Greenlane™
Biogas Upgrading Solutions

# Greenlane Renewables Inc.
# Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended
September 30, 2026 and 2025
(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 | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 12,238** | $ 17,699 |
| Restricted cash | **-** | 412 |
| Accounts receivable *(note 4)* | **10,603** | 9,509 |
| Inventory *(note 5)* | **2,622** | 1,737 |
| Prepaid expenses and other assets | **559** | 969 |
| Contract assets *(note 6)* | **1,312** | 2,751 |
| | **27,334** | 33,077 |
| Non-current assets: | | |
| Property and equipment *(note 7)* | **2,846** | 3,259 |
| Intangible assets *(notes 8)* | **2,108** | 1,885 |
| Goodwill | **8,553** | 8,545 |
| **TOTAL ASSETS** | **$ 40,841** | $ 46,766 |
| **LIABILITIES AND EQUITY** | | |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities *(note 9)* | **$ 10,454** | $ 13,780 |
| Contract liabilities *(note 6)* | **2,903** | 4,391 |
| Deferred service revenue | **414** | 659 |
| Deferred consideration – contingent earn-out *(note12)* | **-** | 710 |
| Current portion of lease liability *(note 10)* | **459** | 434 |
| Current portion of warranty liability *(note 11)* | **1,555** | 409 |
| Income tax payable | **1,297** | 192 |
| | **17,082** | 20,575 |
| Non-current liabilities: | | |
| Lease liability *(note 10)* | **1,883** | 2,229 |
| Warranty liability *(note 11)* | **211** | 25 |
| Deferred tax liability | **34** | 263 |
| **Total liabilities** | **19,210** | 23,092 |
| **Shareholders' equity** | | |
| Share capital *(note 14)* | **66,930** | 66,437 |
| Contributed surplus *(note 14)* | **5,179** | 5,126 |
| Accumulated other comprehensive income | **247** | 268 |
| Deficit | **(50,725)** | (48,157) |
| **Total shareholders' equity** | **21,631** | 23,674 |
| **TOTAL LIABILITIES AND EQUITY** | **$ 40,841** | $ 46,766 |

**Approved by the Board of Directors and authorized for issue on November 5, 2026**

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

**Greenlane Renewables Inc.**
**Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)**

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Revenue *(note 15)* | **$ 12,334** | $ 11,550 | **$ 33,193** | $ 33,634 |
| Cost of goods sold (before amortization) | **6,618** | 7,014 | **18,718** | 18,911 |
| | **5,716** | 4,536 | **14,475** | 14,723 |
| Amortization of: | | | | |
| Intangible assets | **154** | 154 | **460** | 448 |
| Property and equipment | **111** | 91 | **334** | 253 |
| Gross profit | **5,451** | 4,291 | **13,681** | 14,022 |
| Operating expenses: | | | | |
| Amortization of office equipment | **45** | 45 | **135** | 144 |
| General and administration | **3,139** | 3,262 | **10,502** | 9,996 |
| Research and development | **214** | 547 | **1,907** | 1,205 |
| Sales and marketing | **333** | 224 | **806** | 683 |
| Share based compensation *(note 14)* | **174** | 107 | **536** | 313 |
| | **3,905** | 4,185 | **13,886** | 12,341 |
| Operating income (loss) | **1,546** | 106 | **(205)** | 1,681 |
| Other items: | | | | |
| Finance expense | **46** | 40 | **125** | 111 |
| Finance income | **(42)** | (70) | **(133)** | (249) |
| Other (income) loss | **11** | (23) | **(38)** | 43 |
| Foreign exchange (gain) loss | **157** | (359) | **(5)** | (649) |
| Income (Loss) before income taxes | **1,374** | 518 | **(154)** | 2,425 |
| Income taxes: | | | | |
| Current | **1,020** | 489 | **2,646** | 2,161 |
| Deferred (recovery) | **(101)** | 13 | **(232)** | (14) |
| Total income taxes | **919** | 502 | **2,414** | 2,147 |
| Net income (loss) | **455** | 16 | **(2,568)** | 278 |
| Other comprehensive (income) loss: | | | | |
| Item that may be subsequently reclassified to operations: | | | | |
| Exchange difference on translating foreign operations | **47** | (87) | **21** | (269) |
| **NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)** | **$ 408** | $ 103 | **$ (2,589)** | $ 547 |
| Basic earnings (loss) per share | **$ 0.00** | $ 0.00 | **$ (0.02)** | $ 0.00 |
| Diluted earnings (loss) per share | **0.00** | 0.00 | **(0.02)** | 0.00 |
| Weighted average number of shares | **159,972,572** | 157,268,681 | **159,642,606** | 157,002,927 |
| Diluted weighted average number of shares | **165,419,442** | 165,611,675 | **159,642,606** | 165,345,921 |

