ (225,114)	$ 55	$ 18	$ 38,991
Net loss (As restated)	—	—	—	—	—	(8,693)	—	(54)	(8,747)
Equity-based compensation	—	—	—	—	110	—	—	—	110
Issuance of Class A shares - Amended Eyce APA (Note 3)	—	—	—	—	95	—	—	—	95
Other comprehensive income	—	—	—	—	—	—	178	—	178
Balance Balance March 31, 2023 (As restated)	**15,985**	**$ 152**	**—**	**$ —**	**$ 264,085**	**$ (233,807)**	**$ 233**	**$ (36)**	**$ 30,627**

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital*	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares*	Amount*	Shares*	Amount*					
Balance December 31, 2021	4,260	$ 43	1,087	$ —	$ 229,705	$ (55,544)	$ 324	$ 21,836	$ 196,364
Net loss	—	—	—	—	—	(15,332)	—	(3,417)	(18,749)
Equity-based compensation	94	1	—	—	729	—	—	172	902
Issuance of Class A shares, net of costs - ATM Program	557	6	—	—	6,795	—	—	—	6,801
Issuance of Class A shares - contingent consideration	191	2	—	—	3,484	—	—	—	3,486
Exchanges of noncontrolling interest for Class A common stock	28	—	(28)	—	543	—	—	(543)	—
Other comprehensive income	—	—	—	—	—	—	361	85	446
Balance March 31, 2022	**5,130**	**$ 52**	**1,059**	**$ —**	**$ 241,256**	**$ (70,876)**	**$ 685**	**$ 18,133**	**$ 189,250**

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

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

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

	For the three months ended March 31,	
	2023	2022
	(As restated)	
Cash flows from operating activities:		
Net loss (including amounts attributable to non-controlling interest) (As restated)	$ (8,747)	$ (18,749)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization (As restated)	491	2,403
Equity-based compensation expense	205	874
Change in provision for doubtful accounts	—	227
Gain related to indemnification asset	—	(1,798)
Unrealized (gain) loss on equity investments	—	302
Other	222	(183)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Decrease (increase) in accounts receivable	(1,388)	(5,440)
Decrease (increase) in inventories	3,600	(1,545)
Decrease (increase) in vendor deposits	997	5,990
Decrease (increase) in other current assets	4,396	(3,624)
(Decrease) increase in accounts payable	1,904	5,859
(Decrease) Increase in accrued expenses and other liabilities	962	4,748
(Decrease) increase in customer deposits	(759)	(1,087)
Net cash provided by (used in) operating activities	1,883	(12,023)
Cash flows from investing activities:		
Purchases of property and equipment, net	(176)	(784)
Proceeds from sale of assets held for sale	—	75
Net cash provided by (used in) investing activities	(176)	(709)
Cash flows from financing activities:		
Proceeds from issuance of Class A common stock, net of costs	—	6,801
Payments on Eyce and DaVinci promissory notes	(945)	(992)
Repayments of Asset-Based Loan	(6,493)	—
Modification costs of Asset-Based Loan	(751)	—
Other	—	(135)
Net cash provided by (used in) financing activities	(8,189)	5,674
Effects of exchange rate changes on cash	178	145
Net (decrease) in cash	(6,304)	(6,913)
Cash and restricted cash, as of beginning of the period	12,176	12,857
Cash and restricted cash, as of end of the period	$ 5,872	$ 5,944

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

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

Reconciliation of cash and restricted cash to consolidated balance sheets

	For the three months ended March 31,	
	2023	2022
Beginning of the period		
Cash	$ 6,458	$ 12,857
Restricted cash	5,718	—
Total cash and restricted cash, beginning of period	$ 12,176	$ 12,857
End of the period		
Cash	$ 5,872	$ 5,944
Restricted cash	—	—
Total cash and restricted cash, end of period	$ 5,872	$ 5,944
Supplemental disclosures of cash flow information		
Cash paid for amounts included in the measurement of lease liabilities	$ 563	$ 802
Non-cash investing and financing activities:		
Issuance of Class A common stock for business acquisitions	$ —	$ 3,486
Non-cash purchases of property and equipment	$ 143	$ 1,663
Decrease in non-controlling interest as a result of exchanges for Class A common stock	$ —	$ (543)

The accompanying notes are an integralpart 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 (the “Class A common stock”), in order to carry on the business of Greenlane Holdings, LLC (the “Operating Company”). The Operating Company was organized under the laws of the state of Delaware on September 1, 2015, and is based in Boca Raton, Florida. Unless the context otherwise requires, references to the “Company” refer to us, and our consolidated subsidiaries, including the Operating Company.

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

We have been developing a world-class portfolio of our own proprietary brands (the "Greenlane Brands") that we believe will, over time, deliver higher margins and create long-term value for our customers and shareholders. Our wholly-owned Greenlane Brands includes Groove – our recently launched more affordable product line, Eyce – our innovative silicone pipes and accessories line, DaVinci – our best-in-class premium vaporizer brand, and Higher Standards – our premium smoke shop and ancillary product brand. We also have category exclusive licenses for the premium Marley Natural branded products, as well as the K.Haring branded products.

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

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

On August 31, 2021, we completed our previously announced merger with KushCo Holdings, Inc. ("KushCo") and have included the results of operations of KushCo in our consolidated statements of operations and comprehensive loss from that date forward. In connection with the merger with KushCo, the Greenlane Certificate of Incorporation was amended and restated (the “A&R Charter”) in order to (i) increase the number of authorized shares of Greenlane Class B common stock, $0.0001 par value per share (the “Class B common stock”), from 10 million shares to 30 million shares in order to effect the conversion of each outstanding share of Class C common stock, $0.0001 par value per share (the “Class C common stock”), into one-third of one share of Class B common stock, (ii) increase the number of authorized shares of Class A common stock from 125 million shares to 600 million shares, and (iii) eliminate references to the Class C common stock. Pursuant to the terms of an Agreement and Plan of Merger, dated as of March 31, 2021 (the "Merger Agreement") with KushCo, immediately prior to the consummation of the business combination, holders of Class C common stock received one-third of one share of Class B common stock for each share of Class C common stock held immediately prior to the closing of the merger.

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

In connection with the IPO, we entered into a Tax Receivable Agreement (the “TRA”) with the Operating Company and the Operating Company’s members and a Registration Rights (the “Registration Rights Agreement”) with the Operating Company’s members. The TRA provides for the payment by us to the Operating Company’s member(s) of 85.0% of the amount of tax benefits, if any, that we may actually realize (or in some cases, are deemed to realize) as a result of (i) the step-up in tax basis in our share of the Operating Company's assets resulting from the redemption of Common Units under the mechanism described above and (ii) certain other tax benefits attributable to payments made under the TRA. Pursuant to the Registration Rights Agreement, we have agreed to register the resale of shares of Class A common stock that are issuable to the Operating Company’s members upon redemption or exchange of their Common Units.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2022. The condensed consolidated results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023, or any other future annual or interim period. 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.

Restatement of Previously Issued Financials Statement

As previously disclosed in the Company’s Current Report on Form 8-K filed with the SEC on November 15, 2023, on November 10, 2023, the Audit Committee of the Board of Directors (the “Audit Committee”) of the Company, after consultation with management and discussions with Marcum LLP, the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2022, concluded that the sequence it used in applying the guidance in ASC 360-10-35 and ASC-350-10 was done out of order in determining whether an impairment of its definite-lived intangible assets existed as of September 30, 2022. Under the guidance provided by ASC 360-10-35, the carrying amounts of any assets that are not within the scope of ASC 360-10, other than goodwill, should be adjusted for impairment, as necessary, prior to testing long-lived assets for impairment under ASC-350-10 and the carrying amount of assets within the scope of ASC 360-10 should be adjusted for impairment prior to testing goodwill for impairment under ASC 350-10.

Additionally, on January 2, 2024, the Audit Committee, after consultation with management and discussions with Marcum LLP, concluded that the that the Company's ERP system capitalized cost was impaired due to the system not being able to be sold separately from the business, and the current enterprise value of the business does not support the carrying value of the ERP system.

As a result, the carrying balance of definite-lived intangible assets and property and equipment was overstated in the Company’s previously issued unaudited consolidated financial statements for the quarterly period ended September 30, 2022, which also impacted the audited consolidated financial statements for the annual period ended December 31, 2022, and the quarterly unaudited consolidated financial statements for the quarterly periods ended March 31, 2023 and June 30, 2023 (collectively, the “Affected Periods”), as well as the relevant portions of any communication or filings which describe or are based on such financial statements, and therefore these financial statements for the Affected Periods should no longer be relied upon and are to be restated.

Management prepared a quantitative and qualitative analysis of these errors in accordance with the U.S. SEC Staff's Accounting Bulletin Nos. 99 and 108, Materiality, and concluded the aggregate impact of the error is material to the Company's previously reported financial statements for the Affected Periods. As a result, the accompanying financial statements as of and for the three months ended March 31, 2023 and related notes hereto, have been restated to correct these errors.

These changes are to non-cash items and do not change the Company's reported operating revenues or costs of goods sold, however, the Company determined that these changes have a material impact on the as-filed financial statements for the Affected Periods, and as a result, the restatement of the Affected Periods is required.

There was no impact to net cash flows related to operating, financing or investing activities for any of the Affected Periods.

The following tables present the net impact of the restatement described above on our previously reported unaudited condensed financial statements for the quarterly period ended March 31, 2023. The previously reported amounts presented in the tables below have been derived from our Quarterly Report on Form 10-Q filed on May 16, 2023.

GREENLANE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEET

	Three Months Ended March 31, 2023		
(in thousands, except par value per share amounts)	As previously reported	Corrections (a)	As restated
ASSETS			
Property and equipment, net	$ 10,709	$ (6,918)	$ 3,791
Intangible assets, net	$ 47,949	$ (47,949)	$ —
Total assets	$ 129,981	$ (54,867)	$ 75,114
STOCKHOLDERS' EQUITY			
Additional paid-in capital	$ 266,721	$ (2,636)	$ 264,085
Accumulated deficit	$ (181,559)	$ (52,248)	$ (233,807)
Total stockholders' equity attributable to Greenlane Holdings, Inc.	$ 85,547	$ (54,884)	$ 30,663
Non-controlling interest	$ (53)	$ 17	$ (36)
Total stockholders' equity	$ 85,494	$ (54,867)	$ 30,627
Total liabilities and stockholders' equity	$ 129,981	$ (54,867)	$ 75,114

GREENLANE HOLDINGS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

	For the three months ended March 31, 2023		
(in thousands, except share and per share amounts)	As previously reported	Corrections (a)	As restated
Operating expenses:			
Depreciation and amortization	1,992	(1,501)	491
Total operating expenses	15,039	(1,501)	13,538
Loss from operations	(9,520)	1,501	(8,019)
Loss before income taxes	(10,247)	1,501	(8,746)
Net loss	(10,248)	1,501	(8,747)
Less: Net loss attributable to non-controlling interest	(54)	—	(54)
Net loss attributable to Greenlane Holdings, Inc.	$ (10,194)	$ 1,501	$ (8,693)
Net loss attributable to Class A common stock per share - basic & diluted*	$ (0.64)	$ 0.09	$ (0.55)
Weighted-average shares of Class A common stock outstanding - basic & diluted*	15,986	—	15,986
Comprehensive loss	(10,070)	1,501	(8,569)
Less: Comprehensive loss attributable to non-controlling interest	—	—	—
Comprehensive loss attributable to Greenlane Holdings, Inc.	$ (10,070)	$ 1,501	$ (8,569)

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

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

(in thousands)	Class A Common Stock Shares *	Class A Common Stock Amount *	Class B Common Stock Shares *	Class B Common Stock Amount*	Additional Paid-In Capital*	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
Balance As previously reported									
Balance December 31, 2022	15,985	$ 152	—	$ —	$ 266,516	$ (171,365)	$ 55	$ 1	$ 95,359
Net loss	—	$ —	—	$ —	$ —	$ (10,194)	$ —	$ (54)	$ (10,248)
Balance Balance March 31, 2023	15,985	$ 152	—	$ —	$ 266,721	$ (181,559)	$ 233	$ (53)	$ 85,494
Balance Restatement impacts (a)									
Balance December 31, 2022	—	$ —	—	$ —	$ (2,636)	$ (53,749)	$ —	$ 17	$ (56,368)
Net loss	—	$ —	—	$ —	$ —	$ 1,501	$ —	$ —	$ 1,501
Balance Balance March 31, 2023	—	$ —	—	$ —	$ (2,636)	$ (52,248)	$ —	$ 17	$ (54,867)
Balance As restated									
Balance 12/31/2022 (As restated)	15,985	$ 152	—	$ —	$ 263,880	$ (225,114)	$ 55	$ 18	$ 38,991
Net loss (As restated)	—	$ —	—	$ —	$ —	$ (8,693)	$ —	$ (54)	$ (8,747)
Balance Balance March 31, 2023 (As restated)	15,985	$ 152	—	$ —	$ 264,085	$ (233,807)	$ 233	$ (36)	$ 30,627

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

GREENLANE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the three months ended March 31, 2023 As previously reported	Corrections (a)	As restated
Cash flows from operating activities:			
Net loss (including amounts attributable to non-controlling interest) (As restated)	$ (10,248)	$ 1,501	$ (8,747)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	$ 1,992	$ (1,501)	$ 491
Goodwill and indefinite-lived intangibles impairment charge	$ —	$ —	$ —
Net cash used in operating activities	$ 1,883 —	$ —	$ 1,883
Cash flows from investing activities:			
Net cash provided by (used in) investing activities	$ (176)	$ —	$ (176)
Cash flows from financing activities:			
Net cash provided by financing activities	$ (8,189)	$ —	$ (8,189)
Net (decrease) in cash and restricted cash	$ (6,304)	$ —	$ (6,304)
Cash and restricted cash, as of beginning of the period	$ 12,176	$ —	$ 12,176
Cash and restricted cash, as of end of the period	$ 5,872	$ —	$ 5,872

(a) To reflect the reversal of amortization expense recognized during the three months ended March 31, 2023.

