GREENLANE RENEWABLES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED – DECEMBER 31, 2020

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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 March 11, 2021 and should be read in conjunction 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 consolidated financial statements in accordance with International Financial Reporting Standards ("IRFS") as issued by the International Accounting Standards Board ("IASB").

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/(loss), sales pipeline and sales order backlog. These are non-IFRS measures used by Management to better manage the Company and to assist Company shareholders to evaluate Company 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 20 "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 information and Risks and Uncertainties at the back of this MD&A and under the heading "Risk Factors" in the Company's Annual Information Form ("AIF") on file with the Canadian securities regulatory authorities. Additional information and disclosure relating to the Company including the AIF, 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 our website does not form part of the MD&A.

Greenlane Renewables Inc. shares trade under the symbol "GRN" and warrants trade under the symbol "GRN.WT" on the 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. Highlights

- **$38.0 million Raised in Capital Markets:** In February 2020, the Company raised $11.5 million (gross) through an underwritten public offering with the issuance of 23.0 million common shares and 11.5 million warrants. In January 2021, the Company raised a further $26.5 million (gross) from a bought deal offering with the issuance of 12.2 million common shares.

- **Debt Reduction and Repayment:** The promissory note liability was reduced by $5.4 million during the year through a $3.6 million repayment and $1.8 million reduction in principal, pursuant to a restructuring agreement with the lender. In February 2021, the promissory note was repaid in full, including both principal and interest. The Company is debt-free other than payments resulting from normal course operations and off balance-sheet arrangements discussed below.

- **Nearly $50 million New System Sales Contracts Signed:** During 2020 $49.1 million in new systems sales contracts were signed, with an additional $3.6 million already signed in 2021.

- **Advancement of Build, Own and Operate Business Model:** The Company signed a definitive joint venture agreement with SWEN Impact Fund for Transition. The agreement enables Greenlane to provide "Upgrading as-a-Service" to developers and owners of renewable natural gas ("RNG") projects in Europe by offering potential customers the opportunity to replace the initial capital outlay for the biogas upgrading equipment, with a monthly fee.

- **New Performance and Payment Bonds:** The Company issued a new performance bond during the year for US$0.5 million and a new payment bond for US$0.9 million.

- **12 Month Results**: In the year ended 2020, the Company reported revenues of $22.5 million, a net loss of $2.5 million and an Adjusted EBITDA loss of $1.7 million. 2020 Revenue increased 147% over revenue reported in 2019 of $9.1 million, which reflects revenue from operations of the biogas business since acquisition on June 3, 2019. Revenue increased 101% over $11.2 million in 2019, after giving effect to the acquisition of the biogas business as if it had occurred on January 1, 2019.

  Fourth Quarter Results: In the fourth quarter of 2020, the Company reported record revenues of $8.8 million, net loss of $1.2 million and an Adjusted EBITDA profit of $0.2 million. Revenue increased 167% over revenue of $3.3 million reported in the fourth quarter of 2019.

- **Sales Order Backlog and Sales Pipeline Growth**: As at December 31, 2020, the Company reported a record sales order backlog of $45.7 million, an increase of over 180% from the $16.2 million reported as at December 31, 2019. Sales order backlog refers to the balance of unrecognized revenue from contracted projects, where such revenue is recognized over time as completion of projects progresses. The contracted projects originate from the Company's pipeline of prospective sales opportunities that may convert into contracts within approximately a rolling 24 month time horizon. As at December 31, 2020, the Company reported a record sales pipeline value of over $720 million, versus $680 million as at December 31, 2019, which reflects both the increase of more than $89 million in new opportunities and the movement of $49 million in signed contracts into the sales order backlog.

- **COVID-19:** The COVID-19 pandemic and associated government-imposed lockdowns have not had a negative material impact on Greenlane's ability to fulfil its contracts to-date. The Company has operated at full staffing levels through the pandemic while adding additional employees, as required to meet the Company's business needs. While the impact of COVID-19 is expected to be temporary, the Company's business may be impacted further, with a result that it may not be able to complete on its current biogas upgrading contracts within the anticipated timeframe, with the further result that the Company's recording of revenues and gross profit from these contracts may be deferred to later fiscal reporting periods.

See section 4 'Overview for the year ended December 31, 2020 and subsequent events' below for further details.

3. 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, 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 the delivery of over 110 systems into 18 countries including the largest RNG production facilities in North America and Europe.

