GREENLANE RENEWABLES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2023

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INTRODUCTION

This management's discussion and analysis ("**MD&A**") of Greenlane Renewables Inc. ("**Greenlane**" or the "**Company**") has been prepared by management as of May 11, 2023 and should be read in conjunction with the consolidated condensed financial statements for the three months ended March 31, 2023 and 2022, the audited consolidated financial statements for the years ended December 31, 2022 and 2021 and the related notes thereto, and the annual information form ("**AIF**") for the year ended December 31, 2022. All figures are expressed in Canadian dollars and all tabular amounts are in $000s, except where otherwise indicated. The three-month periods ended March 31, 2023 and 2022 are herein referred to as "**Q1**". The financial statements have been prepared in Canadian dollars, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

This MD&A refers to certain measures that are not standardized under IFRS, such as Gross Margin before amortization, Adjusted EBITDA, and Sales Order Backlog. These are specified financial measures used by Management to 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 refer to the "*Alternative Performance Measures*" section of this MD&A.

Certain statements contained in this MD&A are forward-looking information within the meaning of applicable Canadian securities laws relating to the Company. This information is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that actual results may differ materially. For additional information refer to the "*Risks and Uncertainties*" and "*Forward-looking Information*" sections of this MD&A and the "*Risk Factors*" section of the Company's AIF.

Greenlane's common shares trade under the symbol "GRN" on the Toronto Stock Exchange ("**TSX**"). The head office of the Company is located at 110-3605 Gilmore Way, Burnaby, BC, V5G 4X5 and the registered and records office of the Company is located at 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

Additional information relating to the Company, including the AIF, are available under Greenlane's profile on SEDAR at www.sedar.com and on the Company's website at www.greenlanerenewables.com. Capitalized terms used herein and not otherwise defined have their meaning ascribed to them in the Company's AIF. Information contained in or otherwise accessible through the Company's website does not form part of this MD&A.

SELECTED FINANCIAL HIGHLIGHTS

Financial Results

Effective February 1, 2022, the Company acquired the Italian company Airdep S.r.l. ("**Airdep**"), the financial results include the results of Airdep from that date forward.

	Three months ended March 31,		
(in $000s, except as noted)	**2023**	2022	% Change
Revenue	**$ 15,479**	$ 16,273	-5%
Gross Margin before amortization[1,2]	**$ 3,776**	$ 4,021	-6%
Adjusted EBITDA[2]	**$ (1,717)**	$ 30	-5823%
Net loss and other comprehensive loss	**$ (2,118)**	$ (2,160)	-2%
Weighted average common shares outstanding	**152,698,339**	150,299,916	2%

Notes:

1. Gross Margin before amortization is calculated as revenue less cost of goods sold, excluding amortization
2. Gross Margin before amortization and Adjusted EBITDA are non-IFRS measures, refer to "*Alternative Performance Measures*" for further information

Financial Position

As at *(in $000s, except as noted)*		**March 31, 2023**		December 31, 2022
Cash and cash equivalents	**$**	**16,298**	$	21,381
Working capital (including cash and cash equivalents)	**$**	**25,440**	$	27,243
Total assets	**$**	**78,612**	$	83,387
Total liabilities	**$**	**26,513**	$	29,904
Total shareholders' equity	**$**	**52,099**	$	53,483
Common shares outstanding		**153,013,239**		152,040,781

FIRST QUARTER HIGHLIGHTS

For the three months ended March 31, 2023, Greenlane:

