



# Greenlane Renewables Inc. Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended  
June 30, 2025 and 2024

(Unaudited)

(Expressed in thousands of Canadian dollars)

**Greenlane Renewables Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**



(Unaudited) (in thousands of Canadian dollars)

As at	June 30, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (note 5)	\$ 16,606	\$ 16,168
Restricted cash (note 5)	1,656	2,112
Accounts receivable (note 6)	11,088	7,180
Inventory	1,483	819
Prepaid expenses and other assets	743	933
Contract assets (note 7)	3,132	4,023
Notes receivable (note 8)	-	1,607
	<b>34,708</b>	<b>32,842</b>
Non-current assets:		
Property and equipment (note 9)	2,717	2,238
Intangible assets (note 10)	2,183	2,323
Goodwill	8,513	7,949
<b>TOTAL ASSETS</b>	<b>\$ 48,121</b>	<b>\$ 45,352</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 13,528	\$ 11,106
Contract liabilities (note 7)	6,136	5,684
Current portion of lease liability (note 12)	385	328
Current portion of warranty liability (note 13)	205	836
Deferred consideration – contingent earn-out (note 14)	707	647
	<b>20,961</b>	<b>18,601</b>
Non-current liabilities:		
Deferred consideration – contingent earn-out (note 14)	-	647
Lease liability (note 12)	2,179	1,746
Deferred tax liability	356	383
<b>Total liabilities</b>	<b>23,496</b>	<b>21,377</b>
<b>Shareholders' equity</b>		
Share capital	66,120	66,097
Contributed surplus	5,237	5,054
Accumulated other comprehensive loss	121	(61)
Deficit	(46,853)	(47,115)
<b>Total shareholders' equity</b>	<b>24,625</b>	<b>23,975</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 48,121</b>	<b>\$ 45,352</b>

See accompanying notes to the condensed consolidated interim financial statements

Approved by the Board of Directors and authorized for issue on August 14, 2025

“Wade Nesmith” Director “Elaine Wong” Director

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue (note 18)	\$ 15,077	\$ 14,630	\$ 22,084	\$ 32,759
Cost of goods sold (before amortization)	7,688	10,567	11,897	23,886
	7,389	4,063	10,187	8,873
Amortization of:				
Intangible assets	150	142	294	280
Property and equipment	87	81	162	167
Gross profit	7,152	3,840	9,731	8,426
Operating expenses:				
Amortization of office equipment	45	54	99	107
General and administration	3,279	4,415	6,734	9,404
Research and development	405	192	658	257
Sales and marketing	299	285	459	578
Share based compensation (note 17)	134	250	206	450
	4,162	5,196	8,156	10,796
Operating income (loss)	2,990	(1,356)	1,575	(2,370)
Other items:				
Finance expense	39	37	71	72
Finance income	(85)	(70)	(179)	(174)
Other (income) loss	40	(647)	66	(899)
Foreign exchange (gain) loss	198	(158)	(290)	(289)
Income (Loss) before income taxes	2,798	(518)	1,907	(1,080)
Income taxes:				
Current (recovery) (note 15)	1,524	(20)	1,672	282
Deferred (recovery)	(3)	(21)	(27)	(67)
Total income taxes (recovery)	1,521	(41)	1,645	215
Net income (loss)	1,277	(477)	262	(1,295)
Other comprehensive income:				
Item that may be subsequently reclassified:				
Exchange difference on translating foreign operations	(150)	(61)	(182)	(83)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>\$ 1,427</b>	<b>\$ (416)</b>	<b>\$ 444</b>	<b>\$ (1,212)</b>
Income (loss) and comprehensive income (loss) from discontinued operations (note 4)	-	5	-	(472)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 1,427</b>	<b>\$ (411)</b>	<b>\$ 444</b>	<b>\$ (1,684)</b>
Basic and diluted earnings (loss) per share from continuing operations	\$ 0.01	\$ 0.00	\$ 0.00	\$ (0.01)
Basic and diluted earnings (loss) per share from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted earnings (loss) per share	\$ 0.01	\$ 0.00	\$ 0.00	\$ (0.01)
Weighted average number of shares	156,918,991	154,150,136	156,867,847	154,081,125
Diluted weighted average number of shares	156,924,254	154,150,136	156,873,110	154,081,125