| | Common shares | Common shares | Contributed surplus | Cumulative translation adjustment | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance, January 1, 2025** | **156,690,024** | **$ 66,097** | **$ 5,054** | **$ (61)** | **$ (47,115)** | **$ 23,975** |
| Share based compensation | - | - | 313 | - | - | 313 |
| Restricted share units exercised | 1,310,397 | 303 | (303) | - | - | - |
| Net income (loss) and comprehensive income (loss) | - | - | - | 269 | 278 | 547 |
| **Balance, September 30, 2025** | **158,000,421** | **$ 66,400** | **$ 5,064** | **$ 208** | **$ (46,837)** | **$ 24,835** |
| | | | | | | |
| **Balance, January 1, 2026** | **158,159,032** | **$ 66,437** | **$ 5,126** | **$ 268** | **$ (48,157)** | **$ 23,674** |
| Share based compensation | - | - | 536 | - | - | 536 |
| Options and restricted share units exercised | 2,212,689 | 493 | (483) | - | - | 10 |
| Net income (loss) and comprehensive income (loss) | - | - | - | (21) | (2,568) | (2,589) |
| **Balance, September 30, 2026** | **160,371,721** | **$ 66,930** | **$ 5,179** | **$ 247** | **$ (50,725)** | **$ 21,631** |

| For the nine months ended September 30, | | 2026 | | 2025 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Net income (loss) | **$** | **(2,568)** | **$** | 278 |
| Adjustments for: | | | | |
| Amortization of: | | | | |
| Intangible assets | | **460** | | 448 |
| Property and equipment | | **334** | | 253 |
| Office equipment | | **135** | | 144 |
| Share based compensation | | **536** | | 313 |
| Finance expense | | **125** | | 111 |
| Finance income | | **(133)** | | (249) |
| Other (income) loss | | **(38)** | | 43 |
| Foreign exchange (gain) loss | | **(5)** | | (649) |
| Income taxes | | **2,414** | | 2,147 |
| Cash provided by (used in) operating activities before non-cash working capital | | **1,260** | | 2,839 |
| Interest paid | | **(125)** | | (109) |
| Interest received | | **133** | | 249 |
| Income taxes paid | | **(1,284)** | | (343) |
| Net change in non-cash working capital *(note 16)* | | **(3,762)** | | (513) |
| **Net cash provided by (used in) operating activities** | | **(3,778)** | | 2,123 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Notes receivable | | **-** | | 1,607 |
| Purchase of property and equipment | | **(85)** | | (142) |
| Disposal of property and equipment | | **71** | | - |
| Development costs *(note 8)* | | **(680)** | | - |
| Payment of contingent earn-out *(note 12)* | | **(710)** | | (685) |
| **Net cash provided by (used in) investing activities** | | **(1,404)** | | 780 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from exercise of options | | **10** | | - |
| Lease principal payments | | **(323)** | | (269) |
| **Net cash provided by (used in) financing activities** | | **(313)** | | (269) |
| Net change in cash and cash equivalents | | **(5,495)** | | 2,634 |
| Cash and cash equivalents, beginning of period | | **17,699** | | 16,168 |
| Effect of translation on foreign cash | | **34** | | 473 |
| **CASH AND CASH EQUIVALENTS, END OF PERIOD** | **$** | **12,238** | **$** | 19,275 |

## 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. The systems it supplies transform biogas generated from organic waste into high-value, low-carbon renewable natural gas for gas networks, transportation and industry, from a wide range of sources including landfills, sugar mills, dairy farms, wastewater and food waste. 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.

Effective January 1, 2026, the Company adopted Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7. The amendments clarify the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for some financial liabilities settled through electronic cash transfer systems, provide additional guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, and introduce new disclosure requirements for financial instruments with contractual terms that can change cash flows (such instruments with features linked to environment, social and governance targets) and for equity instruments designed at fair value through other comprehensive income (FVOCI). The adoption of these newly IFRS 7 and 9 amendments have no material impact on the financial statements.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company (the "**Board**") on November 5, 2026.