- generated $15.5 million in revenue which was 5% or $0.8 million less than Q1 2022;
- recognized Gross Margin before amortization of $3.8 million or 24% of revenue (Q1 2022 - $4.0 million or 25% of revenue) and realized an Adjusted EBITDA loss of $1.7 million (Q1 2022 - Adjusted EBITDA earnings of $30,000);
- on March 9, 2023, signed a new contract for $7.2 million (US$5.4 million) for food waste-to-renewable natural gas ("**RNG**") project in Ohio, United States for the supply of a biogas upgrading system;
- ended Q1 2023 with a Sales Order Backlog of $25.1 million; and
- subsequent to quarter end, on April 17, 2023, announced a collaborative agreement with ZEG Biogás e Energis SA ("**ZEG Biogás**") to establish industrial scale volume production of Greenlane's Totara+ Water Wash biogas upgrading product in Brazil. Under a new royalty-like business model, ZEG Biogás has been granted exclusive rights to localize the supply chain and manufacture of the product in Brazil under the Greenlane brand and to market and sell the product. Greenlane retains responsibility for the product design, the supply of components not available locally in Brazil, and the local commissioning and servicing of the products. The Totara+ is one of Greenlane's largest and most popular biogas upgrading products. ZEG Biogás' goal is to deliver 75 Totara+ systems over the next 5 years, which would install greater biogas processing capacity than the more than 140 units Greenlane has delivered over the last 30 years. Production capacity in Brazil will be phased in over time, with a minimum volume commitment in the first two years.

OUTLOOK

The biogas upgrading market is anticipated to grow, driven by increasing demand for RNG caused primarily by a widely held desire to combat climate change by reducing greenhouse gas emissions, supported by government mandates and demand from businesses, utilities, organizations and individuals for use of RNG as a commercial vehicle 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 rationalize its products across key sectors of agriculture (mainly dairy today), wastewater treatment, landfills and food waste by focusing on volume opportunities in the markets in which it participates.

NATURE OF OPERATIONS

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 commercial transportation sector. Greenlane is a leading global provider of biogas upgrading systems that create clean, low-carbon and carbon-negative RNG, suitable for injection into the natural gas grid and for direct use as a commercial vehicle fuel. The biogas upgrading systems, marketed and sold by the Company under the Greenlane Biogas brand, remove impurities and separate carbon dioxide from bio methane in the raw biogas created from the anaerobic decomposition of organic waste at landfills, wastewater treatment plants, farms, food waste streams, and other feedstock sources. To the Company's knowledge, Greenlane is the only biogas upgrading company offering and actively deploying the three most popular technologies: water wash, pressure swing adsorption ("**PSA**"), and membrane separation. Greenlane's business is built on over 35 years industry experience, patented and proprietary technology, with over 140 biogas upgrading systems sold into 19 countries, including for many of the largest RNG production facilities in the world, and over 140 biogas desulfurization units sold.

RESULTS OF OPERATIONS

Revenue

	Three months ended March 31,		
(in $000s, except as noted)	**2023**	2022	% Change
Revenue:			
System sales	**$ 13,459**	$ 15,070	-11%
Aftercare services	**2,020**	1,203	68%
Total revenue	**$ 15,479**	16,273	-5%

Revenue for the first quarter of 2023 of $15.5 million was $0.8 million or 5% less than Q1 2022. The decrease was driven by a $1.6 million reduction in system sales that was partially offset by a $0.8 million improvement in aftercare services. System sales contract revenue was primarily derived from 20 contracts (Q1 2022 - 9 contracts) recognized in accordance with the stage of completion on the projects.

At March 31, 2023, contracted revenue that will be recognized as completion on the projects progresses, referred to as Sales Order Backlog was $25.1 million (December 31, 2022 - $27.7 million). Sales Order Backlog has been adjusted for individually immaterial contractual change orders and foreign exchange movements. Revenue from contracts included in Sales Order Backlog is typically recognized over nine to 18 months from when the contract is secured. Sales Order Backlog does not include Airdep's contracts given they are typically smaller in value and are delivered over a significantly short period of time.

