Greenlane™
Biogas Upgrading Solutions

Greenlane Renewables Inc.
Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2025 and 2024

(Unaudited)

(Expressed in thousands of Canadian dollars)

(Unaudited) (in thousands of Canadian dollars)

As at		March 31, 2025		December 31, 2024
ASSETS				
Current assets:				
Cash and cash equivalents (*note 5*)	**$**	**16,200**	$	16,168
Restricted cash *(note 5)*		**1,737**		2,112
Accounts receivable *(note 6)*		**7,435**		7,180
Inventory		**1,261**		819
Prepaid expenses and other assets		**1,313**		933
Contract assets *(note 7)*		**3,684**		4,023
Notes receivable *(note 8)*		**-**		1,607
		31,630		32,842
Non-current assets:				
Property and equipment *(note 9)*		**2,186**		2,238
Intangible assets *(note 10)*		**2,261**		2,323
Goodwill		**8,243**		7,949
TOTAL ASSETS	**$**	**44,320**	$	45,352
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities *(note 11)*	**$**	**11,400**	$	11,106
Contract liabilities *(note 7)*		**6,439**		5,684
Current portion of lease liability *(note 12)*		**339**		328
Current portion of warranty liability *(note 13)*		**333**		836
Deferred consideration – contingent earn-out *(note 14)*		**685**		647
		19,196		18,601
Non-current liabilities:				
Deferred consideration – contingent earn-out *(note 14)*		**-**		647
Lease liability *(note 12)*		**1,693**		1,746
Deferred tax liability		**367**		383
Total liabilities		**21,256**		21,377
Shareholders' equity				
Share capital		**66,111**		66,097
Contributed surplus		**5,112**		5,054
Accumulated other comprehensive loss		**(29)**		(61)
Deficit		**(48,130)**		(47,115)
Total shareholders' equity		**23,064**		23,975
TOTAL LIABILITIES AND EQUITY	**$**	**44,320**	$	45,352

See accompanying notes to the condensed consolidated interim financial statements

Approved by the Board of Directors and authorized for issue on May 15, 2025

"Wade Nesmith" Director *"Elaine Wong"* Director

Greenlane Renewables Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Greenlane™ Biogas Upgrading Solutions

(Unaudited) (in thousands of Canadian dollars, except number of shares and per share amounts)

For the three months ended March 31,		**2025**		2024
Revenue *(note 17)*	**$**	**7,007**	$	18,129
Cost of goods sold (before amortization)		**4,209**		13,319
		2,798		4,810
Amortization of:				
Intangible assets		**144**		138
Property and equipment		**75**		86
Gross profit		**2,579**		4,586
Operating expenses:				
Amortization of office equipment		**54**		53
General and administration		**3,455**		4,989
Research and development		**253**		65
Sales and marketing		**160**		293
Share based compensation *(note 16)*		**72**		200
		3,994		5,600
Operating loss		**(1,415)**		(1,014)
Other items:				
Finance expense		**32**		35
Finance income		**(94)**		(104)
Other (income) loss		**26**		(252)
Foreign exchange gain		**(488)**		(131)
Loss before income taxes		**(891)**		(562)
Income taxes:				
Current		**148**		302
Deferred recovery		**(24)**		(46)
Total income taxes		**124**		256
Net loss		**(1,015)**		(818)
Other comprehensive income:				
Item that may be subsequently reclassified:				
Exchange difference on translating foreign operations		**(32)**		(22)
NET LOSS AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS	**$**	**(983)**	$	(796)
Loss and comprehensive loss income from discontinued operations *(note 5)*		**-**		(477)
NET LOSS AND COMPREHENSIVE LOSS	**$**	**(983)**	**$**	**(1,273)**
Basic and diluted loss per share from continuing operations	**$**	**(0.01)**	$	(0.01)
Basic and diluted loss per share from discontinued operations		**0.00**		0.00
Basic and diluted loss per share	**$**	**(0.01)**	$	(0.01)
Weighted average number of shares		**156,816,135**		154,012,113
Diluted weighted average number of shares		**156,816,135**		154,012,113