(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.

The condensed consolidated interim financial statements of Greenlane include the following significant subsidiaries listed below. The ultimate holding entity of the entities listed is Greenlane.

## 2. Basis of Presentation (continued)

(c) Basis of consolidation (continued)

| Entity | Jurisdiction | Functional Currency | Ownership Interest 2026 | Ownership Interest 2025 |
|---|---|---|---|---|
| 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 | 0% | 100% |
| Greenlane Biogas 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 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% |

The Company's wholly owned subsidiary, Greenlane Renewables Europe B.V., was liquidated effective December 31, 2025.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity 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, judgements and assumptions 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.

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.

## 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. Accounts Receivable

| As at | | **September 30, 2026** | | December 31, 2025 |
|---|---|---|---|---|
| Trade accounts receivable, net of provision | **$** | **10,214** | $ | 8,946 |
| Other receivables | | **389** | | 563 |
| | **$** | **10,603** | $ | 9,509 |

The aging analysis of trade receivables is as follows:

| As at | | **September 30, 2026** | | December 31, 2025 |
|---|---|---|---|---|
| <31 days | **$** | **8,957** | $ | 6,377 |
| 31 – 60 days | | **172** | | 847 |
| 61 – 90 days | | **324** | | 829 |
| >90 days | | **1,130** | | 1,231 |
| Allowance for doubtful accounts | | **(369)** | | (338) |
| Trade accounts receivable, net of provision | **$** | **10,214** | $ | 8,946 |

## 5. Inventory

| As at | | **September 30, 2026** | | December 31, 2025 |
|---|---|---|---|---|
| Spare parts | **$** | **895** | $ | 823 |
| Raw materials | | **1,727** | | 914 |
| Inventory | **$** | **2,622** | $ | 1,737 |

## 6. Contract Assets and Liabilities

| | Balance, January 1, 2026 | Revenue recognized | Progress billings | Balance, September 30, 2026 |
|---|---|---|---|---|
| Contract assets | $ 2,751 | $ 4,364 | $ (5,803) | $ 1,312 |
| Contract liabilities | $ (4,391) | $ 16,593 | $ (15,105) | $ (2,903) |

| | Balance, January 1, 2025 | Revenue recognized | Progress billings | Balance, December 31, 2025 |
|---|---|---|---|---|
| Contract assets | $ 4,023 | $ 7,340 | $ (8,612) | $ 2,751 |
| Contract liabilities | $ (5,684) | $ 22,811 | $ (21,518) | $ (4,391) |

The Company receives payments from customers based on the stage of completion of a contract. Contract assets represent work performed under the contract that has not yet been invoiced and will be recognized in accounts receivable once invoiced and the Company's right to payment becomes unconditional. Contract liabilities relate to stage payments that are received in advance of performance under the contract for both system supply contracts and royalty contracts.

The revenue recognized during the period and the contract balances for the period ended September 30, 2026, primarily relate to the sale of biogas desulfurization units and 5 upgrader projects (10 upgrader projects for the year ended December 31, 2025).

## 7. Property and Equipment

| | Machinery and equipment | Right-of-use assets | Total |
|---|---|---|---|
| Cost | | | |
| Balance, January 1, 2025 | $ 1,158 | $ 3,234 | $ 4,392 |
| Additions | 626 | 1,012 | 1,638 |
| Disposal | - | (136) | (136) |
| Foreign exchange adjustment | 48 | 117 | 165 |
| Balance, December 31, 2025 | 1,832 | $ 4,227 | $ 6,059 |
| Additions | 85 | - | 85 |
| Disposal | (171) | - | (171) |
| Adjustments | - | (25) | (25) |
| Foreign exchange adjustment | 2 | 2 | 4 |
| **Balance, September 30, 2026** | **$ 1,748** | **$ 4,204** | **$ 5,952** |
| | | | |
| Accumulated amortization | | | |
| Balance, January 1, 2025 | $ 827 | $ 1,327 | $ 2,154 |
| Amortization | 162 | 422 | 584 |
| Foreign exchange adjustment | 34 | 28 | 62 |
| Balance, December 31, 2025 | 1,023 | $ 1,777 | $ 2,800 |
| Amortization | 142 | 327 | 469 |
| Disposal | (165) | - | (165) |
| Foreign exchange adjustment | 1 | 1 | 2 |
| **Balance, September 30, 2026** | **$ 1,001** | **$ 2,105** | **$ 3,106** |
| | | | |
| Carrying value | | | |
| At December 31, 2025 | 809 | $ 2,450 | $ 3,259 |
| **At September 30, 2026** | **$ 747** | **$ 2,099** | **$ 2,846** |