Cost of goods sold and gross profit

	Three months ended March 31,		
(in $000s, except as noted)	**2023**	2022	% Change
Revenue:			
System sales	**$ 13,459**	$ 15,070	-11%
Aftercare services	**2,020**	1,203	68%
	15,479	16,273	-5%
Cost of goods sold (before amortization)			
System sales	**10,811**	11,590	-7%
Aftercare services	**892**	662	35%
	11,703	12,252	-4%
Gross Margin before amortization[1,2]			
System sales	**2,648**	3,480	-24%
Aftercare services	**1,128**	541	108%
	3,776	4,021	-6%
Amortization of:			
Intangible assets	**473**	469	1%
Property and equipment	**36**	30	20%
	509	499	2%
Gross profit	**$ 3,267**	$ 3,522	-7%

Notes:
1. Gross Margin before amortization is calculated as revenue less cost of goods sold, excluding amortization
2. Gross Margin before amortization is a non-IFRS measures, refer to "*Alternative Performance Measures*" for further information

The Company predominantly utilizes a capital-light, largely outsourced manufacturing model whereby it outsources the fabrication of its systems, and purchases components globally from trusted supply chain partners who meet the Company's cost, quality and delivery requirements. The only exception to this is in relation to Airdep, where the assembly and a small amount of fabrication is performed in-house.

Cost of goods sold for Q1 2023 was $11.7 million (Q1 2022 - $12.3 million) being a 4% decrease from the comparative period in the prior year. Gross Margin before amortization was 24.4% of revenue for the three months ended March 31, 2023 (Q1 2022 – 24.7%) which was a 30-basis point decline. System sales Gross Margin before amortization was 19.7% of revenue (Q1 2022 – 23.1%) as compared to 21.4% for fiscal 2022. The 170 basis point decline over fiscal 2022 was largely driven by costs associated with estimated liquidated damages for late delivery on two projects impacted by unforeseen supply chain challenges created by the Ukraine Russia conflict. Aftercare services Gross Margin before amortization was 55.8% of revenue (Q1 2022 – 45%) as compared to 49.0% for fiscal 2022. The 680 basis point improvement over fiscal 2022 was attributed to product mix of services provided. Amortization of intangible assets and property and equipment was $0.5 million for the three months ended March 31, 2023 which was consistent with the same period in the prior year. Gross profit was $3.3 million for Q1 2023 (Q1 2022 - $3.5 million) which is a 7% decline period-over-period.

Operating Expenses

	Three months ended March 31,		
(in $000s, except as noted)	**2023**	2022	% Change
Amortization of office equipment	**$ 111**	$ 118	-6%
General and administration	**4,907**	3,358	46%
Research and development	**223**	290	-23%
Sales and marketing	**363**	343	6%
Share based compensation	**355**	550	-35%
Strategic initiatives	**-**	321	-100%
Total operating expenses	**$ 5,959**	$ 4,980	20%

Of the total general and administrative expenses in Q1 2023, $3.3 million relates to salaries and benefits (Q1 2022- $2.0 million). The Company is investing in systems, processes and infrastructure to position the business to scale. An increase in the number of employees and average compensation of the employee base driven by a regionally tight labour market, were the primary contributors to the overall increase in general and administrative costs for Q1 2023 as compared to the prior year period. At March 31, 2023, the Company had 147 employees and contractors (2022 – 110 employees and contractors).

The Company incurred general and administration expenses (excluding salaries and benefits) of $1.6 million in Q1 2023 (Q1 2022 - $1.4 million). The Q1 2023 increase is due to an increase in contractors utilized and an increase in insurance costs.

Research and development costs were $0.2 million in Q1 2023 (Q1 2022 - $0.3 million) reflecting internal labour costs and external consultancy fees associated with ongoing initiatives to enhance the Company's product offerings.

Sales and marketing costs, which include salaries and benefits for sales personnel, as well as marketing and promotion costs for Company's branding and costs associated with attending sales conferences were $0.4 million in Q1 2023 (Q1 2022 - $0.3 million).

Share-based compensation is a non-cash expense associated with the issuance of stock options ("**Options**") and restricted share units ("**RSUs**") to the Company's employees and directors. As at March 31, 2023, the Company had 7.1 million Options and 3.7 million RSUs outstanding (March 31, 2022 – 7.5 million and 2.1 million, respectively).