See accompanying notes to the condensed consolidated interim financial statements

Greenlane™
Biogas Upgrading Solutions

(Unaudited) (in thousands of Canadian dollars, except for number of common shares)

	Common shares		Common shares		Contributed surplus		Cumulative translation adjustment		Deficit		Total
Balance, January 1, 2024	**153,790,399**	**$**	**65,814**	**$**	**4,893**	**$**	**(153)**	**$**	**(45,252)**	**$**	**25,302**
Share based compensation	-		-		200		-		-		200
Restricted share units exercised	237,837		31		(31)		-		-		-
Net income (loss) and comprehensive income (loss)	-		-		-		22		(1,295)		(1,273)
Balance, March 31, 2024	**154,028,236**	**$**	**65,845**	**$**	**5,062**	**$**	**(131)**	**$**	**(46,547)**	**$**	**24,229**
Balance, January 1, 2025	**156,690,024**	**$**	**66,097**	**$**	**5,054**	**$**	**(61)**	**$**	**(47,115)**	**$**	**23,975**
Share based compensation	-		-		72		-		-		72
Restricted share units exercised	150,000		14		(14)		-		-		-
Net income (loss) and comprehensive income (loss)	-		-		-		32		(1,015)		(983)
Balance, March 31, 2025	**156,840,024**	**$**	**66,111**	**$**	**5,112**	**$**	**(29)**	**$**	**(48,130)**	**$**	**23,064**

See accompanying notes to the condensed consolidated interim financial statements

(Unaudited) (in thousands of Canadian dollars)

For the three months ended March 31,	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**$ (1,015)**	$ (818)
Adjustments for:		
Amortization of:		
Intangible assets	**144**	138
Property and equipment	**75**	86
Office equipment	**54**	53
Share based compensation	**72**	200
Finance expense	**32**	35
Finance income	**(94)**	(104)
Other (income) loss	**26**	(252)
Foreign exchange gain	**(488)**	(131)
Deferred income tax recovery	**(24)**	(46)
Cash used in operating activities before non-cash working capital	**(1,218)**	(839)
Interest paid on lease liability	**(32)**	(36)
Interest received	**94**	77
Net change in non-cash working capital *(note 18)*	**190**	(2,929)
Cash used in continuing operations	**(966)**	(3,727)
Cash used in discontinued operations *(note 5)*	**-**	(737)
Net cash used in operating activities	**(966)**	(4,464)
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes receivable	**1,607**	-
Purchase of property and equipment	**(31)**	(59)
Contingent Earn-Out	**(685)**	
Net cash provided by (used in) investing activities	**891**	(59)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	**-**	-
Lease principal payments	**(81)**	(34)
Cash used in continuing operations	**(81)**	(34)
Cash used in discontinued operations *(note 5)*	**-**	(27)
Net cash used in financing activities	**(81)**	(61)
Net change in cash and cash equivalents	**(156)**	(4,584)
Cash and cash equivalents, beginning of period	**16,168**	11,790
Effect of translation on foreign cash	**188**	12
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 16,200**	**$** 7,218

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of Operations

Greenlane Renewables Inc. ("**Greenlane**" or the "**Company**") was incorporated under the British Columbia Business Corporations Act on February 15, 2018. The Company's primary business is a provider of biogas desulfurization and upgrading systems and service. Its systems enable the production of clean, renewable natural gas from organic-waste sources including landfills, sugar mills, dairy farms, wastewater and food waste, suitable for either injection into the natural gas grid or for direct use as commercial vehicle fuel. The head office of the Company is located at 110 - 3605 Gilmore Way, Burnaby, British Columbia, Canada, V5G 4X5 and its registered and records office is located at 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

2. Basis of Presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") applicable to the preparation of interim financial statements, including International Accounting Standard ("**IAS**") 34 Interim Financial Reporting and should be read in conjunction with the Company's most recent annual consolidated financial statements. These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent financial statements.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board on May 15, 2025.

