

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2024**

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 Capital Market

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

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

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

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

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

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

As of August 14, 2024, Greenlane Holdings, Inc. had 2,910,848 shares of Class A common stock outstanding

Greenlane Holdings, Inc.
Form 10-Q
For the Quarterly Period Ended June 30, 2024

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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)

	June 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 169	\$ 463
Accounts receivable, net of allowance of \$ 2,250 and \$ 2,209 at June 30, 2024 and December 31, 2023, respectively	1,923	1,693
Inventories, net	17,268	20,529
Vendor deposits	3,737	3,765
Other current assets (Note 8)	2,261	3,319
Total current assets	25,358	29,769
Property and equipment, net	2,178	2,476
Operating lease right-of-use assets	1,499	1,936
Other assets	3,894	3,912
Total assets	\$ 32,929	\$ 38,093
LIABILITIES		
Current liabilities		
Accounts payable	\$ 15,005	\$ 12,103
Accrued expenses and other current liabilities (Note 8)	2,850	3,056
Customer deposits	2,775	2,775
Notes payable, net of debt discount	4,905	7,283
Current portion of operating leases	886	866
Current portion of finance leases	—	7
Total current liabilities	26,421	26,090
Operating leases, less current portion	554	1,010
Other liabilities	—	1
Total long-term liabilities	554	1,011
Total liabilities	26,975	27,101
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, 529 shares issued and outstanding as of June 30, 2024; 600,000 shares authorized, 339 shares issued and outstanding as of December 31, 2023*	5	3
Class B common stock, \$ 0.0001 par value per share, 30,000 shares authorized, and 0 shares issued and outstanding as of June 30, 2024 and December 31, 2023*	—	—
Additional paid-in capital*	268,249	268,165
Accumulated deficit	(262,395)	(257,289)
Accumulated other comprehensive income	244	245
Total stockholders' equity attributable to Greenlane Holdings, Inc.	6,103	11,124
Non-controlling interest	(149)	(132)
Total stockholders' equity	5,954	10,992
Total liabilities and stockholders' equity	\$ 32,929	\$ 38,093

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 2,652	\$ 19,625	\$ 7,578	\$ 43,584
Cost of sales	1,641	15,051	5,055	33,491
Gross profit	1,011	4,574	2,523	10,093
Operating expenses:				
Salaries, benefits and payroll taxes	1,509	5,157	4,455	10,527
General and administrative	2,801	6,968	5,093	14,776
Depreciation and amortization	196	477	450	968
Total operating expenses	4,506	12,602	9,998	26,271
Loss from operations	(3,495)	(8,028)	(7,475)	(16,178)
Other income (expense), net:				
Interest expense	(289)	(918)	(811)	(1,733)
Change in fair value of contingent consideration	1,000	—	1,000	—
Gain on extinguishment of debt	2,166	—	2,166	—
Other income (expense), net	(14)	(85)	(3)	134
Total other income (expense), net	2,863	(1,003)	2,352	(1,599)
Loss before income taxes	(632)	(9,031)	(5,123)	(17,777)
Provision for (benefit from) income taxes	—	(7)	—	(6)
Net loss	(632)	(9,024)	(5,123)	(17,771)
Less: Net income (loss) attributable to non-controlling interest	(17)	8	(17)	(46)
Net loss attributable to Greenlane Holdings, Inc.	\$ (615)	\$ (9,032)	\$ (5,106)	\$ (17,725)
Net loss attributable to Class A common stock per share - basic and diluted (Note 9)*	\$ (1.33)	\$ (62.29)	\$ (13.69)	\$ (122.24)
Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 9)*	462	145	373	145
Other comprehensive income (loss):				
Foreign currency translation adjustments	(3)	27	(1)	205
Comprehensive loss	(635)	(8,997)	(5,124)	(17,566)
Less: Comprehensive loss attributable to non-controlling interest	(17)	(8)	(17)	(8)
Comprehensive loss attributable to Greenlane Holdings, Inc.	\$ (618)	\$ (8,989)	\$ (5,107)	\$ (17,558)

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

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

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

	Class A Common Stock		Additional Paid-In Capital*	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Stockholders' Equity
	Shares*	Amount*					
Balance December 31, 2023	339	\$ 3	\$ 268,165	\$ (257,289)	\$ 245	\$ (132)	\$ 10,992
Net loss	—	—	—	(4,491)	—	—	(4,491)
Equity-based compensation	17	—	86	—	—	—	86
Issuance of Class A shares - (Note 9)	38	1	(1)	—	—	—	—
Other comprehensive income	—	—	—	—	2	—	2
Balance March 31, 2024	394	\$ 4	\$ 268,250	\$ (261,780)	\$ 247	\$ (132)	\$ 6,589
Net loss	—	—	—	(615)	—	(17)	(632)
Issuance of Class A shares - (Note 9)	135	1	(1)	—	—	—	—
Other comprehensive income	—	—	—	—	(3)	—	(3)
Balance June 30, 2024	529	\$ 5	\$ 268,249	\$ (262,395)	\$ 244	\$ (149)	\$ 5,954

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

	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	145	\$ 1	—	\$ —	\$ 264,031	\$ (225,114)	\$ 55	\$ 18	\$ 38,991
Net loss	—	—	—	—	—	(8,693)	—	(54)	(8,747)
Equity-based compensation	—	—	—	—	110	—	—	—	110
Issuance of Class A shares - Amended Eyce APA (Note 3)	—	—	—	—	95	—	—	—	95

Other comprehensive income	—	—	—	—	—	—	178	—	178
Balance 3/31/2023	145	1	—	—	264,236	(233,807)	233	(36)	30,627
Net loss	—	—	—	—	—	(9,032)	—	8	(9,024)
Equity-based compensation forfeiture, net	—	—	—	—	(11)	—	—	—	(11)
Issuance of Class A shares - Amended Eyce APA (Note 3)	—	—	—	—	65	—	—	—	65
Other comprehensive income (loss)	—	—	—	—	—	—	27	—	27
Balance 6/30/2023	145	\$ 1	—	\$ —	\$ 264,290	\$ (242,839)	\$ 260	\$ (28)	\$ 21,684

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

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

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

	For the six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss (including amounts attributable to non-controlling interest)	\$ (5,123)	\$ (17,771)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	450	968
Equity-based compensation expense	86	260
Change in provision for doubtful accounts	41	(10)
Change in fair value of contingent consideration	(1,000)	103
Amortization of debt discount	33	—
Gain on extinguishment of debt	(2,166)	—
Other	—	487
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Increase (decrease) in accounts receivable	(271)	3,389
Decrease in inventories	2,770	10,803
Decrease in vendor deposits	28	1,283
Decrease in other current assets	1,076	4,227
Increase in accounts payable	2,904	1,949
Increase in accrued expenses and other liabilities	793	13
Decrease in customer deposits	—	(1,045)
Net cash (used in) provided by operating activities	<u>(379)</u>	<u>4,656</u>
Cash flows from investing activities:		
Purchases of property and equipment, net	(151)	(306)
Proceeds from sale of equity investments	—	53
Net cash used in investing activities	<u>(151)</u>	<u>(253)</u>
Cash flows from financing activities:		
Payments on Eyce and DaVinci promissory notes	—	(1,601)
Purchase consideration paid for Eyce LLC and DaVinci acquisitions	—	(300)
Repayments of Asset-Based Loan	—	(9,452)
Modification costs of Asset-Based Loan	—	(751)
Proceeds from notes payable	635	—
Proceeds from future receivables financing	225	—
Repayments of loan against future accounts receivable	(613)	—
Other	(10)	(29)
Net cash provided by (used in) financing activities	<u>237</u>	<u>(12,133)</u>
Effects of exchange rate changes on cash	<u>(1)</u>	<u>205</u>
Net decrease in cash	(294)	(7,525)
Cash and restricted cash, as of beginning of the period	463	12,176
Cash and restricted cash, as of end of the period	<u>\$ 169</u>	<u>\$ 4,651</u>

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

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

Reconciliation of cash and restricted cash to consolidated balance sheets

For the six months ended June 30,	
2024	2023

Beginning of the period		
Cash	\$ 463	\$ 6,458
Restricted cash	—	5,718
Total cash and restricted cash, beginning of period	\$ 463	\$ 12,176
End of the period		
Cash	\$ 169	\$ 4,651
Restricted cash	—	—
Total cash and restricted cash, end of period	\$ 169	\$ 4,651
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 778	\$ 1,155
Cash paid for amounts included in the measurement of lease liabilities	\$ —	\$ 447
Non-cash financing activities:		
Non-cash purchases of property and equipment	\$ —	\$ 285
Extinguishment of debt in connection with Synergy asset purchase agreement	\$ 2,658	\$ —

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

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

NOTE 1. BUSINESS OPERATIONS AND ORGANIZATION

Organization

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

We merchandise premium cannabis accessories, child-resistant packaging, specialty vaporization solutions and lifestyle products in the United States, Canada, Europe and Latin America, serving a diverse and expansive customer base with thousands of retail locations, licensed cannabis dispensaries, smoke shops, multi-state operators (“MSOs”), specialty retailers, and retail consumers.

We have been developing a 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 more affordable product line and Higher Standards – our premium smoke shop and ancillary product brand, and our award winning Vapor.com website and brand. We also have category exclusive licenses for the premium Marley Natural branded products, as well as the K.Haring branded products.

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

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

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

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

In connection with the IPO, we entered into a Tax Receivable Agreement (the “TRA”) with the Operating Company and the Operating Company’s members and a Registration Rights Agreement (the “Registration Rights Agreement”) with the Operating Company’s members. The TRA provides for the payment by us to the Operating Company’s member(s) of 85.0 % of the amount of tax benefits, if any, that we may actually realize (or in some cases, are deemed to realize) as a result of (i) the step-up in tax basis in our share of the Operating Company’s assets resulting from the redemption of Common

Units under the mechanism described above and (ii) certain other tax benefits attributable to payments made under the TRA. Pursuant to the Registration Rights Agreement, we have agreed to register the resale of shares of Class A common stock that are issuable to the Operating Company's members upon redemption or exchange of their Common Units.

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

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

Reverse Stock Splits

On June 2, 2023, we filed a Certificate of Amendment to the A&R Charter with the Secretary of State for the State of Delaware ("SSSD"), which effected a one-for-ten reverse stock split (the "2023 Reverse Stock Split" and together with the 2022 Reverse Stock Split, the "Reverse Stock Splits") of our issued and outstanding shares of Common Stock at 5:01 PM Eastern Time on June 5, 2023. As a result of the 2023 Reverse Stock Split, every ten shares of common stock issued and outstanding were converted into one share of common stock. We paid cash in lieu of fractional shares, and accordingly, no fractional shares were issued in connection with the 2023 Reverse Stock Split.

On July 23, 2024, the Board approved the reverse split at a ratio of one-for-11 and the Amendment has been filed with the Secretary of State of the State of Delaware, which became effective on August 5, 2024 at 12:01 AM Eastern Time, before the opening of trading on the Nasdaq.

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

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

Liquidity and Going Concern

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

Our primary requirements for liquidity and capital are working capital, debt service related to recent acquisitions and general corporate needs. Our primary sources of liquidity are our cash on hand and the cash flow that we generate from our operations, as well as proceeds from other equity issuances.

We believe that our cash on hand and the cash flow that we generate from our operations will not 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 the next 12 months. Based on our cash on hand and working capital at June 30, 2024, we may have insufficient cash to fund planned operations into the fourth quarter of 2024. This is evident from our continued efforts to raise capital and leverage external funding to fulfil our capital needs.

ATM Program and Shelf Registration Statement

We formerly used a shelf registration statement on Form S-3 (the "Shelf Registration Statement") to conduct securities offerings from time to time in order to meet our liquidity needs. In August 2021, we filed a prospectus supplement and established an "at-the-market" equity offering program (the "ATM Program") that provided 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.

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. Due to the untimely filing of certain of our Quarterly and Annual Reports 3, we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement, which will limit our liquidity options in the capital markets.

Common Stock and Warrant Offerings.

On June 29, 2023, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 560,476 shares of our Class A common stock, pre-funded warrants to purchase up to 3,487,143 shares of our Class A Common Stock (the "July 2023 Pre-Funded Warrants") and warrants to purchase up to 8,095,238 shares of our Class A common stock (the "July 2023 Standard Warrants"). The July 2023 units were offered pursuant to a Registration Statement on Form S-1 (the "July 2023 Offering"). The July 2023 Offering generated gross proceeds of approximately \$ 4.3 million and net proceeds to the Company of approximately \$ 3.8 million and closed on July 3, 2023. See "Note 9 – Stockholders' Equity" for further information.

Asset-Based Loan

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

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

ERC Sale

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

Future Receivables Financing

In July, August, October, and November 2023, the Company received an aggregate of approximately \$ 3.9 million in cash pursuant to the terms of future receivables financings (collectively, the "Future Receivables Financings") entered into with two private lenders. At June 30, 2024, \$ 1.8 million of such financing remained outstanding. See "Note 6 - Long Term Debt" for more information.

Secured Bridge Loan

On September 22, 2023, the Company entered into a secured loan pursuant to a Loan and Security Agreement (the "September 2023 Loan Agreement"), dated as of September 22, 2023 with Synergy Imports, LLC (the "Secured Bridge Loan Lender").

Pursuant to the September 2023 Loan Agreement, the Secured Bridge Loan Lender agreed to make available to the Company a six-month bridge loan of \$ 2.2 million in new funds. Additionally, the Secured Bridge Loan Lender agreed to defer payments totaling \$ 2,028,604 already owed by the Company under existing payment obligations and potentially defer up to an additional \$ 2,655,778 which may become due pursuant to existing agreements during the term of the September 2023 Loan Agreement.

Subject to certain exceptions, the Company agreed to pledge all of its assets, with the exception of deposit accounts and accounts receivable, as collateral. Additionally, the Company agreed to transfer one US patent and two related foreign patents and a related trademark in exchange for an exclusive license back of such assets in the area of smoking products and accessories in connection with the September 2023 Loan Agreement.

In May 2024, the Company modified its debt agreement with Synergy to reduce the principal balance due by \$2.7 million from \$ 5.1 million as part of the Loan Modification Agreement concurrent with the Asset Purchase Agreement. Synergy acquired certain assets from the Company in exchange for the reduction in overall principal owed. At June 30, 2024, \$ 2.5 million of such financing remained outstanding. See "Note 6 - Long Term Debt" for more information.

Note Payable

On June 7, 2024, the Company entered into a subscription agreement with Cobra Alternative Capital Strategies, LLC. As of June 30, 2024, the Company has been loaned \$ 793,700 with net cash proceeds of \$ 634,960. The note was issued with a 20% original issue discount and is due in full on December 7, 2024. See "Note 6 - Long Term Debt" for more information.

Management Initiatives

We have completed several initiatives to optimize our working capital requirements due to our inability to access capital markets on equitable terms and stock-outs and shortages of higher velocity inventory. In the fourth quarter of 2022, we launched Groove, a new, innovative Greenlane Brands product line, and we also rationalized and improved our third-party brands product offering, which enabled us to reduce inventory carrying costs and working capital requirements while increasing our offerings.

In April 2023, we entered into two strategic partnership. 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. 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, thereby improving our balance sheet.

We have successfully renegotiated many of our vendor and supplier partnership terms and are continuing to improve working capital arrangements with our vendors and suppliers. We have made progress consolidating and streamlining our office, warehouse, and distribution operations footprint. We have reduced our workforce significantly to reduce costs and align with our revenue projections.

The Company has incurred net losses of \$ 5.1 million and \$ 17.8 million for the six months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, cash (used in) provided by operating activities were \$(0.4) million and \$ 4.7 million, respectively. The recent macroeconomic environment has caused weaker demand than contemplated under the Company's business plan, resulting in a reduction in projected revenue and cash flows for the twelve-month period included in the going concern evaluation.

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

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

The unaudited condensed consolidated financial statements do not include any adjustments that may result from the outcome of this going concern uncertainty. For a more complete description of our initiatives, see the Management Discussion and Analysis.

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, 2023. The condensed consolidated results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024, or any other future annual or interim period. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments necessary for a fair statement of the Company's financial position and operating results. Certain reclassifications have been made to prior year amounts or balances to conform to the presentation adopted in the current year.

Principles of Consolidation

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

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Use of Estimates

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

Segment Reporting

We manage our global business operations through our operating and reportable business segments. As of June 30, 2024, we had two reportable operating business segments: Consumer Goods and Industrial Goods. Our reportable segments have been identified based on how our chief operating decision maker ("CODM"), which is a committee comprised of our Chief Executive Officer ("CEO") and our Chief Financial and Legal Officer ("CFO"), manages our business, makes resource allocation and operating decisions, and evaluates operating performance. See "Note 12—Segment Reporting."

Revenue Recognition

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

We generate revenue primarily from the sale of finished products to customers, whereby each product unit represents a single performance obligation. We recognize revenue from product sales when the customer has obtained control of the products, which is either at point of sale or delivery to the customer, depending upon the specific terms and conditions of the arrangement, or at the point of sale for our retail store sales. We provide no warranty on products sold. Product warranty is provided by the manufacturers. 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 these orders 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 completion timeline can vary by product type and terms of sales with each customer. See "Note 8—Supplemental Financial Statement Information" for a summary of changes to our customer deposits liability balance during the six months ended June 30, 2024 and the year ended December 31, 2023.

We estimate product returns based on historical experience and record them as a refund liability that reduces the net sales for the period. We analyse actual historical returns, current economic trends and changes in order volume when evaluating the adequacy of our sales returns allowance in any reporting period. Our liability for returns, which is included within "Accrued expenses and other current liabilities" in our consolidated balance sheet, was approximately \$ 0.1 million December 31, 2023. There were no liabilities related to refunds as of June 30, 2024.

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

The Company transitioned to a commission revenue model for the majority of the sales for the Industrial segment. The company operates as a sales agent servicing vape customers and receives a commission for these services. The company was previously working directly with these customers and recognizing gross revenue versus straight commission revenue. The Company recognizes this fee on a periodic basis when the products have been shipped for the end consumer. In working with their partner, the Company is not responsible for fulfilling a promise to provide the specified goods, does not establish the pricing with its partners customers, and does not have control over the goods that will be shipped. As such, the Company is an agent and recognizes its revenue on a net basis for its service. The partner company pays Greenlane a negotiated percentage-based fee on a quarterly basis.

One customer represented approximately 9 % and 19 % of net sales for the three and six months ended June 30, 2024. For the three and six months ended June 30, 2023, one customer represented approximately 38 % and 32 % of net sales. As of June 30, 2024 and December 31, 2023, the Company has a concentration of credit risk with its accounts receivable balance as one customer represented approximately 22 % and 11 %, respectively, of accounts receivable.

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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 \$ 0.6 and \$ 0.4 million, respectively, relating to this matter within "Accrued expenses and other current liabilities" in our condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023.

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.

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.

Out-of-Period Adjustment

During the three months ended June 30, 2024, the Company recorded an out-of-period adjustment as a result of an offsetting intercompany entry to general and administrative expenses during the current period, as opposed to the three months ended March 31, 2024. The adjustment resulted in an additional net loss due to increased general administrative expenses reflected in the current period consolidated condensed statement of operations of approximately \$ 0.9 million with no net impact to the year-to-date financial statements as of and for the six months ended June 30, 2024. The Company evaluated the quantitative and qualitative aspects of this out of period adjustment and determined that the adjustment did not have a material impact to any previously reported quarterly or annual financial statements.

Recently Issued Accounting Guidance Not Yet Adopted

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

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update require public companies to disclose on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. In addition, the amendment requires that a public entity provide all annual disclosures about a reportable segment's profit or loss and assets currently required in interim periods and require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-07 on its consolidated financial statements and related disclosures. This amendment will go into effect for the fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements To Income Tax Disclosures*, to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this Update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information.

The amendments in this Update require that entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate). In addition, public business entities are required to provide certain qualitative disclosure about the rate reconciliation.

The amendments in this Update require that all entities disclose on an annual basis the amount of income taxes paid (net of refunds received) disaggregated (1) by federal (national), state, and foreign taxes and (2) by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received).

This Update also includes certain other amendments to improve the effectiveness of income tax disclosures, such as requiring that all entities disclose the following information:

1. Income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign.
2. Income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign.

The amendments in this ASU require a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets) as of the beginning of the annual reporting period in which an entity adopts the amendments. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements and related disclosures. This amendment will go into effect for annual periods beginning after December 15, 2024.