Overall, operating expenses were $6.0 million for Q1 2023 (Q1 2022 - $5.0 million).

Other Items

	Three months ended March 31,		
(in $000s, except as noted)	**2023**	2022	% Change
Finance expense	**$ 18**	$ 25	-28%
Finance income	**(208)**	(24)	-767%
Other loss	**21**	-	100%
Foreign exchange (gain) loss	**(286)**	692	-141%
	$ (455)	$ 693	-166%

During the three months ended March 31, 2023, the Company recognized $0.5 million (Q1 2021 - $0.7 million loss) in income from other items. This primarily related to the foreign exchange gain which is largely due to the majority of Greenlane's contracts being denominated in United States dollars and Euros and these respective currency's strengthening against the Canadian dollar.

Income Taxes

		Three months ended March 31,			
(in $000s, except as noted)		**2023**		2022	% Change
Current	**$**	**136**	$	-	100%
Deferred recovery		**(54)**		-	-100%
Total income taxes	**$**	**82**	$	-	100%

Included in Q1 2023, was a current tax provision of $0.1 million (Q1 2022 - $nil) offset by a deferred tax recovery of $54,000 (Q1 2022 - $nil). The current tax provision was driven by taxable income generated in certain jurisdictions. The effective income tax rate is significantly lower than the Company's statutory rate of 27% largely due to tax loss carryforwards that have not been recognized for financial statement purposes and stock-based compensation expense that is not deductible for tax purposes.

Net loss and comprehensive loss

		Three months ended March 31,			
(in $000s, except as noted)		**2023**		2022	% Change
Net loss	**$**	**(2,319)**	$	(2,151)	-8%
Other comprehensive (income) loss		**(201)**		9	-2333%
Net loss and comprehensive loss	**$**	**(2,118)**	$	(2,160)	2%
Basic and diluted loss per share	**$**	**(0.01)**	$	(0.01)	NA

In Q1 2023, the Company incurred a net loss of $2.3 million compared to a net loss of $2.2 million in Q1 2022. Meanwhile in Q1 2023, the Company incurred a net loss and comprehensive loss of $2.1 million compared to a net loss of $2.2 million in Q1 2022.

SUMMARY OF QUARTERLY OPERATIONS

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 and delivery of new system sales contracts. Timing of system sales 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 executing system sales contracts 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 contract can be measured reliably, otherwise revenue is recognized only to the extent of recoverable contract costs incurred. A typical system sales contract has five to eight payment milestones and a duration of nine to 18 months, and therefore quarterly operating results can fluctuate significantly as a result of the timing of contract related work.

Airdep was acquired effective February 1, 2022, the results include the Acquisition effective that date forward.

(in $000s, except as noted)		Mar 31, 2023		Dec 31, 2022		Sep 30, 2022		Jun 30, 2022
Revenue	$	15,479	$	16,972	$	19,905	$	18,091
Gross Margin before amortization[1,2]	$	3,776	$	3,277	$	4,942	$	4,572
Operating loss	$	(2,692)	$	(3,028)	$	(730)	$	(2,653)
Other items	$	(455)	$	(1,055)	$	(1,537)	$	(481)
Net (loss) income	$	(2,319)	$	(1,837)	$	655	$	(2,172)
Basic and diluted loss per share	$	(0.01)	$	(0.01)	$	0.00	$	(0.01)
Adjusted EBITDA[2]	$	(1,717)	$	(1,984)	$	415	$	(429)