(b) Functional and presentation currency

The reporting currency selected for the presentation of these consolidated financial statements is the Canadian dollar.

The Company and its subsidiaries each determine their functional currency based on the currency of the primary economic environment in which they operate. Transactions denominated in a currency other than the functional currency of an entity are translated at the exchange rate in effect on the transaction date. The resulting exchange gains and losses are included in each entity's net earnings in the period in which they arise. The functional currency for each subsidiary is included in the table in note 2(c) – Basis of consolidation.

The Company has foreign operations which are translated to the Company's presentation currency for inclusion in the consolidated financial statements. Foreign-denominated monetary and non-monetary assets and liabilities of foreign operations are translated at exchange rates in effect at the end of the reporting period and revenue and expenses are translated at exchange rates in effect on the transaction date. The resulting translation gains and losses are included in other comprehensive income ("**OCI**") with cumulative gains or losses reported in Accumulated Other Comprehensive Income (Loss) ("**AOCI**"). Amounts previously recognized in AOCI are recognized in net earnings when there is a reduction in a foreign net investment as a result of a disposal, partial disposal, or loss of control.

(c) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. These entities are fully consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date control ceases. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

2. Basis of Presentation (continued)

The consolidated financial statements of Greenlane include the following significant subsidiaries ("**Subsidiary**") listed below. The ultimate holding entity of the entities listed is Greenlane.

			Ownership Interest	
Entity	Jurisdiction	Functional Currency	2025	2024
Airdep S.r.l.	Italy	Euro	100%	100%
Greenlane Renovaveis do Brasil Ltda.	Brazil	Brazilian Real	100%	100%
Greenlane Biogas Europe Limited	United Kingdom	Euro	100%	100%
Greenlane Renewables Europe B.V.	Netherlands	Euro	100%	100%
Greenlane Renewables Global Limited	Canada	Canadian Dollar	100%	100%
Greenlane Biogas Italy S.r.l.	Italy	Euro	100%	100%
Greenlane Renewables North America Limited	Canada	Canadian Dollar	100%	100%
Greenlane Renewables U.K. Limited	United Kingdom	Great Britain Pound	-	100%
Greenlane Biogas US Corp.	United States	United States Dollar	100%	100%
Greenlane Renewables Capital Inc.	United States	United States Dollar	100%	100%
PT Biogas Holdings Limited	United Kingdom	Great Britain Pound	100%	100%
PT Biogas Technology Limited	United Kingdom	Great Britain Pound	100%	100%

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in accordance with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying value of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results may differ from these estimates and the differences could be material. Estimates and judgements are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods.

(e) Recent accounting pronouncements

The International Accounting Standards Board issued IFRS 18 - Presentation and Disclosure in the Financial Statements (“IFRS 18”), in April 2024 which is effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 requires significant changes to the income statement presentation to include additional disclosures around operating, investing and financing activities. Management is currently assessing the impact of future adoption of IFRS 18 to these consolidated financial statements.

On May 30, 2024, the International Accounting Standards Board issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The International Accounting Standards Board added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. Management is currently assessing the impact of the future adoption of IFRS 7 and 9 on the Company's consolidated financial statements.

There are a number of other accounting standard amendments issued by the IFRS Accounting Standards which the Company has not yet adopted. None of the future amendments are expected to have a significant impact on the Company’s accounting policies on adoption.

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

3. Determination of Fair Values

A number of the Company's accounting policies and disclosures require determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial instruments measured at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

- Level 1: Valuation based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuation based on observables inputs other than quoted active market prices; and
- Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Share based compensation transactions

The fair value of share options is measured using the Black-Scholes pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the weighted average expected life of the instruments adjusted for forfeitures (based on historical experience and general holder behavior), the expected dividends and the risk-free interest rate (based on government bonds).

