

GREENLANE RENEWABLES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED – September 30, 2021

1. Introduction

This management's discussion and analysis ("MD&A") of Greenlane Renewables Inc. ("Greenlane" or the "Company") has been prepared by management as of November 9, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and with the audited consolidated financial statements for the year ended December 31, 2020 and the related notes thereto. All figures are expressed in Canadian dollars (the presentation and functional currency of the Company's financial statements) and all tabular amounts are in \$000s, except where otherwise indicated. The Company reports its unaudited consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

This MD&A refers to certain measures that are not standardized under IFRS, such as adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), operating profit, gross margin (before amortization), sales pipeline and sales order backlog. These are non-IFRS measures used by Management to better manage the Company and to assist the Company's shareholders to evaluate the Company's performance, but do not have standardized meaning. To facilitate a better understanding of these measures presented by the Company, qualifications, definitions and reconciliations have been provided in the section "Alternative Performance Measures".

Certain statements contained in this MD&A are forward-looking information within the meaning of applicable Canadian securities laws relating to the Company. Please refer to the cautionary note regarding the risks associated with "Forward-looking Statements" and "Risks and Uncertainties" at the back of this MD&A and under the heading "Risk Factors" in the Company's Annual Information Form and its short form base shelf prospectus dated June 24, 2021 ("Shelf Prospectus"), which along with additional information and disclosure relating to the Company, can be found on the Company's website at www.greenlanerenewables.com and on the SEDAR website at www.sedar.com. Information contained in or otherwise accessible through the Company's website does not form part of the MD&A.

Greenlane common shares trade under the symbol "GRN" on the Toronto Stock Exchange ("TSX"). On February 17, 2021 the Company graduated from the TSX Venture Exchange ("TSXV") to the TSX.

The head office of the Company is located at 110-3605 Gilmore Way, Burnaby, B.C. V5G 4X5 and the registered and records office of the Company is located at 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

2. Core Business

Greenlane is focused on cleaning up two of the largest and most difficult-to-decarbonize sectors of the global energy system: the natural gas grid and the transportation sector. Greenlane is a leading global provider of biogas upgrading systems that create clean, low-carbon and carbon negative renewable natural gas ("RNG"), suitable for injection into the natural gas grid and for direct use as vehicle fuel. The business, acquired by the Company in June 2019, provides upgrading systems, marketed and sold under the Greenlane Biogas™ brand, which are designed to remove impurities and separate carbon dioxide from biomethane in the raw biogas created from organic waste at landfills, wastewater treatment plants, farms and food waste facilities. To the Company's knowledge, Greenlane is the only biogas upgrading company offering the three main technologies: water wash, pressure swing adsorption ("PSA"), and membrane separation. Greenlane's business is built on over 30 years of industry experience, patented and proprietary

technology, and over 125 systems sold into 19 countries including the largest RNG production facilities in North America and Europe.

3. Updates for the three months ended September 30, 2021 and subsequent events

Results:

In the third quarter of 2021, the Company reported revenues of \$13.4 million, a net income of \$0.1 million and Adjusted EBITDA at \$0.1 million. Revenue for the three months ended September 30, 2021 was in line with the stage of completion on active and announced projects and increased 107% over revenue of \$6.5 million reported in the third quarter of 2020.

New Contract Wins of \$18.9 million since June 30, 2021:

- i)** In August 2021, the Company announced that it signed three new contracts, together worth \$12.8 million (US\$10.2 million).
 - **United States (Membrane):** the supply of a new membrane separation biogas upgrading system for a project owned by an international energy company, a repeat order within eight months of the last one.
 - **United States (PSA):** the supply of two PSA biogas upgrading systems, one each for separate RNG dairy farm projects in the States of Wisconsin and New York developed and owned by a proven leader in the waste-to-energy industry in the United States.
- ii)** In September 2021, the Company signed with Green Impact Partners, through its EPC contractor, a biogas upgrading system supply agreement for \$6.1 million (US\$4.8 million) for an RNG project in the State of Colorado. Green Impact Partners' GreenGas Colorado Project consists of two dairy farms, broke ground in July 2021, and has an expected completion date in the second half of 2022. The project will utilize two of the Company's PSA upgrading systems, one for each of the two dairy farms in the project.

Order fulfilment commenced immediately on all four contracts, which are expected to conclude within 9 to 18 months.

Updated Timing of Previously Announced Contract in 2020:

In February 2020, the Company announced a US\$5.3 million (\$7.0 million at Canadian dollar value on announcement) biogas upgrading contract with Renewable Natural Gas Company of Ligonier, Pennsylvania ("RNGC"). Under the contract the Company was to supply three biogas upgrading systems, each of which uses the Company's water wash technology and was to be fulfilled in part from equipment held in inventory. During the third quarter ended September 30, 2021, the contract with RNGC was amended to reduce the scope of supply from three systems to one, because two of the systems were sold in the quarter to another customer for US\$3.0 million (\$3.8 million). Due to the scope of the new contract, the value of the combined contracts is now US\$4.8 million (\$6.0 million) and the backlog has been reduced accordingly by \$1.0 million.

The supply under the new contract commenced immediately upon signing and is expected to be recognized in revenue within six to nine months. The contract with RNGC remains subject to receipt of a notice to proceed from RNGC and RNGC's financing approval, which are still expected in late 2021 or early 2022.