NOTE 3. BUSINESS ACQUISITIONS AND DISPOSITIONS

Amended Eyce APA

On April 7, 2022, we entered into an amendment to that certain Asset Purchase Agreement dated March 2, 2021 (the "Amended Eyce APA"), by and

between Eyce and Warehouse Goods to accelerate the issuance of shares of Class A common stock issuable to Eyce under the agreement upon the attainment of certain EBITDA and revenue benchmarks (the "Amended 2022 Contingent Payment"), in an amount equal to \$ 0.9 million. We issued 7,172 shares of Class A common stock to Eyce under the Amended 2022 Contingent Payment, which vest ratably in seven quarterly tranches starting on July 1, 2022, such that on January 1, 2024 (the "Vesting Date"), all shares issued to Eyce under the Amended 2022 Contingent Payment will have vested. The shares of Class A common stock issued under the Amended 2022 Contingent Payment are subject to certain forfeiture restrictions tied to the continued employment of certain Eyce personnel with the Company through the Vesting Date.

The Amended Eyce APA also provided for the payment of \$ 0.9 million in cash in four equal installments on April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024, contingent on the achievement of certain deliverables outlined in the Amended Eyce APA and the continued employment of certain Eyce personnel. The transaction was accounted for separately from acquisition accounting for the Eyce business combination. The April 2, 2023 and July 1, 2023 payments were paid timely, the remaining payments, if not paid timely will roll into the Synergy Imports, LLC Bridge Loan and included in the potential additionally deferred amounts under that Loan.

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 December 31, 2023, 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:

<i>(in thousands)</i>	Condensed Consolidated Balance Sheet Caption	Fair Value at December 31, 2023			
		Level 1	Level 2	Level 3	Total
Liabilities:					
	Accrued expenses and other current liabilities				
Contingent consideration - current		\$ —	\$ —	1,000	1,000
Total Liabilities		\$ —	\$ —	\$ 1,000	\$ 1,000

There were no transfers between Level 1 and Level 2 and no transfers to or from Level 3 of the fair value hierarchy during the three and six months ended June 30, 2024 and 2023, respectively.

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Contingent Consideration

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

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

<i>(in thousands)</i>	Six Months Ended June 30, 2024
Balance at December 31, 2023	\$ 1,000
Cash payments for earned contingent consideration	—
Transfer to notes payable	—
Gain from fair value adjustments included in results of operations	(1,000)
Balance June 30, 2024	\$ —

<i>(in thousands)</i>	Six Months Ended June 30, 2023
Balance at December 31, 2022	\$ 2,738
Cash payments for earned contingent consideration	(300)
Loss (gain) from fair value adjustments included in results of operations	103
Balance at June 30, 2023	\$ 2,541

Equity Securities Without a Readily Determinable Fair Value

Our investment in equity securities without readily determinable fair value consist of ownership interests in Aircraft 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.

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Aircraft Inc., Sun Grown, and VIVA are private entities and their equity securities do not have a readily determinable fair value. We elected to measure these securities under the measurement alternative election at cost minus impairment, if any, with adjustments through earnings for observable price changes in orderly transactions for the identical or similar investment of the same issuer. We acquired our investments in Sun Grown and VIVA as part of our merger with KushCo, which we completed in August 2021. We did not identify any fair value adjustments related to these equity securities during the three and six months ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and December 31, 2023, the carrying value of our investment in equity securities without a readily determinable fair value was approximately \$ 1.9 million, respectively, included within "Other assets" in our condensed consolidated balance sheets.

NOTE 5. LEASES

Greenlane as a Lessee

As of June 30, 2024, we had facilities financed under operating leases consisting of warehouses and offices with lease term expirations between 2023 and 2027. Lease terms are generally three to seven years for warehouses and office space. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides details of our future minimum lease payments under operating lease liabilities recorded in our condensed consolidated balance sheet as of June 30, 2024. The table below does not include commitments that are contingent on events or other factors that are currently uncertain or unknown.

<i>(in thousands)</i>	Operating Leases
Remainder of 2024	\$ 457
2025	942
2026	81
2027	—
2028 and thereafter	—
Total minimum lease payments	\$ 1,480
Less: imputed interest	40
Present value of minimum lease payments	\$ 1,440
Less: current portion	886
Long-term portion	\$ 554

Rent expense under operating leases was approximately \$ 0.3 million and \$ 0.5 million for the three and six months ended June 30, 2024, respectively, and approximately \$ 0.6 million and \$ 1.2 million for the three and six months ended June 30, 2023, respectively.

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

<i>(in thousands)</i>	For the six months ended June 30,	
	2024	2023
Operating lease cost	457	1,041
Variable lease cost	—	143
Total lease cost	\$ 457	\$ 1,184

The table below presents lease-related terms and discount rates as of June 30, 2024:

	Operating Leases
Weighted average remaining lease terms	1.6 years
Weighted average discount rate	2.1%

NOTE 6. DEBT

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

<i>(in thousands)</i>	As of	
	June 30, 2024	December 31, 2023
Future Receivables Financing	\$ 1,786	\$ 2,174
Note payable	794	—
Secured Bridge Loan	2,451	5,109
	5,031	7,283
Less unamortized debt issuance costs	(126)	—
Less current portion of debt	(4,905)	(7,283)
Debt, net, excluding operating and finance leases and liabilities	\$ —	\$ —

Future Receivables Financings

In July, August, October, and November 2023, the Company received an aggregate of approximately \$ 3.9 million in cash pursuant to the terms of future receivables financings (collectively, the "Future Receivables Financings") entered into with two private lenders. The Company will make weekly payments under the Future Receivables Financings and is scheduled to repay the amounts due under the Future Receivables Financings in full in approximately six to eight months. The total amount to be repaid under the initial Future Receivables Financings was approximately \$ 4.5 million. In connection with the Future Receivables Financings, the Company granted the lenders security interests in Company's accounts receivable equal to the amounts due thereunder, and in connection with any event of default, the lenders may file financing statements evidencing the security interests.

Note Payable

On June 7, 2024, the Company entered into a subscription agreement for a note payable with Cobra Alternative Capital Strategies, LLC. As of June 30, 2024, the Company had been loaned \$ 793,700 with net cash proceeds of \$ 634,960. The note was issued with a 20% original issue discount and is due in full on December 7, 2024. Upon default, the note can be converted at a variable price equal to 30% discount to the average daily volume weighted average price ("VWAP") for the 20 trading days preceding the date of conversion. As of June 30, 2024, the note is not considered convertible.

Secured Bridge Loan

On September 22, 2023, the Company entered into a secured loan pursuant to a Loan and Security Agreement (the "September 2023 Loan Agreement"), dated as of September 22, 2023 with Synergy Imports, LLC (the "Secured Bridge Loan Lender" or "Synergy").

Pursuant to the September 2023 Loan Agreement, the Secured Bridge Loan Lender agreed to make available to the Company a six-month bridge loan of

\$ 2.2 million in new funds. Additionally, the Secured Bridge Loan Lender agreed to defer payments totaling \$ 2,028,604 already owed by the Company under existing payment obligations and potentially defer up to an additional \$ 2,655,778 which may become due pursuant to existing agreements during the term of the September 2023 Loan Agreement.

Subject to certain exceptions, the Company agreed to pledge all of its assets, with the exception of deposit accounts and accounts receivable, as collateral. Additionally, the Company agreed to transfer one US patent and two related foreign patents and a related trademark in exchange for an exclusive license back of such assets in the area of smoking products and accessories in connection with the September 2023 Loan Agreement.

On May 6, 2024, the Company, Warehouse Goods and Synergy entered into an asset purchase agreement, dated May 1, 2024 (the "Asset Purchase Agreement") pursuant to which Synergy purchased all of the intellectual property, a specified amount of inventory, and other assets related to the Eyce and DaVinci brands. In consideration for the acquisition, all parties entered into a loan modification agreement, effective May 1, 2024 (the "Loan Modification Agreement") and an amended and restated secured promissory note, effective May 1, 2024 (the "Amended and Restated Secured Promissory Note"), an amendment to the original Eyce and Davinci Asset Purchase Agreements, a distribution agreement, the termination of a license granted by Eyce, and the termination of certain consulting and employment agreements. As part of the overall modification, the principal balance with Synergy decreased by \$ 2.7 million from \$ 5.1 million. Synergy acquired certain assets from the Company in exchange for the reduction in overall principal owed and as part of the transaction, the Company recognized a gain on the debt modification of \$ 2.2 million. This amount is included in the accompanying financial statements within the statement of operations for the three and six months ended June 30, 2024 within other income (expense). At June 30, 2024, \$ 2.5 million of such financing remained outstanding. The updated date of maturity will be through August 2024.

Future Minimum Principal Payments

The following table summarizes future scheduled minimum principal payments of debt at June 30, 2024. Future debt principal payments are presented based upon the stated maturity dates in the respective debt agreement.

<i>(in thousands)</i>	Year Ending December 31,					Total
	Remainder 2024	2025	2026	2027	2028	
Future Receivables Financing	\$ 1,786	\$ —	\$ —	\$ —	\$ —	\$ 1,786
Note payable	794	—	—	—	—	794
Secured Bridge Loan	2,451	—	—	—	—	2,451
Total	\$ 5,031	\$ —	\$ —	\$ —	\$ —	\$ 5,031

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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 six months ended June 30, 2024 and 2023, respectively.

Other Contingencies

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

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

NOTE 8. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

ERC Sale

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

Other Current Assets

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

<i>(in thousands)</i>	As of	
	June 30, 2024	December 31, 2023
Other current assets:		
VAT refund receivable (Note 2)	\$ 217	\$ 78
Prepaid expenses	102	1,207
Indemnification receivable, net	7	7
Customs bonds	1,126	1,229
Other	809	798
	\$ 2,261	\$ 3,319

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Accrued Expenses and Other Current Liabilities

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

<i>(in thousands)</i>	As of	
	June 30, 2024	December 31, 2023
Accrued expenses and other current liabilities:		
VAT payable (including amounts related to VAT matter described in Note 2)	\$ 613	\$ 313
Contingent consideration	—	1,000
Accrued employee compensation	970	861
Accrued professional fees and other expenses	758	499
Refund liability (including accounts receivable credit balances)	—	68
Sales tax payable	509	315
	<u>\$ 2,850</u>	<u>\$ 3,056</u>

Customer Deposits

For certain product offerings we may receive a deposit from the customer (generally 25% - 50% of the total order cost, but the amount can vary by customer contract), when an order is placed by a customer. We typically complete orders related to customer deposits within one to six months from the date of order, depending on the complexity of the customization and the size of the order, but the order completion timeline can vary by product type and terms of sale with each customer. During the six months ended June 30, 2024, the Company was still assessing any need to recognize certain deposits as income or offset against any outstanding receivables. The Company plans to resolve any outstanding customer deposits by December 31, 2024. Changes in our customer deposits liability balance during the six months ended June 30, 2024 were as follows:

<i>(in thousands)</i>	Customer Deposits
Balance as of December 31, 2023	\$ 2,775
Increases due to deposits received, net of other adjustments	—
Customer Overpayments	—
Revenue recognized	—
Balance as of June 30, 2024	<u>\$ 2,775</u>

Accumulated Other Comprehensive Income

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

<i>(in thousands)</i>	Foreign Currency Translation	Unrealized Gain or (Loss) on Derivative Instrument	Total
Balance at December 31, 2023	\$ 245	\$ —	\$ 245
Other comprehensive income	(1)	—	(1)
Balance at June 30, 2024	<u>\$ 244</u>	<u>\$ —</u>	<u>\$ 244</u>

<i>(in thousands)</i>	Foreign Currency Translation	Unrealized Gain or (Loss) on Derivative Instrument	Total
Balance at December 31, 2022	\$ 55	\$ —	\$ 55
Other comprehensive income (loss)	205	—	205
Less: Other comprehensive (income) loss attributable to non-controlling interest	—	—	—
Balance at June 30, 2023	<u>\$ 260</u>	<u>\$ —</u>	<u>\$ 260</u>

Supplier Concentration

Our four largest vendors accounted for an aggregate of approximately 26.5% and 25.2% of our total purchases for the three and six months ended June 30, 2024, respectively, and an aggregate of approximately 89.9% and 82.2% of our total purchases for the three and six months ended June 30, 2023, respectively.

Related Party Transactions

Nicholas Kovacevich, our former Chief Corporate Development Officer owns capital stock of Blum Holdings Inc. ("Blum"). Net sales to Blum totaled approximately \$ 0.4 million for the ended December 31, 2022. Total accounts receivable due from Blum were approximately \$ 0.4 million as of June 30, 2024 and December 31, 2023, respectively. On February 8, 2023, we filed a lawsuit against Blum in Superior Court of California, Orange County, seeking to compel the repayment of Blum's open balance due to us. As of the date of these financial statements were available to be issued, there has been a judgement received in favor of the Company.

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

NOTE 9. STOCKHOLDERS' EQUITY

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

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

Common Stock. We paid cash in lieu of fractional shares, and accordingly, no fractional shares were issued in connection with the 2023 Reverse Stock Split.

On June 18, 2024, the Board unanimously approved and declared advisable, and recommended that our stockholders approve at a Special Meeting to take place on July 29, 2024, the adoption of the 2024 Amendment to effect a reverse stock split of our Common Stock at any whole number between, and inclusive of, one-for-two to one-for-twenty. Approval of the Proposed 2024 Reverse Stock Split at the 2024 Annual Meeting will grant the Board the authority, but not the obligation, to file the 2024 Amendment to effect the Proposed 2024 Reverse Stock Split no later than August 5, 2024, with the exact ratio and timing of the Proposed 2024 Reverse Stock Split to be determined at the discretion of the Board. On July 23, 2024, the Board approved the reverse split at a ratio of one-for-11 and the Amendment has been filed with the Secretary of State of the State of Delaware, which will become effective on August 5, 2024 at 12:01 AM Eastern Time, before the opening of trading on the Nasdaq. For additional information about the July 29, 2024 Special Meeting and the 2024 Reverse Stock Split, see the Company's Definitive Proxy Statement filed with the SEC on June 28, 2024 and Form 8-K filed with the SEC on July 31, 2024.

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

Non-Controlling Interest

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

At-the-Market Equity Offering

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

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

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

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

Due to the untimely filing of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement for a period of 12 months, which will limit our liquidity options in the capital markets.

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

	August 2021 (Inception) through June 30, 2024
(\$ in thousands)	
Class A shares sold	8,842
Gross proceeds	\$ 12,684
Fees paid to sales agent	\$ 381
Net proceeds	\$ 12,303

Common Stock and Warrant Offerings

July 2023 Offering

On June 29, 2023, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 50,952 shares of our Class A common stock, pre-funded warrants to purchase up to 317,013 shares of our Class A common stock (the "July 2023 Pre-Funded Warrants") and warrants to purchase up to 735,931 shares of our Class A common stock (the "July 2023 Standard Warrants"). The July 2023 units each consisted of one share of Class A common stock or a July 2023 Pre-Funded Warrant and two July 2023 Standard Warrants to purchase one share of our Class A common stock. The July 2023 units were offered pursuant to an effective Registration Statement on Form S-1. The July 2023 Standard Warrants are exercisable immediately at an exercise price equal to \$ 1.05 per share of Class A common stock for a period of five years. Each July 2023 Pre-Funded Warrant is exercisable immediately with no expiration date for one share of Class A common stock at an exercise price of \$ 0.0001. The July 2023 Offering generated gross proceeds of approximately \$ 4.3 million and net proceeds to the Company of approximately \$ 3.8 million.

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

In connection with the July 2023 Offering, the Company entered into privately negotiated agreements with holders participating in the offering to amend existing outstanding warrants to purchase up to 122,215 shares of Class A common stock that were previously issued in connection with the June 2022 and October 2022 Offerings at exercise prices per share of \$ 50.00 and \$ 9.00, respectively, and expire on December 29, 2027 and November 1, 2029, respectively (collectively, the "Prior Warrants"), effective upon the closing of the July 2023 Offering to reduce the exercise price of the Prior Warrants to \$

1.05, the exercise price of the warrants to purchase shares of Class A common stock offered in the July 2023 Offering. All other terms of the Prior Warrants remained unchanged.

Net Loss Per Share

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

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

<i>(in thousands, except per share data)</i>	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	\$ (632)	\$ (9,024)	\$ (5,123)	\$ (17,771)
Less: Net income (loss) attributable to non-controlling interests	(17)	8	(17)	(46)
Net loss attributable to Class A common stockholders	\$ (615)	\$ (9,032)	\$ (5,106)	\$ (17,725)
Denominator:				
Weighted average shares of Class A common stock outstanding	462	145	373	145
Net loss per share of Class A common stock - basic and diluted	\$ (1.33)	\$ (62.29)	\$ (13.69)	\$ (122.24)

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For the three and six months ended June 30, 2024 and 2023, respectively, 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.

NOTE 10. COMPENSATION PLANS

Amended and Restated 2019 Equity Incentive Plan

In April 2019, we adopted the 2019 Equity Incentive Plan (the "2019 Plan"). In August 2021, we adopted, and our shareholders approved, the Amended and Restated 2019 Equity Incentive Plan (the "Amended 2019 Plan"), which amends and restates the 2019 Plan in its entirety. At our 2022 Annual Meeting of Stockholders on August 4, 2022, stockholders approved the Second Amended and Restated 2019 Equity Incentive Plan (the "Second Amended 2019 Plan") which, among other things, increased the number of shares of Class A common stock authorized for issuance under the Amended 2019 Plan. Following the effect of the Reverse Stock Splits, the total number of shares of Class A common stock authorized for issuance is 10,000 shares.

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

On June 2, 2023, the Company's stockholders approved a third amendment and restatement of the 2019 Plan (the "Third Amended Plan"). The Third Amended Plan, among other things, increases the number of shares of Class A common stock authorized for issuance under the Second Amended 2019 Plan by 19,078 shares to an aggregate of 29,078 shares. As of the date of this Quarterly Report on Form 10-Q, we have not filed a Registration Statement on Form S-8 with the Securities and Exchange Commission to register the additional shares authorized under the Third Amended Plan.

Equity-Based Compensation Expense

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

<i>(in thousands)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Stock options - Class A common stock	\$ —	\$ 28	\$ —	\$ 79
Restricted shares - Class A common stock	—	(39)	86	21
Total equity-based compensation expense	\$ —	\$ (11)	\$ 86	\$ 100

As of June 30, 2024, there was no remaining unrecognized compensation expense.

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NOTE 11. INCOME TAXES

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

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

During the three and six months ended June 30, 2024 and 2023, 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 June 30, 2024 and December 31, 2023, respectively. In the event that management determines that we would be

able to realize our deferred tax assets in the future in excess of their net recorded amount, an adjustment to the valuation allowance will be made, which would reduce December the provision for income taxes.

Uncertain Tax Positions

For the three and six months ended June 30, 2024 and 2023, respectively, we did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties. The Company is subject to audit examination for federal and state purposes for the years 2019 – 2023. As of the date these financial statements were issued, there were not any ongoing income tax audits.

Tax Receivable Agreement (TRA)

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

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

As noted above, we evaluated the realizability of the deferred tax assets resulting from the IPO and the related transactions completed in April 2019 and established a full valuation allowance against those benefits. As a result, we determined that the amount or timing of payments to noncontrolling interest holders under the TRA are no longer probable or reasonably estimable. Based on this assessment, our TRA liability was \$ 0 as of June 30, 2024 and December 31, 2023.

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

During the three and six months ended June 30, 2024 and 2023, respectively, we did not make any payments, inclusive of interest, to members of the Operating Company pursuant to the TRA.

NOTE 12. SEGMENT REPORTING

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

We determined we had two operating segments as of June 30, 2024, 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 second quarter of 2024. 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 Groove, Marley Natural, Keith Haring and Higher Standards, as well as lifestyle products and accessories from leading brands, such as Storz and Bickel, PAX, and many more. The Consumer Goods segment forms a central part of our growth strategy, especially as it relates to scaling our own portfolio of higher-margin Greenlane Brands.

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

Our CODM allocates resources to, and assesses the performance of, our two operating segments based on the operating segments' net sales and gross profit. The following table sets forth information by reportable segment for the three and six months ended June 30, 2024 and 2023, respectively. There were no material intersegment sales during the three and six months ended June 30, 2024 and 2023, respectively.