4. Assets Held for Sale and Discontinued Operations

On April 15, 2024, the Company disposed of Greenlane Renewables UK Limited for gross proceeds of $262 (£150) or $22 (£13) net of cash on hand at closing.

Net proceeds	£	13	$	22
Working capital		(16)		(28)
Leased assets		26		45
Lease obligations		(20)		(35)
Fixed assets, net book value		23		40
Net assets disposed		13		22
After-tax gain on sale	£	-	$	-

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

4. Assets Held for Sale and Discontinued Operations (continued)

The following table provides the operating results of this discontinued operation:

For the three months ended March 31,		2025		2024
Revenue	**$**	**-**	$	489
Cost of goods sold (before amortization)		**-**		275
Gross profit		**-**		214
Operating expenses:				
Amortization of office equipment		**-**		20
General and administration		**-**		308
		-		328
Operating loss		**-**		(114)
Other items:				
Impairment loss on inventory and property and equipment		**-**		342
Finance expense		**-**		1
Foreign exchange loss (gain)		**-**		20
Net loss		**-**		(477)
Other comprehensive (income) loss				
Item that may be subsequently reclassified:				
Exchange difference on translating foreign operations		**-**		-
NET LOSS AND COMPREHENSIVE LOSS	**$**	**-**	**$**	(477)

The following table provides the details of the cash flow used in this discontinued operation:

For the three months ended March 31,		2025		2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	**$**	**-**	$	(477)
Adjustments for:				
Amortization of office equipment		**-**		20
Impairment loss on inventory and property and equipment		**-**		342
Finance expense		**-**		1
Foreign exchange loss (gain)		**-**		20
Cash used in operating activities before non-cash working capital		**-**		(94)
Interest paid on lease liability		**-**		(1)
Net change in non-cash working capital		**-**		(642)
Net cash used in operating activities	**$**	**-**	$	(737)

Cash flows used in financing activities relates to lease principal payments for $nil for the three months ended March 31, 2025 (March 31, 2024 - $27).

5. Cash and Restricted Cash

The balance at March 31, 2025, includes a $1.7 million cashable term deposit held by the Toronto-Dominion Bank (“TD”) as security for a surety bond related to one customer (December 31, 2024 - $1.7 million).

Included in cash and cash equivalents is $2.3 million in cash held by an escrow agent as an advance payment security related to a system sales contract. The release of cash by the escrow agent for direct project payments to the Company’s suppliers and the surplus distributed to the Company is not subject to external approval.

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

6. Accounts Receivable

As at		March 31, 2025		December 31, 2024
Trade accounts receivable, net of provision	**$**	**6,271**	$	6,945
Other receivables		**1,164**		235
	$	**7,435**	$	7,180

The aging analysis of trade receivables is as follows:

As at		March 31, 2025		December 31, 2024
<31 days	**$**	**4,786**	$	5,044
31 – 60 days		**163**		649
61 – 90 days		**167**		551
>90 days		**2,291**		1,800
Allowance for doubtful accounts		**(1,136)**		(1,099)
Trade accounts receivable, net of provision	**$**	**6,271**	$	6,945

7. Contract Assets and Liabilities

		Balance, January 1, 2025		Revenue recognized		Progress billings		Balance, March 31, 2025
Contract assets	$	4,023	$	1,530	$	(1,869)	$	3,684
Contract liabilities	$	(5,684)	$	3,149	$	(3,904)	$	(6,439)

		Balance, January 1, 2024		Revenue recognized		Progress billings		Balance, December 31, 2024
Contract assets	$	12,876	$	27,004	$	(35,857)	$	4,023
Contract liabilities	$	(3,547)	$	16,833	$	(18,970)	$	(5,684)

The Company receives payments from customers based on the stage of completion of a contract. Contract assets relate to the Company's conditional right to consideration for the completed performance under the contract. Accounts receivable are recognized when the right to the consideration becomes unconditional. Contract liabilities relate to stage payments that are received in advance of performance under the contract for both system sales contracts and royalty contracts.