2022 Reverse Stock Split

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

The 2022 Reverse Stock Split did not change the par value of the Common Stock or the authorized number of shares of Common Stock. All outstanding options, restricted stock awards, warrants and other securities entitling their holders to purchase or otherwise receive shares of our Common Stock were adjusted as a result of the 2022 Reverse Stock Split, as required by the terms of each security. The number of shares available to be awarded under our Amended and Restated 2019 Equity Incentive Plan were appropriately adjusted. See "Note 10 — Compensation Plans" for more information.

All share and per share amounts in these consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the 2022 Reverse Stock Split, including reclassifying an amount equal to the reduction in par value of Common Stock to additional paid-in capital.

Proposed 2023 Reverse Stock Split and Series A Preferred Stock Issuance

On April 11, 2023, our board of directors (the "Board") unanimously approved and declared advisable, and recommended that our stockholders (including holders of Series A Preferred Stock, as discussed below) approve at our annual meeting of shareholders the adoption of, an amendment (the “2023 Amendment”) to our A&R Charter to effect a reverse stock split of our Common Stock (the “Proposed 2023 Reverse Stock Split”) at any whole number between, and inclusive of, one-for-five to one-for-fifteen. Approval of the proposal at our annual meeting, which is scheduled to occur on May 26, 2023 (the "2023 Annual Meeting"), will grant the Board the authority, but not the obligation, to file the 2023 Amendment to effect the Proposed 2023 Reverse Stock Split no later than November 20, 2023, with the exact ratio and timing of the Proposed 2023 Reverse Stock Split to be determined at the discretion of the Board. The exact split ratio selected by the Board will be publicly announced prior to the effectiveness of the Proposed 2023 Reverse Stock Split.

In connection with the Proposed 2023 Reverse Stock Split, on April 26, 2023, the Board declared a dividend of one one-thousandth (1/1,000th) of a share of Series A Preferred Stock, par value $0.0001 per share (the “Series A Preferred Stock”), for each outstanding share of Class A common stock to holders of record of Class A common stock as of 5:00 p.m. Eastern Time on April 26, 2023. The holders of Series A Preferred Stock have 1,000,000 votes per whole share of Series A Preferred Stock (i.e., 1,000 votes per one one-thousandth of a share of Series A Preferred Stock held) and are entitled to vote with the holders of Class A common stock, together as a single class, on the proposal to approve the 2023 Amendment in connection with the Proposed 2023 Reverse Split Proposal and to vote on a proposal to adjourn the annual meeting under certain circumstances, but holders of Series A Preferred Stock are otherwise not entitled to vote on the other proposals being presented at the annual meeting of stockholders. Holders of Series A Preferred Stock are not entitled to receive dividends of any kind and such shares are subject to redemption no later than the time the Proposed 2023 Reverse Stock Split is approved by our stockholders.

Liquidity

Our primary requirements for liquidity and capital are working capital, debt service related to recent acquisitions and general corporate needs. Our primary sources of liquidity are our cash on hand and the cash flow that we generate from our operations, as well as proceeds from equity issuances, such as our June 2022 and October 2022 offerings, and our ATM program, each as described and defined below.

<u>ATM Program and Shelf Registration Statement</u>

While we have an effective shelf registration statement on Form S-3 (the "Shelf Registration Statement") to conduct securities offerings from time to time, for so long as our public float is less than $75 million, our ability to utilize the Shelf Registration Statement to raise capital is limited, as further described below. The Shelf Registration Statement registers the offer and sale of shares of our Class A common stock, preferred stock, $ 0.0001 par value per share (the "preferred stock"), depository shares representing our preferred stock, warrants to purchase shares of our Class A common stock, preferred stock or depository shares, and rights to purchase shares of our Class A common stock or preferred stock that may be issued by us in a maximum aggregate amount of up to $200 million. In August 2021, we filed a prospectus supplement and established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to $ 50 million, from time to time. However, we may be unable to access the capital markets because of current market volatility and the performance of our stock price.

On March 31, 2022, the date on which our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") was filed with the SEC, the Shelf Registration Statement became subject to the offering limits set forth in Instruction I.B.6 because our public float was less than $75 million. For so long as our public float is less than $75 million, the aggregate market value of securities sold by us under the Shelf Registration Statement (including our ATM Program) pursuant to Instruction I.B.6 during any 12 consecutive months may not exceed one-third of our public float. Since the launch of the ATM program in August 2021 and through December 31, 2022, we sold shares of our Class A common stock which generated gross proceeds of approximately $12.7 million and we paid fees to the sales agent of approximately $0.4 million. In light of our low cash position, we have been forced to sell stock under our ATM program at prices that may not otherwise be attractive and are dilutive. We have sold $ 2.2 million in securities pursuant to Instruction I.B.6 in the 12 calendar months preceding the date of filing of this Quarterly Report on Form 10-Q. Following the completion of the June 2022 Offering (as defined below) we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of time due to the restrictions under Instruction I.B.6 to Form S-3, which will limit our liquidity options in the capital markets for a period of time.

Common Stock and Warrant Offerings

On June 27, 2022, we entered into a securities purchase agreement with an accredited investor, pursuant to which we agreed to issue and sell an aggregate of 585,000 shares of our Class A common stock, pre-funded warrants to purchase up to 495,000 shares of our Class A common stock (the “June 2022 Pre-Funded Warrants”) and warrants to purchase up to 1,080,000 shares of our Class A common stock (the “June 2022 Standard Warrants” and, together with the June 2022 Pre-Funded Warrants, the “June 2022 Warrants”), in a registered direct offering (the “June 2022 Offering”). The June 2022 Offering generated gross proceeds of approximately $5.4 million and net proceeds to the Company of approximately $5.0 million. All June 2022 Pre-Funded Warrants were exercised in July 2022, for de minimis net proceeds.

On October 27, 2022, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 6,955,555 shares of our Class A common stock, pre-funded warrants to purchase up to 1,377,780 shares of our Class A Common Stock (the "October 2022 Pre-Funded Warrants") and warrants to purchase up to 16,666,670 shares of our Class A common stock (the "October 2022 Standard Warrants"). The October 2022 units were offered pursuant to a Registration Statement on Form S-1 (the "October 2022 Offering"). The October 2022 Offering generated gross proceeds of approximately $7.5 million and net proceeds to the Company of approximately $6.8 million.

On February 3, 2023, we filed a Registration Statement on Form S-1 (the "February 2023 S-1") seeking to register the public offering of up to $8.0 million in units (each comprised of one share of Class A common stock and two warrants to purchase Class A common stock), which has not yet become effective. We can provide no assurances as to whether the February 2023 S-1 will become effective, or whether we will undertake this public offering following the filing of this Quarterly Report on Form 10-Q.

Entry into Asset-Based Loan

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

ERC Sale

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

Management Initiatives

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

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

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

We believe that our cash on hand and cash flow from operating activities 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 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, 2022. Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

Use of Estimates

Conformity with U.S. GAAP requires the use of estimates and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. U.S. GAAP requires us to make estimates and judgments in several areas. Such areas include, but are not limited to the following: the collectability of accounts receivable; the allowance for slow-moving or obsolete inventory; the realizability of deferred tax assets; the fair value of 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. The actual results could differ materially from those estimates.

Segment Reporting

We manage our global business operations through our operating and reportable business segments. As of March 31, 2023, we had two reportable operating business segments: Industrial Goods and Consumer Goods. Our reportable segments have been identified based on how our chief operating decision maker ("CODM"), which is a committee comprised of our Chief Executive Officer ("CEO") and our Chief Financial and Legal Officer, manages our business, makes resource allocation and operating decisions, and evaluates operating performance. See “Note 12—Segment Reporting.”

Revenue Recognition

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

One customer represented approximately 26% of our net sales for the three months ended March 31, 2023. For the three months ended March 31, 2022, one customer represented approximately 17% of our net sales. As of March 31, 2023, two customers represented approximately 21% and 15% of accounts receivable, respectively. As of December 31, 2022, the Company had three customers who individually represented approximately 31%, 17% and 15% of accounts receivable, respectively.

Value Added Taxes

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

We performed an analysis of the VAT overpayments to the Dutch tax authorities, which we expected to be refunded to us, and VAT payable to other EU member states, including potential fines and penalties. Based on this analysis, we recorded VAT payable of approximately $0.4 million relating to this matter within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheet as of March 31, 2023 and December 31, 2022.

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

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

Recently Adopted Accounting Guidance

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses*. The standard requires the use of an "expected loss" model on certain types of financial instruments. The standard also amends the impairment model for available-for-sale securities and requires estimated credit losses to be recorded as allowances rather than as reductions to the amortized cost of the securities. This standard was effective for fiscal years, and interim periods within those years, beginning after December 15, 2022 for filers that are eligible to be smaller reporting companies under the SEC's definition, with early adoption permitted. We adopted this standard beginning January 1, 2023. Adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, as if it had originated the contracts. Prior to this ASU, an acquirer generally recognizes contract assets acquired and contract liabilities assumed that arose from contracts with customers at fair value on the acquisition date. The ASU was effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The ASU is to be applied prospectively to business combinations occurring on or after the effective date of the amendment (or if adopted early as of an interim period, as of the beginning of the fiscal year that includes the interim period of early application). We adopted this new standard beginning January 1, 2023. Adoption of this standard did not impact our condensed consolidated financial statements, as we did not complete any transactions to which this standard was applicable during the current reporting period.

NOTE 3. BUSINESS ACQUISITIONS

Amended Eyce APA

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

The Amended Eyce APA also provided for the payment of $ 0.9 million in cash in four equal installments on April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024, contingent on the achievement of certain deliverables outlined in the Amended Eyce APA and the continued employment of certain Eyce personnel. The transaction was accounted for separately from acquisition accounting for the Eyce business combination.

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

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

	Condensed Consolidated Balance Sheet Caption	Fair Value at March 31, 2023			
(in thousands)		Level 1	Level 2	Level 3	Total
Liabilities:					
Contingent consideration - current	Accrued expenses and other current liabilities	—	—	2,738	2,738
Total Liabilities		$ —	$ —	$ 2,738	$ 2,738

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

There were no transfers between Level 1 and Level 2 and no transfers to or from Level 3 of the fair value hierarchy during the three months ended March 31, 2023 and 2022.

Derivative Instrument and Hedging Activity

On July 11, 2019, we entered into an interest rate swap contract to manage our risk associated with the interest rate fluctuations on the Company's floating rate Real Estate Note described in "Note 6 - Debt." The counterparty to this instrument was a reputable financial institution. Our interest rate swap contract was designated as a cash flow hedge at the inception date and was previously reflected at its fair value in our consolidated balance sheets. The fair value of our interest rate swap liability was determined based on the present value of expected future cash flows. Since our interest rate swap value was based on the LIBOR forward curve and credit default swap rates, which were observable at commonly quoted intervals for the full term of the swap, it was considered a Level 2 measurement.

Beginning with the second quarter of 2022, we discontinued hedge accounting for the interest rate swap contract. During the second quarter of 2022, we also reclassified the related accumulated other comprehensive income balance of $0.3 million to "interest expense" in our condensed consolidated statement of income and comprehensive loss.