(in $000s, except as noted)		Mar 31, 2022		Dec 31, 2021		Sep 30, 2021		Jun 30, 2021
Revenue	$	16,273	$	17,124	$	13,439	$	12,583
Gross Margin before amortization[1,2]	$	4,021	$	4,255	$	3,373	$	3,224
Operating (loss) income	$	(1,458)	$	(1,402)	$	(608)	$	653
Other items	$	693	$	(131)	$	(660)	$	424
Net (loss) income	$	(2,151)	$	(1,195)	$	52	$	(1,077)
Basic and diluted loss per share	$	(0.01)	$	(0.01)	$	0.00	$	(0.01)
Adjusted EBITDA[2]	$	30	$	274	$	83	$	120

Notes:
1. Gross Margin before amortization is calculated as revenue less cost of goods sold, excluding amortization
2. Gross Margin before amortization and Adjusted EBITDA are non-IFRS measures, refer to "*Alternative Performance Measures*" for further information

LIQUIDITY

Three months ended March 31, *(in $000s)*		**2023**		2022
Net cash used in:				
Operating activities	**$**	**(4,759)**	$	(1,306)
Investing activities		**(248)**		(6,955)
Financing activities		**(62)**		(85)
Net decrease in cash	**$**	**(5,069)**	$	(8,346)

Operating Activities

For the first three months of 2023, the Company used $4.8 million in cash from operating activities (2022 - $1.3 million). Cash used in operating activities before non-cash working capital items was $1.9 million (2022 - $0.3 million) driven by the operating loss incurred during 2023. Timing of project milestone payments on upgrader projects resulted in a non-cash working capital outflow of $3.0 million (2022 - $1.0 million).

At March 31, 2023, the Company had cash and cash equivalents of $16.3 million (December 31, 2022 - $21.4 million) and working capital (including cash and cash equivalents) of $25.4 million (December 31, 2022 - $27.2 million). Management believes that current cash on hand and working capital levels are sufficient to support current operating activities.

Investing Activities

Net cash used in investing activities was $0.2 million in the first three months of 2023. Cash used included:

- $0.1 million for the Acquisition of Airdep related to working capital adjustments;
- $0.2 million invested in the Company's Deployment of Development Capital ("**DoDC**") Program; and
- $40,000 for the purchase of property and equipment.

Financing Activities

Net cash used in financing activities was $0.1 million, related to the repayment of lease liabilities.

Contractual Obligations

The table below summarizes the future undiscounted contractual cash flow requirements as at March 31, 2023 for the Company's financial liabilities:

(in $000s)	Carrying amount	Contractual cash flow	Less than 12 months	1 - 2 years	2 – 3 years	Thereafter
Accounts payable and accrued liabilities	$ 19,972	$ 19,972	$ 19,972	$ -	$ -	$ -
Lease liability	1,188	1,631	297	297	265	772
Warranty liability	1,844	1,844	1,389	455	-	-
Deferred consideration - contingent earn-out	1,630	1,745	-	1,745	-	-
Total contractual cash flow	$ 24,634	$ 25,192	$ 21,658	$ 2,497	$ 265	$ 772

The Company intends to fund these contractual obligations predominately through collection of outstanding receivables, realization of contract assets and cash on hand.

In 2022, the Company committed to making two investments for an aggregate value of $2.1 million (US$1.5 million) under its DoDC Program to companies focused on developing RNG projects. As of March 31, 2023, the Company has advanced $1.7 million (US$1.0 million) leaving $0.4 million (US$0.3 million) in go-forward funding commitments.

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

CAPITAL RESOURCES

At March 31, 2023, Greenlane had cash and cash equivalents of $16.3 million (December 31, 2022 - $21.4 million) and working capital (including cash and cash equivalents) of $25.4 million (December 31, 2022 - $27.2 million).