The revenue recognized during the period and the contract balances for the period ended March 31, 2025, primarily relate to the sale of biogas desulfurization units and 9 upgrader projects (15 projects for the year ended December 31, 2024).

8. Notes Receivable

During 2022, the Company made two investments in the form of convertible promissory notes receivable (the "**Notes**"). The Notes were provided to two companies ("**DevCo's**") in the pre-construction development phase on renewable natural gas projects.

In the second quarter of 2023, certain changes in circumstances occurred pertaining to one of the DevCo's and as a result, the Company evaluated the recoverability of the respective Note and impaired the Note in its entirety. No recoveries have been made on this Note since its impairment to date.

In the third quarter of 2024, the remaining Note matured and was in default for a period of time, therefore, the Company fully impaired the Note in its entirety at September 30, 2024. In the fourth quarter of 2024, the Company received confirmation from the DevCo that the Note would be repaid in full along with interest and a default premium. In the fourth quarter of 2024, the Company recorded a recovery of the originally due amount and an additional gain related to the default premium in change in fair value of note receivable. The amounts due on the Note together with accrued interest and the default premium were received on January 2, 2025.

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

9. Property and Equipment

		Machinery and equipment		Right-of-use assets		Total
Cost						
Balance, January 1, 2024	$	1,264	$	3,138	$	4,402
Additions		75		413		488
Disposal of subsidiary		(193)		(364)		(557)
Foreign exchange adjustment		12		47		59
Balance, December 31, 2024		1,158		3,234		4,392
Additions		31		-		31
Foreign exchange adjustment		25		49		74
Balance, March 31, 2025	**$**	**1,214**	**$**	**3,283**	**$**	**4,497**
Accumulated amortization						
Balance, January 1, 2024	$	764	$	1,263	$	2,027
Amortization		215		330		545
Disposal of subsidiary		(153)		(319)		(472)
Foreign exchange adjustment		1		53		54
Balance, December 31, 2024		827		1,327		2,154
Amortization		37		92		129
Foreign exchange adjustment		16		12		28
Balance, March 31, 2025	**$**	**880**	**$**	**1,431**	**$**	**2,311**
Carrying value						
At December 31, 2024		331	$	1,907	$	2,238
At March 31, 2025	**$**	**334**	**$**	**1,852**	**$**	**2,186**

10. Intangible Assets

		Patents, trademarks and design		Process technologies		Backlog		Total
Cost								
Balance, January 1, 2024	$	5,566	$	3,899	$	157	$	9,622
Foreign exchange adjustment		-		83		-		83
Balance, December 31, 2024		5,566		3,982		157		9,705
Foreign exchange adjustment		-		147		-		147
Balance, March 31, 2025	**$**	**5,566**	**$**	**4,129**	**$**	**157**	**$**	**9,852**
Accumulated amortization								
Balance, January 1, 2024	$	5,566	$	1,069	$	157	$	6,792
Amortization		-		565		-		565
Foreign exchange adjustment		-		25		-		25
Balance, December 31, 2024		5,566		1,659		157		7,382
Amortization		-		144		-		144
Foreign exchange adjustment		-		65		-		65
Balance, March 31, 2025	**$**	**5,566**	**$**	**1,868**	**$**	**157**	**$**	**7,591**
Carrying value								
As at December 31, 2024	$	-	$	2,323	$	-	$	2,323
As at March 31, 2025	**$**	**-**	**$**	**2,261**	**$**	**-**	**$**	**2,261**

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

11. Accounts Payable and Accrued Liabilities

As at	March 31, 2025	December 31, 2024
Trade accounts payable	$ 2,983	$ 2,900
Accrued liabilities	2,486	1,569
Accrued costs related to system sales	4,865	6,252
Deferred service revenue	1,066	385
Accounts payable and accrued liabilities	$ 11,400	$ 11,106

12. Lease Liabilities

The Company recognizes right-of-use assets (note 8) and lease liabilities in relation to office leases of Greenlane's head office in Burnaby, British Columbia, Canada, and Vicenza, Italy.