See accompanying notes to the condensed consolidated interim financial statements

**Greenlane Renewables Inc.**  
**Condensed Consolidated Interim Statements of Changes in Equity**



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

	Common shares		Common shares		Contributed surplus		Cumulative translation adjustment		Deficit		Total
<b>Balance, January 1, 2024</b>	<b>153,790,399</b>	<b>\$</b>	<b>65,814</b>	<b>\$</b>	<b>4,893</b>	<b>\$</b>	<b>(153)</b>	<b>\$</b>	<b>(45,252)</b>	<b>\$</b>	<b>25,302</b>
Share based compensation	-		-		450		-		-		450
Restricted share units exercised	365,342		46		(46)		-		-		-
Net income (loss) and comprehensive income (loss)	-		-		-		83		(1,767)		(1,684)
<b>Balance, June 30, 2024</b>	<b>154,155,741</b>	<b>\$</b>	<b>65,860</b>	<b>\$</b>	<b>5,297</b>	<b>\$</b>	<b>(70)</b>	<b>\$</b>	<b>(47,019)</b>	<b>\$</b>	<b>24,068</b>
<b>Balance, January 1, 2025</b>	<b>156,690,024</b>	<b>\$</b>	<b>66,097</b>	<b>\$</b>	<b>5,054</b>	<b>\$</b>	<b>(61)</b>	<b>\$</b>	<b>(47,115)</b>	<b>\$</b>	<b>23,975</b>
Share based compensation	-		-		206		-		-		206
Restricted share units exercised	253,760		23		(23)		-		-		-
Net income (loss) and comprehensive income (loss)	-		-		-		182		262		444
<b>Balance, June 30, 2025</b>	<b>156,943,784</b>	<b>\$</b>	<b>66,120</b>	<b>\$</b>	<b>5,237</b>	<b>\$</b>	<b>121</b>	<b>\$</b>	<b>(46,853)</b>	<b>\$</b>	<b>24,625</b>

See accompanying notes to the condensed consolidated interim financial statements

(Unaudited) (in thousands of Canadian dollars)

	2025	2024
For the six months ended June 30,		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 262	\$ (1,295)
Adjustments for:		
Amortization of:		
Intangible assets	294	280
Property and equipment	162	167
Office equipment	99	107
Share based compensation	206	450
Finance expense	71	72
Finance income	(179)	(174)
Other (income) loss	66	(899)
Foreign exchange (gain) loss	(290)	(289)
Income tax expense	1,645	(67)
Cash generated by (used in) operating activities before non-cash working capital	2,336	(1,648)
Interest paid on lease liability	(70)	(72)
Interest received	179	120
Income tax remitted	(343)	-
Net change in non-cash working capital (note 19)	(2,476)	(257)
Cash used in continuing operations	(374)	(1,857)
Cash used in discontinued operations (note 4)	-	(713)
<b>Net cash used in operating activities</b>	<b>(374)</b>	<b>(2,570)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Notes receivable	1,607	-
Purchase of property and equipment	(91)	(66)
Payment of contingent earn-out	(685)	-
Disposal of subsidiary	-	22
<b>Net cash generated by (used in) investing activities</b>	<b>831</b>	<b>(44)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease principal payments	(171)	(92)
Cash used in continuing operations	(171)	(92)
Cash used in discontinued operations (note 4)	-	(27)
<b>Net cash used in financing activities</b>	<b>(171)</b>	<b>(119)</b>
Net change in cash and cash equivalents	286	(2,733)
Cash and cash equivalents, beginning of period	16,168	11,790
Effect of translation on foreign cash	152	(10)
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 16,606</b>	<b>\$ 9,047</b>

See accompanying notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2025 and 2024  
(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)

## 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 August 14, 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.