Refer to "Note 8 — Supplemental Financial Information" for further details on the components of accumulated other comprehensive income (loss) forthe three months ended March 31, 2023 and 2022.

The unrealized loss on the derivative instrument prior to the discontinuation of hedge accounting was included within"Other comprehensive income (loss)" in our condensed consolidated statement of operations and comprehensive loss. There was no measure of hedge ineffectiveness and no reclassifications from other comprehensive loss into interest expense for the three months ended March 31, 2023 and 2022. In August 2022, we terminated the interest swap contract.

Contingent Consideration

Each period we revalue our contingent consideration obligations associated with business acquisitions to their fair value. We estimate the fair value of the Product Launch Contingent Payments using a form of the scenario-based method, which includes significant unobservable inputs such as management's identification of probability-weighted outcomes and a risk-adjusted discount rate over the earn-out period. Significant increases or decreases in these inputs could result in a significantly lower or higher fair value measurement of the contingent consideration liability. Changes in the fair value of contingent consideration are included within "Other income (expense), net" in our condensed consolidated statements of operations and comprehensive loss.

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

(in thousands)	**Three months ended March 31, 2023**	
Balance at December 31, 2022	$	2,738
Loss (gain) from fair value adjustments included in results of operations		—
Balance March 31, 2023	$	2,738

(in thousands)	**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

Equity Securities Without a Readily Determinable Fair Value

Our investment in equity securities without readily determinable fair value consist of ownership interests in Airgraft Inc., Sun Grown Packaging, LLC ("Sun Grown") and Vapor Dosing Technologies, Inc. ("VIVA"). We determined that our ownership interests do not provide us with significant influence over the operations of these investments. Accordingly, we account for our investments in these entities as equity securities.

Airgraft Inc., Sun Grown, and VIVA are private entities and their equity securities do not have a readily determinable fair value. We elected to measure these securities under the measurement alternative election at cost minus impairment, if any, with adjustments through earnings for observable price changes in orderly transactions for the identical or similar investment of the same issuer. We acquired our investments in Sun Grown and VIVA as part of our merger with KushCo, which we completed in August 2021. We did not identify any fair value adjustments related to these equity securities during the three months ended March 31, 2023 and 2022.

As of March 31, 2023 and December 31, 2022, the carrying value of our investment in equity securities without a readily determinable fair value was approximately $2.5 million, respectively, included within "Other assets" in our condensed consolidated balance sheets. The carrying value included a fair value adjustment of $1.5 million due to an observable price change recognized during the year ended December 31, 2019.

NOTE 5. LEASES

Greenlane as a Lessee

As of March 31, 2023, we had facilities financed under operating leases consisting of warehouses, offices, and a retail store, with lease term expirations from 2023 to 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, 2023. The table below does not include commitments that are contingent on events or other factors that are currently uncertain or unknown.

(in thousands)	Operating Leases
Remainder of 2023	$ 1,078
2024	914
2025	942
2026	81
2027 and thereafter	—
Total minimum lease payments	3,015
Less: imputed interest	106
Present value of minimum lease payments	2,909
Less: current portion	1,179
Long-term portion	$ 1,730

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:

	For the three months ended March 31,	
(in thousands)	**2023**	**2022**
Operating lease cost	567	765
Variable lease cost	198	36
Total lease cost	$ 765	$ 801

The table below presents lease-related terms and discount rates as of March 31, 2023:

	Operating Leases
Operating leases	2.4 years
Operating leases	2.3 %

Greenlane as a Lessor

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

Rental Income	*(in thousands)*
Remainder of 2023	$ 241
2024 and thereafter	$ —
Total	$ 241

NOTE 6. DEBT

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

(in thousands)	March 31, 2023	December 31, 2022
Line of Credit	8,507	15,000
DaVinci Promissory Note	1,874	2,538
Eyce Promissory Note	324	647
	10,705	18,185
Less unamortized debt issuance costs	(2,471)	(1,960)
Less current portion of debt	(2,699)	(3,185)
Debt, net, excluding operating leases and finance leases	$ 5,535	$ 13,040

Real Estate Note

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

On August 8, 2022, we entered into a note, mortgage and loan modification agreement (the "Real Estate Note Amendment"), which amended the maturity date of the Real Estate Note to reflect a maturity date of December 1, 2022, whereupon all principal and accrued interest were to become due and payable, in full.

In September 2022, one of the Operating Company's wholly-owned subsidiaries, 1095 Broken Sound Pkwy LLC ("1095 Broken Sound"), consummated the previously disclosed transactions contemplated by that certain Purchase and Sale Agreement, dated as of August 16, 2022, by and between 1095 Broken Sound and a third-party (the "HQ Purchaser") whereby 1095 Broken Sound agreed to sell a certain parcel of real estate including our headquarters building to the purchaser of our former headquarters for total proceeds of $9.6 million in cash. On the closing date, the Company used a portion of the proceeds from the transaction to repay the remainder of the Real Estate Note in full. There was no remaining balance related to the Real Estate Note on our consolidated balance sheet as of March 31, 2023 or December 31, 2022.

Eyce Promissory Note

In March 2021, one of the Operating Company's wholly-owned subsidiaries financed 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 of4.5% were 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 of4.0% 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 "December 2021 Note"). The December 2021 Note accrued interest at a rate of 15.0% and the principal amount was due in full on June 30, 2022. We incurred $0.3 million of debt issuance costs related to the December 2021 Note, which were recorded as a direct deduction from the carrying amount of the December 2021 Note, and which were amortized over the term of the December 2021 Note through interest expense. The December 2021 Note was secured by a continuing security interest in all of our assets and properties whether then or thereafter existing or required, including our inventory and receivables (as defined under the Uniform Commercial Code) and included negative covenants restricting our ability to incur further indebtedness and engage in certain asset dispositions until the earlier of the maturity date or the December 2021 Note being fully repaid.

On June 30, 2022, we entered into the First Amendment to the December 2021 Note (the "First Amendment"), which extended the maturity date of the December 2021 Note to July 14, 2022. On July 14, 2022, we entered into the Second Amendment to the December 2021 Note (the "Second Amendment" and together with the December 2021 Note, the "Bridge Loan"), which provided for the extension of the maturity date of the Bridge Loan from July 14, 2022 to July 19, 2022. In connection with the entry into the Second Amendment, we repaid $4.0 million of the aggregate principal amount due under the Bridge Loan on July 14, 2022, with the remainder due at maturity. On July 19, 2022, we repaid the remaining balance on the Bridge Loan in full, and, as a result, all obligations under the Bridge Loan have been satisfied.

Asset-Based Loan

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

Pursuant to the Loan Agreement, the Lenders agreed to make available to us a term loan of up to $15.0 million on the terms and conditions set forth therein and the other Financing Agreements (as defined therein). As of December 31, 2022, of the total term loan amount, $5.7 million was located in a blocked account, which was classified as "restricted cash" on our consolidated balance sheet, and which released the funds when permitted by the borrowing base certificate. Subject to certain exceptions described in the Loan Agreement, the Company and the Guarantors agreed to pledge all of their assets as collateral. The maturity date of the Asset-Based Loan is the third anniversary of the closing date (the "Maturity Date").

We incurred $1.5 million of debt issuance costs related to the Asset-Based Loan, as well as an original issue discount of $0.5 million, which were recorded as a direct deduction from the carrying amount of the Asset-Based Loan, and which are amortized over the term of the Asset-Based Loan through interest expense. The Asset-Based Loan contains customary covenants and restrictions, including, without limitation, covenants that require us to comply with applicable laws, restrictions on our ability to incur additional indebtedness, and various customary remedies for the lender following an event of default, including the acceleration of repayment of outstanding amounts under the Asset-Based Loan and execution upon the collateral securing obligations under the Asset-Based Loan.

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

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

As of March 31, 2023, we were in compliance with the Loan Agreement covenants.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In the ordinary course of business, we are involved in various legal proceedings involving a variety of matters. We do not believe there are any pending legal proceedings that will have a material adverse effect on our business, consolidated financial position, results of operations, or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. We have not taken any reserves for litigation for the three months ended March 31, 2023 and 2022.

Other Contingencies

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

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

NOTE 8. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

ERC Sale

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

Accrued Expenses and Other Current Liabilities

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

(in thousands)	March 31, 2023	December 31, 2022
VAT payable (including amounts related to VAT matter described in Note 2)	$ 2,980	$ 2,809
Contingent consideration	2,738	2,738
Accrued employee compensation	3,423	3,812
Amended Eyce APA	656	430
Accrued professional fees	679	818
Refund liability (including accounts receivable credit balances)	288	329
Accrued construction in progress (ERP)	110	170
Sales tax payable	640	578
Other	1,370	198
	$ 12,884	$ 11,882

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, 2023 were as follows:

(in thousands)	Customer Deposits
Balance as of December 31, 2022	$ 3,983
Increases due to deposits received, net of other adjustments	1,630
Revenue recognized	(2,389)
Balance as of March 31, 2023	$ 3,224

Accumulated Other Comprehensive Income (Loss)

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

(in thousands)	Foreign Currency Translation	Unrealized Gain or (Loss) on Derivative Instrument	Total
Balance at December 31, 2022	$ 55	$ —	$ 55
Other comprehensive income (loss)	178	—	178
Balance at March 31, 2023	$ 233	$ —	$ 233

(in thousands)	Foreign Currency Translation	Unrealized Gain or (Loss) on Derivative Instrument	Total
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	$ 353	$ 332	$ 685

Supplier Concentration

Our four largest vendors accounted for an aggregate of approximately 79.7% and 67.0% of our total purchases for the three months ended March 31, 2023 and 2022, respectively. We expect to maintain our relationships with these vendors.

Related Party Transactions

Nicholas Kovacevich, our Chief Corporate Development Officer, owns capital stock of Unrivaled Brands Inc. ("Unrivaled") and serves on the Unrivaled board of directors. Net sales to Unrivaled for the three months ended March 31, 2023 and 2022 were $0 and approximately $0.2 million, respectively. Total accounts receivable due from Unrivaled were $0.4 million as of March 31, 2023 and December 31, 2022, respectively. On February 8, 2023, we filed a lawsuit against Unrivaled in Superior

Court of California, Orange County, seeking to compel the repayment of Unrivaled's open balance due to us. We can provide no assurances that we will be successful in this lawsuit, or that the amounts due to us, or any portion thereof, will be recovered.

Adam Schoenfeld, our co-founder and a former director who resigned from the Board on January 6, 2023, has a significant ownership interest in one of our customers, Universal Growing. There were no net sales to Universal Growing for the three months ended March 31, 2023 and 2022. Total accounts receivable due from Universal Growing as of March 31, 2023 and December 31, 2022 were de minimis.

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). Our Class A common stock entitles the record holder thereof to one vote on all matters on which stockholders generally are entitled to vote, and except as otherwise required in the A&R Charter, the holders of Common Stock will vote together as a single class on all matters (or, if any holders of our preferred stock are entitled to vote together with the holders of Common Stock, as a single class with such holders of preferred stock).

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

The 2022 Reverse Stock Split did not change the par value of the Common Stock or the authorized number of shares of Common Stock. All share and per share amounts in these unaudited condensed consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the 2022 Reverse Stock Split, including reclassifying an amount equal to the reduction in par value of Common Stock to additional paid-in capital.

Refer to "Note 13 — Subsequent Events" for additional details regarding the issuance of Preferred Series A Stock and the Proposed 2023 Reverse Stock Split.

Non-Controlling Interest

As discussed in "Note 1—Business Operations and Organization," we consolidate the financial results of the Operating Company in our consolidated financial statements and report a non-controlling interest related to the Common Units held by non-controlling interest holders. As of December 31, 2022, all Common Units of the Operating Company and Class B common stock had been exchanged for Class A common stock, and we owned 100.0% of the economic interests in the Operating Company. The non-controlling interest in the accompanying consolidated statements of operations and comprehensive loss represents the portion of the net loss attributable to the economic interest in the Operating Company previously held by the non-controlling holders of Common Units calculated based on the weighted average non-controlling interests' ownership during the periods presented.

At-the-Market Equity Offering

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

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

Shares of our Class A common stock will be issued pursuant to our effective shelf registration statement on Form S-3 (File No. 333-257654), and a prospectus supplement relating to the Class A common stock that was filed with the Securities and Exchange Commission on April 18, 2022. Pursuant to Instruction I.B.6, in no event will the Company sell Class A common stock through the ATM Program with a value exceeding more than one-third of the Company's "public float" (the market value of the Company's Class A common stock and any other equity securities that it issues in the future that are held by non-affiliates) in any 12-month period so long as the Company's public float remains below $75.0 million.