## 8. Intangible Assets

| | Patents, trademarks and design | Process technologies | Backlog | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance, January 1, 2025 | $ 5,566 | $ 3,982 | $ 157 | $ 9,705 |
| Foreign exchange adjustment | - | 298 | - | 298 |
| Balance, December 31, 2025 | 5,566 | $ 4,280 | $ 157 | $ 10,003 |
| Additions | - | 680 | - | 680 |
| Foreign exchange adjustment | - | 4 | - | 4 |
| **Balance, September 30, 2026** | **$ 5,566** | **$ 4,964** | **$ 157** | **$ 10,687** |
| | | | | |
| Accumulated amortization | | | | |
| Balance, January 1, 2025 | $ 5,566 | $ 1,659 | $ 157 | $ 7,382 |
| Amortization | - | 603 | - | 603 |
| Foreign exchange adjustment | - | $ 133 | $ - | $ 133 |
| Balance, December 31, 2025 | 5,566 | $ 2,395 | $ 157 | $ 8,118 |
| Amortization | - | 460 | - | 460 |
| Foreign exchange adjustment | - | 1 | - | 1 |
| **Balance, September 30, 2026** | **$ 5,566** | **$ 2,856** | **$ 157** | **$ 8,579** |
| | | | | |
| Carrying value | | | | |
| As at December 31, 2025 | $ - | $ 1,885 | $ - | $ 1,885 |
| **As at September 30, 2026** | **$ -** | **$ 2,108** | **$ -** | **$ 2,108** |

The additions to process technologies of $0.7 million are related to the ongoing development of the Company's new next generation upgrading technologies Cascade LF and Cascade MS. These costs relate primarily to direct engineering personnel and third-party development services. Management determined that the IAS 38 capitalization criteria were met for two of the three main modules from May 2026, when technical feasibility, the intention and ability to complete the project, probable future economic benefits, adequate resources and reliable measurement of attributable costs could be demonstrated. As the asset remains under development and is not yet available for commercial use, no amortization expense has been recognized. Amortization will be recognized on a straight-line basis over its estimated useful life upon commercialization.

## 9. Accounts Payable and Accrued Liabilities

| As at | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| Trade accounts payable | **$ 4,452** | $ 5,900 |
| Accrued liabilities | **4,364** | 4,345 |
| Accrued costs related to system sales | **1,638** | 3,535 |
| Accounts payable and accrued liabilities | **$ 10,454** | $ 13,780 |

## 10. Lease Liabilities

The Company recognizes right-of-use assets (note 7) and lease liabilities in relation to office leases in Canada and 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** | **September 30, 2026** | December 31, 2025 |
|---|---|---|
| Balance, beginning of the year | **$ 2,663** | $ 2,074 |
| Additional leases | **-** | 882 |
| Lease payments | **(438)** | (550) |
| Finance fees | **114** | 165 |
| Foreign exchange adjustment | **3** | 92 |
| Balance, end of the period | **2,342** | 2,663 |
| Current portion | **(459)** | (434) |
| Non-current portion of lease liabilities | **$ 1,883** | $ 2,229 |

## 10. Lease liabilities (continued)

Lease payments owing are as follows:

| **Undiscounted lease payments** | | |
|---|---|---|
| 2026 | $ | 584 |
| 2027 | | 654 |
| 2028 | | 388 |
| 2029 | | 232 |
| 2030 and thereafter | | 897 |
| | $ | 2,755 |
| **Effect of discounting** | $ | (413) |
| **Present value of minimum lease payments** | $ | 2,342 |

## 11. 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 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** | | **September 30, 2026** | | December 31, 2025 |
|---|---|---|---|---|
| Balance, beginning of the year | **$** | **434** | $ | 836 |
| Additions in the year | | **1,502** | | 243 |
| Charges against provision | | **(95)** | | (75) |
| Provision expired | | **(75)** | | (570) |
| Balance, end of the period | | **1,766** | | 434 |
| Current portion | | **(1,555)** | | (409) |
| Non-current portion of warranty liabilities | **$** | **211** | $ | 25 |

## 12. 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 is based on post-acquisition financial performance of Airdep. Out of the maximum of €2.5 million, $1.3 million was earned. An amendment to the agreement was signed in 2024 whereby the earn-out payment is payable in two equal cash payments, the initial payment was made in February 2025 and the final payment was made in February 2026.