For the three and six months ended June 30, 2025 and 2024  
(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.

Entity	Jurisdiction	Functional Currency	Ownership Interest	
			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) Segmented reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that are related to transactions with any of the Company's other operations, and for which discrete financial information is available. Segment operating results are reviewed regularly by the Company's Chief Operating Decision Maker, being the Company's Chief Executive Officer ("CEO"), to make decisions about resources allocated to the segment and to assess the segment's performance. The Company has one operating segment represented in 3 geographical locations.

### (f) 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.

For the three and six months ended June 30, 2025 and 2024  
(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 observable 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	£	-	\$	-



**Greenlane Renewables Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**

For the three and six months ended June 30, 2025 and 2024  
(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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ -	\$ 231	\$ -	\$ 720
Cost of goods sold (before amortization)	-	143	-	418
Gross profit	-	88	-	302
Operating expenses:				
Amortization of office equipment	-	-	-	20
General and administration	-	99	-	407
	-	99	-	427
Operating loss	-	(11)	-	(125)
Other items:				
Impairment loss on inventory and property and equipment	-	-	-	342
Finance expense	-	-	-	1
Foreign exchange (gain) loss	-	(5)	-	15
Net loss	-	(6)	-	(483)
Other comprehensive income:				
Item that may be subsequently reclassified:				
Exchange difference on translating foreign operations	-	(11)	-	(11)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ (472)</b>

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

For the six months ended June 30,	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ -	\$ (483)
Adjustments for:		
Amortization of office equipment	-	20
Impairment loss on inventory and property and equipment	-	342
Finance expense	-	1
Foreign exchange loss (gain)	-	15
Cash used in operating activities before non-cash working capital	-	(105)
Interest paid on lease liability	-	(1)
Net change in non-cash working capital	-	(607)
Net cash used in operating activities	\$ -	\$ (713)

Cash flows used in financing activities relates to lease principal payments for \$nil for the six months ended June 30, 2025 (June 30, 2024 - \$27).

**5. Cash and Restricted Cash**

The restricted cash balance at June 30, 2025 of \$1.7 million (December 31, 2024 - \$2.1 million) relates primarily to a cashable term deposit held by the Toronto-Dominion Bank ("TD") as security for a surety bond related to one customer. Subsequent to June 30, 2025, \$1.2 million of the restricted cash was released to the Company due to various project completions and as a result, reflected within cash and cash equivalents after the reporting period.

Included in cash and cash equivalents is \$4.3 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.

**Greenlane Renewables Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**

For the three and six months ended June 30, 2025 and 2024  
(Unaudited) (in thousands of Canadian dollars, except as noted and per share amounts)



**6. Accounts Receivable**

As at	June 30, 2025	December 31, 2024
Trade accounts receivable, net of provision	\$ 10,143	\$ 6,945
Other receivables	945	235
	<b>\$ 11,088</b>	<b>\$ 7,180</b>

The aging analysis of trade receivables, which are unsecured, is as follows:

As at	June 30, 2025	December 31, 2024
<31 days	\$ 8,411	\$ 5,044
31 – 60 days	319	649
61 – 90 days	439	551
>90 days	2,307	1,800
Allowance for doubtful accounts	(1,333)	(1,099)
Trade accounts receivable, net of provision	<b>\$ 10,143</b>	<b>\$ 6,945</b>

**7. Contract Assets and Liabilities**

	Balance, January 1, 2025	Revenue recognized	Progress billings	Balance, June 30, 2025
Contract assets	\$ 4,023	\$ 3,244	\$ (4,135)	\$ 3,132
Contract liabilities	\$ (5,684)	\$ 11,000	\$ (11,452)	\$ (6,136)

  

	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 June 30, 2025, primarily relate to the sale of biogas desulfurization units and 9 upgrader projects (15 projects for the year ended December 31, 2024). During the period the Company recognized the balance of the deferred royalty revenue of \$3.3 million related to the collaborative agreement with ZEG Biogás e Energia SA.