COVID-19:

The ongoing COVID-19 pandemic and associated government-imposed lockdowns have not had a material negative impact on Greenlane's ability to fulfil its contracts to date. The Company has continued to operate at full staffing levels through the pandemic while adding additional employees as required to meet the Company's growing business needs. While the impact of COVID-19 is still expected to be temporary, the Company's business may be impacted. More recently the Company has seen the effect of the global shipping delays and although the Company is working with customers and suppliers to manage some delays experienced there is a risk that it may not be able to complete on certain of its current biogas upgrading contracts within the anticipated timeframes. The further result is that the Company's recording of revenues and gross profit from these contracts may be deferred to later fiscal reporting periods. In addition, inflationary price increases as a result of reopening from COVID-19 lockdowns have been experienced globally, and although the Company mitigates the risk through fixed price agreements with suppliers, there is a risk that profit margins may narrow if the Company's mitigation strategies are not effective.

4. Overview of the biogas upgrading business

Greenlane designs, develops, sells and services a range of biogas upgrading systems that produce clean, low-carbon and carbon-negative RNG from biogas generated by organic waste sources including, but not limited to, landfills, wastewater treatment plants, dairy farms, and food waste. Biogas is produced naturally from these sources when organic matter is broken down through anaerobic digestion and is a mixture of approximately 60% methane, 40% carbon dioxide plus traces of other contaminant gases. The RNG produced is suitable for either injection into the natural gas grid or for direct use as vehicle fuel.

Each Greenlane biogas upgrading system is customer specific and typically has a standard core upgrading product with optional additional equipment as necessary for the particular application. Greenlane's biogas upgrading system supply contract values typically range from \$2 million to \$8 million for single systems, depending on size and scope of supply, with larger capacities achieved by installing multiple systems in parallel driving multiples in contract value accordingly. Some projects are design, install and commission, while others are design and commission only and in addition, the Company may secure an ongoing maintenance contract. The mix of models, scope and geography of each project impacts the overall project revenue.

Due to the long history of Greenlane branded products and Greenlane's prominent market position, geographic reach of its sales force and multi-technology offerings, the Company has visibility into proposed biogas upgrading projects around the world. Greenlane maintains a pipeline of prospective projects that it updates regularly based on quote activity to ensure that it is reflective of active sales opportunities that can convert into orders within approximately a rolling 24-month time horizon ("Sales Pipeline", i.e. known sales opportunities). At September 30 2021, the Sales Pipeline was valued at over \$850 million. Not all of these potential projects will proceed or proceed within the expected timeframe and not all of the projects that do proceed will be awarded to Greenlane. Additions to the amount in the Sales Pipeline come from situations where the Company provides a quote on a prospective project and reductions in the Sales Pipeline arise when a prospective opportunity is lost to a competitor, does not proceed or is converted to Greenlane's active order book (sales order backlog).

The Company supplies biogas upgrading systems and maintenance services to a wide range of customers in the waste water, waste collection, agricultural, food waste, beverage, and pulp and paper industries. The Company manages the entire project life cycle from design and procurement through to on-site installation, commissioning and aftercare. The Company uses a capital light business model with fully outsourced manufacturing and components purchased through an extensive global supply chain.

Greenlane has several major competitors operating in the same geographical markets, many of which own, or have access to, similar biogas upgrading technology. As such, Greenlane strives to differentiate itself by showcasing its track record of supplying biogas upgrading systems worldwide, which is longer and more extensive than any of its key competitors, while also, to the Company's knowledge, being the only company to offer multiple biogas upgrading technologies (water wash, PSA and membrane separation), which allows it to offer its customers an unbiased selection of the optimal technology or combination of technologies to provide the best outcome for the unique requirements of each customer's project. Greenlane's multi-technology approach is particularly compelling as more and more serial project developers enter the market whose portfolio of projects will have different requirements and demand different technology solutions. Greenlane has positioned itself as the go-to partner to grow with these serial developers no matter the project size, feedstock or global location.

The market for Greenlane's products is expected to grow as an increasing number of corporations and individuals act on their sustainability targets and governments around the world enact and strengthen environmental policies designed to combat climate change by promoting clean, low carbon solutions and carbon-negative solutions to effectively divert increasing amounts of organic waste away from landfills and into a circular economy as the world's population continues to expand.

5. Development Opportunities

In addition to its core business of selling biogas upgrading systems, the Company intends to add new recurring revenues and profits by adding exposure to lucrative RNG off-take contracts and by deploying development capital.

Deployment of Development Capital

To address a scarcity of project development capital in the market, the Company intends to deploy specialized development capital where it can assist in accelerating projects to the ready for construction phase, thereby securing additional system sales and services and earning an equity and/or profits interests in the resulting RNG project.

The Company's objective is to own a small portion of a large number of RNG projects by partnering with project developers and owners to add value, reduce risks and build scale. We are currently in discussions with a number of counterparties on the use of development capital.

Upgrading as a Service

In July 2020, the Company signed a joint venture agreement with SWEN Impact Fund for Transition ("SWEN") to enable Greenlane to offer potential customers the opportunity to replace the initial capital outlay for the biogas upgrading equipment, with a monthly fee. This concept has not had the uptake in the market that was expected. The relationship between Greenlane and SWEN remains strong and the parties are reformulating the approach.

6. Summary of Quarterly Results

The following table summarizes information regarding the Company's operations on a quarterly basis for the last eight quarters.

The Company's results are not impacted by seasonality, however the operating results are significantly affected by the timing of and delivery of new upgrader contracts. Timing of biogas upgrader contract awards tends to be variable due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG off-take and feedstock agreements.

