

Greenlane Reports Third Quarter 2024 Financial Results

Quarterly Financial Highlights

- *\$1.4 million, or 52%, sequential revenue increase vs Q2 2024*
- *Gross margin of 75% driven, in part, by E&O inventory sales*
- *\$2.5 million decrease in salaries and benefits vs Q3 2023*
- *\$3.7 million decrease in G&A vs Q3 2023*
- *\$6.5 million capital raise*

Operating Highlights

- *Executed two strategic distribution agreements to expand platform*
- *Streamlined our third-party product portfolio*
- *Restructured all existing third-party debt facilities*
- *Upgraded our sales and marketing organizations*

BOCA RATON, FL / ACCESSWIRE / November 15, 2024 /Greenlane Holdings, Inc. ("Greenlane" or the "Company") (Nasdaq:GNLN), one of the premier global sellers of premium cannabis accessories, child-resistant packaging, and specialty vaporization products, today reported its financial results for the third quarter and nine months ended September 30, 2024.

A Note on Our Revenue Reporting

Beginning with our second quarter 2023 earnings release, we implemented a major restructuring of our industrial product lines, transitioning much of this business from gross sales to a commission structure. While this change affects how we report revenue, we believe it enables us to preserve working capital and improve gross margins.

Third Quarter 2024 Results Compared to Prior Year Period

- Total revenue was \$4.0 million compared to \$11.8 million in the prior year period.
- Gross margin percentage increased 48.4% to 75%.
- Total operating expenses were \$3.6 million, a decrease of 64% compared to \$10.0 million in the prior year period.

- Operating loss improved by approximately \$6.3 million to \$538,000 compared to an operating loss of approximately \$6.9 million in the prior year period.
- Net loss was \$3.8 million, which included a \$3.2 million one-time non-cash charge for interest expense in connection with various merchant cash advances, compared to a net loss of \$10.1 million in the prior year period.

Select Third Quarter 2024 Highlights Compared to Second Quarter 2024

- Total revenue of approximately \$4.0 million, an increase of 53.8%
- Gross margin percentage increased to 75.0% from 38.1%
- Total operating expenses decreased 20.0%
- Loss from operations improved to \$538,000 vs \$3.5 million

Strategic Growth and Operational Initiatives

- Initiated inventory revitalization, assortment expansion, and added complimentary products to better leverage Greenlane platform.
- Exclusive multi-year distribution agreement with Safety Strips Tech Corp to distribute fentanyl, xylazine and drink spike detection test strips in the U.S.
- Entered into a non-binding letter of intent to be a distributor in the U.S., Canada, Latin America, and the EU of the CURB Lifestyle, Inc. patented, non-heating, inhalation device capable of safely delivering a wide range of formulations, including nicotine, cannabinoids, and other wellness compounds.
- Refocused sales team to be incentivized for growth & performance
- Entered into an agreement with two senior lenders to extend the maturity of certain senior debt and additionally refinanced two merchant cash advance providers to reduce Greenlane's total debt outstanding by over \$600,000, extending maturities, and lowering near-term cash burn and interest expense.
- Strengthened the balance sheet through the previously announced private placement .

"During the third quarter, we continued to make progress on strengthening our product strategy and roadmap, enhancing our sales team structure and compensation arrangement, and further extracting operating efficiencies across the enterprise," said Barbara Sher, Chief Executive Officer for Greenlane. "We continue to see evidence that our efforts to reposition the business over the last six months have been proving successful. As we enter the next phase of our transformation, we are evolving our product portfolio with the addition of health, safety and wellness products that we believe can broaden our market opportunities and grow revenue."

Sher added, "We are working to enhance our cash flow profile and remain focused on strengthening our balance sheet and the Company's foundation to support long-term, sustainable, profitability and growth in the future."

Balance Sheet

As of September 30, 2024, the Company had cash and cash equivalents of approximately \$2.3 million.