The assets and liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates between 5.75% and 7% at the time the lease was assumed or commenced.

As at	March 31, 2025	December 31, 2024
Balance, beginning of the year	$ 2,074	$ 1,951
Additional leases	-	412
Lease payments	(113)	(421)
Finance fees	32	143
Disposal of subsidiary	-	(35)
Foreign exchange adjustment	39	24
Balance, end of the period	2,032	2,074
Current portion	(339)	(328)
Non-current portion of lease liabilities	$ 1,693	$ 1,746

Payments of principal amounts owing are as follows:

April 2025 – March 2026	$ 336
April 2026 – March 2027	367
April 2027 – March 2028	396
April 2028 – March 2029	451
April 2029 and thereafter	482
	$ 2,032

13. Warranty Liabilities

The Company provides a warranty following the sale of certain products and as such, the Company has recorded a provision for future warranty claims. Warranty periods vary between products but are typically one to two years from completion of commissioning of the equipment. The provision is based on management's best estimate of future claims, taking account of historical experience and knowledge of the installations covered by the warranty.

As at March 31,	2025	2024
Balance, beginning of the year	$ 836	$ 1,390
Additions in the year	-	874
Charges against provision	(63)	(299)
Provision expired	(440)	(1,129)
Balance, end of the period	333	836
Current portion	(333)	(836)
Non-current portion of warranty liabilities	$ -	$ -

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

14. Deferred Consideration – Contingent Earn-Out

On February 1, 2022, the Company acquired 100% of the outstanding shares of Airdep, a provider of biogas desulfurization and air deodorization products based in Vicenza, Italy (the "Acquisition"). The consideration for the Acquisition included an earn-out payment that was based on the post-acquisition financial performance of Airdep, up to a maximum of €2.5 million. Based on actual attained financial performance, the deferred contingent earn-out was determined to be €0.9 million, payable in two equal cash instalments with the first issued in February 2025 and the second to be issued in February 2026.

At March 31, 2025, the carrying value was $0.7 million (December 31, 2024 - $1.3 million).

15. Credit Facilities

The Company has a $26.5 million standby letter of credit facility (the "**Facility**") that provides the Company the ability to issue standby letters of credit to its customers for system supply contracts that have advance payment and performance security requirements. As at March 31, 2025, the Company had issued $8.0 million in standby letters of credit on the Facility.

The Company also has $7.6 million in advance payment bonds and performance bonds outstanding. The Company was required to provide a cash deposit of $1.7 million, classified as restricted cash, to partially secure the bonds.

Upon demand of any standby letter of credit, advance payment bond or performance bond, the Company would be required to compensate the counterparty for any losses and expenses incurred, as applicable.

16. Share Based Compensation

(a) Omnibus Incentive Plan

The Company has in place a stock option plan (the "**Legacy Option Plan**") and a restricted share unit plan (the "**Legacy RSU Plan**") which were adopted by the Company in 2018 and 2020, respectively. Following the Company's transition to the Toronto Stock Exchange ("**TSX**") in early 2021, the Company introduced a new omnibus incentive plan (the "**Omnibus Incentive Plan**") under which the Company can award stock options ("**Options**") and restricted share units ("**RSUs**") and performance restricted share units ("**PRSUs**") following the policies, rules and regulations of the TSX.

The Omnibus Incentive Plan is a rolling plan where the Company is entitled to issue Options, RSUs and PRSUs in respect of a maximum number of common shares equal to 10% of the issued and outstanding common shares, less the aggregate number of common shares issuable under the existing Legacy Option Plan and Legacy RSU Plan. At March 31, 2025, Options, RSUs and PRSUs issued under the Legacy Option Plan, the Legacy RSU Plan and the Omnibus Incentive Plan represented 8% of issued and outstanding common share capital.