## 13. Credit Facilities

In September 2026, the Company renewed its standby letter of credit facility (the "Facility") for $20.0 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 September 30, 2026, the Company had issued $8.0 million in standby letters of credit under the Facility.

The Company also had at September 30, 2026, $0.9 million in bank guarantees and a performance bond outstanding, which had been partially secured by a $0.4 cash deposit, classified as restricted cash. The balance of restricted cash was released in April 2026.

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.

## 14. 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**"), restricted share units ("**RSUs**") and performance restricted share units ("**PRSUs**")

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 September 30, 2026, Options, RSUs and PRSUs issued under the Legacy Option Plan, the Legacy RSU Plan and the Omnibus Incentive Plan represented 9% (December 31, 2025 – 7%) 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. There are no outstanding RSUs under the Legacy RSU Plan. No further Options or RSUs will be granted under the Legacy Option 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, 2025 | 7,588,591 | $ 0.16 |
| Granted | 540,000 | 0.14 |
| Exercised | (50,000) | 0.10 |
| Forfeited | (995,995) | 0.12 |
| Expired | (181,168) | 1.00 |
| Balance, December 31, 2025 | 6,901,428 | $ 0.14 |
| Granted | 5,152,500 | 0.23 |
| Exercised | (106,666) | 0.10 |
| Forfeited | (250,001) | 0.16 |
| Expired | (25,000) | 1.31 |
| **Balance, September 30, 2026** | **11,672,261** | **$ 0.18** |

As at September 30, 2026, 2,772,494 (December 31, 2025 – 2,735,140) Options were exercisable.

| | Share options outstanding September 30, 2026 | | | Share options exercisable September 30, 2026 | |
|---|---|---|---|---|---|
| **Exercise Price** | **Number of share option** | **Remaining contractual life** | **Weighted average exercise price** | **Number of share options** | **Weighted average exercise price** |
| **$0.10 - $0.20** | **6,639,511** | **3.17 years** | **$ 0.11** | **2,492,244** | **$ 0.10** |
| **$0.21 - $0.50** | **4,792,500** | **4.29 years** | **$ 0.23** | **40,000** | **$ 0.37** |
| **$0.51 - $1.00** | **52,000** | **1.00 years** | **$ 0.57** | **52,000** | **$ 0.57** |
| **$1.01 - $1.50** | **178,250** | **0.33 years** | **$ 1.13** | **178,250** | **$ 1.13** |
| **$1.51 - $1.94** | **10,000** | **0.12 years** | **$ 1.66** | **10,000** | **$ 1.66** |
| | **11,672,261** | **3.58 years** | **$ 0.18** | **2,772,494** | **$ 0.19** |

## 14. Share Based Compensation (continued)

(b) Options (continued)

The value of the Options issued in 2026 totalled $0.7 million and was estimated using the Black-Scholes option pricing model with the following assumptions:

| Grant date | Jan 23, 2026 | Feb 2, 2026 | Feb 9, 2026 | May 14, 2026 | Aug 13, 2026 |
|---|---|---|---|---|---|
| Options granted | 4,402,500 | 50,000 | 200,000 | 50,000 | 450,000 |
| Exercise price | $0.23 | $0.22 | $0.21 | $0.26 | $0.20 |
| Fair value per Option | $0.14 | $0.13 | $0.13 | $0.16 | $0.12 |
| Risk-free rate | 2.60% | 2.58% | 2.56% | 3.06% | 3.04% |
| Expected volatility | 87.36% | 86.90% | 86.73% | 87.29% | 87.23% |
| Expected life in years | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| Expected dividend yield | - | - | - | - | - |

(c) Restricted Share Units

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, 2025 | 3,209,603 |
| Granted | 2,312,500 |
| Exercised | (1,522,658) |
| Forfeited | (409,516) |
| Expired | (50,000) |
| Balance, December 31, 2025 | 3,539,929 |
| Granted | 1,155,000 |
| Exercised | (2,137,989) |
| **Balance September 30, 2026** | **2,556,940** |

In January 2026, the Company granted 1,155,000 RSUs, with a fair value of $0.27 million, to the directors half vesting at six months with the remainder vesting at one year. 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.