The following table sets forth our net sales by major product category:

(in thousands)	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Net sales	\$ 900	\$ 1,752	\$ 2,652	\$ 6,025	\$ 13,600	\$ 19,625
Cost of sales	757	884	1,641	4,222	10,829	15,051
Gross profit	\$ 143	\$ 868	\$ 1,011	\$ 1,803	\$ 2,771	\$ 4,574

(in thousands)	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Net sales	\$ 3,174	\$ 4,404	\$ 7,578	\$ 13,835	\$ 29,749	\$ 43,584
Cost of sales	2,333	2,722	5,055	9,745	23,746	33,491
Gross profit	\$ 841	\$ 1,682	\$ 2,523	\$ 4,090	\$ 6,003	\$ 10,093

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

(in thousands)	As of June 30, 2024			As of December 31, 2023		
	Consumer Goods	Industrial Goods	Total	Consumer Goods	Industrial Goods	Total
Accounts receivable, net	\$ 1,768	\$ 155	\$ 1,923	\$ 642	\$ 1,051	\$ 1,693
Inventories, net	\$ 5,620	\$ 11,648	\$ 17,268	\$ 8,881	\$ 11,648	\$ 20,529

Vendor deposits	\$	1,930	\$	1,807	\$	3,737	\$	1,958	\$	1,807	\$	3,765
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NOTE 13. SUBSEQUENT EVENTS

On July 23, 2024, the Board approved the reverse split at a ratio of one-for-11 and the Amendment has been filed with the Secretary of State of the State of Delaware, which became effective on August 5, 2024 at 12:01 AM Eastern Time, before the opening of trading on the Nasdaq. See "Note 9—Stockholders' Equity".

On August 7, 2024, Greenlane Holdings, Inc. (the "Company") issued a note (the "Note") in the principal amount of \$ 3,237,269 to Cobra Alternative Strategies, LLC (the "Investor"). The Note is due the earlier of (i) February 5, 2025; or (ii) the Company's receipt of at least \$ 3,500,000 of gross proceeds from an offering of their securities (a "Qualified Offering"). and contain a 20% original issue discount. The Notes are convertible into common stock after maturity if not paid prior. In connection with the issuance of the Note, the Company issued the Investor warrants to purchase up to 1,618,635 shares at the Qualified Offering Price.

On August 12, 2024, the Company entered into a securities purchase agreement with a single institutional investor for aggregate gross cash proceeds of \$ 6.5 million. In connection with the private placement, the Company will issue an aggregate of 2,363,637 units and pre-funded units. The pre-funded units will be sold at the same purchase price as the units, less the pre-funded warrant exercise price of \$ 0.00001 . Each unit and pre-funded unit will consist of one share of common stock (or one pre-funded warrant) and two common warrants, each exercisable for one share of common stock at an exercise price of \$ 2.50 per share. The common warrant will be exercisable on the initial exercise date described in the common warrant and will expire 5.0 years from such date.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of Greenlane Holdings, Inc. and its consolidated subsidiaries ("Greenlane" and, collectively with the Operating Company and its consolidated subsidiaries, the "Company", "we", "us" and "our") for the quarterly period ended June 30, 2024 included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and related notes of Greenlane Holdings, Inc. for the year ended December 31, 2023, which are included in our Annual Report on Form 10-K.

Note Regarding Forward-Looking Statements

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

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

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Factors that might cause such a difference include those discussed in our filings with the SEC, under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 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 2023 Annual Report under the heading "Risk Factors."

- the potential delisting of our Class A common stock from Nasdaq;
- our expectations about our ability to fully execute actions and steps that would be probable of mitigating the existence of substantial doubt regarding our ability to continue as a going concern;
- our strategy, outlook and growth prospects;
- general economic trends and trends in the industry and markets in which we operate;
- our dependence on, and our ability to establish and maintain business relationships with, third-party suppliers and service suppliers;
- our ability to access capital;
- the competitive environment in which we operate;
- our vulnerability to third-party transportation risks;
- the impact of governmental laws and regulations and the outcomes of regulatory or agency proceedings;
- our ability to accurately estimate demand for our products and maintain appropriate levels of inventory;
- our ability to maintain or improve our operating margins and meet sales expectations;
- our ability to adapt to changes in consumer spending and general economic conditions, including the current inflationary environment;
- our ability to use or license certain trademarks;
- our ability to maintain consumer brand recognition and loyalty of our products;
- our and our customers' ability to establish or maintain banking relationships;
- fluctuations in U.S. federal, state, local and foreign tax obligation and changes in tariffs;
- our ability to address product defects;
- our exposure to potential various claims, lawsuits and administrative proceedings;
- contamination of, or damage to, our products;

- any unfavorable scientific studies on the long-term health risks of vaporizers, electronic cigarettes, or cannabis or hemp-derived products, including CBD;
- failure of our information technology systems to support our current and growing business;
- our ability to prevent and recover from internet security breaches;
- our ability to generate adequate cash from our existing business to support our growth;
- our ability to raise capital on favorable terms, or at all, to support the continued growth of the business;
- our ability to protect our intellectual property rights;
- our dependence on continued market acceptance of our products by consumers;
- our sensitivity to global economic conditions and international trade issues;
- our ability to comply with certain environmental, health and safety regulations;
- our ability to successfully identify and complete strategic acquisitions;
- natural disasters, adverse weather conditions, operating hazards, environmental incidents and labor disputes;
- increased costs as a result of being a public company; and
- our failure to maintain adequate internal controls over financial reporting.

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

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

Overview

Founded in 2005, Greenlane is the premier global platform for the development and distribution of premium cannabis accessories, vape devices, and lifestyle products. In 2021, we completed several acquisitions along with a transformative 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 business 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 (“related 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”) and carefully curated third-party products 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 more affordable product line – Groove, innovative silicone pipes and accessories and premium ancillary product brand – Higher Standards. We also have category exclusive licenses for the premium Marley Natural branded products, as well as the K. Haring Glass Collection.

Since the end of 2021, the Company has invested significantly in technology, including its e-commerce platforms, internal ERP systems, and B2B capabilities. Our world-class product portfolio is offered to customers through our proprietary, owned and operated e-commerce platforms which include Vapor.com, PuffitUp.com, HigherStandards.com, MarleyNaturalShop.com and Wholesale.Greenlane.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 our e-commerce platforms. We operate our own distribution centers in the United States, while also utilizing third-party logistics (“3PL”) locations in Canada. We have made tremendous progress consolidating and streamlining our warehouse and distribution operations over the last two years.

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, Arizer and 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. 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 this Form 10-Q for additional information on our reportable segments.

Plan to Accelerate Path to Profitability and Capitalize the Business

In today’s economic landscape, particularly within the cannabis industry, achieving profitability and preserving working capital are paramount. At Greenlane, we are intensely focused on making our business profitable and well-capitalized for long-term sustainability. Our key initiatives include:

1. **Technology Enhancements:** We remain fully committed to improving our technology, particularly our B2B and e-commerce platforms, to provide a seamless shopping experience for our wholesale and retail customers.
2. **Facility Footprint Rationalization:** In 2023 and 2024, we optimized our facilities footprint by reducing warehouse and office space while increasing operational efficiency and improving fulfillment practices. The full benefit of those efforts are expected to be realized in 2024.
3. **Headcount Reduction:** We have significantly reduced our headcount and associated salary expenses, focusing on maintaining a core group of key employees as we collectively right-size the business.
4. **Cost Structure Optimization:** We continue to reduce our overall cost structure while improving margins. In April 2023, we formed two strategic partnerships (described below in greater detail) to increase margins and significantly reduce working capital requirements in our Industrial Goods segment. Similarly, our Consumer Goods segment restructured arrangements with several third-party brands in 2022 and 2023 to reduce our working capital needs.

5. **Inventory Management:** In 2023, we implemented a new inventory management and lifecycle strategy that is focused on a quarterly turn and a regular review of inventory to avoid future write-offs.
6. **Sales Force Upgrade:** We have upgraded and will continue to upgrade our sales force from a solely account management centric team to a skilled and driven sales team to acquire new customers while maintaining excellent service with our existing customers
7. **Product Innovation:** We launched Groove, an innovative new product line with a value-based price point and in 2024 we have begun to expand our product offering to further enhance our assortment available to our customers.
8. **Capital Investment:** We continue to seek opportunities for securing investment capital to leverage our platform, increase availability and reduce stockouts of our high demand third-party brands, invest in marketing and sales, and improve our product offerings.

Management believes that these initiatives will significantly reduce costs, help accelerate the Company's path to profitability, support business growth, and allow the Company to reinvest capital into its highest demand and highest potential product lines.

During 2022 and 2023, the Company received capital from various sources permitting it to right-size the business and position the company for growth. Such sources are described in greater detail in the Liquidity and Capital Resources Section of this report.

During 2023 and 2024, the Company also entered into certain arrangements to reduce working capital requirements and improve its balance sheet.

In April 2023, we entered into two strategic partnership. 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. 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, thereby improving our balance sheet.

On May 6, 2024, the Company, Warehouse Goods and Synergy entered into an asset purchase agreement, dated May 1, 2024 (the "Asset Purchase Agreement") pursuant to which Synergy purchased all of the intellectual property, a specified amount of inventory, and other assets related to the Eyce and DaVinci brands. In consideration for the acquisition, all parties entered into a loan modification agreement, effective May 1, 2024 (the "Loan Modification Agreement") and an amended and restated secured promissory note, effective May 1, 2024 (the "Amended and Restated Secured Promissory Note"), an amendment to the original Eyce and Davinci Asset Purchase Agreements, a distribution agreement, the termination of a license granted by Eyce, and the termination of certain consulting and employment agreements. As part of the overall modification, the principal balance with Synergy decreased by \$2.7 million from \$5.1 million. Synergy acquired certain assets from the Company in exchange for the reduction in overall principal owed and as part of the transaction, the Company recognized a gain on the debt modification of \$2.2 million. This amount is included in the accompanying financial statements within the statement of operations for the three and six months ended June 30, 2024 within other income (expense). At June 30, 2024, \$2.5 million of such financing remained outstanding. The updated date of maturity will be through August 2024.

USPS PACT Act Exemption

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

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

Reverse Stock Split

On June 2, 2023, we filed a Certificate of Amendment to the A&R Charter with the SSSD, which effected a one-for-10 reverse stock split (the "2023 Reverse Stock Split" and together with the 2022 Reverse Stock Split, the "Reverse Stock Splits") of our issued and outstanding shares of Common Stock at 5:01 PM Eastern Time on June 5, 2023. As a result of the 2023 Reverse Stock Split, every 10 shares of common stock issued and outstanding were converted into one share of common stock. We paid cash in lieu of fractional shares, and accordingly, no fractional shares were issued in connection with the 2023 Reverse Stock Split.

The Reverse Stock 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.

On July 23, 2024, the Board approved the reverse split at a ratio of one-for-11 and the Amendment has been filed with the Secretary of State of the State of Delaware, which became effective on August 5, 2024 at 12:01 AM Eastern Time, before the opening of trading on the Nasdaq.

All share and per share amounts were retroactively adjusted for all periods presented to give effect to the Reverse Stock Split.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience, outside advice from parties believed to be experts in such matters, and on various other assumptions that are believed to be reasonable under the

circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. See "Note 2—Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for a description the significant accounting policies and methods used in the preparation of our consolidated financial statements.

Inventories

Inventories, consisting of finished products, are primarily accounted for using the weighted-average method, and are valued at the lower of cost and net realizable value. This valuation requires us to make judgments, based on currently available information, about the likely method of disposition, such as through sales to customers or liquidations. Assumptions about the future disposition of inventory are inherently uncertain and changes in our estimates and assumptions may cause us to realize material write-downs in the future.

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Income Taxes and TRA Liability

We are a corporation subject to income taxes in the United States. Certain subsidiaries of the Operating Company are taxable separately from us. Our proportional share of the Operating Company's subsidiaries' provisions are included in our consolidated financial statements.

As of December 31, 2022, we held all the outstanding Common Units in the Operating Company and are the sole member. As a result, in 2023, 100% of the Operating Company's US and state income and expenses are now included in our US and state tax returns.

Our deferred income tax assets and liabilities are computed for differences between the tax basis and financial statement amounts that will result in taxable or deductible amounts in the future. We compute deferred balances based on enacted tax laws and applicable rates for the periods in which the differences are expected to affect taxable income. A valuation allowance is recognized for deferred tax assets if it is more likely than not that some portion or all of the net deferred tax assets will not be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine we would be able to realize our deferred tax assets for which a valuation allowance had been recorded, then we would adjust the deferred tax asset valuation allowance, which would reduce our provision for income taxes.

We evaluate the tax positions taken on income tax returns that remain open and positions expected to be taken on the current year tax returns to identify uncertain tax positions. Unrecognized tax benefits on uncertain tax positions are recorded on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the largest amount of tax benefit that is more than 50 percent likely to be realized is recognized. Interest and penalties related to unrecognized tax benefits are recorded in income tax benefit. We have no uncertain tax positions that qualify for inclusion in our consolidated financial statements.

In addition to tax expenses, we may incur expenses related to our operations and may be required to make payments under the Tax Receivable Agreement (the "TRA"), which could be significant. Pursuant to the Greenlane Operating Agreement, Greenlane Holdings, LLC will generally make pro rata tax distributions to its members in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Greenlane Holdings, LLC that is allocated to them and possibly in excess of such amount.

Recent Accounting Pronouncements

See "Note 2—Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements included in Part II, Item 8 of our Form 10-K filed on July 19, 2024.

Results of Operations

The following table presents operating results for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,						Six Months Ended June 30,					
			% of Net sales		Change				% of Net sales		Change	
	2024	2023	2024	2023	\$	%	2024	2023	2024	2023	\$	%
Net sales	2,652	19,625	100.0%	100.0%	\$(16,973)	(86.5)%	7,578	43,584	100.0%	100.0%	\$(36,006)	(82.6)%
Cost of sales	1,641	15,051	61.9%	76.7%	(13,410)	(89.1)%	5,055	33,491	66.7%	76.8%	(28,436)	(84.9)%
Gross profit	1,011	4,574	38.1%	23.3%	(3,563)	(77.9)%	2,523	10,093	33.3%	23.2%	(7,570)	(75.0)%
Operating expenses:												
Salaries, benefits and payroll taxes	1,509	5,157	56.9%	26.3%	(3,648)	(70.7)%	4,455	10,527	58.8%	24.2%	(6,072)	(57.7)%
General and administrative	2,801	6,968	105.6%	35.5%	(4,167)	(59.8)%	5,093	14,776	67.2%	33.9%	(9,683)	(65.5)%
Depreciation and amortization	196	477	7.4%	2.4%	(281)	(58.9)%	450	968	5.9%	2.2%	(518)	(53.5)%
Total operating expenses	4,506	12,602	169.9%	64.2%	(8,096)	(64.2)%	9,998	26,271	131.9%	60.3%	(16,273)	(61.9)%
Loss from operations	(3,495)	(8,028)	(131.8)%	(40.9)%	4,533	(56.5)%	(7,475)	(16,178)	(98.6)%	(37.1)%	8,703	(53.8)%
Other income (expense), net:												
Interest expense	(289)	(918)	(10.9)%	(4.7)%	629	(68.5)%	(811)	(1,733)	(10.7)%	(4.0)%	922	(53.2)%
Change in fair value of contingent consideration	1,000	-	37.7%	-	1,000	100.0%	1,000	-	13.2%	-	1,000	100.0%
Gain on extinguishment of debt	2,166	-	81.7%	-	2,166	100.0%	2,166	-	28.6%	-	2,166	100.0%
Other income (expense), net	(14)	(85)	(0.5)%	(0.4)%	71	(83.5)%	(3)	134	-	0.3%	(137)	(102.2)%
Total other expense, net	2,863	(1,003)	108.0%	(5.1)%	3,866	(385.4)%	2,352	(1,599)	31.0%	(3.7)	3,951	(247.1)%
Loss before income taxes	(632)	(9,031)	(23.8)%	(46.0)%	8,399	(93.0)%	(5,123)	(17,777)	(67.6)%	(40.8)%	12,654	(71.2)%
Provision for (benefit from) income taxes	-	(7)	-	-	7	(100.0)%	-	(6)	-	-	6	(100.0)%
Net loss	(632)	(9,024)	(23.8)%	(46.0)%	8,392	(93.0)%	(5,123)	(17,771)	(67.6)%	(40.8)%	12,648	(71.2)%
Net income (loss) attributable to non-controlling interest	(17)	8	(0.6)%	-	(25)	(312.5)%	(17)	(46)	(0.2)%	(0.1)%	29	(63.0)%

Net loss attributable to Greenlane Holdings, Inc.	\$ (615)	\$ (9,032)	(23.2)	(46.0)%	\$ 8,417	(93.2)%	\$ (5,106)	\$ (17,725)	(67.4)%	(40.7)%	12,619	(71.2)%
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Consolidated Results of Operations

Net Sales

For the three months ended June 30, 2024, net sales were approximately \$2.6 million, compared to approximately \$19.6 million for the same period in 2023, representing a decrease of \$17.0 million, or 86.5%. The year-over-year decrease in net sales was due to a major restructuring of our Industrial Group in April of 2023, involving our packaging and industrial vaping product lines; transitioning much of this business from a gross sales to a commission structure to preserve working capital. Revenues decreased in the Consumer Brands Group due, in part, to restructuring efforts and shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing third-party brand offerings, which generated top line revenue with lower margins. Our Industrial Goods operating segment reported net sales of approximately \$1.7 million compared to approximately \$13.6 million for the same period in 2023, representing a decrease of \$11.9 million or 87.5%. The consumer business also was affected by the inability to access capital markets on equitable terms, resulting in stock-outs and shortages of higher velocity inventory. The Company is continuing to focus on profitable revenue and as a result top line revenue has significantly been reduced. Concurrently, the Company has continued its focus on right-sizing the business during the fiscal year ended December 31, 2023 and through present, in an effort to reduce sales and marketing costs and reduce or eliminate certain administrative functions.

For the six months ended June 30, 2024, net sales were approximately \$7.6 million, compared to approximately \$43.6 million for the same period in 2023, representing a decrease of \$36.0 million, or 82.6%. The year-over-year decrease in net sales was due to a major restructuring of our Industrial Group in April of 2023, involving our packaging and industrial vaping product lines; transitioning much of this business from a gross sales to a commission structure to preserve working capital. Revenues decreased in the Consumer Brands Group due, in part, to restructuring efforts and shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing third-party brand offerings, which generated top line revenue with lower margins. Our Industrial Goods operating segment reported net sales of approximately \$4.4 million compared to approximately \$29.7 million for the same period in 2023, representing a decrease of \$25.3 million or 85.2%. The consumer business also was affected by the inability to access capital markets on equitable terms, resulting in stock-outs and shortages of higher velocity inventory. The Company is continuing to focus on profitable revenue and as a result top line revenue has significantly been reduced. Concurrently, the Company has continued its focus on right-sizing the business during the fiscal year ended December 31, 2023 and through present, in an effort to reduce sales and marketing costs and reduce or eliminate certain administrative functions.

Cost of Sales and Gross Margin

For the three months ended June 30, 2024, cost of sales decreased by \$13.4 million, or 89.1%, as compared to the same period in 2023. The decrease in the cost of sales is driven by the 86.5% decrease in revenue in addition to a decrease in damaged and obsolete inventory write-offs.

For the six months ended June 30, 2024, cost of sales decreased by \$28.4 million, or 84.9%, as compared to the same period in 2023. The decrease in the cost of sales is driven by the 82.6% decrease in revenue in addition to a decrease in damaged and obsolete inventory write-offs.

Gross margin percentage increased 14.8% to 38.1% for the three months ended June 30, 2024, compared to 23.3% for the same period in 2023.

Gross margin percentage increased 10.1% to 33.3% for the six months ended June 30, 2024, compared to 23.2% for the same period in 2023.

Salaries, Benefits and Payroll Taxes

Salaries, benefits and payroll taxes expenses decreased by approximately \$3.6 million, or 70.7%, to \$1.5 million for the three months ended June 30, 2024, compared to \$5.2 million for the same period in 2023. The decrease is related to the reduction in workforce to right-size the business and focus on profitability.

Salaries, benefits and payroll taxes expenses decreased by approximately \$6.1 million, or 57.7%, to \$4.5 million for the six months ended June 30, 2024, compared to \$10.5 million for the same period in 2023. The decrease is related to the reduction in workforce 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 \$4.2 million, or 59.8%, for the three months ended June 30, 2024, compared to the same period in 2023. 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 2023, the Company focused on reduction across the board in general and administrative expenses and saw large decreases in professional and outside services, facility expenses, outbound freight, other general and administrative, marketing, taxes and licenses, and general insurance.

General and administrative expenses decreased by approximately \$9.7 million, or 65.5%, for the six months ended June 30, 2024, compared to the same period in 2023. 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 2023, the Company focused on reduction across the board in general and administrative expenses and saw large decreases in professional and outside services, facility expenses, outbound freight, other general and administrative, marketing, taxes and licenses, and general insurance.