4. Overview for the year ended December 31, 2020 and subsequent events

FINANCIAL DEVELOPMENTS

i) Completion of $11.5 Million Public Offering

In February 2020, the Company closed an underwritten public offering (the "2020 Offering") through the issuance of 23,000,000 units (the "Units"), 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). Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitled the holder to purchase one additional common share of the Company at an exercise price of $0.70 per share for a one-year period ending February 19, 2021.

The Company paid the underwriters $0.8 million in fees and commission and issued 1,380,000 compensation options, with each compensation option exercisable for one common share at a price of $0.50 per share for a period of one year following closing.

In accordance with the Share Purchase Agreement ("SPA"), related to the acquisition of PT Biogas Holdings Ltd ('PT Biogas'), dated April 1, 2019, if the Company completed an equity financing before the maturity date of the promissory note, it would be required to pay to Pressure Technologies plc ("Pressure Technologies") an amount equal to the lesser of 50% of the net proceeds of the equity financing and such other amount as results in a reduction of the principal amount outstanding under the promissory note to £4.1 million. Consequently, subsequent to the closing of the 2020 Offering, the Company paid Pressure Technologies $3.4 million principal and $0.2 million interest on the promissory note. The Company's expected use of the remaining proceeds were as follows: (i) $3.5 million for investments in the Company's "build, own and operate" business model; and (ii) $3.2 million for general corporate purposes and working capital. See Section 12 'Use of Proceeds' below for further details.

ii) Reduction and Repayment of Outstanding Debt:

Reduction in Outstanding Debt by 26%:

In July 2020, the Company executed a framework agreement (the "Framework Agreement") with Pressure Technologies, Creation Partners LLP (a partnership owned and controlled by certain Directors of the Company, "Creation Partners") and Brad Douville (President and Chief Executive Officer, collectively "the Parties"). In order to facilitate the transaction, Brad Douville and Creation Partners as parties to the Framework Agreement, agreed to release Pressure Technologies from its obligations under certain agreements entered into with the Parties that required Pressure Technologies to place certain common shares and warrants in escrow pending repayment in full of the promissory note. Through the Framework Agreement the promissory note principal was reduced by $1.8 million (to $5.2 million) for no additional payment upon the disposition of Pressure Technologies' equity position in the Company which occurred through a series of block trades. Pressure Technologies disposed of a total of 12,758,685 securities of the Company, comprised of 7,663,920 common shares and 5,094,765 warrants, following their exercise, representing the available balance of common shares and $0.26 share purchase warrants issued to them in connection with the Company's acquisition of PT Biogas from Pressure Technologies in June 2019. Under the Framework Agreement the maturity date of the remaining balance of the promissory note advanced from June 3, 2023 to June 30, 2021. Upon completion of these transactions, Pressure Technologies no longer owned any equity securities of the Company.

Repayment of Outstanding Debt:

In February 2021, the remaining $6.0 million balance of the promissory note, including principal and interest, with Pressure Technologies was repaid in full. With the early repayment of the promissory note all liabilities to Pressure Technologies have been eliminated. The capital for the promissory note repayment came from funds received from the exercise of warrants, see below for further information.

iii) Exercise of Warrants for Gross Proceeds of $8.9 million:

During the year, 19.3 million share purchase warrants were exercised for one common share of the Company per warrant resulting in the receipt of gross proceeds of $8.9 million. The exercises included 10.5 million warrants at an exercise price of $0.26 and 8.8 million warrants at an exercise price of $0.70.

Subsequent to year end, 2.6 million $0.70 warrants and 5.9 million $0.26 warrants were exercised for proceeds of $3.3 million. On February 19, 2021 the $0.70 warrants expired with 65,000 remaining unexercised, which were subsequently cancelled. The $0.26 warrants are due to expire on June 3, 2021. Refer to section 19 below for current outstanding warrants.

iv) Completion of $26.5 million bought deal:

On January 27, 2021, the Company completed a bought deal offering with a syndicate of underwriters led by TD Securities Inc. 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 paid the underwriters $1.6 million in fees and commission and issued 731,400 compensation warrants exercisable for one common share at a price of $2.17 for a period of one year following closing. The Company expects to use the proceeds for development of and investments in new renewable natural gas projects, for strategic growth initiatives, and for general corporate purposes (including the Company's ongoing business initiatives) and working capital.

v) New Payment and Performance Bonds:

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 of Canada ("EDC"), to one customer. In September 2020, the Company issued a payment bond for US$0.9 million through ASIC, to another customer.