Revenue and corresponding costs from upgrader projects are recognized using the stage of completion method. Under the stage of completion method, contract revenues and expenses are recognized by reference to the stage of completion of contract activity where the outcome of the construction contract can be measured reliably, otherwise revenue is recognized only to the extent of recoverable contract costs incurred. A typical upgrader project has five to eight milestones and a duration of nine to eighteen months, and therefore quarterly operating results can fluctuate significantly as a result of the timing of contract related work.

	Three months ended			
	September 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$
Revenue	13,439	12,583	12,205	8,825
Gross Margin (excluding amortization) ^{1,2}	3,373	3,224	3,284	2,363
Net Income (Loss)	52	(1,077)	(230)	(1,181)
Earnings (Loss) per share attributable to owners of the Company (basic and diluted)	0.00	(0.01)	(0.00)	(0.02)
Adjusted EBITDA ²	83	120	604	160

	Three months ended			
	September 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$	December 31, 2019 \$
Revenue	6,504	4,241	2,930	3,256
Gross Margin (excluding amortization) ^{1,2}	1,685	1,089	1,288	1,567
Net Income (Loss)	743	(940)	(1,093)	(1,027)
Earnings (Loss) per share attributable to owners of the Company (basic and diluted)	0.01	(0.01)	(0.01)	(0.02)
Adjusted EBITDA ²	(360)	(671)	(830)	(473)

1. Revenue less cost of goods sold (excluding amortization)
2. Adjusted EBITDA and gross margin (excluding amortization) are non-IFRS measures, refer to section Alternative Performance Measures for further information

7. Review of Results for the three months ended September 30, 2021

	Three months Ended September 30,	
	2021	2020
	\$	\$
Revenue	13,439	6,504
Cost of goods sold (excluding amortization)	(10,066)	(4,819)
Gross Margin (excluding amortization)	3,373	1,685
Gross Margin % ⁽¹⁾	25%	26%
Amortization	(313)	(310)
Gross Profit	3,060	1,375
Operating expenses	(3,668)	(2,109)
Operating loss	(608)	(734)
Other income	660	1,477
Net Income (loss)	52	743
Earnings (loss) per share attributable to owners of the Company (basic and diluted)	0.00	0.01
Adjusted EBITDA	83	(360)
	September 30,	December
	2021	31, 2020
Total Assets	73,663	43,172
Total Current Liabilities	16,098	16,737
Total Long-term Liabilities	431	567
Total Equity	57,134	25,868

(1) Here and elsewhere gross margin % excludes amortization

The Company's operating loss for the three months ended September 30, 2021 was \$0.6 million (\$0.7 million operating loss for the three months ended September 30, 2020).

The Company recorded a net income of \$0.1 million for the three months ended September 30, 2021 (\$0.7 million net income for the three months ended September 30, 2020) reflecting operations for the quarter as well as other income of \$0.7 million, predominantly coming from the unrealized foreign exchange gain in the quarter (other income of \$1.5 million in the three months ended September 30, 2020, mainly due to the gain on extinguishment of the promissory note).

The Company's Adjusted EBITDA income was \$0.1 million for the three months ended September 30, 2021 (EBITDA loss of \$0.4 million for the three months ended September 30, 2020).

Revenue

During the three months ended September 30, 2021, the Company recognized revenue of \$13.4 million (\$6.5 million for the three months ended September 30, 2020).

	Three months ended	
	September 30, 2021	September 30, 2020
	\$	\$
System sales	12,666	5,812
Aftercare services	773	692
Total revenue	13,439	6,504

System sales revenue in the quarter primarily reflects revenue from fifteen customer contracts (primarily seven contracts in the third quarter ended September 30, 2020), recognized in accordance with the stage of completion of projects. In the third quarter of 2021, the Company secured new upgrader contracts with an aggregate value of \$18.9 million and has begun recognizing revenue from these contracts in the quarter. As at September 30, 2021, the Company's sales order backlog was \$47.1 million, reflecting revenue on sales contracts that will be recognized as completion of the projects progress. Contracts included in the order backlog are typically recognized over nine to eighteen months from when the contract is signed.

Many of Greenlane's upgrading system customers commit to 'aftercare services', a maintenance contract for terms ranging from one to 20 years for a fixed annual fee. These contracts provide technical support and remote monitoring to maintain system availability.

Cost of goods sold (excluding amortization) and gross profit

The Company utilizes a capital-light, fully outsourced manufacturing model whereby it outsources fabrication of elements of its systems and purchases components globally from trusted supply chain partners who meet the Company's cost, quality and delivery requirements.

During the three months ended September 30, 2021 cost of goods sold (excluding amortization) was \$10.1 million (\$4.8 million for the three months ended September 30, 2020), and gross margin was 25% (26% for the three months ended September 30, 2020). Gross margin in Q3 was negatively impacted by several projects in the later stage of delivery with higher than planned labour costs in the period, due in part to the Company's rapid scale up to deliver a larger number of more complex projects. This reduction in gross margin was offset in part with higher than average gross margin contribution from other projects, most significantly from sales of certain units being fulfilled in part from equipment held in inventory. The combined gross margin was in line with the Company's expectation of gross margins between 25-30% on an annual basis.

Amortization of intellectual property was \$0.3 million for the three months ended September 30, 2021 and September 30, 2020. The intellectual property is amortized on a straight-line basis over the life of the patents of 7 years and 10 months.

Gross profit was \$3.1 million for the three months ended September 30, 2021 (\$1.4 million for the three months ended September 30, 2020).