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Depreciation and Amortization Expense

Depreciation and amortization expense decreased \$0.3 million, or 58.9%, for the three months ended June 30, 2024, compared to the same period in 2023. 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.

Depreciation and amortization expense decreased \$0.5 million, or 53.5%, for the six months ended June 30, 2024, compared to the same period in 2023. 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 decreased approximately \$0.6 million for the three months ended June 30, 2024 compared to the same period in 2023. The decrease is primarily related to reduction in overall debt financing and refinancing debt for more favorable terms.

Interest expense decreased approximately \$0.9 million for the six months ended June 30, 2024 compared to the same period in 2023. The decrease is primarily related to reduction in overall debt financing and refinancing debt for more favorable terms.

Change in fair value of contingent consideration

There was a change in fair value of contingent consideration of approximately \$1.0 million for the three and six months ended June 30, 2024 compared to the same periods in 2023. The change is primarily related to known reductions in earnouts related to Davinci and Eyce products.

Gain on debt extinguishment

There was an increase in gain on debt extinguishment of approximately \$2.2 million for the three and six months ended June 30, 2024, compared to the same periods in 2023. The change is primarily related to a difference in the reduction in overall debt modification with Synergy, offset by the carrying value of the Davinci and Eyce assets acquired by Synergy. For further information, see Note 6, "Debt" of the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Other expense, net.

Other income, net, decreased by approximately \$0.1 million for the three and six months ended June 30, 2024, compared to the same period in 2023. The change is primarily due previously recognized change in fair value of equity investments recorded during the three and six months ended June 30, 2023.

Provision for (Benefit from) Income Taxes

For the three and six months ended June 30, 2024 and 2023, respectively, the effective tax rate differed from the U.S. federal statutory tax rate of 21% primarily due to the Operating Company's pass-through structure for U.S. income tax purposes (through December 31, 2022), the relative mix in earnings and losses in the U.S. versus foreign tax jurisdictions, and the valuation allowance against the deferred tax asset.

Segment Operating Performance

Following the completion of the KushCo merger in late August 2021, we reassessed our operating segments based on our new organizational structure. Based on this assessment, we determined we had 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 second quarter of 2024.

The Consumer Goods segment focuses on serving consumers across wholesale, retail and e-commerce operations—through both our proprietary brands, including, Marley Natural, Keith Haring, Groove and Higher Standards, as well as lifestyle products and accessories from leading brands, like Storz and Bickel, Pax, Davinci, Eyce, 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 and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,						Six Months Ended June 30,						
			% of Total Net sales		Change				% of Total Net sales		Change		
	2024	2023	2024	2023	\$	%	2024	2023	2024	2023	\$	%	
Net sales:													
Consumer Goods	\$ 900	\$ 6,025	33.9%	30.7%	\$ (5,125)	(85.1)%	\$3,174	\$13,835	41.9%	31.7%	\$ (10,661)	(77.1)%	
Industrial Goods	1,752	13,600	66.1%	69.3%	(11,848)	(87.1)%	4,404	29,749	58.1%	68.3%	(25,345)	(85.2)%	
Total net sales	<u>\$2,652</u>	<u>\$19,625</u>					<u>\$7,578</u>	<u>\$43,584</u>					
			% of Segment Net sales	% of Segment Net sales	Change				% of Segment Net sales	% of Segment Net sales	Change		
	2024	2023	2024	2023	\$	%	2024	2023	2024	2023	\$	%	
Cost of sales:													
Consumer Goods	\$ 757	\$ 4,222	84.1%	70.1%	\$ (3,465)	(82.1)%	\$ 2,333	\$ 9,745	73.5%	70.4%	\$ (7,412)	(76.1)%	
Industrial Goods	884	10,829	50.4%	79.6%	(9,945)	(91.8)%	2,722	23,746	61.8%	79.8%	(21,024)	(88.5)%	
Total cost of sales	<u>\$1,641</u>	<u>\$15,051</u>					<u>\$5,055</u>	<u>\$33,491</u>					
Gross profit:													
Consumer Goods	\$ 143	\$ 1,803	15.9%	29.9%	\$ (1,660)	(92.1)%	\$ 841	\$ 4,090	26.5%	29.6%	\$ (3,249)	(79.4)%	
Industrial Goods	868	2,771	49.6%	20.4%	(1,903)	(68.7)%	1,682	6,003	38.2%	20.2%	(4,321)	(72.0)%	
Total gross profit	<u>\$1,011</u>	<u>\$ 4,574</u>					<u>\$2,523</u>	<u>\$10,093</u>					

Consumer Goods

For the three months ended June 30, 2024, our Consumer Goods operating segment reported net sales of approximately \$0.9 million compared to approximately \$6.0 million for the same period in 2023, representing a decrease of \$5.1 million or 85.1%. The year-over-year decrease was due to a major restructuring and continued effort by the company to right-size the business and to reduce sales and marketing costs to align with gross profit, sale of certain Company brands 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 as well as some stockouts of key items. In addition, the consumer business also was affected by the inability to access capital markets on equitable terms, resulting in stock-outs and shortages of higher velocity inventory.

For the six months ended June 30, 2024, our Consumer Goods operating segment reported net sales of approximately \$3.2 million compared to approximately \$13.8 million for the same period in 2023, representing a decrease of \$10.7 million or 77.1%. The year-over-year decrease was due to a major restructuring and continued effort by the company to right-size the business and to reduce sales and marketing costs to align with gross profit, sale of certain Company brands 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 as well as some stockouts of key items. In addition, the consumer business also was affected by the inability to access capital markets on equitable terms, resulting in stock-outs and shortages of higher velocity inventory.

For the three months ended June 30, 2024, the cost of sales decreased by \$3.5 million, or 82.1%, as compared to the same period in 2023. The decrease in the cost of sales was primarily due to the decrease in the net sales of Consumer Goods.

For the six months ended June 30, 2024, the cost of sales decreased by \$7.4 million, or 76.1%, as compared to the same period in 2023. The decrease in the cost of sales was primarily due to the decrease in the net sales of Consumer Goods.

The gross margin decreased to 15.9% for the three months ended June 30, 2024, compared to a gross margin of approximately 29.9% for the same period in 2023.

The gross margin decreased to 26.5% for the six months ended June 30, 2024, compared to a gross margin of approximately 29.6% for the same period in 2023.

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Industrial Goods

For the three months ended June 30, 2024, our Industrial Goods operating segment reported net sales of approximately \$1.8 million compared to approximately \$13.6 million for the same period in 2023, representing a decrease of \$11.8 million or 87.1%. The year-over-year decrease was due to a major restructuring from gross to net revenue recognition and continued effort by the company to right size the business and reduce sales and marketing costs to align with the gross profit and the announcement to sell the Company's packaging business interrupting sales.

For the six months ended June 30, 2024, our Industrial Goods operating segment reported net sales of approximately \$4.4 million compared to approximately \$29.7 million for the same period in 2023, representing a decrease of \$25.3 million or 85.2%. The year-over-year decrease was due to a major restructuring from gross to net revenue recognition and continued effort by the company to right size the business and reduce 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 June 30, 2024, the cost of sales decreased by \$9.9 million, or 91.8%, as compared to the same period in 2023. The decrease in the cost of sales was primarily due to the 87.1% decrease in the net sales of the Industrial Goods.

For the six months ended June 30, 2024, the cost of sales decreased by \$21.0 million, or 88.5%, as compared to the same period in 2023. The decrease in the cost of sales was primarily due to the 85.2% decrease in the net sales of the Industrial Goods.

The gross margin was approximately 49.6% for the three months ended June 30, 2024, compared to a gross margin of approximately 20.4% for the same period in 2023. Margins increased as the Company moved to a commission-based revenue model.

The gross margin was approximately 38.2% for the six months ended June 30, 2024, compared to a gross margin of approximately 20.2% for the same period in 2023. Margins increased as the Company moved to a commission-based revenue model.

Net Sales by Geographic Regions

	Three Months Ended June 30,						Six Months Ended June 30,						
			% of Net sales		Change				% of Net sales		Change		
	2024	2023	2024	2023	\$	%	2024	2023	2024	2023	\$	%	
Net sales:													
United States	\$1,743	\$18,560	65.7%	94.6%	\$(16,817)	(90.6)%	\$5,539	\$40,952	73.1%	94.0%	\$(35,413)	(86.5)%	
Canada	335	119	12.6%	0.6%	216	181.1%	708	425	9.3%	1.0%	283	66.5%	
Europe	574	946	21.7%	4.8%	(372)	(39.3)%	1,331	2,207	17.6%	5.0%	(876)	(39.7)%	
Total net sales	<u>\$2,652</u>	<u>\$19,625</u>	<u>100.0%</u>	<u>100.0%</u>	<u>\$(16,973)</u>	<u>(86.5)%</u>	<u>\$7,578</u>	<u>\$43,584</u>	<u>100.0%</u>	<u>100.0%</u>	<u>\$(36,006)</u>	<u>(82.6)%</u>	

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United States

For the three months ended June 30, 2024, our United States net sales were approximately \$1.7 million, compared to approximately \$18.6 million for the same period in 2023, representing a decrease of \$16.8 million, or 90.6%. The year-over-year decrease in net sales was due to a major restructuring effort and a shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing out third-party brand offerings, which generated top line revenue with lower margins. The Company's transition out of the Industry packaging business, which impacted sales and required significant working capital and produced low margins. The company entered into a strategic partnership with an affiliate of one our existing vape suppliers ("Vape Partner") to service certain key customers with vaporizer goods and services (the "Vape Partnership"). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships will result in a decrease in top line revenue for these packaging and vape products these partnerships combined with some of our other restructuring initiatives, should allow us to reduce our overall cost-structure and enhance our margins, and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet. The Company is focused on profitable revenue and as a result top line revenue has significantly been reduced.

For the six months ended June 30, 2024, our United States net sales were approximately \$5.5 million, compared to approximately \$40.9 million for the same period in 2023, representing a decrease of \$35.4 million, or 86.5%. The year-over-year decrease in net sales was due to a major restructuring effort and a shift in strategy to focus on in-house brands that carry a higher margin profile while rationalizing out third-party brand offerings, which generated top line revenue with lower margins. The Company's transition out of the Industry packaging business, which impacted sales and required significant working capital and produced low margins. The company entered into a strategic partnership with an affiliate of one our existing vape suppliers ("Vape Partner") to service certain key customers with vaporizer goods and services (the "Vape Partnership"). As part of the Vape Partnership, we will introduce our Vape Partner to certain key customers, assist with the promotion and the sale of certain vaporizer goods and services, and help coordinate the logistics, storage and distribution of such vaporizer products. If our Vape Partner and key customer(s) enter into a direct relationship, the customers would directly purchase vaporizer goods and services, which we currently sell them, directly from our Vape Partner and we would no longer need to purchase such vape inventory on behalf of such key customer(s). In exchange we would earn quarterly and annual commission payments from our strategic partners. While the strategic partnerships will result in a decrease in top line revenue for these packaging and vape products these partnerships combined with some of our other restructuring initiatives, should allow us to reduce our overall cost-structure and enhance our margins, and convert millions of dollars of existing inventory back into cash, thereby improving our balance sheet. The Company is focused on profitable revenue and as a result top line revenue has significantly been reduced.

Canada

For the three months ended June 30, 2024, our Canadian net sales were approximately \$0.3 million, compared to approximately \$0.1 million for the same period in 2023, representing a slight increase of \$0.2 million. The company is currently evaluating distribution and sales channels into Canada.

For the six months ended June 30, 2024, our Canadian net sales were approximately \$0.7 million, compared to approximately \$0.4 million for the same period in 2023, representing a slight increase of \$0.3 million. The company is currently evaluating distribution and sales channels into Canada.

Europe

For the three months ended June 30, 2024, our European net sales were approximately \$0.6 million, compared to approximately \$0.9 million for the same period in 2023, representing a decrease of \$0.4 million or 39.3%. The decrease in net sales was due primarily to major restructuring efforts to improve the profitability of our European operations.

For the six months ended June 30, 2024, our European net sales were approximately \$1.3 million, compared to approximately \$2.2 million for the same period in 2023, representing a decrease of \$0.9 million or 39.7%. The decrease in net sales was due primarily to major restructuring efforts to improve the profitability of our European operations.

Liquidity, Capital Resources and Going Concern

Our primary requirements for liquidity and capital are working capital, debt service related to recent acquisitions and general corporate needs. Our primary sources of liquidity are our cash on hand and the cash flow that we generate from our operations, as well as proceeds other equity issuances. As of June 30, 2024, we had approximately \$0.2 million of cash, of which none was restricted and \$0.1 million was held in foreign bank accounts, and approximately \$1.1 million of negative working capital, which is calculated as total current assets minus total current liabilities, as compared to approximately \$0.5 million of cash, of which \$0.1 million was held in foreign bank accounts, and approximately \$3.7 million of working capital as of December 31, 2023. 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 believe that our cash on hand and the cash flow that we generate from our operations will not 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 the next 12 months. Based on our cash on hand and working capital at June 30, 2024, we may have insufficient cash to fund planned operations into the fourth quarter of 2024. This is evident from our continued efforts to raise capital and leverage external funding to fulfil our capital needs as highlighted below.

ATM Program and Shelf Registration Statement

We formerly used a shelf registration statement on Form S-3 (the "Shelf Registration Statement") to conduct securities offerings. In August 2021, we filed a prospectus supplement and established an "at-the-market" equity offering program (the "ATM Program") that provided 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.

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. Due to the untimely filing of certain of our Quarterly and Annual Reports, we are unable to issue additional shares of Class A common stock pursuant to the ATM Program or otherwise use the Shelf Registration Statement.

Common Stock and Warrant Offerings

On June 29, 2023, we entered into securities purchase agreements with certain investors, pursuant to which we agreed to issue and sell an aggregate of 50,952 shares of our Class A common stock, pre-funded warrants to purchase up to 317,013 shares of our Class A Common Stock (the "July 2023 Pre-Funded Warrants") and warrants to purchase up to 735,931 shares of our Class A common stock (the "July 2023 Standard Warrants"). The July 2023 units were offered pursuant to a Registration Statement on Form S-1 (the "July 2023 Offering"). The July 2023 Offering generated gross proceeds of approximately \$4.3 million and net proceeds to the Company of approximately \$3.8 million and closed on July 3, 2023.

Asset-Based Loan

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

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

ERC Sale

On February 16, 2023, two of our wholly owned subsidiaries, Warehouse Goods LLC and KIM International LLC, entered into an agreement with

a third-party institutional investor pursuant to which the investor purchased, for approximately \$4.9 million in cash, an economic participation interest, at a discount, in our rights to payment from the United States Internal Revenue Service for certain periods with respect to the employee retention credits filed by us under the Employee Retention Credit program.

Future Receivables Financings

In July, August, October, and November 2023, the Company received an aggregate of approximately \$3.9 million in cash pursuant to the terms of future receivables financings (collectively, the "Future Receivables Financings") entered into with two private lenders. See "Note 6 - Long Term Debt" for more information.

Notes Payable

On June 7, 2024, the Company entered into a subscription agreement with Cobra Alternative Capital Strategies, LLC. As of June 30, 2024, the Company has been loaned \$793,700 with net cash proceeds of \$634,960. The note was issued with a 20% original issue discount and is due in full on December 7, 2024. See "Note 6 - Long Term Debt" for more information.

Management Initiatives

We have completed several initiatives to optimize our working capital requirements. We launched Groove, a new, innovative Greenlane Brands product line, 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 entered into two strategic. First, we entered into a strategic partnership (the "MJ Packaging Partnership") with A&A Global Imports d/b/a MarijuanaPackaging.com ("MJ Pack"), a provider of packaging solutions to the cannabis industry. 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, 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 2023 to reduce costs and align with our revenue projections.

We have incurred net losses of \$5.1 million and \$17.8 million for the six months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024, cash used in operating activities was \$0.4 million and cash used in operating activities for the year ended December 31, 2023 was \$1.8 million. The recent macroeconomic environment has caused weaker demand than contemplated under our business plan, resulting in a reduction in projected revenue and cash flows for the twelve-month period included in the going concern evaluation.

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

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

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, 2023. Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

As of June 30, 2024, we did not have any off-balance sheet arrangements that are reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Cash Flows

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

<i>(in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Net cash (used in) provided by operating activities	\$ (379)	\$ 4,656
Net cash used in investing activities	(151)	(253)
Net cash provided by (used in) financing activities	237	(12,133)

Net Cash (Used in) Provided by Operating Activities

During the six months ended June 30, 2024, net cash used in operating activities of approximately \$0.4 million consisted of (i) net loss of \$5.1

million, offset by non-cash adjustments to net loss of approximately \$2.6 million, and (ii) a \$7.3 million increase in working capital primarily driven by increases in accounts payable, accrued expenses of approximately \$3.7 million and decreases in inventories and other current assets of approximately \$3.8 million.

During the six months ended June 30, 2023, net cash provided by operating activities of approximately \$4.7 million consisted of (i) net loss of \$17.8 million, offset by non-cash adjustments to net loss of approximately \$1.8 million, including depreciation and amortization of expense of approximately \$1.0 million, equity-based compensation expense of approximately \$0.3 million, change in the fair value of contingent consideration of approximately \$0.1 million, and other expenses of approximately \$0.5 million, and (ii) a \$20.6 million decrease in working capital primarily driven by decreases in accounts receivable, inventories, vendor deposits and other current assets of approximately \$19.7 million, increases in accounts payable of approximately \$1.9 million, offset by decreases in customer deposits of approximately \$1.0 million.

Net Cash Used in Investing Activities

During the six months ended June 30, 2024, net cash used in investing activities of approximately \$0.2 million consisted primarily of capital expenditures.

During the six months ended June 30, 2023, net cash used in investing activities of approximately \$0.3 million largely consisted of capital expenditures, including development costs for our new enterprise resource planning ("ERP") system.

Net Cash Provided by (Used in) Financing Activities

During the six months ended June 30, 2024, net provided by financing activities of approximately \$0.2 million primarily consisted of approximately \$0.6 million in payments on loans against future accounts receivable, approximately \$0.2 million in proceeds from future receivables financing, and approximately \$0.6 million in proceeds from notes payable.

During the six months ended June 30, 2023, net cash used in financing activities of approximately \$12.1 million largely consisted of debt service payments of approximately \$11.8 million, including \$10.2 million related to the Asset-Based Loan and \$1.6 million for the Eyce and DaVinci promissory notes, and \$0.3 million in payments of contingent consideration related to the DaVinci acquisition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

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

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024. Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of June 30, 2024, 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, 2023, which have not yet been remediated as of June 30, 2024.

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 was 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 focused its allocation of organizational resources to ensure the successful implementation of the new ERP system during 2023, and is continuing to add additional processes for the design and implementation of effective control activities. Conversely, management noted limited efforts related to re-designing user access roles and permissions in the legacy ERP system. 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 our new ERP system has been fully utilize to its potential and we have properly set controls in place. 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 fully replaced 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. Subsequent to implementation of the new ERP system, we are continuing to change certain processes and procedures which, in turn, are expected to result in changes to our internal control over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.

There were no other changes to our internal control over financial reporting that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on July 19, 2024, except as set forth below.

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

The Company has incurred net losses of \$5.1 million and \$17.8 million for the six months ended June 30, 2024 and the prior year comparable period, respectively. For the six months ended June 30, 2024, used in operating activities was \$0.4 million, and cash used in operating activities for the year ended December 31, 2023 was \$1.8 million. Based on our cash on hand and working capital at June 30, 2024, we may have insufficient cash to fund planned operations into the fourth quarter of 2024. As a result of our losses and our projected cash needs, combined with our current liquidity level, substantial doubt exists about the Company's ability to continue as a going concern over the next 12 months. The recent macroeconomic environment has caused weaker demand than contemplated under the Company's business plan, resulting in a reduction in projected revenue and cash flows for the twelve-month period included in the going concern evaluation.

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

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

There can be no assurance that any such measures will be successful. If we are not successful in improving our liquidity position and the profitability of our operations, we may need to consider all strategic alternatives, including seeking additional debt or equity capital, reducing or delaying our business activities and strategic initiatives, or selling assets, other strategic transactions and/or other measures, including receivership or, to the extent available, bankruptcy protection. In addition, the perception that we may not be able to continue as a going concern may cause vendors and customers to choose not to do business with us due to concerns about our ability to meet our contractual obligations. If we seek additional financing to fund our operations and there remains substantial doubt about our ability to continue as a going concern, our financing sources may be unwilling to provide additional funding to us on commercially reasonable terms or at all. The consolidated financial statements do not include any adjustments that may result from the outcome of this going concern uncertainty. Such adjustments could be material.