OPERATIONAL:

i) New System Sales Contract Wins Announced in 2020:

Landfill upgrading system in the United States:
In February 2020, the Company announced a $7.0 million biogas upgrading contract with Renewable Natural Gas Company of Ligonier, Pennsylvania ("RNGC"). Under the contract, the Company will supply RNGC with three biogas upgrading systems, each of which uses the Company's water wash technology, for landfill applications in Virginia and Missouri. Work under the contract will commence upon receipt of a notice to proceed from RNGC and RNGC's financing approval. Due to unforeseen delays as a result of RNGC changing financial partners, such commencement is now expected to occur in 2021 instead of in 2020 as previously expected.

Dairy farm cluster in California:
In June 2020, the Company announced that it signed $20.6 million (US$15.2 million) in contracts for the supply of its PSA biogas upgrading system. The first contract, worth $17.1 million (US$12.6 million), is for the supply of biogas upgrading and related equipment for a multi-location dairy farm cluster in California. This will create RNG for injection into the local gas distribution network owned and operated by Pacific Gas and Electric Company. Delivery on this contract commenced immediately and is expected to be concluded in 2021. The second contract, worth $3.5 million (US$2.6 million), is part of the same cluster; however, it is subject to final financing approval which is expected in the first half of 2021.

First commercial scale pipeline injection RNG project in the Brazilian sugarcane industry:
In July 2020, the Company announced that it signed a $2.4 million (US$1.8 million) contract with Grupo Cocal ("Cocal"), a Brazilian sugar mill operator that refines sugar and produces ethanol biofuel from sugarcane. The Company will supply its PSA system to upgrade biogas created from the anaerobic decomposition of byproducts from Cocal's sugar refining and ethanol production process into clean RNG. The RNG will be used in part to displace diesel fuel in Cocal's commercial operations and vehicle fleet and provide a clean low-carbon supply of RNG for the local gas grid. Delivery on this contract commenced immediately and is expected to be concluded in 2021.

Multiple-site dairy farm project in Florida:
In October 2020, the Company announced that it signed a $7.7 million (US$5.8 million) contract for a new RNG project developed by California-based Brightmark LLC ("Brightmark"). The multiple-site dairy farm project in the State of Florida will utilize the Company's PSA biogas upgrading systems where the resulting RNG will be injected into the local gas pipeline system. Delivery on this contract commenced immediately and is expected to be concluded within the 9-to-18-month period typical for delivery of supply contracts by the Company. The project is part of the joint venture Brightmark and Chevron U.S.A. Inc. announced in October to own projects across the United States to produce RNG from dairy farms.

Membrane contract with an international energy company:
In December 2020, the Company announced a $10 million (US$7.7 million) contract for a new RNG project in the United States owned by an international energy company. This project will utilize the Company's membrane separation biogas upgrading system. Delivery on this contract commenced immediately and is expected to be concluded within the 9-to-18-month period typical for delivery of supply contracts by the Company.

ii) New System Sales Contract Wins Announced Year-to-Date in 2021:

New contracts wins of $3.6 million:
In February 2021, the Company announced that it signed two contracts together worth $3.6 million (US$2.8 million). The first contract is for a new membrane biogas upgrading system for a project in the Midwest United States upgrading biogas to RNG from dairy operations and a second contract for a new PSA system for a project in Brazil. The Brazilian contract win marks the fifth contract for Greenlane in the country. Delivery under both contracts commenced immediately and are expected to be concluded within the 9-to-18-month period typical for delivery of supply contracts by the Company.

iii) Updated Timing of Previously Announced Contract in 2019

In December 2019, the Company entered into an $8.3 million biogas upgrading contract with a customer in California. Preliminary engineering work has been completed on the California-based landfill project. Order fulfillment will begin immediately upon completion of permitting and approval of submittals by the customer, now expected in late 2021.

PROJECT DEVELOPMENT:

Advancement of Build, Own and Operate Business Model - Definitive Agreement with SWEN Capital Partners Signed:

In July 2020, the Company signed a definitive joint venture agreement with SWEN Impact Fund for Transition ("SWIFT"), Europe's first direct investment infrastructure fund dedicated to renewable gases managed by SWEN Capital Partners ("SWEN"), an investment management company with more than €5 billion in assets under management based in Paris, France. The agreement enables Greenlane to provide "Upgrading as-a-Service" ("UaaS") to developers and owners of RNG projects in Europe by offering potential customers the opportunity to replace the initial capital outlay for the biogas upgrading equipment, with a monthly fee. The joint venture combines the Company's market presence, technical expertise, customer contacts and industry experience with SWEN's financial backing as a leader in sustainable investments. In October 2020, SWEN announced the final closing of its SWIFT fund raising €175 million, greatly exceeding its target amount of €120 million.