Operating expenses

Operating expenses which include salaries, depreciation, research and development, share-based payments and general and administrative costs, was \$3.7 million for the three months ended September 30, 2021 (\$2.1 million for the three months ended September 30, 2020).

Salaries accounted for \$1.8 million of total administrative expenses for the three months ended September 30, 2021, up from \$1.1 million in the comparative quarter primarily due to hiring additional employees and contractors related to the growth of the business. At September 30, 2021, the Company had seventy-five employees and contractors (September 30, 2020: forty-nine): fifty-nine employees based in Canada, seven based in the UK, three in Europe and six in the US. The Company may add further resources as needs require. In addition, share-based compensation of \$0.3 million was recognized during the three months ended September 30, 2021 (September 30, 2020: \$0.2 million for the three month period) relating to employee stock option awards (granted from 2019 to 2021) and restricted share units (granted in 2020 and 2021).

The Company incurred general and administration expenses of \$1.3 million for the three months ended September 30, 2021, up from the comparative quarter (September 30, 2020: \$0.7 million for three months period) primarily due to expenses related to process improvement activities and strategic growth initiatives.

Finally, research and development costs were \$0.3 million for the three months ended September 30, 2021 (September 30, 2020: \$0.03 million for the three month period) primarily reflecting internal labour costs associated with ongoing initiatives to enhance product offerings.

Other income (expenses)

During the three months ended September 30, 2021 the Company recognized other income of \$0.7 million (\$1.5 million other income for three months ended on September 30, 2020) representing:

	Three months ended September 30,	
	2021	2020
	\$	\$
Finance expense	(9)	(101)
Gain on extinguishment of promissory note	-	1,777
Foreign exchange gain (loss)	669	(199)
Total other income (expenses)	<u>660</u>	<u>1,477</u>

Finance expense

The Company reported \$0.01 million in finance expense in the three months ended September 30, 2021 (\$0.1 million for three months ended September 30, 2020). The reduction in interest expense quarter on quarter is due to the repayment to Pressure Technologies plc (“Pressure Technologies”) of the promissory note, in full totaling \$6.0 million including principal and interest, in February 2021.

Foreign exchange gain (loss)

Foreign exchange gain of \$0.7 million for the three months ended September 30, 2021 (\$0.2 million loss for three months ended September 30, 2020), primarily due to the movements in the Canadian dollar against the US dollars on the Company’s US dollar bank account.

Gain on extinguishment of promissory note

The Company recorded a gain of \$1.8 million in the three month period ended September 30, 2020 related to the reduction in the promissory note with Pressure Technologies as a result of a framework agreement (“Framework Agreement”) dated July 2, 2020 between the Company, Pressure Technologies, Creation Partners LLP and Brad Douville (President and Chief Executive Officer of Greenlane). In accordance with IFRS 9 – Financial Instruments, the Company accounted for the transaction as an extinguishment of the original promissory note and a new promissory note was recorded to reflect the terms per the Framework Agreement, with a revised principal amount of \$5.2 million.

8. Review of Results for the nine months ended September 30, 2021

	Nine months Ended	
	September 30,	
	2021	2020
	\$	\$
Revenue	38,227	13,675
Cost of goods sold (excluding amortization)	(28,346)	(9,613)
Gross Margin (excluding amortization)	9,881	4,062
Gross Margin %	26%	30%
Amortization	(936)	(929)
Gross Profit	8,945	3,133
Operating expenses	(10,167)	(5,863)
Operating loss	(1,222)	(2,730)
Other income (expenses)	(33)	1,440
Net Loss	(1,255)	(1,290)
Loss per share attributable to owners of the Company (basic and diluted)	(0.01)	(0.01)
Adjusted EBITDA	807	(1,861)

The Company’s operating loss for the nine months ended September 30, 2021 was \$1.2 million compared to an operating loss of \$2.7 million for the nine months ended September 30, 2020.

The Company recorded a net loss of \$1.3 million for the nine months ended September 30, 2021 (\$1.3 million loss for the nine months ended September 30, 2020) reflecting operations for the period as well as other expenses of \$0.03 million (other income (expenses) in the comparative period of 2020 includes the \$1.8 million gain on extinguishment of the promissory note, in accordance with the Framework Agreement).

Following three quarters of positive adjusted EBITDA, the Company’s Adjusted EBITDA income for the nine month period ended September 30, 2021 was \$0.8 million compared to an Adjusted EBITDA loss of \$1.9 million for the comparative nine month period ended September 30, 2020.

Revenue

During the nine months ended September 30, 2021, the Company recognized revenue of \$38.2 million against \$13.7 million for the comparative period of 2020.

	Nine months ended September 30,	
	2021	2020
	\$	\$
System sales	36,081	11,608
Aftercare services	2,146	2,067
Total revenue	38,227	13,675

System sales revenue in the period primarily reflects revenue from fifteen customer contracts (from contracts secured in both 2020 and 2021), recognized in accordance with the stage of completion of projects. In the nine months ended September 30, 2021, the Company secured new system sales contracts with an aggregate value of \$38.5 million and has begun recognizing revenue from these contracts.

Cost of goods sold (excluding amortization) and gross profit

Cost of goods sold (excluding amortization) for the nine months ended September 30, 2021 was \$28.3 million (\$9.6 million for the nine months ended September 30, 2020). Gross margin was 26% for the nine months ended September 30, 2021 (30% for the nine months ended September 30, 2020), in line with the Company's expectation of gross margins between 25-30% on an annual basis.