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

If we fail to continue to satisfy the continued listing requirements of Nasdaq, such as the corporate governance or public float requirements, or the minimum closing bid price requirement, Nasdaq will take steps to de-list our Class A common stock. As a result of several factors, including but not limited to our financial performance, market sentiment about the cannabis industry, volatility in the financial markets generally due to the tightening of monetary policy by the Board of Governors of the United States Federal Reserve Bank (the "Federal Reserve") and other geopolitical events, events such as the ongoing wars around the world, the per share price of our Class A common stock has declined below the minimum bid price threshold required for continued listing. Such a de-listing would likely have a negative effect on the price of our Class A common stock and would impair your ability to sell or purchase our Class A common stock when you wish to do so, as well as adversely affect our ability to issue additional securities and obtain additional financing in the future.

On August 21, 2023, we received a letter from the staff of Nasdaq indicating that we were not in compliance with Nasdaq Listing Rule 5450(a)(1) because the closing bid price per share for our Class A common stock had closed below \$1.00 for the previous 30 consecutive business days (the "Minimum Bid Price Requirement"). We were given 180 days, or until February 20, 2024 to regain compliance with the Minimum Bid Price Requirement. We also filed an application to transfer the listing of our Class A common stock from the Nasdaq Global Market to the Nasdaq Capital Market, which transfer was approved and occurred on February 9, 2024. As a result of the transfer, we became eligible to request an additional an additional 180-day compliance period.

On February 21, 2024, Nasdaq notified us in writing that while we had not regained compliance with the Minimum Bid Price Requirement, we were eligible for an additional 180-day compliance period, or until August 19, 2024, to regain compliance with the Minimum Bid Price Requirement. Nasdaq's determination was based on us having met the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and on our written notice to Nasdaq of our intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary.

If we do not regain compliance during the second 180-day period, then Nasdaq will notify us of its determination to delist our Class A common stock, at which point we would have an opportunity to appeal the delisting determination to a hearings panel. We would remain listed on Nasdaq pending the hearings panel's decision. There can be no assurance that, if we do appeal the delisting determination by Nasdaq to the hearings panel, that such appeal would be successful.

On January 24, 2024, Gina Collins gave notice of her resignation from our Board of Directors and from each committee of the Board, effective immediately. Ms. Collins was an independent director, and as a result of her resignation, we no longer comply with the majority independent board requirement of Nasdaq as set forth in Nasdaq Listing Rule 5605(b)(1) because independent directors do not comprise a majority of the Board of Directors, and Nasdaq's audit committee requirements as set forth in Nasdaq Listing Rule 5605(c)(2)(A) because the Audit Committee of the Board of Directors is not comprised of at least three independent directors.

On January 29, 2024, in accordance with Nasdaq Listing Rules, we notified Nasdaq of Ms. Collins' resignation and the resulting non-compliance. On January 30, 2024, we received a notice from Nasdaq acknowledging the fact that we do not meet the requirements of such rules. In accordance with Nasdaq Listing Rules 5605(b)(1)(A) and 5605(c)(4), to regain compliance with the Nasdaq Listing Rules, we have until the earlier of our next annual stockholders meeting or January 24, 2025.

On April 18, 2024, we received a notice from Nasdaq stating that because we had not yet filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, we were no longer in compliance with Nasdaq Listing Rule 5250(c)(1). Nasdaq Listing Rule 5250(c)(1) requires listed companies to timely file all required periodic financial reports with the Securities and Exchange Commission.

On May 21, 2024, we received a notice from Nasdaq stating that because we had not yet filed our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024, we were no longer in compliance with Nasdaq Listing Rule 5250(c)(1).

The Company had 60 calendar days from April 18, 2024, or until June 17, 2024, to regain compliance by filing the Form 10-K and the Form 10-Q or to submit to Nasdaq a plan to regain compliance with the Nasdaq Listing Rules. We timely submitted the plan to regain compliance to Nasdaq and Nasdaq granted us additional time to file the Form 10K and 10Q. As of the date of this filing we have filed both the 10K and 10Q within the additional time period granted.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
4.1	Form of July 2023 Standard Warrant (Incorporated by reference to Exhibit 4.1 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).
4.2	Form of July 2023 Pre-Funded Warrant (Incorporated by reference to Exhibit 4.2 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).
4.3	Form of July 2023 Warrant Amendment (Incorporated by reference to Exhibit 4.3 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).
10.1	Form of July 2023 Securities Purchase Agreement (Incorporated by reference to Exhibit 10.1 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).
10.2	Placement Agency Agreement, dated as of June 29, 2023 (Incorporated by reference to Exhibit 10.2 to Greenlane's Current Report on Form 8-K, filed on July 3, 2023).
10.3	Loan and Security Agreement, dated as of September 22, 2023, between Greenlane and Synergy Imports, LLC. (Incorporated by reference to Exhibit 10.3 to Greenlane's Quarterly Report on Form 10-Q, filed on January 9, 2024).
10.4	Secured Promissory Note, dated as of September 22, 2023, between Greenlane and Synergy Imports, LLC. (Incorporated by reference to Exhibit 10.4 to Greenlane's Quarterly Report on Form 10-Q, filed on January 9, 2024).
10.5	Asset Purchase Agreement, effective May 1, 2024, by and among Greenlane Holdings, Inc. Warehouse Goods LLC and Synergy Imports LLC (Incorporated by reference to Exhibit 10.1 to Greenlane's Current Report on Form 8-K, filed on May 10, 2024).
10.6	Loan Modification Agreement, effective May 1, 2024, by and among Warehouse Goods LLC, Synergy Imports LLC and the Guarantors as defined therein (Incorporated by reference to Exhibit 10.2 to Greenlane's Current Report on Form 8-K, filed on May 10, 2024).
10.7	Amended and Restated Secured Promissory Note, effective May 1, 2024, by Warehouse Goods LLC and Synergy Imports LLC (Incorporated by reference to Exhibit 10.3 to Greenlane's Current Report on Form 8-K, filed on May 10, 2024).
10.8	Subscription Agreement, effective June 7, 2024, by Warehouse Goods LLC and Greenlane Holdings, Inc.
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 June 30, 2024, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Stockholders' Equity, and (iv) Condensed Consolidated Statements of Cash Flows. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104*	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL.

* Filed herewith.

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

SIGNATURES

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

GREENLANE HOLDINGS, INC.

Date: August 14, 2024

By: */s/ Barbara Sher*

Barbara Sher Chief Executive Officer
(Principal Executive Officer)

GREENLANE HOLDINGS, INC.

Date: August 14, 2024

By: */s/ Lana Reeve*

Lana Reeve Chief Financial and Legal Officer
(Principal Financial and Accounting Officer)

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW. SUCH SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE PLEDGED, TRANSFERRED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION OR DELIVERY OF AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE WITH THE ACT OR AN EXEMPTION THEREUNDER.

Note that when executing this Subscription Agreement, the subscriber will need to complete and sign (i) the appropriate Subscription Agreement signature page (depending on whether the subscriber is an individual or an entity) and (ii) the Investor Questionnaire attached to this Subscription Agreement as Attachment 1. The foregoing must be completed and properly executed by or on behalf of the person or entity making the investment before a subscription will be accepted.

**GREENLANE HOLDINGS, INC.
SUBSCRIPTION AGREEMENT**

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is made as of the date set forth on the signature page of this Agreement, by and among Greenlane Holdings, Inc., a Delaware corporation (the "Company"), and each party who is a signatory hereto (individually, a "Subscriber" and collectively with other signatories of this Agreement in connection with the Offering described below, the "Subscribers").

RECITALS:

WHEREAS, the Company desires to offer and sell in a private offering (the "Offering") six month Convertible Notes ("Notes") which shall contain a 20% Original Issue Discount ("OID"). The Notes shall be in the form of Exhibit A hereto.

WHEREAS, the Company desires to enter into this Agreement to issue and sell, and the Subscriber desires to purchase, a Note on the terms and conditions set forth herein.

WHEREAS, the Company and Subscriber are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Act.

NOW, THEREFORE, in consideration of the promises and the mutual representations and covenants hereinafter set forth, Subscriber and the Company agree as follows:

1. Purchase of Notes.

(a) Subscription. Subject to the terms set forth herein, the Subscriber hereby irrevocably subscribes for and agrees to purchase from the Company a Note in the principal amount as set forth on the signature page hereto at the subscription price set forth therein (the "**Purchase Price**"). The Purchase Price is payable by wire transfer of immediately available funds to such account as instructed by the Company. In the event that the Company sells a Note to a

different party, the Company's agreement with each Subscriber is a separate agreement and the sale of a Note to each Subscriber is a separate sale.

(b) Convertible Promissory Notes. Each Note will have the rights, preferences, and limitations applicable as set forth in the form of Convertible Note attached hereto as Exhibit A. Each Note is being issued at an original issue discount of 20%. For illustration purposes, a Subscriber investing \$500,000.00 would receive a Note with a principal amount of \$625,000.00. In the event of any conflict between this Agreement and the Note, the terms of the Note shall apply.

(c) Registration Rights. The Note will entitle the Subscriber to piggyback registration rights so that in the event that the Company files a registration statement to register its securities under the Act, other than a registration statement on Form S-8, it will include the shares of common stock issuable upon conversion of the Notes in the registration rights agreement the form of which is attached hereto as Exhibit B (the "**Registration Rights Agreement**"). Each Subscriber agrees to deliver to the Company a countersigned signature page to the Registration Rights Agreement.

(d) Rights Reserved by the Company. The Company reserves the right in its sole discretion to reject any or all subscriptions made hereby, in whole or in part, to accept subscriptions in the aggregate amount less than the Maximum Offering (as defined below), and/or to suspend or terminate or extend the Offering. In the event a subscription is rejected by the Company, the subscription funds shall be returned to the Subscriber without interest or deduction thereon.

(e) Offering Period. The Offering period shall expire at the earlier of (i) 11:59 p.m. (EST) on June 30, 2024 (subject to the right of the Company to extend the Offering for up to an additional 30-day period without notice to the Subscriber) or (ii) such other date on which all of the Notes to be issued in the Maximum Offering are sold (the "**Termination Date**"), unless extended by the Company.

(f) Offering. Subscriber understands and acknowledges that this subscription is part of a proposed placement by the Company for a maximum aggregate investment amount of \$500,000.00 (together with the overallocation amount, the "**Maximum Offering Amount**"). Subscriber further understands and acknowledges that the minimum subscription that will be accepted by any investor is \$50,000; provided that the Company may waive such limitation in its sole discretion. Subscriber understands that Offering proceeds will not be held in an escrow account and will be released to the Company at such time or times as determined by the Company.

(g) Closing. Subject to the requirements above, the initial closing of the purchase and sale of the Notes (the "**Initial Closing**") shall occur on or prior to the Termination Date, as determined by the Company. Following the Initial Closing, the Company may conduct one or more closings of the purchase and sale of Notes, subject to the Maximum Offering Amount. The Initial Closing and each subsequent closing of the purchase and sale of Notes is referred to herein as a "**Closing**." Each Closing shall occur or be deemed to occur at the offices of the Company 1095 Broken Sound Parkway, Suite 100, Boca Raton, Florida 33487.

(h) Subsidiary Guarantee. The Company's subsidiary Warehouse Goods LLC agrees to guarantee the Company's obligations under the Note. The form of Subsidiary Guarantee is attached as Exhibit C hereto.

2. Representations and Warranties of Subscriber. Subscriber represents and warrants to the Company as follows:

(a) At the time Subscriber was offered the Note, Subscriber was, and on the date Subscriber receives the Note will be, an "accredited investor" as defined by Rule 501(a) under the Act, and Subscriber is capable of evaluating the merits and risks of Subscriber's investment in the Company and has the capacity to protect Subscriber's own interests.

(b) Subscriber understands that the Note is not presently registered under the Act and may never become registered under the Act. Subscriber acknowledges that neither the Note, nor the Shares issuable upon conversion of the Note can be sold, transferred, pledged, hypothecated, assigned or otherwise disposed of, unless such Note or Common Stock, as the case may be, is registered under the Act, or if in the opinion of counsel satisfactory to the Company, such sale, transfer, pledge, hypothecation, assignment or disposition is exempt from such registration requirements. The Subscriber understands that it may have to hold the Note and any shares of Common Stock obtained upon conversion of the Note for an indefinite period of time, and that the Subscriber might have to bear the complete economic loss of its investment in the Company.

(c) Subscriber acknowledges and understands that the Note is being purchased for investment purposes and not with a view to distribution or resale, nor with the intention of selling, transferring or otherwise disposing of all or any part thereof for any particular price, or at any particular time, or upon the happening of any particular event or circumstances, except selling, transferring, or disposing the Note in full compliance with all applicable provisions of the Act, the rules and regulations promulgated by the Securities and Exchange Commission ("SEC") thereunder, and applicable state securities laws. Subscriber acknowledges and understands that an investment in the Note is not a liquid investment.

(d) Subscriber acknowledges that the Note is not a publicly traded security. Subscriber acknowledges and understands that there is no public market for the Notes and no assurance can be given that any public market will ever develop or if developed that any such market will be sustained. In addition, there is a very limited market in the Company's common stock currently and there can be no assurance that such a market will develop.

(e) Subscriber acknowledges that Subscriber has had the opportunity to ask questions of, and receive answers from the Company or any person acting on the Company's behalf concerning the Company and its business and to obtain any additional information, to the extent possessed by the Company (or to the extent it could have been acquired by the Company without unreasonable effort or expense) necessary to verify the accuracy of the information received by Subscriber. In connection therewith, Subscriber acknowledges that Subscriber has had the opportunity to discuss the Company's business, management and financial affairs with the Company's management or any person acting on its behalf. In determining whether to make this investment, Subscriber has relied solely on Subscriber's own knowledge and understanding of the



Company and its business based upon Subscriber's own due diligence investigations and the information furnished pursuant to this paragraph.

(f) Subscriber has all requisite legal and other power and authority to execute and deliver this Agreement and to carry out and perform Subscriber's obligations under the terms of this Agreement. This Agreement constitutes a valid and legally binding obligation of Subscriber, enforceable in accordance with its terms, and subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other general principals of equity, whether such enforcement is considered in a proceeding in equity or law.

(g) Subscriber has carefully considered and has discussed with the Subscriber's professional legal, tax, accounting and financial advisors, to the extent the Subscriber has deemed necessary, the suitability of this investment and the transactions contemplated by this Agreement, including, whether the acquisition of the Note will result in any adverse tax consequences to the Subscriber, for the Subscriber's particular federal, state, local and foreign tax and financial situation and has determined that this investment and the transactions contemplated by this Agreement are a suitable investment for the Subscriber. Subscriber relies solely on such advisors and not on any statements or representations of the Company, or its agents. Subscriber understands that Subscriber (and not the Company) shall be responsible for Subscriber's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

(h) This Agreement and the Purchaser Questionnaire do not contain any untrue statement of a material fact or omit any material fact concerning Subscriber.

(i) There are no actions, suits, proceedings or investigations pending against Subscriber or Subscriber's properties before any court or governmental agency (nor, to Subscriber's knowledge, is there any threat thereof) which would impair in any way Subscriber's ability to enter into and fully perform Subscriber's commitments and obligations under this Agreement or the transactions contemplated hereby.

(j) The execution, delivery and performance of and compliance with this Agreement, and the issuance of the Note will not result in any material violation of, or conflict with, or constitute a material default under, any of Subscriber's articles of incorporation or other organizational charter document or bylaws, partnership agreement or operating agreement, if applicable, or any of Subscriber's material agreements, nor result in the creation of any mortgage, pledge, lien, encumbrance or charge against any of the assets or properties of Subscriber or the Notes.

(k) Subscriber acknowledges that the Note is speculative and involve a high degree of risk, and that Subscriber can bear the economic risk of the purchase of the Note, including a total loss of its investment.

(l) Subscriber understands that the merits of the Note have not been passed upon by the SEC nor any state securities commission, nor has the SEC nor any state securities commission opined upon the accuracy or adequacy of this Agreement and recognizes that no federal, state or foreign agency has recommended or endorsed the purchase of the Note.



(m) Subscriber is aware that the Notes and the shares of Common Stock underlying the Notes are and will be, when issued, "restricted securities" as that term is defined in Rule 144 of the general rules and regulations under the Act.

(n) Subscriber understands that the Note and any and all securities issued in replacement thereof or in exchange therefor or in conversion thereof shall bear the following legend or one substantially similar thereto, which Subscriber has read and understands:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS") AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER."

(o) In addition, the Note and any and all securities issued in replacement thereof or in exchange therefor or upon conversion thereof, shall bear such legends as may be required by the securities laws of the jurisdiction in which Subscriber resides.

(p) Any sales, transfers, or any other dispositions of the Note by Subscriber, if any, will be in compliance with the Act.

(q) Subscriber acknowledges that Subscriber has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Notes and of making an informed investment decision.

(r) Subscriber represents that: (i) Subscriber is able to bear the economic risks of an investment in the Notes and to afford the complete loss of the investment; and (ii) (A) Subscriber could be reasonably assumed to have the capacity to protect his/her/its own interests in connection with this subscription; or (B) Subscriber has a pre-existing personal or business relationship with either the Company or any affiliate thereof of such duration and nature as would enable a reasonably prudent purchaser to be aware of the character, business acumen and general business and financial circumstances of the Company or such affiliate and is otherwise personally qualified to evaluate and assess the risks, nature and other aspects of this subscription.

(s) Subscriber further represents that the address set forth below is his/her principal residence (or, if Subscriber is a company, partnership or other entity, the address of its principal place of business); that Subscriber is purchasing the Note for Subscriber's own account and not, in whole or in part, for the account of any other person; Subscriber is purchasing the Note for investment and not with a view to resale or distribution; and that Subscriber has not formed any entity for the purpose of purchasing the Note.

(t) Subscriber understands that the Company shall have the unconditional right to accept or reject this subscription, in whole or in part, for any reason or without a specific reason, in the sole and absolute discretion of the Company (even after receipt and clearance of Subscriber's



funds). This Agreement is not binding upon the Company until accepted by an authorized representative of the Company. In the event that the subscription is rejected, then Subscriber's subscription funds will be returned without interest thereon or deduction therefrom.

(u) Subscriber represents that Subscriber is not subscribing for a Note as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over the Internet, television or radio or presented at any seminar or meeting.

(v) Subscriber has carefully read this Agreement and Subscriber has accurately completed the Purchaser Questionnaire which accompanies this Agreement.

(w) No representations or warranties have been made to Subscriber by the Company, or any of its managers, officers, employees, agents, affiliates, or subsidiaries of the Company, other than the representations of the Company contained herein, and in subscribing for the Notes the Subscriber is not relying upon any representations other than those contained in this Agreement.

(x) Subscriber represents and warrants, to the best of its knowledge, no finder, broker, agent, financial advisor or other intermediary, nor any purchaser representative or any broker-dealer acting as a broker, is entitled to any compensation in connection with the transactions contemplated by this Agreement.

(y) The Subscriber is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") website and is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. All amounts subscribed for in this Agreement by the Subscriber were not directly or indirectly derived from activities that may contravene Federal, state or international laws and regulations, including anti-money laundering and anti-terrorist financing laws and regulations.

(z) The Subscriber acknowledges that due to anti-terrorism and anti-money laundering regulations, the Company or any administrator acting on behalf of the Company may require further documentation verifying Subscriber's identity and the source of funds used to purchase the Note subscribed for hereby before this Agreement can be processed or accepted. To comply with applicable U.S. legislation and regulations, including but not limited to the International Anti-Money Laundering and Financial Anti-Terrorism Abatement Act of 2001 (Title III of the USA PATRIOT Act), the Subscriber agrees that all payments by Subscriber to the Company and all distributions to the Subscriber from the Company will only be made in Subscriber's name and to and from a bank account of a bank based or incorporated in or formed under the laws of the Striped States or a bank that is not a "foreign shell bank" within the meaning of the U.S. Bank Secrecy Act (31 U.S.C. § 5311 *et seq.*), as amended, and the regulations promulgated thereunder by the U.S. Department of the Treasury, as such regulations may be amended from time to time. The Subscriber further agrees to provide the Company at any time during the term of the Company with such information or certification as the Company determines to be necessary or appropriate to verify compliance with the anti-terrorism and anti-money laundering regulations of any applicable jurisdiction or to respond to requests for information concerning the identity of



Subscriber or any person directly or indirectly controlling or owning an interest in the Subscriber from any governmental authority, self-regulatory organization or financial institution in connection with the Company's compliance procedures with respect to anti-terrorism and anti-money laundering regulations and to update such information as necessary. Such information may include, but not be limited to, the name, address, telephone number, date of birth, and Social Security or taxpayer identification number of any such individual person, or of the beneficial owners of any entity, if the Subscriber is an entity. Identity may be verified using a current valid passport or other such current valid government-issued identification (e.g., a driver's license). The Company intends to maintain records of information used for verification of identity. Subscriber understands that any information provided to the Company may be disclosed to the United States Government by the Company.