All Options granted under the Legacy Option Plan will continue to be governed by the Legacy Option Plan and all RSUs granted under the Legacy RSU Plan will continue to be governed by the Legacy RSU Plan. No further Options or RSUs will be granted under the Legacy Option Plan or Legacy RSU Plan.

(b) Options

A summary of the Company's Options outstanding under both the Omnibus Incentive Plan and the Legacy Option Plan, including Options granted to agents, is as follows:

	Number of Options		Weighted average exercise price
Balance, January 1, 2024	6,741,127	$	0.56
Granted	6,852,835		0.10
Exercised	(3,802,052)		0.68
Forfeited	(2,203,319)		0.28
Balance, December 31, 2024	7,588,591		0.16
Granted	290,000		0.10
Cancelled/Forfeited	(384,329)		0.14
Expired	(71,167)		1.26
Balance, March 31, 2025	**7,423,095**	**$**	**0.15**

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

16. Share Based Compensation (continued)

As at March 31, 2025, 1,071,254 Options were exercisable.

	Share options outstanding March 31, 2025			Share options exercisable March 31, 2025	
Exercise Price	**Number of share option**	**Remaining contractual life**	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
$0.10 - $0.50	**7,104,845**	**4.53 years**	**$ 0.11**	**770,337**	**$ 0.13**
$0.51 - $1.00	**52,000**	**2.50 years**	**$ 0.57**	**34,667**	**$ 0.57**
$1.01 - $1.50	**241,250**	**1.85 years**	**$ 1.14**	**241,250**	**$ 1.14**
$1.51 - $1.94	**25,000**	**1.22 years**	**$ 1.83**	**25,000**	**$ 1.83**
	7,423,095	**4.42 years**	**$ 0.15**	**1,071,254**	**$ 0.41**

The value of the Options issued in 2025 totalled $15 and was estimated using the Black-Scholes option pricing model with the following assumptions:

Grant date	Jan 21,2025
Options granted	290,000
Exercise price	$0.10
Fair value per Option	$0.05
Risk-free rate	2.90%
Expected volatility	75.69%
Expected life in years	3.50
Expected dividend yield	-

(c) Restricted Share Unit Plan

A summary of the Company's RSUs outstanding under both the Legacy RSU Plan and the Omnibus Incentive Plan is as follows:

	Number of RSUs
Balance, January 1, 2024	3,098,811
Granted	4,549,109
Exercised	(3,008,753)
Forfeited	(1,429,564)
Balance, December 31, 2024	3,209,603
Granted	2,312,500
Exercised/Released	(195,094)
Cancelled/Forfeited	(347,661)
Balance, March 31, 2025	**4,979,348**

In January 2025, the Company granted 2,312,500 RSUs to the directors and advisors with vesting over 1 year with a fair value of $0.2 million. The fair value per RSU was determined based on the Company's share price on the grant date with no adjustments for dividend yield or other terms and conditions.

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

16. Share Based Compensation (continued)

(d) Performance Restricted Share Unit Plan

A summary of the Company's PRSUs outstanding under the Omnibus Incentive Plan is as follows:

	Number of PRSUs
Balance, January 1, 2024	1,175,000
Forfeited	(1,000,000)
Balance, December 31, 2024	175,000
Granted/Exercised/Cancelled	-
Balance, March 31, 2025	**175,000**

Greenlane grants PRSUs to certain senior executives. These PRSUs vest in 3 years and incorporate performance criteria established by the board of directors that can adjust the number of performance share units available for settlement from zero to two times the amount originally granted. There were no PRSUs granted in 2025.

17. Revenue

The following table represents where the Company's activities are located, the contracting entity may be domiciled in a different country.