As at September 30, 2026, 1,428,611 (December 31, 2025 – 998,332) RSUs were exercisable. During the first nine months of the year, 31,966 international RSUs related to European and Brazilian employees, were settled in cash.

(d) Performance Restricted Share Units

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

| | Number of PRSUs |
|---|---|
| Balance, January 1, 2025 | 175,000 |
| Forfeited | - |
| Balance, December 31, 2025 | 175,000 |
| Forfeited | - |
| **Balance, September 30, 2026** | **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 2026.

## 15. Revenue

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| System sales: | | | | |
| South America | **$ 1,012** | $ 2,119 | **$ 2,074** | $ 3,066 |
| North America | **118** | 2,199 | **1,668** | 6,728 |
| Europe | **6,175** | 3,979 | **17,215** | 9,427 |
| | **7,305** | 8,297 | **20,957** | 19,221 |
| Parts and service: | | | | |
| South America | **394** | 182 | **1,378** | 302 |
| North America | **2,673** | 1,855 | **6,003** | 6,880 |
| Europe | **1,958** | 1,216 | **4,802** | 3,911 |
| Other | **4** | - | **53** | - |
| | **5,029** | 3,253 | **12,236** | 11,093 |
| Royalty contracts: | | | | |
| South America | **-** | - | **-** | 3,320 |
| Total revenue: | | | | |
| South America | **1,406** | 2,301 | **3,452** | 6,688 |
| North America | **2,791** | 4,054 | **7,671** | 13,608 |
| Europe | **8,133** | 5,195 | **22,017** | 13,338 |
| Other | **4** | - | **53** | - |
| | **$ 12,334** | $ 11,550 | **$ 33,193** | $ 33,634 |

## 16. Non-Cash Working Capital

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

| For the nine months ended September 30, | **2026** | 2025 |
|---|---|---|
| Restricted cash | **$ 412** | $ 1,694 |
| Accounts receivable | **(1,124)** | (874) |
| Inventory | **(884)** | (461) |
| Prepaid expenses and other assets | **410** | 295 |
| Contract assets | **1,439** | (10) |
| Accounts payable and accrued liabilities | **(3,859)** | 841 |
| Current warranty liabilities | **1,332** | (607) |
| Contract liabilities | **(1,488)** | (1,391) |
| Non-cash working capital | **$ (3,762)** | **$** (513) |

## 17. Related Party Transactions

Key management includes Directors, the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), the Chief Operating Officer ("**COO**") and in 2026 the Chief Technology Officer ("**CTO**") who have the authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration paid and payable to these key management personnel is outlined below:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 |
| Non-executive directors' fees | **$ 88** | $ 72 | **$ 266** | $ 215 |
| Salaries and short-term benefits | **333** | 401 | **1,215** | 1,151 |
| Equity-based compensation | **84** | 65 | **313** | 250 |
| Related party transactions | **$ 505** | $ 538 | **$ 1,794** | $ 1,616 |

## 18. 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**"), Euros, Brazilian Real ("**BRL**") and Great Britain Pound ("**GBP**"). 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 Euros, USD, BRL, and GBP 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 September 30, 2026, 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 September 30, 2026* | Carrying amount | Contractual cash flow | Less than 12 months | 1 - 2 years | 2 – 3 years | Thereafter |
|---|---|---|---|---|---|---|
| **Accounts payable and accrued liabilities** | **$ 10,454** | **$ 10,454** | **$ 10,454** | **$ -** | **$ -** | **$ -** |
| **Lease liability** | **2,342** | **2,755** | **584** | **654** | **620** | **897** |
| **Warranty liability** | **1,766** | **1,766** | **1,555** | **211** | **-** | **-** |
| | **$ 14,562** | **$ 14,975** | **$ 12,593** | **$ 865** | **$ 620** | **$ 897** |

## 19. 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, for which there is a more than remote change of a material outflow that would require individual disclosure, and which would materially affect the financial position or financial performance of the Company.