3. Representations and Warranties of the Company. The Company represents and warrants to Subscriber as follows:

(a) The Company is duly organized and validly existing as a corporation under the laws of the State of Delaware.

(b) The Company has all such corporate power and authority to enter into, deliver and perform this Agreement.

(c) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement by the Company, and the issuance and sale of the Note to be sold by the Company pursuant to this Agreement. This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(d) The Company shall use the proceeds from the sale of the Notes hereunder for general operating expenses, including working capital, expenses related to it becoming current on the Company's periodic securities filings under the Securities Exchange Act of 1934, as amended, and repayment of outstanding indebtedness. The Company shall reimburse the Subscriber for attorneys fees in the amount of \$12,500.00 upon any repayment and/or conversion of the Note.

4. Indemnification. Subscriber agrees to indemnify and hold harmless the Company and its managers, members, officers, directors, employees, members, agents, counsel and affiliates, and any person acting on behalf of the Company ("**Indemnitees**"), from and against any and all damage, loss, liability, cost and expense (including reasonable attorneys' fees) ("**Loss**") which any of them may incur by reason of the failure by Subscriber to fulfill any of the terms and conditions of this Agreement, or by reason of any breach of the representations and warranties made by Subscriber herein, or in any other document provided by Subscriber to the Company. All representations, warranties and covenants of each of Subscriber and the Company contained herein shall survive the acceptance of this subscription.



5. Miscellaneous.

(a) Subscriber agrees not to transfer or assign this Agreement or any of Subscriber's interest herein and further agrees that the transfer or assignment of the Note acquired pursuant hereto shall be made only in accordance with all applicable laws.

(b) Subscriber agrees that Subscriber cannot cancel, terminate, or revoke this Agreement or any agreement of Subscriber made hereunder, and this Agreement shall survive the death or legal disability of Subscriber and shall be binding upon Subscriber's heirs, executors, administrators, successors, and permitted assigns.

(c) Subscriber has read and has accurately completed this entire Agreement.

(d) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and may be amended only by a written execution by all parties.

(e) Subscriber acknowledges that it has been advised to consult with its own attorney, and tax, accounting and financial advisors regarding this subscription and Subscriber has done so to the extent that Subscriber deems appropriate.

(f) All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this paragraph).

If to the Company, at:

Greenlane Holdings Inc.
1095 Broken Sound Pkwy, Suite 100
Boca Raton, FL 33487
Attention: Barbara Sher, CEO

E-mail: Barbara.sher@greenlane.com

If to the Subscriber, at its address set forth on the signature page to this Agreement.

(g) Failure of the Company or the Subscriber to exercise any right or remedy under this Agreement or any other agreement between the Company and the Subscriber, or otherwise, or delay by the Company or Subscriber in exercising such right or remedy, will not operate as a waiver thereof. No waiver by the Subscriber will be effective unless and until it is in writing and signed by the Subscriber.



(h) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

(i) Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the courts of the State of Florida in each case located in the city of Orlando and County of Orange, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(j) Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

(k) If any provision of this Agreement is held to be invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed modified to conform to such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provisions hereof.

(l) The parties understand and agree that money damages would not be a sufficient remedy for any breach of the Agreement by the Company or the Subscriber and that the party against which such breach is committed shall be entitled to equitable relief, including injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach by either party of the Agreement but shall be in addition to all other remedies available at law or equity to the party against which such breach is committed.

(m) All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, singular or plural, as identity of the person or persons may require. The term "it" includes "he" and "she".

(n) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]



Signature Page for Individuals:

IN WITNESS WHEREOF, Subscriber has caused this Subscription Agreement to be executed as of the date indicated below.

\$ _____
Total Subscription Amount

\$ _____
Face Amount of Convertible Note

Print or Type Name

Signature

Date

Address

Please check if applicable and include co-owner's information below (name, address, social security number):

_____ Joint Tenancy _____ Tenants in Common

[Individual Subscriber Signature Page to Subscription Agreement]



Partnerships, Corporations or Other Entities:

IN WITNESS WHEREOF, Subscriber has caused this Subscription Agreement to be executed as of the date indicated below.

\$ 500,000
Total Subscription Amount

\$ 625,000
Face Amount of Convertible Note

Cobra Alternative Capital Strategies LLC
Print or Type Name of Entity

By: [Signature]
as managing member
Name: Lance Friedman

6/7/24
Date

25 N. Market Street, Suite 205

Jacksonville, FL 32202
Address

[Entity Subscriber Signature Page to Subscription Agreement]

[Signature]

IN WITNESS WHEREOF, the Company has caused this Subscription Agreement to be executed, and the foregoing subscription accepted, as of the date indicated below.

GREENLANE HOLDINGS, INC.

By: 

Name: Barbara Sher
Title: Chief Executive Officer

Date: 6/10/24

[Company Signature Page to Subscription Agreement]

Attachment 1

CONFIDENTIAL

PURCHASER QUESTIONNAIRE

GREENLANE HOLDINGS, INC.

THIS QUESTIONNAIRE MUST BE ANSWERED FULLY AND RETURNED ALONG WITH YOUR COMPLETED SUBSCRIPTION AGREEMENT IN CONNECTION WITH YOUR PROSPECTIVE PURCHASE OF A CONVERTIBLE NOTE FROM GREENLANE HOLDINGS, INC. (THE "COMPANY").

THE INFORMATION SUPPLIED IN THIS QUESTIONNAIRE WILL BE HELD IN STRICT CONFIDENCE. NO INFORMATION WILL BE DISCLOSED EXCEPT TO THE EXTENT THAT SUCH DISCLOSURE IS REQUIRED BY LAW OR REGULATION, OTHERWISE DEMANDED BY PROPER LEGAL PROCESS OR IN LITIGATION INVOLVING THE COMPANY AND ITS CONTROLLING PERSONS.

(1) The undersigned represents and warrants that he, she or it comes within at least one category marked below, and that for any category marked, he, she or it has truthfully set forth, where applicable, the factual basis or reason the undersigned comes within that category. The undersigned agrees to furnish any additional information which the Company deems necessary in order to verify the answers set forth below.

Category A The undersigned is an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse or spousal equivalent, presently exceeds \$1,000,000. For purposes of this Category A, "net worth" means the excess of total assets at fair market value (including personal and real property but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the Notes are purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of Notes for the purpose of investing in the Notes.

Explanation. In calculating net worth, you may include equity in personal property and real estate, (excluding your primary residence), cash, short-term investments, stock and securities. Equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property.

Category B The undersigned is an individual (not a partnership, corporation, etc.) who had an income in excess of \$200,000 in each of the two most recent years.

Attachment 1-1

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Category F The undersigned is a private business development company as defined in section 202(a) (22) of the Investment Advisors Act of 1940. (describe entity)

Category G The undersigned is either a corporation, partnership, limited liability company, Massachusetts business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Strips and with total assets in excess of \$5,000,000. (describe entity)

Category H The undersigned is a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Strips, where the purchase is directed by a "sophisticated investor" as defined in Regulation 506(b)(2)(ii) under the Act.

Category I The undersigned is a "family office," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisors Act of 1940: (i) with assets under management in excess of \$5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.

Category J The undersigned is a "family client," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisors Act of 1940, of a family office meeting the requirements set forth in the immediately preceding paragraph above and whose prospective investment in the issuer is directed by such family office pursuant to clause (iii) in the immediately preceding paragraph.

Category K The undersigned is an entity (other than a trust) in which ALL of the equity owners are "accredited investors" within one or more of the above categories. If relying upon this Category alone, EACH equity owner must complete a separate copy of this Purchaser Questionnaire. (describe entity)



Category L — The undersigned is an institutional accredited investor, as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, of a type not listed in the preceding paragraphs.

The undersigned agrees that the undersigned will notify the Company at any time on or prior to the Closing (as defined in the Subscription Agreement) in the event that the representations and warranties in this Purchaser Questionnaire shall cease to be true, accurate and complete.

(2) Suitability (please answer each question)

(a) For an individual, please describe your current employment, including the company by which you are employed and its principal business:

(b) For an individual, please describe any college or graduate degrees held by you:

(c) For all subscribers, please list types of prior investments:

*PIPES, Bridge, Debt Financ, Reg D, Reg A
Reg CF, Debt Financ, S-1 purchases, secondary market
purchase, Private Equity Investment, Fund Investment*

(d) For all subscribers, please state whether you have you participated in other private placements before:

YES NO

(e) If your answer to question (d) above was "YES", please indicate frequency of such prior participation in private placements of:

	Public Companies	Private Companies
Frequently	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Occasionally	<input type="checkbox"/>	<input type="checkbox"/>
Never	<input type="checkbox"/>	<input type="checkbox"/>



(f) For individuals, do you expect your current level of income to significantly decrease in the foreseeable future?

YES _____ NO _____

(g) For trust, corporate, partnership and other institutional subscribers, do you expect your total assets to significantly decrease in the foreseeable future?

YES _____ NO

(h) For all subscribers, do you have any other investments or contingent liabilities which you reasonably anticipate could cause you to need sudden cash requirements in excess of cash readily available to you?

YES _____ NO

(i) For all subscribers, are you familiar with the risk aspects and the non-liquidity of investments such as the Strips for which you seek to purchase?

YES NO _____

(j) For all subscribers, do you understand that there is no guarantee of financial return on this investment and that you run the risk of losing your entire investment?

YES NO _____

(3) Manner in which title is to be held: (circle one)

- (a) Individual Ownership
- (b) Community Property
- (c) Joint Tenant with Right of Survivorship (both parties must sign)
- (d) Partnership
- (e) Tenants in Common
- (f) Company
- (g) Trust
- (h) Other

[Remainder of page intentionally left blank]

Attachment 1-5

The undersigned is informed of the significance to the Company of the foregoing representations and answers contained in this Purchaser Questionnaire and such answers have been provided under the assumption that the Company will rely on them.

Individual

Date: _____

Signature of Individual

For use with Joint Tenancy Investments.

Individual

Date: _____

Name of Individual
(Please type or print)

Signature of Individual

**Partnership, Corporation or
Other Entity**

Date: 6/2/24

Cobra Alternative Capital Strategies LLC

Print or Type Entity Name

By: _____

Name: Lance Friedman
Print or Type Name

Title: Managing Member

Signature

[Signature Page to Purchaser Questionnaire]

Attachment 1-6



EXHIBIT A

CONVERTIBLE NOTE

SEE ATTACHED

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: June 7, 2024

\$ \$625,000.00

CONVERTIBLE NOTE

THIS CONVERTIBLE NOTE is one of a series of duly authorized and validly issued Convertible Notes of Greenlane Holdings, Inc., a Delaware corporation (the "Company"), having its principal place of business at 1095 Broken Sound Parkway, Suite 100, Boca Raton, FL 33487, designated as its Convertible Note due (i) the earlier of December 7, 2024 (6 months from issuance); or (ii) the date that the Company receives gross proceeds of at least \$1,500,000 in an offering of its debt or equity securities (a "Qualified Offering"). Such date being referred to as the "Maturity Date").

This Note shall have a 20% original issue discount which shall be reflected in the principal amount. A single note shall be referred to as the "Note" and, collectively with the other Notes of such series, the "Notes".

FOR VALUE RECEIVED, the Company promises to pay to Cobra Alternative Capital Strategies, LLC or its registered assigns (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of \$ 625,000.00 on December 7, 2024 (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder. This Note is subject to the following additional provisions:



Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Subscription Agreement and (b) the following terms shall have the following meanings:

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

“Alternate Consideration” shall have the meaning set forth in Section 5(b).

“Bankruptcy Event” means any of the following events: (a) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof, (b) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within sixty (60) days after commencement, (c) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within sixty (60) calendar days after such appointment, (e) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors, (f) the Company or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Significant Subsidiary thereof admits in writing that it is generally unable to pay its debts as they become due, or (h) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

“Business Day” means any day except any Saturday, any Sunday, any day which shall be a federal legal holiday in the United States or any day on which banking institutions in the State of Florida are authorized or required by law or other governmental action to close.

“Conversion Date” shall have the meaning set forth in Section 4(a)(ii).

“Conversion Price” shall have the meaning set forth in Section 4(b).

“Conversion Shares” means the shares of Common Stock of the Company, as applicable, issuable upon conversion of this Note in accordance with the terms hereof.



“Event of Default” shall have the meaning set forth in Section 6(a).

“Fair Market Value” means, in the context of the Common Stock, the fair market value of such stock as determined by the Company’s Board of Directors based on such factors as the Board of Directors, in its sole and absolute discretion, consider relevant.

“Fundamental Transaction” shall have the meaning set forth in Section 5(b).

“Note Register” means the records of the Company regarding registration and transfers of this Note.

“Original Issue Date” means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

“Permitted Indebtedness” means (a) Indebtedness outstanding as of the Original Issue Date, (b) the indebtedness evidenced by the Notes, (c) capital lease obligations and purchase money indebtedness incurred in connection with the acquisition of machinery and equipment, (d) any asset-based loan facility that the Company may enter into from time to time, and (e) indebtedness that is expressly subordinate to the Notes pursuant to a written subordination agreement with the Purchasers that is acceptable to each Subscriber in its sole and absolute discretion.

“Permitted Lien” means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Company) have been established in accordance with Generally Accepted Accounting Principles; (b) Liens imposed by law which were incurred in the ordinary course of the Company’s business, such as carriers’, warehousemen’s and mechanics’ Liens, statutory landlords’ Liens, and other similar Liens arising in the ordinary course of the Company’s business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Company and its consolidated Subsidiaries or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien; and (c) Liens incurred in connection with Permitted Indebtedness under clauses (a) and (c) thereunder; and (d) Liens incurred in connection with Permitted Indebtedness under clause (b) thereunder, provided that such Liens are not secured by assets of the Company or its Subsidiaries other than the assets so acquired or leased.



“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or other agency or political subdivision thereof.

“Subscription Agreement” means the Subscription Agreement, dated as of June 7, 2024 among the Company and each of the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

“Qualified Financing” means the Company’s offering of its equity or debt securities for sale pursuant to which the Company receives aggregate gross proceeds of no less than \$1,500,000 (not including any proceeds resulting from the conversion of the Notes).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“VWAP” means, for any date, the price equal to the daily volume weighted average price of the Common Stock for such date on the trading market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a trading day from 9:30 a.m. to 4:00 p.m. New York City time).

Section 2. Interest/Exit Fee.

a) Interest Rate. Except as otherwise provided herein, the principal amount of this Note shall bear no interest, however upon repayment, the Company shall pay the Holder an exit fee equal to 5% of the principal amount of this Note (the “Exit Fee”).

b) Payment of Exit Fee. The Exit Fee shall be due and payable on the Maturity Date with the initial payment being due on December 7, 2024, 6 months from the date hereof) (each such date, an “Interest Payment Date”). If any Interest Payment Date is not a Business Day, then the applicable payment shall be due on the next succeeding Business Day.

c) Default Interest. If any amount payable hereunder is not paid when due, whether at stated maturity, by acceleration or otherwise, such overdue amount shall bear interest at a rate equal to the lesser of eighteen percent (18%) per annum.

d) Prepayment. Except as otherwise set forth in this Note, the Company may prepay the principal amount of this Note without the prior written consent of the Holder, unless this Note is in Default or the Holder has submitted a Conversion Notice that is pending.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Subscription Agreement and may be transferred or exchanged only in compliance with the Subscription Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Conversion Price. Commencing on the Maturity Date, the Holder shall have the right to convert the principal amount of the Note and the amount of the Exit Fee into Common Stock at a conversion price equal to a 30% discount to the average daily VWAP for the twenty trading days preceding the date of conversion, subject to adjustment as set forth herein.

b) Mechanics of Conversion.

i. Delivery of Certificate Upon Conversion. Not later than one (1) Business Day after the Conversion Date (the "Share Delivery Date"), the Company shall deliver, or cause to be delivered, to the Holder (A) a certificate or certificates representing the Conversion Shares which, when eligible for resale under the Securities Act or registered under the Securities Act, shall be free of restrictive legends and trading restrictions (other than those which may then be required by the Subscription Agreement) representing the number of Conversion Shares being acquired upon the conversion of this Note.

ii. Obligation Absolute. The Company's obligations to issue and deliver the Conversion Shares upon conversion of



in excess of such amount. Until such approval is obtained, no Holder shall be issued in the aggregate, upon conversion of the Note into shares of Common Stock in an amount greater than the product of the Exchange Cap multiplied by a fraction, the numerator of which is the total amount of shares of Common Stock issuable to the Holder upon conversion of the Note and the denominator of which is the total amount of shares of Common Stock issuable to all Holders upon conversion of the Note (with respect to each Holder, the "Exchange Cap Allocation"). In the event that any Holder shall sell or otherwise transfer any of such Holder's Notes, the transferee shall be allocated a pro rata portion of such Holder's Exchange Cap Allocation, and the restrictions of the prior sentence shall apply to such transferee with respect to the portion of the Exchange Cap Allocation allocated to such transferee. In the event that any Holder of shares of the Note shall convert all of such Holder's Notes into a number of shares of Common Stock which, in the aggregate, is less than such Holder's Exchange Cap Allocation, then the difference between such Holder's Exchange Cap Allocation and the number of shares of Common Stock actually issued to such Holder shall be allocated to the respective Exchange Cap Allocations of the remaining Holders of Notes on a pro rata basis in proportion to the aggregate Conversion Price of shares of the Notes then held by each such Holder.

Section 5. Certain Adjustments.

a) Fundamental Transaction. If, at any time while this Note is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion



of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2(c) on the conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 4(c) on the conversion of this Note). For purposes of any such conversion, the determination of the Conversion Price Ceiling shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price Ceiling among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Note and the other Transaction Documents in accordance with the provisions of this Section pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (such approval not to be unreasonably withheld or delayed) prior to such Fundamental Transaction and shall, at the option of the holder of this Note, deliver to the Holder in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Note (without regard to any limitation in Section 2(c) on the conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder (such approval not to be unreasonably withheld or delayed). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor



Entity had been named as the Company herein.

b) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

Section 6. Events of Default.

a) “Event of Default” means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Note or (B) interest, liquidated damages and other amounts owing to a Holder on any Note, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within five (5) Business Days;

ii. the Company shall fail to observe or perform any other covenant or agreement contained in the Notes which failure is not cured, if possible to cure, within the earlier to occur of (A) seven (7) Business Days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) ten (10) Business Days after the Company has become or should have become aware of such failure;

iii. a default or Event of Default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur under any of the Transaction Documents;

iv. any representation or warranty made in this Note, any other Transaction Documents, any written statement pursuant hereto or thereto or any other report, financial statement or certificate made or delivered to the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made and such breach, if capable of being cured, shall remain uncured ten (10) Calendar Days after written notice of such breach specifically referencing this Section 6(a)(iv);

v. the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) shall be subject to a Bankruptcy Event;



proceeding arising out of or relating to this Note or the transactions contemplated hereby.

g) Attorneys' Fees. If either party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

h) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver by the Company or the Holder must be in writing.

i) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

j) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

k) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

l) Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at



EXHIBIT B

FORM OF REGISTRATION RIGHTS AGREEMENT

SEE ATTACHED

REGISTRATION RIGHTS AGREEMENT

Registration Rights Agreement (this "Agreement") dated as of June 7, 2024 among Greenlane Holdings, Inc., a Delaware corporation (the "Company"), and the Persons named on Schedule 1 as Holders (each a "Holder" and collectively, the "Holders").

RECITALS

WHEREAS, pursuant to those certain Subscription Agreements each dated effective as of June 7, 2024, by and among the Company and each of the Holders (collectively, the "Subscription Agreements"), the Holders purchased 20% OID Convertible Notes (the "Notes") and the Company agreed to provide certain rights to Holders to cause any shares of Common Stock obtained upon conversion of the Notes ("Conversion Shares") which are alternatively referred to as the "Registerable Securities") to be registered pursuant to the Securities Act; and

WHEREAS, the parties hereto hereby desire to set forth the Holders' rights and the Company's obligations to cause the registration of the Registerable Securities pursuant to the Securities Act;

NOW, THEREFORE, in consideration of the purchase by Holders of the Notes pursuant to the Subscription Agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Definitions and Usage.

As used in this Agreement:

Definitions.

"Agent" means the principal placement agent on an agented placement of Registerable Securities.