On April 18, 2022, we entered into Amendment No. 1 (the "ATM Amendment") to the sales agreement dated August 2, 2022 with Cowen. The purpose of the Amendment was to add the limitations imposed on the ATM Program by Instruction I.B.6 to the sales agreement. At the time of our entry into the ATM Amendment, approximately $37.3 million in shares remained available for issuance under the ATM Program.

Following the completion of the June 2022 Offering we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of time due to the restrictions under Instruction I.B.6 to Form S-3, which will limit our liquidity options in the capital markets.

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

($ in thousands)		**August 2021 (Inception) through March 31, 2023**
Class A shares sold*		972,624
Gross proceeds	$	12,684
Net proceeds	$	12,303
Fees paid to sales agent	$	381

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

Common Stock and Warrant Offerings

June 2022 Offering

On June 27, 2022, we entered into a securities purchase agreement with an accredited investor, pursuant to which we agreed to issue and sell an aggregate of 585,000 shares of our Class A common stock, pre-funded warrants to purchase up to 495,000 shares of our Class A common stock (the “June 2022 Pre-Funded Warrants”) and warrants to purchase up to 1,080,000 shares of our Class A common stock (the “June 2022 Standard Warrants” and, together with the June 2022 Pre-Funded Warrants, the “June 2022 Warrants”), in a registered direct offering (the “June 2022 Offering”). The shares of Class A common stock and June 2022 Warrants were sold in Units (the “June 2022 Units”), with each unit consisting of one share of Class A common stock or a June 2022 Pre-Funded Warrant and a June 2022 Standard Warrant to purchase one share of our Class A common stock. The June 2022 Units were offered pursuant to the Shelf Registration Statement. The June 2022 Standard Warrants are exercisable six months from the date of issuance at an exercise price equal to $5.00 per share of Class A common stock for a period of five years. Each June 2022 Pre-Funded Warrant was exercisable six months from the date of issuance (as modified by the June 2022 Pre-Funded Warrant Waiver discussed below) with no expiration date for one share of Class A common stock at an exercise price of $0.002. The June 2022 Offering generated gross proceeds of approximately $5.4 million and net proceeds to the Company of approximately $5.0 million.

On July 27, 2022, pursuant to Section 9 of the June 2022 Pre-Funded Warrants, we waived the Initial Exercise Date (as defined in the June 2022 Pre-Funded Warrants and permitted the June 2022 Pre-Funded Warrants to be exercisable immediately to reflect the business understanding between us and the investors in the June 2022 Offering with respect to the exercisability of the June 2022 Pre-Funded Warrants (the "June 2022 Pre-Funded Warrant Waiver").

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

October 2022 Offering

On October 27, 2022, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 6,955,555 shares of our Class A common stock, pre-funded warrants to purchase up to 1,377,780 shares of our Class A common stock (the "October 2022 Pre-Funded Warrants") and warrants to purchase up to 16,666,670 shares of our Class A common stock (the "October 2022 Standard Warrants"). The October 2022 units each consisted of one share of Class A common stock or a October 2022 Pre-Funded Warrant and two October 2022 Standard Warrants to purchase one share of our Class A common stock. The October 2022 units were offered pursuant to the S-1 Registration Statement. The October 2022 Standard Warrants are exercisable immediately at an exercise price equal to $0.90 per share of Class A common stock for a period of seven years. Each October 2022 Pre-Funded Warrant is exercisable immediately with no expiration date for one share of Class A common stock at an exercise price of $0.0001. The October 2022 Offering generated gross proceeds of approximately $7.5 million and net proceeds to the Company of approximately $6.8 million.

All October 2022 Pre-Funded Warrants were exercised in November 2022, based upon which we issued an additional 1,377,780 shares of our Class A common stock, for de minimis net proceeds.

February 2023 Form S-1

On February 3, 2023, we filed a Registration Statement on Form S-1 (the "February 2023 S-1") seeking to register the public offering of up to $8.0 million in units, which has not yet become effective as of the date of this Quarterly Report on Form 10-Q.

We can provide no assurances as to whether the February 2023 S-1 will become effective, or whether we will undertake this public offering following the filing of this Quarterly Report on Form 10-Q.

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):

	Three months ended March 31,	
(in thousands, except per share data)	**2023**	**2022**
	(As restated)	
Numerator:		
Net loss	$ (8,747)	$ (18,749)
Less: Net loss attributable to non-controlling interests	(54)	(3,417)
Net loss attributable to Class A common stockholders	$ (8,693)	$ (15,332)
Denominator:		
Weighted average shares of Class A common stock outstanding*	15,986	4,509
Net loss per share of Class A common stock - basic and diluted*	$ (0.55)	$ (3.40)

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

For the three months ended March 31, 2023 and 2022, respectively, shares of Class B common stock, and stock options and warrants to purchase Class A common stock were excluded from the weighted-average in the computation of diluted net loss per share of Class A common stock because the effect would have been anti-dilutive.

Shares of our Class B common stock do not share in our earnings or losses and are therefore not participating securities. As such, separate calculations of basic and diluted net loss per share for each of our Class B common stock under the two-class method have not been presented for the three months ended March 31, 2022. As of December 31, 2022, all Common Units of the Operating Company and Class B common stock had been exchanged for Class A common stock, and we owned 100.0% of the economic interests in the Operating Company.

NOTE 10. COMPENSATION PLANS

Amended and Restated 2019 Equity Incentive Plan

In April 2019, we adopted the 2019 Equity Incentive Plan (the “2019 Plan”). In August 2021, we adopted, and our shareholders approved, the Amended and Restated 2019 Equity Incentive Plan (the "Amended 2019 Plan"), which amends and restates the 2019 Plan in its entirety. At our 2022 Annual Meeting of Stockholders on August 4, 2022, stockholders approved the Second Amended and Restated 2019 Equity Incentive Plan (the "Second Amended 2019 Plan") which, among other things, increased the number of shares of Class A common stock authorized for issuance under the Amended 2019 Plan. Following the effect of the -one-for-20 Reverse Stock Split, the total number of shares of Class A common stock authorized for issuance is 1,100,000 shares.

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

On April 26, 2023, the Board, subject to stockholder approval at the 2023 Annual Meeting, approved a third amendment and restatement of the 2019 Plan (the "Third Amended Plan"). If approved at the 2023 Annual Meeting, the Third Amended Plan would, among other things, increase the number of shares of Class A common stock authorized for issuance under the Second Amended 2019 Plan by 2,098,627 shares to an aggregate of3,198,627 shares. For additional information about the Third Amended Plan, please see the Company's Definitive Proxy Statement filed with the SEC on April 27, 2023.

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:

	For the three months ended March 31,	
(in thousands)	**2023**	**2022**
Stock options - Class A common stock	$ 50	$ 674
Restricted shares - Class A common stock	155	188
Restricted stock units (RSUs) - Class A common stock	—	11
Total equity-based compensation expense	$ 205	$ 873

Total remaining unrecognized compensation expense as of March 31, 2023 was as follows:

	Remaining Unrecognized Compensation Expense March 31, 2023	Weighted Average Period over which Remaining Unrecognized Compensation Expense is Expected to be Recognized
	(in thousands)	(in years)
Stock options - Class A common stock	$ 148	1.6
Restricted shares - Class A common stock	128	1.5
Total remaining unrecognized compensation expense	$ 276	

NOTE 11. INCOME TAXES

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

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

During the three months ended March 31, 2023 and 2022, respectively, management performed an assessment of the realizability of our deferred tax assets based upon which management determined that it is not more likely than not that the results of operations will generate sufficient taxable income to realize portions of the net operating loss benefits. Consequently, we established a full valuation allowance against our deferred tax assets and reflected a carrying balance of $0 as of March 31, 2023 and December 31, 2022, respectively. In the event that management determines that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, an adjustment to the valuation allowance will be made, which would reduce the provision for income taxes.

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 into 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, 2023 and 2022, we didnot 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 – 2021.

Tax Receivable Agreement (TRA)

We entered into the TRA with the Operating Company and each of the members that provides for the payment by the Operating Company to the members of85% of the amount of tax benefits, if any, that we may actually realize (or in some circumstances are deemed to realize) as a result of (i) increases in tax basis resulting from any future redemptions of Common Units as described in "Note 1—Business Operations and Organization" and (ii) certain other tax benefits attributable to payments made under the TRA.

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

As noted above, we evaluated the realizability of the deferred tax assets resulting from the IPO and the 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, 2023 and December 31, 2022, respectively.

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 consolidated statements of operations and comprehensive (loss) income.

During the three months ended March 31, 2023 and 2022, we did not make any payments, inclusive of interest, to members of the Operating Company pursuant to the TRA.

NOTE 12. SEGMENT REPORTING

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

We determined we had two operating segments as of March 31, 2023, which are the same as our reportable segments: (1) Consumer Goods and (2) Industrial Goods. These operating segments align with how we manage our business as of the first quarter of 2023. The accounting policies of the reportable segments are the same as those described in "Note 2 - Summary of Significant Accounting Policies."

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

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

Our CODM allocates resources to, and assesses the performance of, ourtwo 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, 2023 and 2022, respectively. There were no material intersegment sales during the three months ended March 31, 2023 and 2022.

	For the three months ended March 31, 2023			**For the three months ended March 31, 2022**		
(in thousands)	**Consumer Goods**	**Industrial Goods**	**Total**	**Consumer Goods**	**Industrial Goods**	**Total**
Net sales	$ 7,810	$ 16,149	$ 23,959	$ 17,141	$ 29,393	$ 46,534
Cost of sales	5,523	12,917	18,440	14,319	26,247	40,566
Gross profit	$ 2,287	$ 3,232	$ 5,519	$ 2,822	$ 3,146	$ 5,968

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

(in thousands)	As of March 31, 2023 Consumer Goods	Industrial Goods	Total	As of December 31, 2022 Consumer Goods	Industrial Goods	Total
Accounts receivable, net	$ 944	$ 6,912	$ 7,856	$ 967	$ 5,501	$ 6,468
Inventories, net	$ 20,688	$ 16,355	$ 37,043	$ 19,259	$ 21,384	$ 40,643
Vendor deposits	$ 3,456	$ 1,843	$ 5,299	$ 3,269	$ 3,027	$ 6,296

NOTE 13. SUBSEQUENT EVENTS

Amendment to Second Amended and Restated Bylaws

On April 11, 2023, the Board approved an amendment (the “Bylaw Amendment”) to the Second Amended and Restated Bylaws of the Company (the “Bylaws”), effective as of April 11, 2023. The Bylaw Amendment amended and restated Article I, Section 1.6 of the Bylaws in their entirety to lower the number of holders of the shares entitled to vote at a meeting of stockholders constituting a quorum, in person or by proxy, from a majority to one-third. Additional information about the Bylaw Amendment can be found in the Company's Current Report on Form 8-K filed with the SEC on April 12, 2023.

Proposed 2023 Reverse Stock Split

On April 11, 2023, the Board unanimously approved and declared advisable, and recommended that our stockholders (including holders of Series A Preferred Stock, as discussed below) approve at our annual meeting of stockholders the adoption of the 2023 Amendment to effect a reverse stock split of our Common Stock at any whole number between, and inclusive of, one-for-five to one-for-fifteen. Approval of the Proposed 2023 Reverse Stock Split at the 2023 Annual Meeting will grant the Board the authority, but not the obligation, to file the 2023 Amendment to effect the Proposed 2023 Reverse Stock Split no later than November 20, 2023, with the exact ratio and timing of the Proposed 2023 Reverse Stock Split to be determined at the discretion of the Board. The exact split ratio selected by the Board will be publicly announced prior to the effectiveness of the Proposed 2023 Reserve Stock Split. For additional information about the 2023 Annual Meeting and the Proposed 2023 Reverse Stock Split, please see the Company's Definitive Proxy Statement filed with the SEC on April 27, 2023.

Issuance of Series A Preferred Stock

In connection with the Proposed 2023 Reverse Stock Split, on April 26, 2023, the Board declared a dividend of one one-thousandth (1/1,000th) of a share of Series A Preferred Stock for each outstanding share of Class A common stock to holders of record of Class A common stock as of 5:00 p.m. Eastern Time on April 26, 2023. The holders of Series A Preferred Stock have 1,000,000 votes per whole share of Series A Preferred Stock (i.e., 1,000 votes per one one-thousandth of a share of Series A Preferred Stock) and are entitled to vote with the holders of Class A common stock, together as a single class, on the proposal to approve the 2023 Amendment in connection with the Proposed 2023 Reverse Split Proposal and to vote on a proposal to adjourn the annual meeting under certain circumstances, but holders of Series A Preferred Stock are otherwise not entitled to vote on the other proposals being presented at 2023 Annual Meeting. Holders of Series A Preferred Stock are not entitled to receive dividends of any kind and such shares are subject to redemption no later than the time the Proposed 2023 Reverse Stock Split is approved by our stockholders. For additional information about the Series A Preferred Stock and the 2023 Annual Meeting, please see the Company's Form 8-A filed with the SEC on April 26, 2023 and the Company's Definitive Proxy Statement filed with the SEC on April 27, 2023.