Lease Liabilities

The Company has lease liabilities in relation to its head office lease in Burnaby, British Columbia, Canada and operations offices in Sheffield, United Kingdom and Vicenza, Italy, and vehicle leases in the United Kingdom. The following table outlines changes in the Company's lease liabilities:

As at *(in $000s)*	**March 31, 2023**	December 31, 2022
Balance, beginning of the year	**$ 1,235**	$ 459
Additional leases	**19**	28
Acquisitions	**-**	1,051
Lease payments	**(96)**	(387)
Finance fees	**17**	78
Foreign exchange adjustment	**13**	6
Balance, end of the year	**1,188**	1,235
Current portion	**(230)**	(268)
Non-current portion of lease liabilities	**$ 958**	$ 967

Debt

At March 31, 2023, the Company had no debt other than payables resulting from normal course operations and off balance sheet arrangements noted below.

Off Balance Sheet Financing Arrangements

The Company has a $20.0 million standby letter of credit facility (the "**Facility**") that affords 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. At March 31, 2023, the Company had issued $16.0 million in standby letters of credit under the Facility and anticipates issuing up to a maximum of $17.2 million to meet current contractual obligations.

The Company also has $7.2 million in advance payment bonds and performance bonds outstanding. The Company was required to provide a cash deposit of $1.5 million, classified as restricted cash, to partially secure the advance payment bonds.

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

EQUITY

Equity decreased $1.4 million to $52.1 million at March 31, 2023. The decrease was mainly attributable to the net loss and comprehensive loss incurred in the period.

Securities data

The Company had the following common shares, Options and RSUs outstanding:

	May 11, 2023	March 31, 2023
Common shares[1]	153,013,239	153,013,239
Stock options[2]	7,148,972	7,148,972
Restricted share units[3,4]	3,694,137	3,694,137

Notes:

1. As of May 11, 2023, on a fully-diluted basis the Company would have 163,856,348 common shares outstanding (March 31, 2023 – 163,856,348)
2. As of May 11, 2023, 4,326,320 Options are exercisable (March 31, 2023 – 4,326,320)
3. As of May 11, 2023, 1,085,877 RSUs are exercisable (March 31, 2023 – 1,085,877)
4. As of May 11, 2023, 197,665 unvested RSUs are only exercisable for cash once vested (March 31, 2023 – 197,665)

Update on Use of Proceeds from Equity Offerings

As previously disclosed, the Company completed two common share offerings on January 27, 2021 and February 19, 2020 which generated net proceeds of $24.5 million and $10.4 million, respectively. The Prospectus (non-pricing) Supplements, dated January 21, 2021 and February 12, 2020 outlined the original planned spend. The Company has spent all of the net proceeds of the February 19, 2020 offering as previously disclosed, with the exception of $3.4 million planned for investment in the Company's former 'develop, build, own and operate' business model. These funds have been reallocated to the Company's DoDC Program. There have been no changes to the Company's planned use of proceeds from the January 27, 2021 offering.

A summary of the actual use of proceeds against the disclosed anticipated uses of the January 27, 2021 offering and the residual $3.4 million from the February 19, 2020 offering reallocated to the DoDC Program is set forth in the table below:

Use of proceeds *(in $000s)*		Planned spend		Spent to Mar 31, 2023
Development of and investment in new RNG projects - DoDC Program	$	8,000	$	1,740
Reallocation of planned spend from the February 19, 2020 offering - DoDC Program		3,437		-
Strategic growth initiatives		8,000		8,000
General corporate purposes and working capital		8,500		8,500
Total	$	27,937	$	18,084

For the $11.4 million allocated toward the DoDC Program, the Company has deployed $1.7 million and has commitments to deploy an additional $0.4 million for a total deployment of $2.1 million. At present, the Company intends on using the remaining $9.4 million as originally planned.

The Company used all of the $8.5 million planned for strategic growth initiatives to acquire Airdep on February 1, 2022. Greenlane used $0.6 million of funds allocated to general corporate purposes and working capital to fund the additional cash required for the transaction. The Company intends to fund any future earn-out payment from free cash or, at the Company's option, from the issuance of common shares.