**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.

**Greenlane Renewables Inc.**  
**Notes to Condensed Consolidated Interim Financial Statements**



For the three and six months ended June 30, 2025 and 2024  
(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		91		699	790
Disposals		-		(136)	(136)
Foreign exchange adjustment		46		96	142
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>1,295</b>	<b>\$</b>	<b>3,893</b>	<b>\$ 5,188</b>
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		77		184	261
Foreign exchange adjustment		30		26	56
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>934</b>	<b>\$</b>	<b>1,537</b>	<b>\$ 2,471</b>
Carrying value					
At December 31, 2024		331	\$	1,907	\$ 2,238
<b>At June 30, 2025</b>	<b>\$</b>	<b>361</b>	<b>\$</b>	<b>2,356</b>	<b>\$ 2,717</b>

**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		-		282		-	282
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>5,566</b>	<b>\$</b>	<b>4,264</b>	<b>\$</b>	<b>157</b>	<b>\$ 9,987</b>
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		-		294		-	294
Foreign exchange adjustment		-		128		-	128
<b>Balance, June 30, 2025</b>	<b>\$</b>	<b>5,566</b>	<b>\$</b>	<b>2,081</b>	<b>\$</b>	<b>157</b>	<b>\$ 7,804</b>
Carrying value							
As at December 31, 2024	\$	-	\$	2,323	\$	-	\$ 2,323
<b>As at June 30, 2025</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>2,183</b>	<b>\$</b>	<b>-</b>	<b>\$ 2,183</b>

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**11. Accounts Payable and Accrued Liabilities**

As at	June 30, 2025	December 31, 2024
Trade accounts payable	\$ 3,710	\$ 2,900
Income tax payable	375	-
Accrued liabilities	3,114	1,569
Accrued costs related to system sales	5,032	6,252
Deferred parts and service revenue	1,297	385
Accounts payable and accrued liabilities	\$ 13,528	\$ 11,106

**12. Lease Liabilities**

The Company recognizes right-of-use assets (note 9) 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	June 30, 2025	December 31, 2024
Balance, beginning of the year	\$ 2,074	\$ 1,951
Additional leases	586	412
Lease payments	(242)	(421)
Finance fees	71	143
Disposal of subsidiary	-	(35)
Foreign exchange adjustment	75	24
Balance, end of the period	2,564	2,074
Current portion	(385)	(328)
Non-current portion of lease liabilities	\$ 2,179	\$ 1,746

Payments of principal amounts owing are as follows:

July 2025 – June 2026	\$ 382
July 2026 – June 2027	416
July 2027 – June 2028	447
July 2028 – June 2029	425
July 2029 and thereafter	894
	\$ 2,564

**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 the earlier of equipment delivery or 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	June 30, 2025	December 31, 2024
Balance, beginning of the year	\$ 836	\$ 1,390
Additions in the year	-	874
Charges against provision	(66)	(299)
Provision expired	(565)	(1,129)
Balance, end of the period	205	836
Current portion	(205)	(836)
Non-current portion of warranty liabilities	\$ -	\$ -

For the three and six months ended June 30, 2025 and 2024  
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#### **14. Deferred Consideration – Contingent Earn-Out**

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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 June 30, 2025, the carrying value was \$0.7 million (December 31, 2024 - \$1.3 million).

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#### **15. Income Tax**

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In the second quarter of 2025, the Company recognized the balance of the deferred royalty revenue of \$3.3 million related to the collaborative agreement with ZEG Biogás e Energia SA. A 15% withholding tax was withheld related to the royalty and included in income tax expense.

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#### **16. Credit Facilities**

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In June 2025, the Company renewed its standby letter of credit facility (the "**Facility**") for \$20.0 million (previously \$26.5 million). The Facility 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 June 30, 2025, the Company had issued \$7.8 million in standby letters of credit under the Facility.

The Company also has \$7.2 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. In July 2025, \$1.2 million of the restricted cash was released to the Company due to various project completions and as a result, reflected within cash and cash equivalents after the reporting period.

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.