Amortization of intellectual property was \$0.9 million for the nine months ended September 30, 2021 and September 30, 2020. The intellectual property is amortized on a straight-line basis over the life of the patents of 7 years and 10 months.

Gross profit was \$8.9 million for the nine months ended September 30, 2021 (\$3.1 million for the nine months ended September 30, 2020).

Operating expenses

Operating expenses which include salaries, depreciation, research and development, share-based payments and general and administrative costs, was \$10.2 million for the nine months ended September 30, 2021 (\$5.9 million for the nine months ended September 30, 2020).

Salaries accounted for \$5.5 million of total administrative expenses for the nine months ended September 30, 2021, up from the comparative period mainly due to new hires recruited to support the expanding business (September 30, 2020: \$3.2 million for the nine month period). In addition, share-based compensation of \$0.8 million was recorded for the nine months ended September 30, 2021 (September 30, 2020: \$0.2 million for nine month period) relating to employee stock option awards (granted from 2019 to 2021) and restricted share units (granted in 2020 and 2021).

The Company incurred general and administration expenses of \$3.2 million for the nine months ended September 30, 2021, up from \$2.1 million in the comparative period primarily due to increased legal costs related in part to a new Omnibus Incentive Plan (approved by shareholders on June 23, 2021) and Shelf Prospectus, and expenses related to process improvement activities and strategic initiatives.

During the nine month period ended September 30, 2021 the Company incurred \$0.5 million in research and development costs (\$0.1 million in the nine month period ended September 30, 2020), primarily reflecting internal labour costs associated with ongoing initiatives to enhance product offerings.

Other income (expenses)

During the nine months ended September 30, 2021 the Company recognized other expenses of \$0.03 million (\$1.4 million other income for nine months ended on September 30, 2020) representing:

	Nine months ended	
	September 30,	
	2021	2020
	\$	\$
Finance expense	(78)	(395)
Other income	209	1,777
Foreign exchange gain (loss)	(164)	58
Total other income (expenses)	<u>(33)</u>	<u>1,440</u>

Finance expense

The Company reported \$0.1 million in finance expense in the nine months ended September 30, 2021 (\$0.4 million for nine months ended September 30, 2020), predominantly reflecting the interest on the promissory note with Pressure Technologies. The reduction in interest expense period on period is due to the repayment of the promissory note, in full, totaling \$6.0 million including principal and interest, in February 2021.

Other income

In February 2021, all amounts due to Pressure Technologies were repaid in full. In addition to repayment of the promissory note, this included settlement of the intercompany invoices issued prior to the acquisition of the biogas business in June 2019. Settlement of all amounts due to Pressure Technologies resulted in a gain of \$0.2 million in the period.

In the comparative nine month period ended September 30, 2020 the Company recorded a gain of \$1.8 million relating to the reduction in the promissory note with Pressure Technologies as a result of the Framework Agreement.

Foreign exchange gain (loss)

Foreign exchange loss of \$0.2 million for the nine months ended September 30, 2021 (\$0.1 million gain for the nine months ended September 30, 2020) primarily due to the movements in the Canadian dollar against the US dollar on the Company's US dollar bank account.

9. Liquidity and Capital Resources

At September 30, 2021, the Company had cash and cash equivalents of \$35.6 million (December 31, 2020: \$16.4 million). The increase in cash primarily reflects \$24.5 million net proceeds from the January 2021 bought deal offering ("2021 Bought Deal Offering", see section 11 below for further details), \$7.5 million proceeds from options and warrants exercised in the period, offset in part by the \$6.0 million repayment of the promissory note and net cash outflows from operating activities of \$6.5 million (cash outflows from operating activities of \$4.6 million for the nine month period ended September 30, 2020).

Cash and cash equivalents consist of cash and call deposits that are redeemable prior to maturity on demand and without economic penalty to the Company. The Company's exposure to credit risk on its cash and call deposits is limited by maintaining all cash and call deposits with major banks with high credit ratings.

At September 30, 2021 the Company had \$1.6 million recorded as restricted cash, reflecting amounts held in a cashable term deposit with TD Canada Trust (“TD”) as collateral for a letter of credit to one customer. Funds are expected to be released in early 2022 following delivery of equipment to site. See note 14 “Off Balance-sheet Arrangements” below for further details.

Working capital is defined as current assets minus current liabilities. Readers are cautioned that differences in businesses and the timing of transactions, amongst other things, may not make working capital balances directly comparable between companies. At September 30, 2021, the Company had a consolidated working capital, including cash, of \$39.7 million (December 31, 2020: \$7.4 million). Fluctuations in cash and cash equivalents (outside of an equity raise), accounts receivable and accounts payable are primarily driven by the phasing of upgrader projects. The Company aims to ensure that projects are generally in a cash flow positive position (i.e. billings to customers are collected in advance of payments to suppliers). The Company has no significant commitments for capital expenditures.

Management believes that its working capital and liquidity strategies are sufficient to fund non-discretionary expenditures over the near term.

Debt

At September 30, 2021, the Company had no debt, other than payables resulting from normal course operations and off balance-sheet arrangements discussed below. The promissory note issued to Pressure Technologies that was due to mature on June 30, 2021 was repaid in full in February 2021, including principal and interest and all amounts owing to Pressure Technologies have been eliminated. The capital for the promissory note repayment came from funds received from the exercise of warrants in 2020.