For the three months ended March 31,	2025	2024
System sales:		
South America	**$ 492**	$ 10,625
North America	**2,612**	3,272
Europe	**1,575**	1,522
	4,679	15,419
Services and spare parts:		
South America	**78**	151
North America	**1,272**	962
Europe	**978**	776
	2,328	1,889
Royalty contracts:		
South America	**-**	821
Total revenue:		
South America	**570**	11,603
North America	**3,884**	4,228
Europe	**2,553**	2,298
	$ 7,007	$ 18,129

18. Non-Cash Working Capital

The net changes to non-cash working capital are as follows:

For the three months ended March 31,	2025	2024
Restricted cash	**$ 375**	$ (35)
Accounts receivable	**243**	(13,255)
Inventory	**(443)**	49
Prepaid expenses and other assets	**(380)**	(86)
Contract assets	**340**	4,099
Accounts payable and accrued liabilities	**(699)**	6,700
Contract liabilities	**754**	(401)
Non-cash working capital	$ 190	$ (2,929)

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

19. Related Party Transactions

Key management includes Directors, the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the Chief Operating Officer ("**COO**"), who have the authority and responsibility for planning, directing and controlling the activities of the Company. In 2024, key management included the Executive Vice Chair. The remuneration paid and payable to these key management personnel is outlined below:

For the three months ended March 31,		**2025**		2024
Non-executive directors' fees	**$**	**72**	$	71
Salaries and short-term benefits		**394**		522
Equity-based compensation		**85**		146
Related party transactions	**$**	**551**	$	739

20. Financial Instruments

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration.

(a) Fair value

Due to the short-term nature of cash and cash equivalents, restricted cash, accounts receivable net of lifetime expected credit losses, and accounts payable and accrued liabilities, the Company has determined that the carrying amounts approximate fair value.

(b) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, restricted cash, accounts receivable, and contract assets. The Company limits its exposure to credit loss by placing its cash and cash equivalents and restricted cash with high credit quality financial institutions, and through the performance of credit checks for all new customers.

(c) Foreign exchange rate risk

The Company is exposed to financial risk related to fluctuations of foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily the United States dollar ("**USD**"), Great Britain Pound ("**GBP**"), Euros and Brazilian Real ("**BRL**"). The Company believes that its results of operations, financial position and cash flows could be affected by a sudden change in foreign exchange rates but would not impair or enhance its ability to pay its foreign currency obligations. The Company manages foreign exchange risk by maintaining USD, GBP, Euros and BRL cash on hand to fund its anticipated short-term foreign currency expenditures.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At March 31, 2025, the Company has no variable-rate interest-bearing financial assets or liabilities.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds needed to support the Company's normal operating requirements on an ongoing basis as well as its planned capital expenditures. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs. Changes in operating levels, customer demand, foreign exchange rates and other factors all impact the Company's liquidity position.

(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

20. Financial Instruments (continued)

The Company enters into contracts that give rise to commitments in the normal course of business for future minimum payments. The following table summarizes the remaining contractual maturities of its financial liabilities, operating and capital commitments, shown in contractual undiscounted cash flows:

as at March 31, 2025	Carrying amount	Contractual cash flow	Less than 12 months	1 - 2 years	2 – 3 years	Thereafter
Accounts payable and accrued liabilities	$ 11,400	$ 11,400	$ 11,400	$ -	$ -	$ -
Lease liability	2,032	2,411	454	462	959	536
Warranty liability	333	333	333	-	-	-
Deferred consideration – contingent earn-out	685	685	685	-	-	-
	$ 14,450	$ 14,829	$ 12,872	$ 462	$ 959	$ 536

21. Contingent Liabilities

As part of normal ongoing operations, it is possible that the Company could become involved in litigation and claims from time to time. Management is not presently aware of any litigation or claims where likelihood and quantum of liability can be reasonably estimated and which would materially affect the financial position or financial performance of the Company.