"Commission" shall mean the Securities and Exchange Commission.

"Common Stock" shall mean (i) the common stock, par value \$.01 per share, of the Company, and (ii) shares of capital stock of the Company issued by the Company in respect of or in exchange for shares of such common stock in connection with any stock dividend or distribution, stock split, recapitalization, recombination or exchange by the Company generally of shares of such common stock.

“Continuously Effective,” with respect to a specified registration statement, shall mean that it shall not cease to be effective and available for Transfers of Registrable Securities thereunder for longer than either (i) any ten (10) consecutive business days, or (ii) an aggregate of fifteen (15) business days during the period specified in the relevant provision of this Agreement.

“Conversion Shares” shall have the meaning set forth in the Recitals.

“Exchange Act” shall mean the Securities Exchange Act of 1934.

“Holders” shall mean the Persons named on Schedule 1 as Holders of Registrable Securities and Transferees of such Persons’ Registrable Securities with respect to the rights that such Transferees shall have acquired in accordance with Section 8, at such times as such Persons shall own Registrable Securities.

“Majority Selling Holders” means those Selling Holders whose Registrable Securities included in such registration represent a majority of the Registrable Securities of all Selling Holders included therein.

“Notes” shall have the meaning set forth in the Recitals.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or other agency or political subdivision thereof.

“Piggyback Registration” shall have the meaning set forth in Section 2.1.

“Register”, “registered”, and “registration” shall refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering by the Commission of effectiveness of such registration statement or document.

“Registrable Securities” shall mean, subject to Section 8 and Section 10.3: (i) any shares of Conversion Shares beneficially owned by Holders, (ii) any shares of Common Stock or other securities issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange by the Company generally for, or in replacement by the Company generally of, such shares; and (iii) any securities issued in exchange for Conversion Shares in any merger or reorganization of the Company; *provided, however*, that Registrable Securities shall not include any Securities which have theretofore been registered and sold pursuant to the Securities Act or which have been sold to the public pursuant to Rule 144 or any similar rule promulgated by the Commission pursuant to the Securities Act, and, *provided, however*, that the Company shall have no obligation under Sections 2 and 3 to register any Registrable Securities of a Holder if the Company shall deliver to the Holders requesting such registration an opinion of counsel reasonably satisfactory to such Holders and its counsel to the effect that the proposed sale or disposition of all of the Registrable Securities for which registration was requested does not require registration under the Securities Act for a sale or disposition in a single public sale, and offers to remove any

and all legends restricting transfer from the certificates evidencing such Registrable Securities. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the then-existing right to acquire such Registrable Securities (by conversion, purchase or otherwise), whether or not such acquisition has actually been effected.

“Registrable Securities then outstanding” shall mean, with respect to a specified determination date, the Registrable Securities owned by all Holders on such date.

“Registration Expenses” shall have the meaning set forth in Section 6.1.

“Securities Act” shall mean the Securities Act of 1933.

“Selling Holders” shall mean, with respect to a specified registration pursuant to this Agreement, Holders whose Registrable Securities are included in such registration.

“Subscription Agreements” shall have the meaning set forth in the Recitals.

“Substantial Holder” shall mean any Holder that owned on the date of this Agreement 25% or more of the Registrable Securities then outstanding and such Transferee, if any, to whom such Person Transfers Registrable Securities and assigns such Substantial Holder’s rights as a Substantial Holder as permitted by Section 8.

“Transfer” shall mean and include the act of selling, giving, transferring, creating a trust (voting or otherwise), assigning or otherwise disposing of (other than pledging, hypothecating or otherwise transferring as security) (and correlative words shall have correlative meanings); provided however, that any transfer or other disposition upon foreclosure or other exercise of remedies of a secured creditor after an event of default under or with respect to a pledge, hypothecation or other transfer as security shall constitute a “Transfer.”

“Underwriters’ Representative” shall mean the managing underwriter, or, in the case of a co-managed underwriting, the managing underwriter designated as the Underwriters’ Representative by the co-managers.

“Violation” shall have the meaning set forth in Section 7.1.

Usage.

References to a Person are also references to its assigns and successors in interest (by means of merger, consolidation or sale of all or substantially all the assets of such Person or otherwise, as the case may be).

References to Registrable Securities “owned” by a Holder shall include Registrable Securities beneficially owned by such Person but which are held of record in the name of a nominee, trustee, custodian, or other agent, but shall exclude Conversion Shares held by a Holder in a fiduciary capacity for customers of such Person.



References to a document are to it as amended, waived and otherwise modified from time to time and references to a statute or other governmental rule are to it as amended and otherwise modified from time to time (and references to any provision thereof shall include references to any successor provision).

References to Sections or to Schedules or Exhibits are to sections hereof or schedules or exhibits hereto, unless the context otherwise requires.

The definitions set forth herein are equally applicable both to the singular and plural forms and the feminine, masculine and neuter forms of the terms defined.

The term "including" and correlative terms shall be deemed to be followed by "without limitation" whether or not followed by such words or words of like import.

The term "hereof" and similar terms refer to this Agreement as a whole.

The "date of" any notice or request given pursuant to this Agreement shall be determined in accordance with Section 13.2.

2.1. Piggyback Registration Rights.

If the Company at any time proposes to register any of its securities under the Securities Act for sale to the public (except with respect to registration statements on Forms S-4, S-8 or another form not available for registering the Registrable Securities for sale to the public), each such time it will give written notice at the applicable address of record to each holder of Registrable Securities of its intention to do so. Upon the written request of any of such holders of the Registrable Securities, given within twenty (20) days after receipt by such Person of such notice, the Company will, subject to the limits contained in this Section 2.1, use its reasonable best efforts to cause all such Registrable Securities of said requesting holders to be registered under the Securities Act and qualified for sale under any state blue sky law, all to the extent required to permit such sale or other disposition of said Registrable Securities.

3. Registration Procedures. Whenever required under Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as practicable:

3.1 Prepare and file with the Commission a registration statement with respect to such Registrable Securities and use the Company's best efforts to cause such registration statement to become effective; *provided, however*, that before filing a registration statement or prospectus or any amendments or supplements thereto, including documents incorporated by reference after the initial filing of the registration statement and prior to effectiveness thereof, the Company shall furnish to one firm of counsel for the Selling Holders (selected by Majority Selling Holders or the Initiating Substantial Holder, as the case may be) copies of all such documents in the form substantially as proposed to be filed with the Commission at least four (4) business days prior to filing for review and comment by such counsel, which opportunity to comment shall include an absolute right to control or contest disclosure if the applicable Selling Holder reasonably



believes that it may be subject to controlling person liability under applicable securities laws with respect thereto.

3.2 Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act and rules thereunder with respect to the disposition of all securities covered by such registration statement. If the registration is for an underwritten offering, the Company shall amend the registration statement or supplement the prospectus whenever required by the terms of the underwriting agreement entered into pursuant to Section 5.2. Pending such amendment or supplement each such Holder shall cease making offers or Transfers of Registerable Shares pursuant to the prior prospectus. In the event that any Registrable Securities included in a registration statement subject to, or required by, this Agreement remain unsold at the end of the period during which the Company is obligated to use its best efforts to maintain the effectiveness of such registration statement, the Company may file a post-effective amendment to the registration statement for the purpose of removing such Securities from registered status.

3.3 Furnish to each Selling Holder of Registrable Securities, without charge, such numbers of copies of the registration statement, any pre-effective or post-effective amendment thereto, the prospectus, including each preliminary prospectus and any amendments or supplements thereto, in each case in conformity with the requirements of the Securities Act and the rules thereunder, and such other related documents as any such Selling Holder may reasonably request in order to facilitate the disposition of Registrable Securities owned by such Selling Holder.

3.4 Use the Company's best efforts (i) to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such states or jurisdictions as shall be reasonably requested by the Underwriters' Representative or Agent (as applicable, or if inapplicable, the Majority Selling Holders), and (ii) to obtain the withdrawal of any order suspending the effectiveness of a registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of the offer and transfer of any of the Registrable Securities in any jurisdiction, at the earliest possible moment; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

3.5 In the event of any underwritten or agented offering, enter into and perform the Company's obligations under an underwriting or agency agreement (including indemnification and contribution obligations of underwriters or agents), in usual and customary form, with the managing underwriter or underwriters of or agents for such offering. The Company shall also cooperate with the Majority Selling Holders and the Underwriters' Representative or Agent for such offering in the marketing of the Registerable Shares, including making available the Company's officers, accountants, counsel, premises, books and records for such purpose, but the



Company shall not be required to incur any material out-of-pocket expense pursuant to this sentence.

3.6 Promptly notify each Selling Holder and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information; (ii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) of the occurrence of any event or development that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in a Registration Statement, Prospectus or any such document so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (v) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

3.7 Use the Company's best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest possible moment.

3.8 Cooperate with the Selling Holders and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and enable such Registrable Securities to be in such denominations and registered in such names as the Selling Holders or managing underwriters, if any, shall request at least two business days prior to any sale of Registrable Securities to the underwriters or third parties.

3.9 Make generally available to the Company's security holders copies of all periodic reports, proxy statements, and other information referred to in Section 10.1.

3.10 Make available for inspection by any Selling Holder, any underwriter participating in such offering and the representatives of such Selling Holder and Underwriter (but not more than one firm of counsel to such Selling Holders), all financial and other information as shall be reasonably requested by them, and provide the Selling Holder, any underwriter participating in such offering and the representatives of such Selling Holder and Underwriter the opportunity to discuss the business affairs of the Company with its principal executives and independent public accountants who have certified the audited financial statements included in such registration statement, in each case all as necessary to enable them to exercise their due



diligence responsibility under the Securities Act; provided, however, that information that the Company determines, in good faith, to be confidential and which the Company advises such Person in writing, is confidential shall not be disclosed unless such Person signs a confidentiality agreement reasonably satisfactory to the Company or the related Selling Holder of Registrable Securities agrees to be responsible for such Person's breach of confidentiality on terms reasonably satisfactory to the Company.

3.11 Use the Company's best efforts to obtain a so-called "comfort letter" from its independent public accountants, and legal opinions of counsel to the Company addressed to the Selling Holders, in customary form and covering such matters of the type customarily covered by such letters, and in a form that shall be reasonably satisfactory to Majority Selling Holders or the Initiating Substantial Holder, as the case be. The Company shall furnish to each Selling Holder a signed counterpart of any such comfort letter or legal opinion. Delivery of any such opinion or comfort letter shall be subject to the recipient furnishing such written representations or acknowledgements as are customarily provided by selling shareholders who receive such comfort letters or opinions.

3.12 Use all reasonable efforts to cause the Registrable Securities covered by such registration statement (i) if the Common Stock is then listed on a securities exchange or included for quotation in a recognized trading market, to continue to be so listed or included for a reasonable period of time after the offering, and (ii) to be registered with or approved by such other United States or state governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Selling Holders of Registrable Securities to consummate the disposition of such Registrable Securities.

3.13 As needed, (i) engage an appropriate transfer agent and provide the transfer agent with printed certificates and/or authorize electronic notations/statements for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and (ii) provide a CUSIP number for the Registrable Securities prior to the effective date of the first registration statement including Registrable Securities.

3.14 Take such other actions as are reasonably required in order to expedite or facilitate the disposition of Registrable Securities included in each such registration.

4. Holders' Obligations. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any Selling Holder of Registrable Securities that such Selling Holder shall:

4.1 Furnish to the Company such information regarding such Selling Holder, the number of the Registrable Securities owned by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Selling Holder's Registrable Securities, and to cooperate with the Company in preparing such registration;

4.2 Agree to sell their Registrable Securities to the underwriters at the same price and on substantially the same terms and conditions as the Company or the other Persons on whose behalf the registration statement was being filed have agreed to sell their securities, and to



execute the underwriting agreement agreed to by the Majority Selling Holders (in the case of a registration under Section 2) or the Company .

5. Expenses of Registration. Expenses in connection with registrations pursuant to this Agreement shall be allocated and paid as follows:

5.1 The Company shall bear and pay all expenses incurred in connection with any registration, filing, or qualification of Registrable Securities for each Selling Holder (which right may be assigned to any Person to whom Registrable Securities are Transferred as permitted by Section 8), including all registration, filing and Financial Industry Regulatory Authority (FINRA) fees, all fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the reasonable fees and disbursements of counsel for the Company, and of the Company's independent public accountants, including the expenses of "comfort letters" required by or incident to such performance and compliance, the reasonable fees and disbursements of one firm of counsel for the Selling Holders of Registrable Securities (the "Registration Expenses"), transfer taxes and fees of transfer agents and registrars. In addition, the Company will pay internal expenses (including without limitation all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange on which securities of the same class issued by the Company are then listed and the fees and expenses of any person, including special experts, retained by the Company. In no event, however, will the Company be responsible for any underwriting discounts or selling commissions with respect to any sale of Registrable Securities pursuant to this Agreement (which shall be paid on a pro rata basis by the Selling Holders) or any expenses of any registration proceeding begun pursuant to Section 2 if the registration is subsequently withdrawn at the request of the Majority Selling Holders (in which case all Selling Holders shall bear such expense), unless Holders whose Registrable Securities constitute a majority of the Registrable Securities then outstanding agree that such withdrawn registration shall constitute one of the demand registrations under Section 2 hereof.

5.2 Any failure of the Company to pay any Registration Expenses as required by this Section 5 shall not relieve the Company of its obligations under this Agreement.

6. Indemnification; Contribution. If any Registrable Securities are included in a registration statement under this Agreement:

6.1 To the extent permitted by applicable law, the Company shall indemnify and hold harmless each Selling Holder, each Person, if any, who controls such Selling Holder within the meaning of the Securities Act, and each officer, director, partner, employee and affiliate of such Selling Holder and such controlling Person, against any and all losses, claims, damages, liabilities and expenses (joint or several), including attorneys' fees and disbursements and expenses of investigation, incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation, or to which any of the foregoing Persons may become subject under the Securities Act, the Exchange Act or other federal or state laws, insofar as such losses, claims,



damages, liabilities and expenses arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"):

6.1.1 Any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein, or any amendments or supplements thereto or any documents filed under state securities or "blue sky" laws in connection therewith;

6.1.2 The omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

6.1.3 Any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any applicable state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any applicable state securities law arising from or relating to or in connection with the offer and sale of Registrable Securities pursuant to this Agreement; *provided, however*, that the indemnification required by this Section 6.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or expense if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or expense to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished to the Company by the indemnified party expressly for use in connection with such registration; *provided, further*, that the indemnity agreement contained in this Section 6 shall not apply to any underwriter to the extent that any such loss is based on or arises out of an untrue statement or alleged untrue statement of a material fact, or an omission or alleged omission to state a material fact, contained in or omitted from any preliminary prospectus if the final prospectus shall correct such untrue statement or alleged untrue statement, or such omission or alleged omission, and a copy of the final prospectus has not been sent or given to such person at or prior to the confirmation of sale to such person if such underwriter was under an obligation to deliver such final prospectus and failed to do so.

6.2 To the extent permitted by applicable law, each Selling Holder shall indemnify and hold harmless the Company, each of its directors, each of its officers who shall have signed the registration statement, each Person, if any, who controls the Company within the meaning of the Securities Act, any other Selling Holder, any controlling Person of any such other Selling Holder and each officer, director, partner, and employee of such other Selling Holder and such controlling Person, against any and all losses, claims, damages, liabilities and expenses (joint and several), including attorneys' fees and disbursements and expenses of investigation, incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation, or to which any of the foregoing Persons may otherwise become subject under the Securities Act, the Exchange Act or other federal or state laws, insofar as such losses, claims, damages, liabilities and expenses arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Selling Holder expressly for use in connection with such registration; *provided, however*, that (x) the indemnification required by this Section 6.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or expense if settlement is effected without



the consent of the relevant Selling Holder of Registrable Securities, which consent shall not be unreasonably withheld, and (y) in no event shall the amount of any indemnity under this Section 6.2 exceed the gross proceeds from the applicable offering received by such Selling Holder.

6.3 Promptly after receipt by an indemnified party under this Section 6 of notice of the commencement of any action, suit, proceeding, investigation or threat thereof made in writing for which such indemnified party may make a claim under this Section 6, such indemnified party shall deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties, acting reasonably; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and disbursements and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time following the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 6 but shall not relieve the indemnifying party of any liability that it may have to any indemnified party otherwise than pursuant to this Section 6. Any fees and expenses incurred by the indemnified party (including any fees and expenses incurred in connection with investigating or preparing to defend such action or proceeding) shall be paid to the indemnified party, as incurred, within thirty (30) days of written notice thereof to the indemnifying party (regardless of whether it is ultimately determined that an indemnified party is not entitled to indemnification hereunder). Any such indemnified party shall have the right to employ separate counsel in any such action, claim or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be the expenses of such indemnified party unless (i) the indemnifying party has agreed to pay such fees and expenses or (ii) the indemnifying party shall have failed to promptly assume the defense of such action, claim or proceeding or (iii) the named parties to any such action, claim or proceeding (including any impleaded parties) include both such indemnified party and the indemnifying party, and such indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the indemnifying party and that the assertion of such defenses would create a conflict of interest such that counsel employed by the indemnifying party could not faithfully represent the indemnified party (in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action, claim or proceeding on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action, claim or proceeding or separate but substantially similar or related actions, claims or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all such indemnified parties, unless in the reasonable judgment of such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such action, claim or proceeding, in



which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels). No indemnifying party shall be liable to an indemnified party for any settlement of any action, proceeding or claim without the written consent of the indemnifying party, which consent shall not be unreasonably withheld.

6.4 If the indemnification required by this Section 6 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to in this Section 6:

6.4.1 The indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any Violation has been committed by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such Violation. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 6.1 and Section 6.2, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

6.4.2 The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6.4 were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in Section 6.4(i). Notwithstanding the provisions of this Section 6.4, an indemnifying party that is a Selling Holder will not be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such indemnifying party and distributed to the public were offered to the public exceeds the amount of any damages that such indemnifying party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6.5 If indemnification is available under this Section 6, the indemnifying parties shall indemnify each indemnified party to the full extent provided in this Section 6 without regard to the relative fault of such indemnifying party or indemnified party or any other equitable consideration referred to in Section 6.4.

6.6 The obligations of the Company and the Selling Holders of Registrable Securities under this Section 6 shall survive the completion of any offering of Registrable Securities pursuant to a registration statement under this Agreement, and otherwise.

Section 7. Transfer of Registration Rights. All rights of a Holder with respect to Registrable Securities pursuant to this Agreement may be Transferred by such Holder to any



Person in connection with the Transfer of Registrable Securities to such Person, in all cases, if (x) any such Transferee that is not a party to this Agreement shall have executed and delivered to the Secretary of the Company a properly completed agreement substantially in the form of Exhibit A, and (y) the Transferor shall have delivered to the Secretary of the Company, no later than 15 days following the date of the Transfer, written notification of such Transfer setting forth the name of the Transferor, name and address of the Transferee, and the number of Registrable Securities which shall have been so Transferred.

Section 8. Intentionally Omitted.

Section 9. Covenants of the Company. The Company hereby agrees and covenants as follows:

9.1 Beginning on the sixtieth day following the date of this Agreement, the Company shall file as and when applicable, on a timely basis, all reports required to be filed by it under the Exchange Act. If the Company is not required to file reports pursuant to the Exchange Act, the Company shall make publicly available the information specified in subparagraph (c)(2) of Rule 144 of the Securities Act, and take such further action as may be reasonably required from time to time and as may be within the reasonable control of the Company, to enable the Holders to Transfer Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 under the Securities Act or any similar rule or regulation hereafter adopted by the Commission. In addition, the Company agrees to furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 under the Securities Act (at any time after the effective date of the first registration statement filed by the Company) and the Securities Act and Exchange Act (at any time after it has become subject to such reporting requirements); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission which permits the selling of any such securities without registration or pursuant to such form.

9.2

(i) The Company shall not, and shall not permit its majority owned subsidiaries to, effect any public sale or distribution of any shares of Common Stock or any securities convertible into or exchangeable or exercisable for shares of Common Stock, during the five business days prior to, and during the 90-day period beginning on, the commencement of a public distribution of the Registrable Securities pursuant to any registration statement prepared pursuant to this Agreement (other than by the Company pursuant to such registration if the registration is pursuant to Section 3).