FINANCIAL INSTRUMENTS AND RELATED RISKS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition, all financial instruments, including derivatives, are recognized in the statement of financial position at fair value. Subsequent measurement is then based on the financial instruments being classified into one of four categories: held for trading, loans and receivables, available for sale and financial liabilities. The Company has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instrument	Measurement Method
Cash and cash equivalents; and restricted cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Notes receivable; and deferred consideration - contingent earn-out	Fair value through profit and loss

Each reporting period, the Company assesses whether there are any impaired financial assets, other than those classified as held for trading. An impairment loss, other than temporary, is included in net earnings.

Fair Value

Financial assets

Due to the relatively short-term nature of cash and cash equivalents; restricted cash; accounts receivable; and notes receivable, the Company has determined that the carrying amounts approximate fair value.

Financial liabilities

Due to the relatively short-term nature of accounts payable and accrued liabilities the Company has determined that the carrying amounts approximate fair value.

Deferred consideration - contingent earn-out

The liability recognized in connection with the deferred consideration - contingent earn-out has been estimated based on a probability weighted range of the fiscal 2025 payout scenarios from €0.9 million to €2.5 million derived by the estimated future financial performance of Airdep using a discount rate of 0.5%.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, accounts receivable, and notes receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions, and through the performance of credit checks for all new customers. The Company considers its credit risk with respect to accounts receivable and notes receivable to be limited to the value of the provision for allowance for expected credit losses which has been recognized.

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 and balances denominated in currencies other than the Canadian dollar, primarily the United States dollar ("**USD**"), UK pounds sterling ("**GBP**") and Euros. The Company believes that its results of operations, financial position and cash flows could be affected by a sudden change in foreign exchange rates but would not impair or enhance its ability to pay its foreign currency obligations. The Company manages foreign exchange risk by maintaining USD, GBP and Euros cash on hand to fund its anticipated short-term foreign currency expenditures.

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk on its foreign currency denominated cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

A substantial amount of the Company's sales and purchases are transacted in foreign currencies. The exposure to foreign exchange rates varies throughout the year depending on the volume and timing of transactions in foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At March 31, 2023 the Company had no variable rate interest bearing financial liabilities or assets.

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 currently settles its financial obligations out of cash. The Company's ability to do this relies on the Company maintaining sufficient cash in excess of anticipated needs. Greenlane's ongoing liquidity is impacted by various external events and conditions.

RELATED PARTY TRANSACTIONS

Key management includes Directors, the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the Chief Operating Officer ("**COO**"), who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The remuneration paid and payable to these key management personnel during the three months ended March 31, 2023 and 2022 is outlined below:

For the three months ended March 31, *(in $000s)*		**2023**		2022
Non-executive directors' fees	**$**	**171**	$	103
Salaries and short-term benefits		**323**		212
Equity-based compensation		**79**		136
	$	**573**	$	451

PROPOSED TRANSACTIONS

Management is regularly having discussions and is working with various third parties regarding potential corporate transactions. As of the date of this MD&A, the Company has not entered into any corporate transaction agreement or binding letter of intent and there is no assurance that any agreement will be entered into in the future or that any corporate transaction will be considered or completed.

CRITICAL ACCOUNTING POLICIES AND MANAGEMENT ESTIMATES

This MD&A of the Company's financial condition, results of operations and cash flows is based on the financial statements which are prepared in accordance with IFRS. The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts 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 estimate is revised and in any future periods affected. Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain, are summarized in the consolidated financial statements for the year ended December 31, 2022 and there have been no changes since December 31, 2022.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL 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 January 1, 2023 to March 31, 2023, there was no change to the ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR with the exception that the financial reporting of Airdep has now been formally incorporated into the Company's ICFR.

RISKS AND UNCERTAINTIES

Greenlane's business is subject to a number of risks and uncertainties and those described below are not the only risks and uncertainties faced. Additional risks and uncertainties not currently known to Greenlane or that Greenlane currently deems immaterial may also adversely impact Greenlane's business, financial condition, results of operations or cash flow, and such impact may be material. Any of the matters highlighted in these risk factors could have a material adverse effect on Greenlane's business, financial condition, results of operations or cash flow. An investment in, and the operations of Greenlane are subject to a number of risks and uncertainties in the normal course of business. Management invests significant time to understand these risks and uncertainties. These risks range from macro-economic factors to industry-specific risks, many of which are largely beyond the Company's control.