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, 2023 included in Part I, Item 1 of this Amendment No. 2 to Quarterly Report on Form 10-Q/A, and the audited consolidated financial statements and related notes of Greenlane Holdings, Inc. for the year ended December 31, 2022, which are included in Amendment No. 1 to our Annual Report on Form 10-K/A.

Note Regarding Forward-Looking Statements

This Amendment No. 2 to Quarterly Report on Form 10-Q/A ("Form 10-Q") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part I, Item 2 of this Form 10-Q under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could” and similar expressions. Examples of forward-looking statements include, without limitation:

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

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management’s good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Factors that might cause such a difference include those discussed in our filings with the SEC, under the heading "Risk Factors" in Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2022 (the "2022 Annual Report") and in other documents that we file from time to time with the Securities and Exchange Commission (the "SEC").

Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, those listed below and those discussed in greater detail in Part I, Item 1A of the 2022 Annual Report under the heading “Risk Factors."

- our strategy, outlook, and growth prospects;
- general economic trends, trends in the industry, and the competitive markets in which we operate;
- 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, including high inflation and increasing interest rates;
- our dependence on, and our ability to establish and maintain business relationships with third-party suppliers and service suppliers, including vulnerability to third-party transportation risks;
- 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 maintain consumer brand recognition and loyalty of our products;
- our ability to protect our intellectual property rights and use or license certain trademarks;
- our ability to successfully identify and complete strategic acquisitions and/or dispositions;
- our ability to address product defects and contamination of, or damage to, our products;
- our exposure to potential various claims, lawsuits, and administrative proceedings;
- our and our customers’ ability to establish or maintain banking relationships;
- the impact of governmental laws and regulations and the outcomes of regulatory or agency proceedings;
- fluctuations in U.S. federal, state, local, and foreign tax obligations and changes in tariffs;
- any unfavorable scientific studies on the long-term health risks of vaporizers, electronic cigarettes, or cannabis and 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 sensitivity to global economic conditions and international trade issues;
- the onset of an economic recession in the United States or other countries, including the impact of the ongoing war in Ukraine, and their impact on the economy generally;
- natural disasters, adverse weather conditions, operating hazards, environmental incidents and labor disputes;
- public heath crises;
- the potential delisting of our Class A common stock from the Nasdaq;
- 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, vape devices, and lifestyle products. In 2021, we completed several transformative acquisitions including the acquisition of two proprietary house brands, EYCE ("Eyce") and DaVinci ("DaVinci"), along with a larger merger with KushCo Holdings, adding a significant industrial line of business to the Greenlane platform. These acquisitions strengthened our leading position as a consumer ancillary products house-of-brands business by adding two established brands to our portfolio (Eyce and DaVinci), and significantly expanded our customer network, bringing strategic relationships with leading cannabis multi-state-operators ("MSOs"), cannabis single-state operators ("SSOs"), and Canadian licensed-producers ("LPs"). Greenlane is a leading ancillary cannabis company, providing a wide array of consumer ancillary products and industrial ancillary products to thousands of cannabis producers, processors, brands, and retailers ("Cannabis Operators"), in addition to specialty retailers, smoke shops and head shops, convenience stores, and consumers directly through our own proprietary web stores and large online marketplaces such as Amazon.

We have been developing a world-class portfolio of our own proprietary brands (the "Greenlane Brands") that we believe will, over time, deliver higher margins and create long-term value for our customers and shareholders. Our wholly-owned Greenlane Brands includes our recently launched a more affordable product line – Groove, innovative silicone pipes and accessories – Eyce, best-in-class premium vaporizer brand – DaVinci, premium smoke shop and ancillary product brand – Higher Standards, and child-resistant packaging brand - Pollen Gear. We also have category exclusive licenses for the premium Marley Natural branded products, as well as the K.Haring Glass Collection.

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

We merchandise vaporizers, packaging, and other ancillary products in the United States, Canada, Europe and Latin America. We distribute products to retailers through wholesale operations and distribute products to consumers through e-commerce activities and our flagship Higher Standards store in New York City's famed Chelsea Market. We operate our own distribution centers in the United States, while also utilizing third-party logistics ("3PL") locations in the United States, Canada, and Europe. We have made tremendous progress consolidating and streamlining our warehouse and distribution operations following our acquisitions in 2021, and we look forward to further optimization of our footprint in 2023.

We manage our business in two different, but complementary, business segments. The first is the Consumer Goods segment, which focuses on serving consumers across wholesale, retail and e-commerce operations—offering both our Greenlane Brands as well as ancillary products and accessories from select leading third-party brands, such as Storz and Bickel, Grenco Science, PAX, Cookies and more. This segment forms a central part of our growth strategy, especially as it relates to scaling our own portfolio of higher-margin proprietary owned brands. In addition to our Consumer Goods segment, we have our Industrial Goods segment, which focuses on serving Cannabis Operators by providing ancillary products essential to their daily operations and growth, such as packaging and vaporization solutions, including our Greenlane Brand Pollen Gear. Refer to "Note 12— Segment Reporting" within Item 1 to this Quarterly Report on Form 10-Q for additional information on our reportable segments.

Plan to Accelerate Path to Profitability and Capitalize the Business

In today's economic environment, not to mention the environment of the cannabis industry itself, the key focus for many companies is profitability. At Greenlane, we are hyper focused on getting our business profitable and well-capitalized for long-term sustainability. We have been working hard to right-size our business, focus on core areas, and reduce our overall cost structure while improving our margins in an effort to be profitable in 2023.

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

We have successfully renegotiated supplier partnership terms and are continuing to improve working capital arrangements with suppliers. We have made progress consolidating and streamlining our office, warehouse, and distribution operations footprint. We reduced our salaries, benefits and payroll taxes expenses by approximately 46.6%, for the three months ended March 31, 2023, compared to the same period for 2022 to reduce costs.

Finally, we are actively selling our excess & obsolete (“E&O”) inventory of lower-margin, non-strategic products, along with reducing our overall level of inventory on hand. In May 2022, we commenced our official E&O sales program internally and have since sold more than $5.8 million of previously reserved E&O inventory. Our management anticipates that the proceeds from these E&O sales, combined with a general sell-down of other non-core third-party brand inventory, will generate more than $10.0 million in liquidity.

Management believes that our various strategic initiatives will reduce costs, help accelerate the our path to profitability, help support the growth of the business, and allow us to reinvest capital into our highest margin product lines, such as our Greenlane Brands, launch new products such as our Groove product line, and improve our e-commerce and B2B technological platforms.

Notwithstanding the liquidity plans discussed above, we were required to obtain additional capital through the sale of Class A common stock and warrants in a public offering that closed in October 2022 and filed a Registration Statement on Form S-1 with the Securities and Exchange Commission in February 2023 seeking to register the offering of up to $8 million in units, which has not yet become effective. The October 2022 Offering was completed and the February 2023 Form S-1 was filed, in order to meet short term funding needs, and we are still seeking to execute our strategic and other liquidity initiatives.

USPS PACT Act Exemption

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

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

2022 Reverse Stock Split

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

The 2022 Reverse Stock Split did not change the par value of the Common Stock or the authorized number of shares of Common Stock. All outstanding options, restricted stock awards, warrants and other securities entitling their holders to purchase or otherwise receive shares of our Common Stock have been adjusted as a result of the Reverse Stock Split, as required by the terms of each security. The number of shares available to be awarded under our Second Amended and Restated 2019 Equity Incentive Plan have also been appropriately adjusted. See "Note 10 — Compensation Plans" for more information.

All share and per share amounts in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 have been retroactively adjusted for all periods presented to give effect to the 2022 Reverse Stock Split.

Proposed 2023 Reverse Stock Split

On April 11, 2023, the Board unanimously approved and declared advisable, and recommended that our stockholders (including holders of Series A Preferred Stock) approve at the 2023 Annual Meeting the adoption of the 2023 Amendment to effect a reverse stock split of our Common Stock at any whole number between, and inclusive of, one-for-five to one-for-fifteen. Approval of the Proposed 2023 Reverse Stock Split the 2023 Annual Meeting will grant the Board the authority, but not the obligation, to file the 2023 Amendment to effect the Proposed 2023 Reverse Stock Split no later than November 20, 2023, with the exact ratio and timing of the Proposed 2023 Reverse Stock Split to be determined at the discretion of the Board. The exact split ratio selected by the Board will be publicly announced prior to the effectiveness of the Proposed 2023 Reserve Stock Split. For additional information about the 2023 Annual Meeting and the Proposed 2023 Reverse Stock Split, please see the Company's Definitive Proxy Statement filed with the SEC on April 27, 2023.

Results of Operations

The following table presents operating results for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,					
			% of Net sales		Change	
	2023 (As restated)	2022	2023	2022	$	%
Net sales	$ 23,959	$ 46,534	100.0 %	100.0 %	$ (22,575)	(48.5) %
Cost of sales	18,440	40,566	77.0 %	87.2 %	(22,126)	(54.5) %
Gross profit	5,519	5,968	23.0 %	12.8 %	(449)	(7.5) %
Operating expenses:						
Salaries, benefits and payroll taxes	5,370	10,061	22.4 %	21.6 %	(4,691)	(46.6) %
General and administrative	7,677	11,715	32.0 %	25.2 %	(4,038)	(34.5) %
Depreciation and amortization	491	2,403	2.0 %	5.2 %	(1,912)	(79.6) %
Total operating expenses	13,538	24,179	56.4 %	52.0 %	(10,641)	(44.0) %
Loss from operations	(8,019)	(18,211)	(33.4) %	(39.1) %	10,192	(56.0) %
Other income (expense), net:						
Interest expense	(815)	(406)	(3.4) %	(0.9) %	(409)	100.7 %
Other income (expense), net	88	(54)	0.4 %	(0.1) %	142	(263.0) %
Total other expense, net	(727)	(460)	(3.0) %	(1.0) %	(267)	*
Loss before income taxes	(8,746)	(18,671)	(36.4) %	(40.2) %	9,925	(53.2) %
Provision for (benefit from) income taxes	1	78	— %	0.2 %	(77)	(98.7) %
Net loss	(8,747)	(18,749)	(36.4) %	(40.4) %	10,002	(53.3) %
Net loss attributable to non-controlling interest	(54)	(3,417)	(0.2) %	(7.3) %	3,363	(98.4) %
Net loss attributable to Greenlane Holdings, Inc.	$ (8,693)	$ (15,332)	(36.2) %	(32.9) %	$ 6,639	(43.3) %

**Not meaningful*

Consolidated Results of Operations

Net Sales

For the three months ended March 31, 2023, net sales were approximately $24.0 million, compared to approximately $46.5 million for the same period in 2022, representing a decrease of $22.6 million, or 48.5%. Industrial segment decreased 44% and Consumer segment decreased 55%. The year-over-year decrease in net sales was due to a major restructuring effort and shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing out third-party brand offerings, which generated top line revenue with lower margins. The Company is focused on profitable revenue and as a result top line revenue has significantly been reduced. Net sales were also affected by the sale of the Company's minority interest in the Vibes brand during 2022 and the Company's announcement of its intention to sell its packaging business, which adversely affected sales. Concurrently, the Company has focused on right-sizing the business during the fiscal year ended December 31, 2022 to reduce sales and marketing costs and reduce or eliminate certain administrative functions.

Cost of Sales and Gross Margin

For the three months ended March 31, 2023, cost of sales decreased by $22.1 million, or 54.5%, as compared to the same period in 2022. The decrease in the cost of sales is driven by the 48.5% decrease in revenue in addition to a $5.8 million decrease in damaged and obsolete inventory write-offs.

Gross margin increased to 23.0% for the three months ended March 31, 2023, compared to gross margin of 13% for the same period in 2022. Excluding inventory write-offs of damaged and obsolete inventory for the three months ended March 31, 2022 of $5.8 million compared to $0 for three months ended March 31, 2023 gross margins decreased 2.3% to 23.0% for the three months ended March 31, 2023, compared to 25.3% for the same period in 2022.

Salaries, Benefits and Payroll Taxes

Salaries, benefits and payroll taxes expenses decreased by approximately $4.7 million, or 46.6%, to $5.4 million for the three months ended March 31, 2023, compared to $10.1 million for the same period in 2022. The decrease is related to the reduction in workforce since the beginning of 2022 to right-size the business and focus on profitability.