10. Contractual obligations

The Company has contractual obligations as at September 30, 2021 of \$16.5 million:

	Due within one year	Due between two and five years	Total
Accounts payable and accrued liabilities	14,881	-	14,881
Lease liability	238	281	519
Warranty liability	102	150	252
Contract liabilities	877	-	877
Total	16,098	431	16,529

11. Use of Proceeds

2021 Bought Deal Offering

On January 27, 2021, the Company completed the 2021 Bought Deal Offering through the issuance of 12,190,000 common shares, including 1,590,000 shares issued pursuant to the underwriters’ full exercise of their over-allotment option, at a price of \$2.17 per share for gross proceeds of \$26.5 million (\$24.5 million net). The Company’s Prospectus (non-pricing) Supplement, dated January 21, 2021, contained certain disclosure in respect of the Company’s intended use of the proceeds from the equity financings as of such date. As disclosed in that document, the Company expects to use the proceeds for development of

and investments in new RNG projects, for strategic growth initiatives, and for general corporate purposes (including the Company’s ongoing business initiatives) and working capital. There have been no changes to the Company’s planned use of proceeds at this time.

A summary of the actual use of proceeds from January 27, 2021 to September 30, 2021 against the disclosed anticipated uses is set forth in the table below.

Use of Proceeds	Total Planned Spend	Total Spend to September 30, 2021
	\$	\$
Development of and investment in new RNG projects	8,000	476
Strategic growth initiatives (including pursuing attractive acquisition opportunities as the industry consolidates, adding system capabilities for hydrogen production as markets develop and strategic alliances to expand the Company’s upgrading technology solutions)	8,000	322
General corporate purposes and working capital	8,500	4,994
Total	\$24,500*	5,792

*actual net proceeds received were \$24,455,958

The Company is working on the deployment of development capital, see Section 5 “Development Opportunities” above for further details. Work on strategic growth initiatives is ongoing.

There are no variances from the planned spend noted in the table above.

February 2020 Public Offering

On February 19, 2020, the Company closed an underwritten public offering through the issuance of 23,000,000 units (each unit was comprised of one common share and one-half of one common share warrant), including 3,000,000 units issued pursuant to the underwriters’ full exercise of their over-allotment option, at a price of \$0.50 per unit for gross proceeds of \$11.5 million (\$10.3 million net). The Company’s Prospectus (non-pricing) Supplement (“2020 Prospectus”), dated February 12, 2020, contained certain disclosure in respect of the Company’s intended use of the proceeds from the equity financings as of such date. As disclosed in that document, the Company planned to use the net proceeds on a payment to Pressure Technologies against the outstanding promissory note, investments in the Company’s “develop, build, own and operate” business model and for general corporate purposes and working capital.

A summary of the actual use of proceeds from February 19, 2020 to September 30, 2021 against the disclosed anticipated uses is set forth in the table below.

Use of Proceeds	Total Planned Spend	Total Spend to September 30, 2021
Use of Proceeds	\$	\$
Investments by the Company in its develop, build, own and operate business model	3,500	62
Payment to Pressure Technologies against promissory note	3,500	3,614
General corporate purposes and working capital	3,400	3,400
Total	10,400¹	7,076

1. Actual net proceeds received were \$10,342,875

The variance of \$0.1 million in the payment against the promissory note is a result of the requirement to repay accrued interest (\$0.2 million) on the principal repaid, offset in part by a foreign exchange gain (\$0.1 million) in principal repayment. This had not been included in the planned spend because the requirement to repay accrued interest was unconfirmed at that time, as disclosed in the 2020 Prospectus.

The deployment of funds for the Company’s “develop, build, own and operate” business model was to be used toward the joint venture with SWEN, however with uptake in the market slower than expected for the upgrading-as-a-service offer, the Company expects to redirect these funds to the deployment of development capital (see Section 5 “Development Opportunities” above). Any material variance in the use of proceeds will be subsequently disclosed.

12. Industry Outlook

The biogas upgrading market is anticipated to grow, driven by increasing demand for RNG caused primarily by a universal desire to combat climate change by reducing greenhouse gas emissions supported by government regulations and incentives for use of RNG as a transportation fuel and to replace fossil natural gas in the pipeline distribution network. As a global leader in the biogas upgrading business, Greenlane expects to benefit from this trend.

The Company plans to scale up operations as it wins new upgrader projects, search out consolidation opportunities in the highly-fragmented biogas upgrading industry and expand Greenlane’s business beyond equipment sales to also include recurring revenue and profits from RNG projects through deployment of development capital (refer to section 5 above for further details). Following the completion of the 2021 Bought Deal Offering and earlier February 2020 Public Offering, the Company has raised funds to support these growth initiatives, see section 11 above for details of the intended use of proceeds from the two capital raises.

13. Related Party Transactions

Key management includes Directors, the Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), who have the authority and responsibility for the planning, directing and controlling the activities

of the Company. The compensation recognized for these key management personnel for the three and nine months ended September 30, 2021 and 2020 is outlined below:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Non-executive Director fees (excluding share-based compensation)	128	-	279	-
Salary	258	134	770	404
Share-based compensation	122	83	386	92
	508	217	1,435	496

In February 2021, the Company settled all amounts due to Pressure Technologies, which arose through the acquisition of the biogas business, including the outstanding promissory note and accrued interest (\$6.0 million) and intercompany invoices (\$0.4 million).

14. Off Balance-sheet Arrangements

In April 2020, the Company issued a performance bond for US\$0.5 million through Atlantic Specialty Insurance Company (“ASIC”), partially guaranteed by Export Development Canada (“EDC”), to a customer.