Greenlane has identified significant risks in its most recent AIF under the heading "*Risk Factors*". Greenlane's AIF is available under the Company's profile at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES

The Company's significant accounting policies are those that affect its financial statements and are summarized in Note 3 of the consolidated financial statements for the year ended December 31, 2022. There have been no changes of accounting policies during the current year, and no changes are expected to be adopted in the current year.

There are a number of accounting standard amendments issued by the International Accounting Standards Board 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.

ALTERNATIVE PERFORMANCE MEASURES

Specified financial measures

Management evaluates the Company's performance using a variety of measures, including Gross Margin before amortization and Adjusted EBITDA. The specified financial measures, including non-IFRS measures and supplementary financial 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 specified financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company. Management uses these specified 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.

Gross Margin before amortization

Gross Margin before amortization is a non-IFRS measure and is defined by the Company as gross profit before amortization of intangible assets and property and equipment.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS measure and is defined by the Company as earnings before interest, taxes, foreign exchange, depreciation and amortization, as well as adjustments for other income (expense), value assigned to Options and RSUs granted, strategic initiatives, transaction costs and non-recurring items.

The following tables reconciles net loss and comprehensive loss to Adjusted EBITDA:

	Three months ended March 31,	
(in $000s, except as noted)	**2023**	2022
Net loss and comprehensive loss	**$ (2,118)**	$ (2,160)
Add (deduct):		
Exchange differences on translating foreign operations	**(201)**	9
Provision for income taxes	**82**	-
Foreign exchange (gain) loss	**(286)**	692
Other loss	**21**	-
Finance income	**(208)**	(24)
Finance expense	**18**	25
Strategic initiatives	**-**	321
Share based compensation	**355**	550
Amortization of:		
Office equipment	**111**	118
Property and equipment	**36**	30
Intangible assets	**473**	469
Adjusted EBITDA	**$ (1,717)**	$ 30

Sales Order Backlog

Sales Order Backlog is a supplementary financial measure that refers to the balance of unrecognized revenue from contracted biogas upgrading system supply 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).

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements, including statements regarding the future success of the Greenlane business, technology and market opportunities. All statements that are not historical in nature contain forward-looking information. Forward-looking statements typically contain words such as "believes", "expects", "anticipates", "plans", "continues", "could", "indicates", "intends", "would" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen or that current events or conditions will continue or be repeated, although not all forward-looking statements contain these identifying words. Examples of such statements include, but are not limited to, statements concerning: the biogas upgrading market is anticipated to grow; the Company plans to rationalize its products across key market sectors; the Company is accelerating systematic process enhancements to position the business to scale; the expected progress for the fulfilment of contracts for biogas upgrading systems and the timing of revenue recognition; management's belief that current cash on hand and working capital levels are sufficient to support current operating activities; the Company intentions respecting funding of contractual obligations; the Company's intended use of proceeds from equity offerings; that the Company will realize the intended outcomes of the deployment of development capital program; that ZEG Biogás' goal is to deliver 75 Totara + systems over the next 5 years and that production capacity in Brazil will be phased in over time; the Company's estimates respecting deferred compensation; 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; and the expected impact of the described risks and uncertainties.

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 ability of the Company to realize its objectives of its deployment of development capital program, 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: risks relating to the collaboration with ZEG Biogás not resulting in the volume production of units or other ancillary benefits to Greenlane as anticipated; risks that ZEG Biogás' biomethane production goals are not met over the anticipated time period trends in certain market segments and the economic climate generally; regulatory developments in the industry; the pace and outcome of technological development; and the financial stability and expected actions of competitors, customers and suppliers. 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.