As we continue to closely monitor the evolving business landscape, we remain focused on identifying cost-saving opportunities while delivering on our strategy to recruit, train, promote and retain the most talented and success-driven personnel in the industry.

General and Administrative Expenses

General and administrative expenses decreased by approximately $4.0 million, or 34.5%, for the three months ended March 31, 2023, compared to the same period in 2022. The decrease is related to major restructuring effort by the Company to reduce cost and right-size the business. Compared with the first quarter of 2022, the Company experienced decreases in professional and outside services by $2.2 million, facility expenses by $1.4 million, outbound freight by $0.7 million, other general and administrative by $0.6 million, marketing by $0.3 million, taxes and licenses by $0.3 million, and general insurance by $0.2 million; offset partially by an increase in software expense $0.2 million and bad debt expense of $1.5 million related to a reversal of $1.8 million VAT liability reserve due to an indemnification receivable recorded during the three months ended March 31, 2022. Excluding the reversal of the $1.8 million reserve allowance, general and administrative expenses decreased $5.7 million or 50% for the three months ended March 31, 2023 compared to the prior year comparable period.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased $1.9 million, or 79.6%, for the three months ended March 31, 2023, compared to the same period in 2022. The decrease is related to a major restructuring effort to reduce cost and right-size the business resulting in the sale and disposal of assets related to reducing our warehousing and office footprint.

Other Income (Expense), Net

Interest expense.

Interest expense increased approximately $0.4 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase is primarily related to the new Asset-Based Loan the Company closed during Q3 2022.

Other expense, net.

Other income (expense), net, improved by approximately $0.1 million for the three months ended March 31, 2023, compared to the same period in 2022. The change is primarily due a loss related to the change in fair value of equity investment of $0.3 million recorded during the three months ended March 31, 2022.

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 two operating segments as of 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. These changes in operating segments align with how we manage our business as of the first quarter of 2023.

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

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

Our chief operating decision maker ("CODM") allocates resources to and assesses the performance of our two operating segments based on the operating segments' net sales and gross profit. The following table sets forth information by reportable segment for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,					
			% of Total Net sales		Change	
	2023	2022	2023	2022	$	%
Net sales:						
Consumer Goods	$ 7,810	$ 17,141	32.6 %	36.8 %	$ (9,331)	(54.4)%
Industrial Goods	16,149	29,393	67.4 %	63.2 %	(13,244)	(45.1)%
Total net sales	$ 23,959	$ 46,534	100.0 %	100.0 %	$ (22,575)	(48.5)%
			% of Segment Net sales		Change	
Cost of sales:	2023	2022	2023	2022	$	%
Consumer Goods	$ 5,523	$ 14,319	70.7 %	83.5 %	$ (8,796)	(61.4)%
Industrial Goods	12,917	26,247	80.0 %	89.3 %	(13,330)	(50.8)%
Total cost of sales	$ 18,440	$ 40,566				
Gross profit:						
Consumer Goods	$ 2,287	$ 2,822	29.3 %	16.5 %	$ (535)	(19.0)%
Industrial Goods	3,232	3,146	20.0 %	10.7 %	86	2.7 %
Total gross profit	$ 5,519	$ 5,968				

Consumer Goods

For the three months ended March 31, 2023, our Consumer Goods operating segment reported net sales of approximately $7.8 million compared to approximately $17.1 million for the same period in 2022, representing a decrease of $9.3 million or 54.4%. The year-over-year decrease was due to a major restructuring effort by the company to right-size the business during fiscal year 2022 to reduce sales and marketing costs to align with gross profit, sale of the Company's minority interest in Vibes brand and a major shift in strategy to focus on in-house brands that have a higher margin profile and rationalized third-party brand offering generating top line revenue with lower margins.

For the three months ended March 31, 2023, the cost of sales decreased by $8.8 million, or 61.4%, as compared to the same period in 2022. The decrease in the cost of sales was primarily due to the 54.4% decrease in the net sales of Consumer Goods.

The gross margin decreased to 29.3% for the three months ended March 31, 2023, compared to a gross margin of approximately 16.5% for the same period in 2022. Excluding damaged and obsolete charges of $1.9 million for the three months ended March 31, 2022, the gross margin was approximately 27.4% for the three months ended March 31, 2022, compared to a gross margin of approximately 29.3%, for the three months ended March 31, 2023.

<u>Industrial Goods</u>

For the three months ended March 31, 2023, our Industrial Goods operating segment reported net sales of approximately $16.1 million compared to approximately $29.4 million for the same period in 2022, representing a decrease of $13.2 million or 45.1%. The year-over-year decrease was due to a major restructuring effort by the company to rightsize the business during fiscal year 2022 to reduce the sales and marketing costs to align with the gross profit and the announcement to sell the Company's packaging business interrupting sales.

For the three months ended March 31, 2023, the cost of sales increased by $13.3 million, or 50.8%, as compared to the same period in 2022. The decrease in the cost of sales was primarily due to the 45.1% decrease in the net sales of the Industrial Goods.

The gross margin was approximately 20.0% for the three months ended March 31, 2023, compared to a gross margin of approximately 10.7% for the same period in 2022. Excluding damaged and obsolete charges of $5.8 million for the three months ended March 31, 2022, the gross margin was approximately 25.3% for the three months ended March 31, 2022, compared to a gross margin of approximately 20% for the three months ended March 31, 2023.

Net Sales by Geographic Regions

	Three Months Ended March 31,					
			% of Net sales		Change	
	2023	2022	2023	2022	$	%
Net sales:						
United States	$ 22,392	$ 42,991	93.5 %	92.4 %	$ (20,599)	(47.9)%
Canada	$ 306	$ 1,855	1.3 %	4.0 %	(1,549)	(83.5)%
Europe	$ 1,261	$ 1,688	5.2 %	3.6 %	(427)	(25.3)%
Total net sales	$ 23,959	$ 46,534	100.0 %	100.0 %	$ (22,575)	(48.5)%

<u>United States</u>

For the three months ended March 31, 2023, our net sales in the United States was approximately $22.4 million, compared to approximately $43.0 million for the same period in 2022, representing a decrease of $20.6 million, or 47.9%. The year-over-year decrease in net sales was due to a major restructuring effort and shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing out third-party brand offerings which generated top line revenue with lower margins. The Company is focused on profitable revenue and as a result top line revenue has significantly been reduced. Net sales were also affected by the sale of the Company's minority interest in the Vibes brand during 2022 and the Company's announcement of its intention to sell its packaging business, which adversely affected sales. Concurrently, the Company has focused on right-sizing the business during the fiscal year ended December 31, 2022 to reduce sales and marketing costs and to reduce or eliminate certain administrative functions.

<u>Canada</u>

For the three months ended March 31, 2023, our Canadian net sales were approximately $0.3 million, compared to approximately $1.9 million for the same period in 2022, representing a decrease of $1.5 million, or 83.5%. The decrease is related to a reduction in sales and marketing spend. The company is currently evaluating distribution and sales channels into Canada.

<u>Europe</u>

For the three months ended March 31, 2023, our European net sales were approximately $1.3 million, compared to approximately $1.7 million for the same period in 2022, representing a decrease of $0.4 million or 25.3%. The decrease in net sales was due primarily to major restructuring efforts to improve the profitability of our European operations.

Liquidity and Capital Resources

We believe that our cash on hand, combined with cash from operations and 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 defined below). As of March 31, 2023, we had approximately $5.9 million of cash, of which $0.4 million was held in foreign bank accounts, and approximately $25.7 million of working capital, which is calculated as total current assets minus total current liabilities, as compared to approximately $6.5 million of cash, of which $0.8 million was held in foreign bank accounts, and approximately $41.0 million of working capital as of December 31, 2022. The repatriation of cash balances from our foreign subsidiaries could have adverse tax impacts or be subject to capital controls; however, these balances are generally available to fund the ordinary business operations of our foreign subsidiaries without legal or other restrictions.

We have an effective shelf registration statement on Form S-3 (the "Shelf Registration Statement"); however, for so long as our public float is less than $75 million, our ability to utilize the Shelf Registration to raise capital is limited as further set forth in the paragraph below. The Shelf Registration Statement registers shares of our Class A common stock, preferred stock, $0.0001 par value per share (the "preferred stock"), depository shares representing our preferred stock, warrants to purchase shares of our Class A common stock, preferred stock or depository shares, and rights to purchase shares of our Class A common stock or preferred stock that may be issued by us in a maximum aggregate amount of up to $200 million. In August 2021, we filed a prospectus supplement and established an "at-the-market" equity offering program (the "ATM Program") that provides for the sale of shares of our Class A common stock having an aggregate offering price of up to $50 million, from time to time. Net proceeds from sales of our shares of Class A common stock under the ATM Program are expected to be used for working capital and general corporate purposes. However, we may be unable to access the capital markets because of current market volatility and the performance of our stock price.

On March 31, 2022, the date on which our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") was filed with the SEC, the Shelf Registration Statement became subject to the offering limits set forth in Instruction I.B.6 because our public float was less than $75 million. For so long as our public float is less than $75 million, the aggregate market value of securities sold by us under the Shelf Registration Statement (including our ATM Program) pursuant to Instruction I.B.6 during any 12 consecutive months may not exceed one-third of our public float. Since the launch of the ATM program in August 2021 and through December 31, 2022, we sold shares of our Class A common stock which generated gross proceeds of approximately $12.7 million and we paid fees to the sales agent of approximately $0.4 million. In light of our low cash position, we have been forced to sell stock under our ATM program at prices that may not otherwise be attractive and are dilutive. We have sold $2.2 million in securities pursuant to Instruction I.B.6 in the 12 calendar months preceding the date of filing of this Quarterly Report on Form 10-Q. Following the completion of the June 2022 Offering (as defined below) we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of time due to the restrictions under Instruction I.B.6 to Form S-3, which will limit our liquidity options in the capital markets for a period of time.

On February 3, 2023, we filed a Registration Statement on Form S-1 (the "February 2023 S-1") seeking to register the public offering of up to $8.0 million in units, which has not yet become effective. We can provide no assurances as to whether the February 2023 S-1 will become effective, or whether we will undertake this public offering following the filing of this Quarterly Report on Form 10-Q.

On February 16, 2023, two of our wholly owned subsidiaries, Warehouse Goods LLC and Kim International LLC, entered into an agreement with a third-party institutional investor pursuant to which the investor purchased, for approximately $4.9 million in cash, an economic participation interest, at a discount, in all of our rights to payment from the United States Internal Revenue Service with respect to the employee retention credits filed by us under the Employee Retention Credit program.

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, 2022. Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

As of March 31, 2023, we did not have any off-balance sheet arrangements that are reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Cash Flows

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

(in thousands)	Three Months Ended March 31, 2023		2022	
Net cash provided by (used in) operating activities	$	1,883	$	(12,023)
Net cash used in investing activities		(176)		(709)
Net cash provided by (used in) financing activities		(8,189)		5,674

Net Cash Provided by (Used) in Operating Activities

During the three months ended March 31, 2023, net cash provided by operating activities of approximately $1.9 million consisted of (i) net loss of $8.7 million, offset by non-cash adjustments to net loss of approximately $0.9 million, including depreciation and amortization expense of approximately $0.5 million and stock based compensation expense of $0.2 million, and (ii) a $9.7 million decrease in working capital primarily driven by decreases in inventories, vendor deposits and other current assets of approximately $9.0 million, including cash collections of approximately $4.9 million related to ERC sales, and increases in accounts payable and accrued expenses of approximately $2.9 million, offset partially by a $1.4 million increase in accounts receivable and a $0.8 million decrease in customer deposits.

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 depreciation and amortization expense of approximately $2.4 million, stock-based compensation expense of approximately $0.9 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 decreases in vendor deposits aggregating to approximately $16.6 million, offset by increases in accounts receivable, inventories, other current assets, and decreases in customer deposits aggregating to approximately $11.7 million.

Net Cash Used in Investing Activities

During the three months ended March 31, 2023, net cash used in investing activities of approximately $0.2 million consisted primarily of capital expenditures.

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 ERP system.

Net Cash Provided by (Used in) Financing Activities

During the three months ended March 31, 2023, net cash used in financing activities of approximately $8.2 million consisted of repayments of the Asset-Based Loan of approximately $6.5 million, payments on the Eyce and DaVinci promissory notes of approximately $0.9 million, and Asset-Based Loan costs incurred of approximately $0.8 million.

During the three months ended March 31, 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.

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, 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, 2023. Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of March 31, 2023, our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described in Item 9A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2022, which have not yet been remediated as of March 31, 2023.