During the quarter, the Company issued a standby letter of credit for €0.8 million through TD, relating to an advance payment guarantee with one customer. The guarantee is secured by a \$1.6 million term deposit with TD. Delivery of equipment is expected in early 2022 at which point the guarantee will be cancelled and funds returned to Greenlane.

Upon demand of either the performance bond or standby letter of credit, the Company would be required to compensate ASIC, EDC or TD for any losses and expenses, as applicable.

15. Critical Accounting Policies and Management Estimates

Preparing financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The Company’s significant accounting policies and key sources of estimation uncertainty are those that affect its financial statements and are summarized in Note 3, 4 and 5 of the consolidated financial statements for the year ended December 31, 2020. There have been no changes since December 31, 2020. Critical accounting policies and estimates in the period included revenue recognition for biogas upgrader projects, the assessment of impairment of long-lived assets and goodwill, the measurement of financial instruments and the recognition of provisions and contingent liabilities.

16. Financial Instruments and Related Risks

There has been no change in financial instruments and related risk during the period.

17. Future Accounting Standards

There are a number of accounting standard amendments issued by the IASB 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.

18. Disclosure Controls and Internal Controls Over Financial Reporting

In accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DCP") and internal controls over financial reporting ("ICFR"). The Company's CEO and CFO have designed or caused to be designed under their supervision, the DCP that provide reasonable assurance that (i) material information relating to the Company is made known to the Company's CEO and CFO by others, and (ii) information required to be disclosed by the Company in its filings under securities legislation is recorded, processed, summarized and reported within the time periods specified under applicable securities legislation. The CEO and the CFO have also designed or caused to be designed under their supervision the ICFR to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the period from July 1, 2021, to September 30, 2021, there was no change to the ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

19. Outstanding Share Information

As of November 9, 2021 the Company had the following common shares, stock options, warrants and restricted share units outstanding:

Common shares	150,138,991
Stock options (vested and unvested)	5,118,638
Warrants	694,830
Restricted share units	1,245,792

At September 30, 2021, 150,138,991 common shares were outstanding.

Alternative performance measures

Non-IFRS Measures

Management evaluates the Company's performance using a variety of measures, including "operating profit (loss)", "gross margin (excluding amortization)", "Adjusted EBITDA", "Sales Pipeline" and "sales order backlog". The non-IFRS measures should not be considered as an alternative to or more meaningful than revenue or net loss. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company. Management uses these and other non-IFRS financial measures to exclude the impact of certain expenses and income that must be recognized under IFRS when analyzing consolidated underlying operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. During the current period, the Company incurred certain non-recurring professional fees that are considered unrelated to the Company's underlying operating performance and have therefore been excluded from Adjusted EBITDA. The Company has excluded these fees, primarily related to the filing of a Shelf Prospectus which is expected to generate future capital for the Company and does not impact the Company's current operating performance. See reconciliation below.

Reconciliation of net loss to Adjusted EBITDA Income (Loss)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net income (loss)	52	743	(1,255)	(1,290)
Add back:				
Share based compensation	295	152	754	210
Depreciation and amortization	396	383	1,174	1,142
Finance expense	9	101	78	395
Other income	-	(1,777)	(209)	(1,777)
Foreign exchange (gain) loss	(669)	199	164	(58)
Professional fees related to the Shelf Prospectus and other matters	-	-	101	-
Other adjustments – bonus accrual	-	(161)	-	(483)
Adjusted EBITDA Income (Loss)	83	(360)	807	(1,861)

Refer to sections 6, 7 and 8 above for reconciliations of operating loss and gross margin (excluding amortization).

Sales Order Backlog

Sales Order backlog refers to the balance of unrecognized revenue from contracted projects. The sales order backlog increases by the value of new system sales contracts and is drawn down over time as projects progress towards completion with amounts recognized in revenue (by reference to the stage of completion of each contract).

Sales Pipeline

Additions to the amount in the sales pipeline come from situations where the Company provides a quote and reductions to the amount in the sales pipeline arise when the Company loses a quote or bid, the project owner decides not to proceed with the project or, where a quote in the pipeline is converted to the order book (sales order backlog).

Risks and Uncertainties

Greenlane's business is exposed to risks and uncertainties that affect its outlook, results of operations and financial position. The risks and uncertainties described below are not the only ones that Greenlane faces. Additional risks and uncertainties, including those that management is not currently aware of or that management currently deems immaterial, may also adversely affect Greenlane's business. Please refer to the heading "Risk Factors" in the Company's Annual Information Form, which can be found on the Company's website at www.greenlanerenewables.com and the Shelf Prospectus which can be found on the SEDAR website at www.sedar.com.

Macroeconomic and geopolitical risks and uncertainties that impact Greenlane's business include: the uncertain and unpredictable condition of the global economy; significant markets for RNG may develop more slowly than expected; changes in government policies and regulations could hurt the market for Greenlane's products; competition from other developers and manufacturers of biogas upgrading products could reduce Greenlane's market share or reduce its gross margins; technological advances or the adoption of new codes and standards could impair Greenlane's ability to deliver its products and fluctuations in foreign exchange rates could impact Greenlane's revenues and costs.

On March 11, 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a global pandemic. The Company continues to operate its business at this time. As the COVID-19 pandemic continues to evolve, the Company's business may be impacted, including through supply chain and delivery delays, with a result that it may not be able to complete on its current biogas upgrading contracts within the anticipated timeframe. In some cases, such delays may result in liquidated damages, may adversely affect the Company's recording of revenues, and receipt of milestone payments from these contracts may be deferred to later fiscal reporting periods. In addition, there is a risk of inflationary price increases which may result in narrowing profit margins.