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#### **17. Share Based Compensation**

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##### **(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**"), 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 June 30, 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.

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**17. Share Based Compensation (continued)**

(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	390,000	0.10
Cancelled/Forfeited	(600,995)	0.13
Expired	(87,834)	1.12
<b>Balance, June 30, 2025</b>	<b>7,289,762</b>	<b>\$ 0.15</b>

Share options outstanding June 30, 2025				Share options exercisable June 30, 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	6,971,512	4.29 years	\$ 0.10	801,906	\$ 0.12
\$0.51 - \$1.00	52,000	2.25 years	\$ 0.57	39,667	\$ 0.59
\$1.01 - \$1.50	241,250	1.60 years	\$ 1.14	241,250	\$ 1.14
\$1.51 - \$1.94	25,000	0.97 years	\$ 1.83	25,000	\$ 1.83
	<b>7,289,762</b>	<b>4.18 years</b>	<b>\$ 0.14</b>	<b>1,107,823</b>	<b>\$ 0.40</b>

The value of the Options issued in 2025 totalled \$20 and was estimated using the Black-Scholes option pricing model with the following assumptions:

	Jan 21, 2025	May 21, 2025
Grant date	290,000	100,000
Options granted	\$0.10	\$0.09
Exercise price	\$0.05	\$0.05
Fair value per Option	2.90%	2.77%
Risk-free rate	75.69%	75.69%
Expected volatility	3.50	3.50
Expected life in years	-	-
Expected dividend yield		

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**17. Share Based Compensation (continued)**

(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	(357,410)
Cancelled/Forfeited	(402,661)
<b>Balance, June 30, 2025</b>	<b>4,762,032</b>

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.

(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	-
<b>Balance, June 30, 2025</b>	<b>175,000</b>

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.

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**18. Revenue**

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
System sales:				
South America	\$ 455	\$ 8,299	\$ 947	\$ 18,924
North America	1,917	3,302	4,529	6,574
Europe	3,873	1,564	5,448	3,086
	6,245	13,165	10,924	28,584
Parts and service:				
South America	42	103	120	260
North America	3,753	508	5,025	1,464
Europe	1,717	854	2,695	1,630
	5,512	1,465	7,840	3,354
Royalty contracts:				
South America	3,320	-	3,320	821
Total revenue:				
South America	3,817	8,402	4,387	20,005
North America	5,670	3,810	9,554	8,038
Europe	5,590	2,418	8,143	4,716
	\$ 15,077	\$ 14,630	\$ 22,084	\$ 32,759

**19. Non-Cash Working Capital**

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

For the six months ended June 30,	2025	2024
Restricted cash	\$ 456	\$ (52)
Accounts receivable	(3,772)	(7,656)
Inventory	(664)	238
Prepaid expenses and other assets	190	276
Contract assets	891	2,837
Accounts payable and accrued liabilities	(28)	5,058
Contract liabilities	451	(958)
Non-cash working capital	\$ (2,476)	\$ (257)

**20. 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:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Non-executive directors' fees	\$ 71	\$ 72	\$ 143	\$ 143
Salaries and short-term benefits	356	499	750	1,021
Equity-based compensation	101	149	186	295
Related party transactions	\$ 528	\$ 720	\$ 1,079	\$ 1,459



## 21. 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 June 30, 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.

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 June 30, 2025	Carrying amount	Contractual cash flow	Less than 12 months	1 - 2 years	2 - 3 years	Thereafter
<b>Accounts payable and accrued liabilities</b>	\$ 13,528	\$ 13,528	\$ 13,528	\$ -	\$ -	\$ -
<b>Lease liability</b>	2,564	3,111	529	525	1,013	1,044
<b>Warranty liability</b>	205	205	205	-	-	-
<b>Deferred consideration – contingent earn-out</b>	707	707	707	-	-	-
	\$ 17,004	\$ 17,551	\$ 14,969	\$ 525	\$ 1,013	\$ 1,044

For the three and six months ended June 30, 2025 and 2024  
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## **22. Contingent Liabilities**

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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.