Material Weaknesses Remediation Plan and Status

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

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

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

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

Changes in Internal Control Over Financial Reporting

As discussed above, in 2020 we began a multi-year implementation of a new ERP system which will fully replace our legacy financial systems in 2023. The ERP system is designed to accurately maintain the Company's financial records, enhance the flow of financial information, improve data management and provide timely information to our management team. As the phased implementation of the new ERP system progresses, we expect to continue to change certain processes and procedures which, in turn, are expected to result in changes to our internal control over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.

There were no other changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, see Note 7 of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Amendment No. 2 to Quarterly Report on Form 10-Q/A.

ITEM 1A. RISK FACTORS

As of March 31, 2023, there have been no material changes from the risk factors previously disclosed in response to "Part I – Item 1A. 'Risk Factors'" in our Amendment No. 1 to Annual Report on Form 10-K/A for the year ended December 31, 2022.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amendment to the Second Amended and Restated Bylaws of Greenlane Holdings, Inc. (Incorporated by reference to Exhibit 3.1 to Greenlane's Current Report on Form 8-K, filed on April 12, 2023).
3.2	Certificate of Designation of the Series A Preferred Stock (Incorporated by reference to Exhibit 3.2 to Greenlane's Current Report on Form 8-K, filed on April 12, 2023).
10.1*	Amendment No. 2, dated as of February 9, 2023, to Loan and Security Agreement, by and between Greenlane Holdings, Inc, the subsidiaries of Greenlane Holdings, Inc. named therein as guarantors, the parties thereto from time to time as Lenders, and WhiteHawk Capital Partners LP, as the agent for the Lenders.
10.2†	Risk Participation of ERC Claim Agreement, dated as of February 16, 2023(Incorporated by reference to Exhibit 10.2 toGreenlane's Quarterly Report on Form 10-Q, filed on May 15, 2023).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	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.
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Stockholders' Equity, and (iv) Condensed Consolidated Statements of Cash Flows. The instance document does not appear in the Interactive Data File because its XBRL tags are 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.

† Certain confidential portions of this exhibit were omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because the identified confidential portions (i) are not material and (ii) customarily treated as private or confidential.

SIGNATURES

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

GREENLANE HOLDINGS, INC.

Date: January 5, 2024	By:	/s/ Lana Reeve
		Lana Reeve Chief Financial and Legal Officer (Principal Financial and Accounting Officer)

Amendment No. 2 to the Loan Agreement

This Amendment No. 2 ("Amendment No. 2"), dated February 9, 2023, to that certain Loan and Security Agreement, dated August 8, 2022, as amended by that certain Amendment No. 1 to the Loan Agreement, effective as of November 8, 2022, by and among, WhiteHawk Capital Partners, LP, as Agent ("Agent"), Greenlane Holdings, Inc., a Delaware corporation (the "Borrower"), certain Subsidiaries of the Borrower, as Guarantors and the lenders from time to time party thereto (the "Lenders") (the "Loan Agreement"). Each capitalized term not defined herein shall have the meaning assigned such term in the Loan Agreement. This Amendment No. 2 shall be effective upon the Amendment Closing Date (as defined below).

WHEREAS, the Borrower wishes to (i) prepay a portion of the principal of the Term Loan, (ii) terminate the Blocked Equity Account and release all funds in such Blocked Equity Account to the Borrower to effectuate such prepayment described in clause (i) above and (iii) obtain certain consents related to the operations of its business, each as more fully described herein; and

WHEREAS, Agent and the Lenders wish to provide such consents in connection with (i) such prepayment by Borrower, (ii) the termination of the Blocked Equity Account and release the proceeds thereof to effectuate such prepayment by Borrower and (iii) the Borrower completing certain transactions pursuant to the ERC Sale Documents (as defined below).

NOW, THEREFORE the parties agree as follows:

1. Principal Prepayment.

(a) Initial Prepayment Amount. Pursuant to Section 2.4 of the Loan Agreement (*Optional Prepayment of Term Loan*), the Borrower shall deliver, or cause to be delivered, a principal payment on the Term Loans in the amount of $5,718,000.00 (the "Initial Prepayment Amount"), *plus* the Early Termination Fee due on the Initial Prepayment Amount, *plus* any and all other interest, fees and expenses, for a total aggregate amount of $6,590,340.74 (the "Total Initial Prepayment Amount") to the Agent for distribution to the Lenders on the Amendment Closing Date as a prepayment on the Term Loan; provided that:

(i) the parties shall release and deliver, or cause to be released and delivered, all monies currently held in the Blocked Equity Account (namely $5,718,000.00) to Borrower and Borrow shall deliver, or cause to be delivered, to the Agent for distribution to the Lenders to effectuate the payment of the Initial Prepayment Amount on the Amendment Closing Date; and

(ii) within ten (10) Business Days of the Amendment Closing Date, the Blocked Equity Account shall be closed.

(b) Additional Prepayment Amounts.

(i) Upon ERC Sale. Pursuant to Section 2.4 of the Loan Agreement (*Optional Prepayment of Term Loan*), in the event the Borrower completes the ERC Sale (as defined below) on terms reasonably and documentation acceptable to Agent, an equity raise, or any other financing for Net Proceeds of not less than $2,000,000.00, the Borrower shall deliver, or cause to be delivered, a principal payment on the Term Loans in the amount of $700,000.00, *plus* the Early Termination Fee due on such amount, *plus* any and all other interest, fees and expenses set forth in the Loan Agreement (collectively, the "ERC Prepayment Amount") as a prepayment of the Term Loan within two (2) Business Days after the Borrower's receipt of funds from such

ERC Sale, equity raise, or any other financing. The remaining proceeds from such ERC Sale, equity raise, or any other financing may be utilized at the Borrower's discretion.

(ii) Upon Banana G's Sale. Pursuant to Section 2.4 of the Loan Agreement (*Optional Prepayment of Term Loan*), in the event the Borrower completes the Banana G's Sale (as defined below), the Borrower shall deliver, or cause to be delivered, a principal payment on the Term Loans in an amount equal to one-half (1/2) of the Net Proceeds from the Banana G's Sale, *plus* the Early Termination Fee due on such amount, *plus* any and all other interest, fees and expenses set forth in the Loan Agreement (collectively, the "Banana G's Prepayment Amount") as a prepayment of the Term Loan within two (2) Business Days after the Borrower's receipt of funds from the Banana G's Sale. The remaining proceeds from the Banana G's Sale may be utilized at the Borrower's discretion.

For the avoidance of doubt, in no event shall any required prepayments of principal related to any Borrowing Base shortfalls after the Amendment Closing Date count towards the Initial Prepayment Amount, the ERC Prepayment Amount or the Banana G's Prepayment Amount or any prepayment interest and prepayment penalties on the Initial Prepayment Amount, the ERC Prepayment Amount or the Banana G's Prepayment Amount under this Section 1.

2. Blocked Equity Account Elimination.

(i) The requirement for a Blocked Equity Account shall be eliminated and the requirement to hold $1,000,000.00 or any monies in a Blocked Equity Account is hereby deleted. The last sentence of Section 2.2 of the Loan Agreement (*Amortization, Mandatory Repayments and Prepayments of the Term Loan*), shall be amended and restated in its entirety as follows:

"Notwithstanding the foregoing or anything to the contrary contained in this Agreement, with respect to the Prepayment Event described in clause (v) above, the Borrower shall make a payment of principal on the Term Loan within two (2) Business Days of the delivery of the Borrowing Base Certificate indicating the occurrence of such shortfall, in an amount equal to such Borrowing Base shortfall *plus* the applicable Early Termination Fee on such principal payment after the occurrence of such Prepayment Event."

(ii) The definition for Blocked Equity Account in the Loan Agreement is hereby deleted.

(iii) The reference to the Blocked Equity Account contained in clause (c) under the definition of Borrowing Base is hereby deleted and replaced with "[reserved]".

(iv) The following paragraph contained under the definition of Borrowing Base is hereby deleted in its entirety:

"The Blocked Equity Account, once established by the Borrower, will be subject to the sole dominion and control of Agent, provided that Agent shall release such amounts in the Blocked Equity Account at the request of Borrower if each of the following conditions are met: (i)

no Event of Default is then continuing; provided that if an Event of Default has occurred and is continuing, then Agent shall have the option to require the Borrower to sweep such amounts held in the Blocked Equity Account to make a payment on the Term Loan in accordance with Section 2.2, (ii) if the release of the requested amounts from the Blocked Equity Account would not cause a Default hereunder, (iii) the Loan Parties, taken as a whole, are Solvent and will continue to be Solvent immediately after giving effect to such release and (iv) there shall not be a shortfall with respect to the Borrowing Base immediately after giving effect to such release; provided, further, that once released, such release will be irrevocable and irreversible. Amounts withdrawn from the Blocked Equity Account may not be redeposited or replenished."

(v) The definition of Liquidity is hereby amended and restated in its entirety as follows:

"Liquidity" means, at any time, the aggregate amount of cash of the Borrower, including without limitation, cash, the source of which are the proceeds of the Term Loan, contained in any Deposit Account for which the Borrower has delivered to the Agent a Deposit Account Control Agreement or other documentation reasonably required by the Agent, each in form and substance reasonably satisfactory to the Agent, pursuant to which (i) the Agent has been granted a lien on and security interest in such account and all cash held from time to time therein with the lien priority required by the Financing Agreements and (ii) the Agent has been granted control over the amounts held from time to time therein; provided that for the avoidance of doubt, any cash funds in any Deposit Account (including the Deposit Accounts listed on Schedule 7), to the extent not subject to a Deposit Account Control Agreement after the date hereof, will not be included in the calculation of Liquidity."

3. Deposit Account Control Agreements. Agent shall grant the Loan Parties sixty (60) days from the Amendment Closing Date to obtain Deposit Account Control Agreements ("DACAs") for the accounts set forth on Schedule 1 to this Amendment No. 2. If the applicable Loan Party does not deliver to Agent a duly executed Deposit Account Control Agreements in respect of each Deposit Account listed on Schedule 1 hereto or (b) if such Deposit Accounts are not closed, in each case, within sixty (60) days of the Amendment Closing Date, then the amounts set forth in clause (iv)(x) and clause (iv)(y) of the definition of Excluded Accounts in the Loan Agreement shall be automatically reduced to $250,000.00.

4. Excluded Assets. Clause (v) under the definition of Excluded Assets in the Loan Agreement shall be amended to correct a clerical error in the original Loan Agreement, effective as of the date of the original Loan Agreement effective date, and it shall now read as follows:

"(v) the Specified Assets listed on Schedule 1.1 attached hereto, provided that, notwithstanding anything herein to the contrary, if the Specified Assets have not been sold by the timeframes set forth on Schedule 1.1 next to each respective Specified Asset, the Specified Assets shall be automatically, and without notice of any kind, deemed to be removed from the definition of Excluded Assets and shall be deemed Collateral on such date pursuant to documentation reasonably satisfactory to Agent and".

5. Collateral Reporting.

(a) Section 7.1(a)(i) of the Loan Agreement (*Collateral Reporting*) is hereby amended and restated in its entirety as follows:

"(i) on Friday of each week, a Borrowing Base Certificate setting forth the calculation of the Borrowing Base as of the Friday of the immediately preceding week as to the Inventory (provided, however, such calculation shall not include any updates for E&O

adjustments which E&O adjustments shall only be calculated after the end of each month and included in the Borrowing Base Certificate which Borrower provides to Agent at the end of the third week of the month following the end of such month), duly completed and executed by the chief financial officer, vice president of finance, treasurer, controller, chief accounting officer and senior vice president – accounting & finance, or other similar financial officer of Borrower (or if no such officer has been appointed or elected, the sole member of the Borrower), together with all schedules required pursuant to the terms of the Borrowing Base Certificate duly completed, including but not limited to an inventory summary report by category as determined by Borrower in accordance with their current and prior inventory management policies (and upon Agent's reasonable request, upon the occurrence and during the continuance of an Event of Default letter of credit inventory summary) and identifying where such Inventory is located;".