The Company also faces many operating risks and uncertainties, including but not limited to: Greenlane may not be able to implement its business strategy; Greenlane's biogas upgrading systems may fail performance expectations; unexpected disruptions may affect project developments and operations; there is no assurance that Greenlane's joint venture with SWEN will be successful in deploying capital toward RNG projects; there is no assurance that Greenlane's strategic growth initiatives or opportunities will lead to increased revenues or profitability; Greenlane may face competition for the attraction of skilled personnel and may be unable to hire sufficient staff to keep pace with operational demands; competition in the biogas industry may increase and Greenlane may have greater competition for future business; Greenlane currently depends on a relatively limited number of customers for a majority of its revenues; Greenlane's insurance may not be sufficient to cover losses; Greenlane could be liable for environmental damages resulting from its activities; Greenlane's strategy for the sale of biogas upgrading products depends on developing partnerships with component manufacturers related to its water wash, PSA and membrane biogas upgrading systems and market channel partners who incorporate Greenlane's products into their projects; Greenlane is reliant on third party suppliers for key materials and components for its products; Greenlane may not be able to manage the expected expansion of its operations; Greenlane's plan to expand into deployment of development capital may not materialize or may not result in the benefits expected; Greenlane sells its products in many different countries which have different rules and regulations; Greenlane will need to recruit, train and retain key management and other qualified personnel to successfully operate and expand its business and it may not be able to do so a rate to keep pace with the fast expanding market; Greenlane might acquire technologies or companies in the future and these acquisitions could disrupt its business; any failures of Greenlane's products could negatively impact its customer relationships and increase its costs; Greenlane's intellectual property could be compromised which could adversely affect its business; potential customers could reduce their spending on biogas upgrading projects;

Greenlane may not be able to maintain the necessary liquidity level or secure the financing necessary to fulfill its business plan; and financing may not be available on favorable terms.

The Company's estimates of Sales Order Backlogs are subject to normal commercial risks which include, without limitation, the ability of the Company's customers to secure required financing or permitting approvals and the ability of the Company's suppliers in its supply chain to deliver on time and on specification. Delays in completion of projects representing the Company's Sales Order Backlog may result in revenues from these contracts being deferred to future financial periods. In addition, the contracts that we enter into may provide the customer with the ability to terminate with prescribed threshold payments based on length of time or progress made since the contract was entered into. Determinations by customers to exercise these termination rights could result in the Company earning less revenues than indicated by the amount of the Sales Order Backlog.

The Company's estimates of qualified prospective projects that management believes could convert into orders within approximately 24 months, which is referred to as the Company's Sales Pipeline, are estimates only and should be evaluated by investors in this context. These estimates represent management's expectations as to the amount or the number of contracts to be signed and are estimates only as to the possible prospective market. There can be no assurance that management's expectations are an accurate assessment of the potential market or that these potential projects will proceed or will proceed within the expected timeframe. In addition, it is anticipated that the Company will be successful in securing only a portion of the available projects that are judged to be within the Company's potential Sales Pipeline. Specifically, it is anticipated that not all of these sales opportunities will be available to the Company, that the Company may determine not to pursue these opportunities or, if pursued, that these opportunities may not result in biogas upgrading contracts being awarded to the Company.

Forward-Looking Statements

This MD&A contains forward-looking statements, including statements regarding the future success of the Greenlane business, technology and market opportunities. Forward-looking statements typically contain words such as "believes", "expects", "anticipates", "plans", "continues", "could", "indicates", "will", "intends", "may", "projects", "schedules", "would" or similar expressions suggesting future outcomes or events, although not all forward-looking statements contain these identifying words. Examples of such statements include, but are not limited to, statements concerning: expected progress for the fulfilment of contracts for biogas upgrading systems and the timing of revenue recognition; the potential impact of COVID-19 on the Company's business including through shipping delays and inflation; the expectation that biogas upgrading projects will meet a target margin of 25-30%; that the Company will be able to add new revenues and profits by pursuing develop, build, own and operate opportunities; actions expected to be undertaken to achieve the Company's strategic goals; the key market drivers impacting the Company's success; intentions and expectations with respect to future biogas upgrading projects and development work; expectations regarding business activities and orders that may be received in future years; trends in, and the development of, the Company's target markets including regulatory policies and legislation; the Company's market opportunities; the benefits of the Company's products; expectations regarding competitors; the expected impact of the described risks and uncertainties; the management of the Company's liquidity risks in light of the prevailing economic conditions; and the ability of the Company to obtain financing in order to grow its business; visibility as to new projects, proposed or proceeding, and their estimated value.

These statements are neither promises nor guarantees but involve known and unknown risks and uncertainties that may cause the Company's actual results, level of activity or performance to be materially

different from any future results, levels of activity or performance expressed in or implied by these forward-looking statements. These risks include, generally, risks related to revenue growth, operating results, industry and products, technology, competition, regulatory policies, the availability of skilled personnel; the ability of the Company to convert opportunities into committed contracts; the economy and other factors. Although the forward-looking statements contained herein are based upon what management believes to be current and reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. Examples of such assumptions include but are not limited to: trends in certain market segments and the economic climate generally; the impact of COVID-19 on the global supply chain including shipping, material supplies and inflation; the pace and outcome of technological development and the expected actions of competitors and customers. The forward-looking statements contained herein are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement and the Risks and Uncertainties in this MD&A and other referenced public disclosure. Except to the extent required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements contained herein.