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

	September 30, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Current assets		
Cash	\$ 2,309	\$ 463
Accounts receivable, net of allowance of \$2,251 and \$2,209 at September 30, 2024 and December 31, 2023, respectively	2,313	1,693
Inventories, net	16,013	20,529
Vendor deposits	3,725	3,765
Other current assets (Note 8)	2,279	3,319
Total current assets	<u>26,639</u>	<u>29,769</u>
Property and equipment, net	2,015	2,476
Operating lease right-of-use assets	1,271	1,936
Other assets	3,894	3,912
Total assets	<u>\$ 33,819</u>	<u>\$ 38,093</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,885	\$ 12,103
Accrued expenses and other current liabilities (Note 8)	2,521	3,056
Customer deposits	1,255	2,775
Notes payable, net of debt discount	8,626	7,283
Current portion of operating leases	886	866
Current portion of finance leases	-	7
Total current liabilities	<u>24,173</u>	<u>26,090</u>
Operating leases, less current portion	326	1,010
Other liabilities	-	1
Total long-term liabilities	<u>326</u>	<u>1,011</u>
Total liabilities	24,499	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, 972 shares issued and outstanding as of September 30, 2024; 600,000 shares authorized, 339 shares issued and outstanding as of December 31, 2023*	8	3
Class B common stock, \$0.0001 par value per share, 30,000 shares authorized, and 0 shares issued and outstanding as of September 30, 2024 and December 31, 2023*	-	-
Common stock, value	-	-
Additional paid-in capital*	275,365	268,165
Accumulated deficit	(266,152)	(257,289)
Accumulated other comprehensive income	248	245
Total stockholders' equity attributable to Greenlane Holdings, Inc.	<u>9,469</u>	<u>11,124</u>
Non-controlling interest	(149)	(132)
Total stockholders' equity	<u>9,320</u>	<u>10,992</u>
Total liabilities and stockholders' equity	<u>\$ 33,819</u>	<u>\$ 38,093</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 4,038	\$ 11,800	\$ 11,616	\$ 55,384
Cost of sales	1,011	8,671	6,066	42,162
Gross profit	3,027	3,129	5,550	13,222
Operating expenses:				
Salaries, benefits and payroll taxes	1,609	4,059	6,066	14,586
General and administrative	1,771	5,433	6,864	20,209
Depreciation and amortization	185	524	635	1,492
Total operating expenses	3,565	10,016	13,565	36,287
(Loss) from operations	(538)	(6,887)	(8,015)	(23,065)
Other income (expense), net:				
Interest expense	(3,219)	(3,415)	(4,030)	(5,148)
Change in fair value of contingent consideration	-	-	1,000	-
Gain on extinguishment of debt	-	-	2,166	-
Other income (expense), net	-	204	(3)	338
Total other income (expense), net	(3,219)	(3,211)	(867)	(4,810)
Loss before income taxes	(3,757)	(10,098)	(8,882)	(27,875)
Provision for (benefit from) income taxes	-	-	-	(6)
Net loss	(3,757)	(10,098)	(8,882)	(27,869)
Less: Net income (loss) attributable to non-controlling interest	-	19	(17)	(27)
Net loss attributable to Greenlane Holdings, Inc.	<u>\$ (3,757)</u>	<u>\$ (10,117)</u>	<u>\$ (8,865)</u>	<u>\$ (27,842)</u>
Net loss attributable to Class A common stock per share - basic and diluted (Note 9)*	\$ (2.28)	\$ (1.91)	\$ (12.20)	\$ (9.67)
Weighted-average shares of Class A common stock outstanding - basic and diluted (Note 9)*	1,647	5,513	727	2,918
Other comprehensive income (loss):				
Foreign currency translation adjustments	-	24	(1)	181
Comprehensive loss	(3,757)	(10,122)	(8,883)	(27,688)
Less: Comprehensive loss attributable to non-controlling interest	-	-	(17)	(8)
Comprehensive loss attributable to Greenlane Holdings, Inc.	<u>\$ (3,757)</u>	<u>\$ (10,122)</u>	<u>\$ (8,866)</u>	<u>\$ (27,680)</u>

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

	For the nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss (including amounts attributable to non-controlling interest)	\$ (8,882)	\$ (27,869)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	635	1,492
Equity-based compensation expense	(28)	255
Change in provision for doubtful accounts	41	(154)
Change in fair value of contingent consideration	(1,000)	103
Amortization of debt discount and deferred financing fees	3,373	2,711
Gain on extinguishment of debt	(2,166)	-
Other	-	(17)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Increase (decrease) in accounts receivable	(660)	4,697
Decrease in inventories	4,516	18,005
Decrease in vendor deposits	40	2,945
Decrease in other current assets	1,058	3,968
Increase (decrease) in accounts payable	(1,221)	(3,121)
Increase (decrease) in accrued expenses and other liabilities	468	(250)
Decrease in customer deposits	(1,520)	(1,573)
Net cash (used in) provided by operating activities	<u>(5,346)</u>	<u>1,192</u>
Cash flows from investing activities:		
Purchases of property and equipment, net	(173)	(633)
Proceeds from sale of equity investments	-	53
Net cash used in investing activities	<u>(173)</u>	<u>(580)</u>
Cash flows from financing activities:		
Payments on Eyce and DaVinci promissory notes	-	(2,539)
Purchase consideration paid for Eyce LLC and DaVinci acquisitions	-	(300)
Repayments of Asset-Based Loan	-	(15,000)
Modification costs of Asset-Based Loan	-	(751)
Proceeds from issuance of Class A common stock, net of costs	5,640	3,852
Proceeds from exercise of stock options, net of costs	1,594	-
Proceeds from Secured Bridge Loan, net of costs	-	2,090
Repayments of notes payable	(2,100)	-
Proceeds from notes payable	2,950	-
Proceeds from future receivables financing	225	3,000
Repayments of loan against future accounts receivable	(939)	(851)
Other	(4)	(29)
Net cash provided by (used in) financing activities	<u>7,366</u>	<u>(10,528)</u>
Effects of exchange rate changes on cash	<u>(1)</u>	<u>183</u>
Net decrease in cash	1,846	(9,733)
Cash and restricted cash, as of beginning of the period	463	12,176
Cash and restricted cash, as of end of the period	<u>\$ 2,309</u>	<u>\$ 2,443</u>

About Greenlane Holdings, Inc.

Founded in 2005, Greenlane is a premier global platform for the development and distribution of premium smoking accessories, vape devices, and lifestyle products to thousands of producers, processors, specialty retailers, smoke shops, convenience stores, and retail consumers. We operate as a powerful family of brands, third-party brand accelerator, and an omnichannel distribution platform.

We proudly offer our own diverse brand portfolio and our exclusively licensed Marley Natural and K.Haring branded products. We also offer a carefully curated set of third-party products through our direct sales channels and our proprietary, owned and operated e-commerce platforms which include Vapor.com, PuffitUp.com, HigherStandards.com, Wholesale.Greenlane.com and MarleyNaturalShop.com.

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning Greenlane and other matters. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this press release are only predictions. Greenlane has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You should carefully consider the risks and uncertainties that affect our business, including those described in our filings with the Securities and Exchange Commission ("SEC"), including under the caption "Risk Factors" in Greenlane's Annual Report on Form 10-K filed for the year ended December 31, 2023 and the Company's other filings with the SEC, which can be obtained on the SEC website at www.sec.gov. These forward-looking statements speak only as of the date of this communication. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our public announcements and filings with the SEC.

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