(b) Section 7.1(a)(ii) and Section 7.1(a)(iii) of the Loan Agreement (*Collateral Reporting*) are hereby amended and restated in its entirety as follows:

"(ii) promptly after the end of (but in no event more than fifteen (15) Business Days thereafter) each fiscal month, so long as no Event of Default has occurred and is continuing (at any time an Event of Default has occurred and is continuing, weekly on each Wednesday (or if such day is not a Business Day, then the next succeeding Business Day)), a schedule and aging of the Borrower's accounts payable, delivered electronically in a text formatted file reasonably acceptable to Agent;

(iii) promptly after the end of (but in no event more than fifteen (15) Business Days thereafter) each fiscal month, so long as no Event of Default has occurred and is continuing (at any time an Event of Default has occurred and is continuing, weekly on each Wednesday (or if such day is not a Business Day, then the next succeeding Business Day)), inventory summary reports by location and category of Inventory (including the amounts of Inventory and the aggregate value thereof at each retail store location and at premises of warehouses or other third parties or is consigned Inventory); and"

(c) Exhibit B (Form of Borrowing Base Certificate) to the Loan Agreement is hereby replaced with the new Exhibit B (Form of Borrowing Base Certificate) attached hereto as Exhibit 1.

6. Minimum Liquidity. Section 9.18(a) of the Loan Agreement (*Financial Covenants*) is hereby amended and restated in its entirety as follows:

"(a) For the period starting on the Amendment Closing Date and ending ninety (90) days after the Amendment Closing Date, Borrower and Guarantors shall not permit Liquidity, at any time, to be less than $2,500,000.00. For the period starting ninety-one (91) days after the

Amendment Closing Date, Borrower and Guarantors shall not permit Liquidity, at any time, to be less than $3,000,000.00."

7. Sale of Specific Assets.

(a) Section 9.7 of the Loan Agreement (*Sale of Assets, Consolidation, Merger, Dissolution, Etc* .) is hereby amended to add the following subclauses (G) and (F) under clause (b):

"(G) the sale and/or disposition of all of the membership interests of Banana G's LLC (the "Banana G's Sale"); and

(F) the sale by any of the Loan Parties of any of the Loan Parties' rights to receive any and all payments, proceeds or distributions of any kind (without set-off, deduction or withholding of any kind) from the United States Internal Revenue Service in respect of the employee retention credits claimed by Debtor on account of wages paid by Debtor and identified as a "Claim for Refund" under Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund Employee Retention Credits ("ERC Sale")."

(b) Subject to the terms of the following paragraph, Agent and the Lenders will provide each of the Loan Parties with the ERC Sale Lien Carveout and Consent substantially in the form attached hereto as Exhibit 2 (the "ERC Consent") to facilitate the planned ERC Sale in accordance with Section 1(b)(i) of this Amendment No. 2 on the form of sale documents substantially in the form attached hereto as Exhibit 3, which shall consist of (i) that certain Trade Confirmation and (ii) that certain Risk Participation of ERC Claim Agreement (collectively, the "ERC Sale Documents"). If the Borrower notifies Agent at least one Business Day in advance that the ERC Sale contemplated herein is scheduled to close, Agent shall deliver the executed ERC Consent in escrow in advance of such closing to Borrower and such ERC Consent shall be automatically released substantially simultaneously with the execution of the ERC Sale Documents. Subject to the satisfaction (or waiver in writing by the Lenders) of the conditions precedent set forth in Section 10 hereof and in reliance upon the representations and warranties of each Loan Party set forth in Section 11 below, Agent and the undersigned Lenders, constituting the Lenders under the Loan Agreement, hereby consent to (i) the ERC Sale and (ii) the guarantee provided by Borrower pursuant to the ERC Documents that would otherwise not be permitted under Section 9.9 of the Loan Agreement (Indebtedness); provided further that no payments by Borrower shall be permitted under the ERC Sale Documents, unless Borrower delivers a certificate of an Authorized Officer to Agent, in form and substance reasonably satisfactory to Agent, certifying that (i) no Default or Event of Default exists or would exist after giving pro forma effect to such payment and (ii) Borrower is in compliance with all Financial Covenants under Section 9.18 of the Loan Agreement (Financial Covenants) prior to or after giving pro forma effect to such payment. Notwithstanding the foregoing, should the ERC Sale not be consummated, for the avoidance of doubt, no Liens shall be released and the foregoing consent shall be void.

(c) Agent and Lenders hereby grant the Loan Parties an indefinite and perpetual waiver for the sale and/or disposition of all of the membership interests of Banana G's LLC owned by Warehouse Goods LLC in accordance with Section 1(b)(ii) of this Amendment No. 2, provided the Loan Parties continue to make commercially reasonable efforts to unwind this investment and, to the extent the Loan Parties cease using commercially reasonable efforts to effectuate the Banana

G's Sale (as determined by Agent in its sole discretion), then the Loan Parties shall immediately pledge, or cause to be pledged, all of the membership interests of Banana G's LLC held by Warehouse Goods LLC pursuant to and in accordance with the Pledge Agreement.

8. Yusen Collateral Access Agreement: The Borrower and the Loan Parties and counsel for Agent shall work in good faith with the counsel for the bailor at the Yusen Bailee Location to enter into a Collateral Access Agreement reasonably acceptable to all parties within seven (7) days of the Amendment Closing Date; provided that if the parties cannot agree to a Collateral Access Agreement by such date, then in lieu of requiring a Collateral Access Agreement for the Yusen Bailee Location, Agent will take a 3-month Reserve of the average monthly expenses *plus* any other amounts due and owing under that certain Logistics Service Agreement, dated as of September 21, 2022, by and among ARI Logistics B.V., a private limited liability company ("ARI") and Yusen Logistics (Benelux) B.V. (the " Services Agreement"), and while such Reserve is in place, the dollar thresholds with respect to the Collateral under Section 5.2(h) of the Loan Agreement (*Perfection of Security Interests*) shall not apply to the Yusen Bailee Location.

"Yusen Bailee Location" shall mean that certain bailment by ARI with Yusen Logistics (Benelux) B.V., located at Appelweg 14, PX Moerdijk, The Netherlands, 4782 PX pursuant to the Services Agreement.

9. The Borrower's address under Section 13.3 of the Loan Agreement (*Notices*) shall be updated to the following:

"If to any Borrower or Guarantor:
BORROWER/GUARANTOR
Greenlane, Inc.
1401 Warner Ave, Suite A and D
Tustin, CA 92780
ATTN: Lana Reeve, Chief Financial and Legal Officer

with copies (which shall not constitute notice) to:

Pryor Cashman LLP
7 Times Square
New York, NY 10036
Attn: Jeffrey Johnson
Telephone No.: (212) 326-0118
Telecopy No.: (212) 326-0806

10. The Closing. The "Amendment Closing Date" shall mean the date on which the following closing conditions specified in this Section 10 below are satisfied:

(a) The execution of this Amendment No. 2 by all parties set forth on the signature pages hereto.

(b) Receipt of funds by Agent on behalf of the Lenders of the Total Initial Prepayment Amount as set forth in Section 1(a) above.

11. The Loan Parties hereby represent and warrant that, as of the date hereof, after giving effect

to this Amendment No. 2: (a) the representations and warranties of the Borrower and each other Loan Party contained in Section 8 of the Loan Agreement (*Representations and Warranties*) are true and correct in all material respects (without duplication of any materiality qualifier set forth therein) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 11, the representations and warranties contained in Section 8.5 of the Loan Agreement (*Financial Statements; No Material Adverse Effect*) shall be deemed to refer to the most recent financial statements furnished pursuant to Sections 9.6(a)(ii) and (iii) of the Loan Agreement (*Financial Statements and Other Information*), respectively; (b) the Loan Parties are in compliance in all material respects with all of the terms and provisions set forth in the Loan Agreement and the other Financing Agreements on their part to be observed or performed thereunder; and (c) no Default or Event of Default has occurred and is continuing, or would result from, this Amendment No. 2.

The execution and delivery of this Amendment No. 2 to Agent has been duly authorized by each Loan Party hereto and is permitted under the terms of such Loan Party's articles, bylaws, limited liability company agreement or other governing document (including, without limitation, any unanimous shareholder agreement or shareholder declaration), as applicable, as the same may be amended, restated, amended and restated, supplemented or otherwise modified prior to the Amendment Closing Date, and by its signature below, each signatory represents the he or she has full authority to execute this Amendment No. 2 on behalf of such Loan Party.

This Amendment No. 2 shall be governed by, and construed in accordance with, the laws of the State of New York. This Amendment No. 2 shall constitute a Financing Agreement and an amendment in writing pursuant to Section 11.4 of the Loan Agreement (*Amendments and Waivers*).

Except as expressly contemplated hereby, the terms, provisions, conditions and covenants of the Loan Agreement and the other Financing Agreements remain in full force and effect and are hereby ratified and confirmed, and the execution, delivery and performance of the transactions contemplated herein shall not, except as expressly set forth herein, operate as a waiver of, consent to, modification or amendment of any term, provision, condition or covenant thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Agent, Lenders, Borrower and Guarantors have caused this Agreement to be duly executed as of the day and year first above written.

BORROWER:

GREENLANE HOLDINGS, INC.

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

GUARANTORS:

ARI LOGISTICS B.V.

By: /s/ N.F. Kovacevich
Name: N.F. Kovacevich
Title: Authorized signatory

CONSCIOUS B.V.

By: /s/ N.F. Kovacevich
Name: N.F. Kovacevich
Title: Authorized signatory

GLOBAL PACIFIC HOLDINGS LLC

By: Warehouse Goods LLC, its sole member

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

GREENLANE HOLDINGS, LLC

By: Greenlane Holdings, Inc., its manager

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

GREENLANE HOLDINGS EU B.V.

By: /s/ N.F. Kovacevich
Name: N.F. Kovacevich
Title: Authorized signatory

GS FULFILLMENT LLC

By: Warehouse Goods LLC, its sole member

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

[Signature Page to Amendment No. 2 to Loan and Security Agreement]

HSCM LLC

By: Warehouse Goods LLC, its sole member

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

KCH DISTRIBUTION INC.

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

KIM INTERNATIONAL LLC

By: Merger Sub Gotham 2, LLC, its sole member

By: Greenlane Holdings, Inc., its sole member

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

[Signature Page to Amendment no. 2 to Loan and Security Agreement]

KUSH ENERGY, LLC

By: Merger Sub Gotham 2, LLC, its sole member

By: Greenlane Holdings, Inc., its sole member

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

KUSH SUPPLY CO. LLC

By: Merger Sub Gotham 2, LLC, its sole manager

By: Greenlane Holdings, Inc., its sole member

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

MERGER SUB GOTHAM 2, LLC

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

[SIGNATURE PAGE TO AMENDMENT NO. 2 TO LOAN AND SECURITY AGREEMENT]

ROCKETMANG LLC

By: Pollen Gear LLC, its sole manager

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

SHAVITA B.V.

By: /s/ N.F. Kovacevich
Name: N.F. Kovacevich
Title: Authorized signatory

SOUTH ATLANTIC HOLDINGS LLC

By: Warehouse Goods LLC, its sole member

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

[Signature Page to Amendment no. 2 to Loan and Security Agreement]

VAPE WORLD DISTRIBUTION LTD.

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

WAREHOUSE GOODS LLC

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

1095 BROKEN SOUND PKWY LLC

By: Warehouse Goods LLC, its sole member

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

[SIGNATURE PAGE TO AMENDMENT NO. 2 TO LOAN AND SECURITY AGREEMENT]

POLLEN GEAR LLC

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

HS PRODUCTS LLC

By: Warehouse Goods, LLC, its sole member

By: Greenlane Holdings, LLC, its sole member

By: Greenlane Holdings, Inc., its manager

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

[Signature Page to Amendment no. 2 to Loan and Security Agreement]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

AGENT

WHITEHAWK CAPITAL PARTNERS
LP,
as Agent

By: /s/ Robert Louzan

Name: Robert Louzan
Title: President

LENDERS

WHITEHAWK FINANCE LLC, as a Lender

By: /s/ Robert Louzan

Name: Robert Louzan
Title: President

[SIGNATURE PAGE TO AMENDMENT NO. 2 TO LOAN AND SECURITY AGREEMENT]

Exhibit 31.1

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

I, Craig Snyder, certify that:

1. I have reviewed this Amendment No. 2 to the Quarterly Report on Form 10-Q/A of Greenlane Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 5, 2023

/s/ Craig Snyder
Craig Snyder
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Lana Reeve, certify that:

1. I have reviewed this Amendment No. 2 to the Quarterly Report on Form 10-Q/A of Greenlane Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 5, 2023

/s/ Lana Reeve

Lana Reeve
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Amendment No. 2 to the Quarterly Report of Greenlane Holdings, Inc. (the "Company") on Form 10-Q/A for the quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig Snyder, the Chief Executive Officer of the Company, and I, Lana Reeve, the Chief Financial Officer of the Company, certify, to our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 5, 2023

/s/ Craig Snyder
Craig Snyder
Chief Executive Officer
(Principal Executive Officer)

/s/ Lana Reeve
Lana Reeve
Chief Financial Officer
(Principal Financial Officer)