(ii) Any agreement entered into after the date of this Agreement pursuant to which the Company or any of its majority owned subsidiaries issues or agrees to issue any privately placed securities similar to any issue of the Registrable Securities (other than (x) shares of Common Stock pursuant to a stock incentive, stock option, stock bonus, stock purchase

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or other employee benefit plan of the Company approved by its Board of Directors, and (y) securities issued to Persons in exchange for ownership interests in any Person in connection with a business combination in which the Company or any of its majority owned subsidiaries is a party shall contain a provision whereby holders of such securities agree not to effect any public sale or distribution of any such securities during the periods described in the first sentence of Section 9.2(i), in each case including a sale pursuant to Rule 144 under the Securities Act (unless such Person is prevented by applicable statute or regulation from entering into such an agreement).

9.3 The Company shall not, directly or indirectly, (x) enter into any merger, consolidation or reorganization in which the Company shall not be the surviving corporation or (y) Transfer or agree to Transfer all or substantially all the Company's assets, unless prior to such merger, consolidation, reorganization or asset Transfer, the surviving corporation or the Transferee, respectively, shall have agreed in writing to assume the obligations of the Company under this Agreement, and for that purpose references hereunder to "Registrable Securities" shall be deemed to include the securities which the Holders of Registrable Securities would be entitled to receive in exchange for Registrable Securities pursuant to any such merger, consolidation or reorganization.

Section 10. Amendment, Modification and Waivers: Further Assurances.

(i) This Agreement may be amended with the consent of the Company and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent of Holders owning Registrable Securities possessing a majority in number of the Registrable Securities then outstanding to such amendment, action or omission to act.

(ii) No waiver of any terms or conditions of this Agreement shall operate as a waiver of any other breach of such terms and conditions or any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof. No written waiver hereunder, unless it by its own terms explicitly provides to the contrary, shall be construed to effect a continuing waiver of the provisions being waived and no such waiver in any instance shall constitute a waiver in any other instance or for any other purpose or impair the right of the party against whom such waiver is claimed in all other instances or for all other purposes to require full compliance with such provision.

Section 11. Assignment; Benefit. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, assigns, executors, administrators or successors; provided, however, that except as specifically provided herein with respect to certain matters, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned or delegated by the Company without the prior written consent of Holders owning Registrable Securities possessing a majority in number of the Registrable Securities outstanding on the date as of which such delegation or assignment is



to become effective. A Holder may Transfer its rights hereunder to a successor in interest to the Registrable Securities owned by such assignor only as permitted by Section 11.

Section 12. Miscellaneous.

12.1 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF.

12.2 Venue. Any legal suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be instituted in accordance with the Subscription Agreements.

12.3 Notices. All notices and requests given pursuant to this Agreement shall be in writing and shall be made by hand-delivery, first-class mail (registered or certified, return receipt requested), confirmed facsimile, confirmed electronic mail or overnight air courier guaranteeing next business day delivery to the relevant address specified on Schedule 1 to this Agreement or in the relevant agreement in the form of Exhibit A whereby such party became bound by the provisions of this Agreement. Except as otherwise provided in this Agreement, the date of each such notice and request shall be deemed to be, and the date on which each such notice and request shall be deemed given shall be: at the time delivered, if personally delivered or mailed; when receipt is acknowledged, if sent by facsimile; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next business day delivery.

12.4 Entire Agreement; Integration. This Agreement, together with all the Exhibits hereto, constitutes and contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof.

12.5 Injunctive Relief. Each of the parties hereto acknowledges that in the event of a breach by any of them of any material provision of this Agreement, the aggrieved party may be without an adequate remedy at law. Each of the parties therefore agrees that in the event of such a breach hereof the aggrieved party may elect to institute and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing



breach hereof. By seeking or obtaining any such relief, the aggrieved party shall not be precluded from seeking or obtaining any other relief to which it may be entitled.

12.6 Section Headings. Section headings are for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute one and the same instrument. All signatures need not be on the same counterpart.

12.8 Severability. If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining provisions of this Agreement, unless the result thereof would be unreasonable, in which case the parties hereto shall negotiate in good faith as to appropriate amendments hereto.

12.9 Filing. A copy of this Agreement and of all amendments thereto shall be filed at the principal executive office of the Company with the Secretary of the Company.

12.10 Termination. This Agreement may be terminated at any time by a written instrument signed by the parties hereto. Unless sooner terminated in accordance with the preceding sentence, this Agreement (other than Section 7 hereof) shall terminate in its entirety on such date as there shall be no Registrable Securities outstanding, provided that any shares of Common Stock previously subject to this Agreement shall not be Registrable Securities following the sale of any such shares in an offering registered pursuant to this Agreement.

12.11 Costs and Attorneys' Fees. In the event that any action, suit or other proceeding is instituted concerning or arising out of this Agreement or any transaction contemplated hereunder, the prevailing party shall recover all of such party's costs and attorneys' fees incurred in each such action, suit or other proceeding, including any and all appeals or petitions therefrom.

12.12 No Third Party Beneficiaries. Nothing herein expressed or implied is intended to confer upon any person, other than the parties hereto or their respective permitted assigns, successors, heirs and legal representatives, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

12.13 Regulated Financial Institutions Compliance Obligation. Nothing in this Agreement shall diminish the continuing obligations of any financial institution to comply with applicable requirements of law that it maintain responsibility for the disposition of, and control over its admitted assets, investments and property.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first written above.

GREENLANE HOLDINGS, INC.

By: 
Name: Barbara Sher
Title: CEO

[Counterpart Signature Page to Registration Rights Agreement]



IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first written above.

Entity or Name: Cobra Alternative Capital Strategies LLC

By: 

Name: Lance Friedman

Title: Managing Member

[Counterpart Signature Page to Registration Rights Agreement]



EXHIBIT C

SUBSIDIARY GUARANTEE

SUBSIDIARY GUARANTEE, dated as of June 7, 2024, (this "Guarantee"), made by Warehouse Goods, LLC, the signatory hereto (together with any other entity that may become a party hereto as provided herein, the "Guarantor"), in favor of the purchaser signatory (together with their permitted assigns, the "Purchasers") to that certain Subscription Agreement, dated as of the date hereof, between Greenlane Holdings Inc., a Delaware corporation (the "Company") and the Purchaser.

WITNESSETH:

WHEREAS, pursuant to that certain Subscription Agreement, dated as of the date hereof, by and between the Company and the Purchaser (the "Purchase Agreement"), the Company has agreed to sell and issue to the Purchaser, and the Purchaser has agreed to purchase from the Company the Note, subject to the terms and conditions set forth therein; and

WHEREAS, the Guarantor will directly benefit from the extension of credit to the Company represented by the issuance of the Notes; and

NOW, THEREFORE, in consideration of the premises and to induce the Purchaser to enter into the Purchase Agreement and to carry out the transactions contemplated thereby, the Guarantor hereby agrees with the Purchasers as follows:

1. Definitions. Unless otherwise defined herein, terms defined in the Purchase Agreement and used herein shall have the meanings given to them in the Purchase Agreement. The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Guarantee shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and Section and Schedule references are to this Guarantee unless otherwise specified. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The following terms shall have the following meanings:

"Guarantee" means this Subsidiary Guarantee, as the same may be amended, supplemented or otherwise modified from time to time.

"Obligations" means, in addition to all other costs and expenses of collection incurred by Purchasers in enforcing any of such Obligations and/or this Guarantee, all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, of the Company or any Guarantor to the Purchaser, pursuant to this Guarantee, the Notes and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Purchaser as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "Obligations" shall include, without limitation: (i) principal of, and interest on the Notes and the loans extended pursuant thereto; (ii) any and all other fees, indemnities, costs, obligations and liabilities of the Company or any Guarantor from time to time under or in connection with this Guarantee, the Notes and



any other instruments, agreements or other documents executed and/or delivered in connection herewith

or therewith; and (iii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company or any Guarantor.

2. Guarantee.

(a) Guarantee.

(i) The Guarantor hereby unconditionally and irrevocably, guarantee to the Purchaser and its respective successors, endorsees, transferees and assigns, the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(ii) Anything herein or in any other Document to the contrary notwithstanding, the maximum liability of the Guarantor hereunder and under the other Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws, including laws relating to the insolvency of debtors, subsidiary guarantors, fraudulent conveyance or transfer or laws affecting the rights of creditors generally (after giving effect to the right of contribution established in Section 2(b)).

(iii) The Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Purchasers hereunder.

(iv) The guarantee contained in this Section 2 shall remain in full force and effect until all the Obligations and the obligations of the Guarantor under the guarantee contained in this Section 2 shall have been satisfied by indefeasible payment in full (or converted into Common Stock of the Company as contemplated by the Notes) (other than contingent indemnification obligations for which no claim has been asserted).

(v) No payment made by the Company, the Guarantor, any other guarantor or any other Person or received or collected by the Purchasers from the Company, the Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Obligations or any payment received or collected from such Guarantor in respect of the Obligations), remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations (other than contingent indemnification obligations for which no claim has been asserted) are indefeasibly paid in full, or converted into Common Stock of the Company as contemplated in the Notes.

(vi) Notwithstanding anything to the contrary in this Guarantee, with respect to any defaulted non-monetary Obligations the specific performance of which by the Guarantor is not reasonably possible (e.g. the issuance of the Company's Common Stock), the Guarantors shall only be liable for making the Purchasers whole on a monetary basis for the Company's failure to perform

such Obligations in accordance with the Documents.

(b) Right of Contribution. Subject to Section 2(c), the Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. The Guarantor's right of contribution shall be subject to the terms and conditions of Section 2(c). The provisions of this Section 2(b) shall in no respect limit the obligations and liabilities of any Guarantor to the Purchaser, and the Guarantor shall remain liable to the Purchaser for the full amount guaranteed by such Guarantor hereunder.

(c) No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of the Guarantor by the Purchaser, no Guarantor shall be entitled to be subrogated to any of the rights of the Purchaser against the Company or any other Guarantor or any collateral security or guarantee or right of offset held by the Purchaser for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Company or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Purchaser by the Company on account of the Obligations are indefeasibly paid in full (or otherwise converted in accordance with the terms of the Notes). If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full (or otherwise converted in accordance with the terms of the Notes), such amount shall be held by such Guarantor in trust for the Purchaser, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Purchaser in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Purchaser, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Purchaser may determine.

(d) Amendments, Etc. With Respect to the Obligations. The Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Obligations made by the Purchaser may be rescinded by the Purchaser and any of the Obligations continued, and the Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Purchaser, and the Purchase Agreement and the other Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Purchaser may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Purchaser for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. The Purchaser shall have no obligation to protect, secure, perfect or insure any Lien at any time held by them as security for the Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

(e) Guarantee Absolute and Unconditional. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Purchasers upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Company and any of the Guarantors, on the one hand, and the Purchaser, on the other hand, likewise shall be conclusively presumed to have been made or consummated in reliance upon the guarantee contained in this Section 2. The Guarantor waives to the extent permitted by law diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Company or the Guarantor with respect to the Obligations. The Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment and performance without regard to (i) the validity or enforceability of the Purchase

Agreement or any other Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Purchasers, (ii) any defense, set-off or counterclaim (other than a defense of payment or performance or fraud by Purchasers) which may at any time be available to or be asserted by the Company or any other Person against the Purchasers, or (iii) any other circumstance whatsoever (with or without notice to or knowledge of the Company or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Company for the Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Purchaser may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as they may have against the Company, any other Guarantor or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Purchaser to make any such demand, to pursue such other rights or remedies or to collect any payments from the Company, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Company, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Purchaser against any Guarantor. For the purposes hereof, "demand" shall include the commencement and continuance of any legal proceedings.

(f) Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Purchasers upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or the Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Company or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

(g) Payments. The Guarantor hereby guarantees that payments hereunder will be paid to the Purchaser without set-off or counterclaim in U.S. dollars at the address set forth or referred to in the signature pages to the Purchase Agreement.

3. Representations and Warranties. The Guarantor hereby makes the following representations and warranties to Purchasers as of the date hereof:

(a) Organization and Qualification. The Guarantor is a corporation or a limited liability company, duly incorporated or formed, validly existing and in good standing under the laws of the state of Delaware, with the requisite corporate or limited liability company power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Guarantor has no subsidiaries. The Guarantor is duly qualified to do business and is in good standing as a foreign corporation or limited liability company in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, (i) adversely affect the legality, validity or enforceability of any of this Guaranty in any material respect, (ii) have a material adverse effect on the results of operations, assets, prospects, or financial condition of the Guarantor or (iii) adversely impair in any material respect the Guarantor's ability to perform fully on a timely basis its obligations under this Guaranty (a "Material Adverse Effect").

(b) Authorization; Enforcement. The Guarantor has the requisite corporate or limited liability company power and authority to enter into and to consummate the transactions contemplated by this Guaranty, and otherwise to carry out its obligations hereunder. The execution and delivery of this Guaranty by the Guarantor and the consummation by it of the transactions contemplated hereby have been duly



authorized by all requisite corporate or limited liability company action on the part of the Guarantor. This Guaranty has been duly executed and delivered by the Guarantor and constitutes the valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(c) No Conflicts. The execution, delivery and performance of this Guaranty by the Guarantor and the consummation by the Guarantor of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of its Certificate of Incorporation or organizational document or By-laws or operating agreement, or (ii) conflict with, constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Guarantor is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Guarantor is subject (including Federal and State securities laws and regulations), or by which any material property or asset of the Guarantor is bound or affected, except in the case of each of clauses (ii) and (iii), such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as could not, individually or in the aggregate, have or result in a Material Adverse Effect. The business of the Guarantor is not being conducted in violation of any law, ordinance or regulation of any governmental authority, except for violations which, individually or in the aggregate, do not have a Material Adverse Effect.

(d) Consents and Approvals. The Guarantor is not required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any court or other federal, state, local, foreign or other governmental authority or other person in connection with the execution, delivery and performance by the Guarantor of this Guaranty.

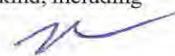
(e) Purchase Agreement. The representations and warranties of the Company set forth in the Purchase Agreement as they relate to such Guarantor, each of which is hereby incorporated herein by reference, are true and correct as of each time such representations are deemed to be made pursuant to such Purchase Agreement, and the Purchaser shall be entitled to rely on each of them as if they were fully set forth herein, provided that each reference in each such representation and warranty to the Company's knowledge shall, for the purposes of this Section 3, be deemed to be a reference to such Guarantor's knowledge.

4. Covenants.

(a) The Guarantor covenants and agrees with the Purchaser that, from and after the date of this Guarantee until the termination of such Guarantee, such Guarantor shall take, and/or shall refrain from taking, as the case may be, each commercially reasonable action that is necessary to be taken or not taken, as the case may be, so that no Event of Default (as defined in the Notes) is caused by the failure to take such action or to refrain from taking such action by such Guarantor.

(b) So long as any of the Obligations are outstanding (other than contingent indemnification claims which have not been asserted), unless the holders of at least 51% of the aggregate principal amount of the then outstanding Notes shall otherwise consent in writing, the Guarantor will not directly or indirectly on or after the date of this Guarantee:

(i) other than Permitted Indebtedness (as such term is defined in the Note), enter into, create, incur, assume or suffer to exist any indebtedness for borrowed money of any kind, including



but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

(ii) enter into, create, incur, assume or suffer to exist any liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

(iii) amend its certificate of incorporation, bylaws or other charter documents so as to adversely affect any rights of any Purchaser;

(iv) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its securities or debt obligations;

(v) pay cash dividends on any equity securities of the Company;

(vi) enter into any transaction with any Affiliate of the Guarantor which would be required to be disclosed in any public filing of the Company with the Commission, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval); or

(vii) enter into any agreement with respect to any of the foregoing.

5. Miscellaneous.

(a) Amendments in Writing. None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except in writing by the Purchasers.

(b) Notices. All notices, requests and demands to or upon the Purchasers or any Guarantor hereunder shall be effected in the manner provided for in the Purchase Agreement, provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on the signature page of the Purchase Agreement, and if not listed thereon, than in the manner set forth in the Purchase Agreement.

(c) No Waiver By Course Of Conduct; Cumulative Remedies. The Purchasers shall not by any act (except by a written instrument pursuant to Section 5(a)), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default under the Documents or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Purchasers, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Purchasers of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Purchasers would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

(d) Enforcement Expenses; Indemnification.

(i) The Guarantor agrees to pay, or reimburse the Purchaser for, all its reasonable and documented out-of-pocket costs and expenses incurred in collecting against such Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Guarantee and the other Documents to which such Guarantor is a party, including, without



limitation, the reasonable and documented fees and disbursements of external counsel to the Purchaser.

(ii) The Guarantor agrees to pay, and to save the Purchasers harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable in connection with any of the transactions contemplated by this Guarantee.

(iii) The Guarantor agrees to pay, and to save the Purchasers harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Guarantee to the extent the Company would be required to do so pursuant to the Purchase Agreement.

(iv) The agreements in this Section shall survive repayment of the Obligations and all other amounts payable under the Purchase Agreement and the other Documents.

(e) Successor and Assigns. This Guarantee shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of the Purchasers and their respective successors and assigns; provided that no Guarantor may assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Purchaser.

(f) Set-Off. The Guarantor hereby irrevocably authorizes the Purchaser at any time and from time to time while an Event of Default under any of the Documents shall have occurred and be continuing, without notice to such Guarantor or any other Guarantor, any such notice being expressly waived by the Guarantor, to set-off and appropriate and apply any and all deposits, credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Purchaser to or for the credit or the account of such Guarantor, or any part thereof in such amounts as the Purchaser may elect, against and on account of the obligations and liabilities of the Guarantor to the Purchaser hereunder and claims of every nature and description of the Purchasers against such Guarantor, in any currency, whether arising hereunder, under the Purchase Agreement, any other Document or otherwise, as the Purchasers may elect, whether or not the Purchaser have made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Purchaser shall notify such Guarantor promptly of any such set-off and the application made by the Purchaser of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Purchaser under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Purchaser may have.

(g) Counterparts. This Guarantee may be executed by one or more of the parties to this Guarantee on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(h) Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(i) Section Headings. The Section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

(j) Integration. This Guarantee and the other Documents represent the agreement of the Guarantors and the Purchaser with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Purchaser relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Documents.

(k) Governing Laws. All questions concerning the construction, validity, enforcement and interpretation of this Guarantee shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware. Each of the Company and the Guarantor agree that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Guarantee (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of Orlando, Florida. Each of the Company and the Guarantor hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of Orlando, State of Florida for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such proceeding is improper. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Guarantee and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Guarantee or the transactions contemplated hereby.

(l) Acknowledgements. The Guarantor hereby acknowledges that:

(i) it has been advised by counsel in the negotiation, execution and delivery of this Guarantee and the other Documents to which it is a party;

(ii) the Purchaser has no fiduciary relationship with or duty to any Guarantor arising out of or in connection with this Guarantee or any of the other Documents, and the relationship between the Guarantors, on the one hand, and the Purchaser, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(iii) no joint venture is created hereby or by the other Documents or otherwise exists by virtue of the transactions contemplated hereby among the Guarantors and the Purchaser.

(m) Release of Guarantors. The Guarantor will be automatically released from all liability hereunder concurrently with the indefeasible repayment in full (or conversion into common stock of the Company) of all amounts (other than contingent indemnification obligations for which no claim has been asserted) owed under the Purchase Agreement, the Notes and the other Documents.

(n) Seniority. The Obligations of the Guarantor hereunder rank senior in priority to any other Indebtedness (as defined in the Purchase Agreement) of the Guarantor other than the Permitted Indebtedness (as defined in the Note).

(o) WAIVER OF JURY TRIAL. THE GUARANTOR AND, BY ACCEPTANCE OF THE BENEFITS HEREOF, THE PURCHASERS, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTEE AND FOR ANY COUNTERCLAIM THEREIN.

(Signature Pages Follow)



IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee to be duly executed and delivered as of the date first above written.

WAREHOUSE GOODS, LLC

By: 
Name: Barbara Sher
Title: CEO

GREENLANE HOLDINGS, INC.

By: 
Name: Barbara Sher
Title: CEO



SCHEDULE 1

GUARANTORS

The following are the names, notice addresses and jurisdiction of organization of each Guarantor.

Company	Jurisdiction	Percentage
Warehouse Goods, LLC	<u>Delaware</u>	<u>100%</u>



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

I, Barbara Sher, certify that:

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

Date: August 14, 2024

/s/ Barbara Sher

Barbara Sher
Chief Executive Officer
(Principal Executive Officer)

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

I, Lana Reeve, certify that:

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

Date: August 14, 2024

/s/ Lana Reeve

Lana Reeve
Chief Financial and Legal Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of Greenlane Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barbara Sher, 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: August 14, 2024

/s/ Barbara Sher

Barbara Sher
Chief Executive Officer
(Principal Executive Officer)

/s/ Lana Reeve

Lana Reeve
Chief Financial Officer
(Principal Financial Officer)