See Section 6 'Build, Own and Operate Business Model' below, for further information on the agreement.

REGULATORY DEVELOPMENTS

Graduation to the TSX
In February 2021, the Company received final approval for the listing of its common shares and warrants on the TSX. On February 17, 2021, under the current trading symbols of "GRN" and "GRN.WT", the

Company commenced trading on the TSX and its common shares and warrants were concurrently delisted from the TSXV.

5. 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, commission, and maintain, while others are design and commission only and in addition, the Company may secure a maintenance contract for aftercare services. The mix of models, scope and geography of each project impacts the overall project revenue and margin.

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 sales opportunities that can convert into orders within approximately a rolling 24-month time horizon ("Sales Pipeline", i.e. known sales opportunities). 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 managed by a team of supply chain professionals.

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 for serial developers 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 project developers.

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.

6. Build, Own and Operate Business Model

In July 2020, the Company signed a definitive joint venture agreement with SWIFT, Europe's first direct investment infrastructure fund dedicated to renewable gases managed by SWEN, an investment management company with more than €5 billion in assets under management based in Paris, France. The agreement enables Greenlane to provide UaaS to developers and owners of RNG projects in Europe by offering potential customers the opportunity to replace the initial capital outlay for the biogas upgrading equipment, with a monthly fee. The joint venture combines the Company's market presence, technical expertise, customer contacts and industry experience with SWEN's financial backing as a leader in sustainable investments. In October 2020 SWEN announced the final closing of its SWIFT fund dedicated to renewable gases, raising €175 million, greatly exceeding its target amount of €120 million.

SWIFT will provide capital to the joint venture for the building and owning of the biogas upgrading systems and will hold a majority share of the joint venture. The Company will hold a minority share and will identify prospective customers through its pipeline of opportunities, and will exclusively supply to the joint venture the biogas upgrading equipment at normal margins and provide long-term operation and maintenance of the equipment under contract.

The intended business model of the joint venture is to offer UaaS by entering into long term monthly-fee-bearing contracts with customers who own or have rights in operations that generate biogas as a feed source and have arranged RNG offtake to create the revenue stream for the project. The joint venture will carry out its business through the incorporation of "special purpose vehicles" (each, a "SPV"), which will be individual companies owned by the joint venture that are incorporated for the specific purpose of owning one or more biogas upgrading systems and providing UaaS to customers. The Company and SWEN believe that this UaaS offer will be of significant interest to customers in the European biogas market as it will enable both cost optimization and capital expenditure reductions in comparison to the alternative of the customer contracting with the Company to build a biogas upgrading facility at the customer's capital expense. The UaaS business model also enables Greenlane to offer an integrated solution that incorporates service, maintenance and potentially performance guarantees.

The joint venture is anticipated to be financed through a combination of (i) equity contributions, (ii) shareholder loans and (iii) third party debt. The Company will not be required to make any financial contribution for its initial equity position. SWEN, through SWIFT, is expected to make financial contributions to the joint venture through a combination of an initial equity contribution and shareholder loans. The joint venture will seek third party debt financing for each SPV on a case-by-case basis. The Company has a call option to purchase part of SWEN's interest in the joint venture, at a price to be determined by an independent expert to be appointed by the parties, in order for the Company to increase its equity position in the joint venture to a maximum of 50%. Refer to Section 12 for further information on forecast and actual expenses incurred to date related to the build, own and operate business model.

Outside of the agreement with SWIFT, the Company is in negotiations to create arrangements with one or more partners to pursue and develop, build, own and operate opportunities in the Americas.

7. Summary of Results

The Company's key financial results summarized below have been derived from the consolidated financial statements prepared in accordance with IFRS. The results of operations reflect the results for the quarter and year ended December 31, 2020. Comparative amounts reflect the results from the acquisition date of PT Biogas on June 3, 2019 to December 31, 2019 and the operations of the Company as a Capital Pool Company ("CPC", as defined by the TSXV) from January 1, 2019 to June 2, 2019.

	Three months ended December 31, 2020 $ 000's	Three months ended December 31, 2019 $ 000's	Year ended December 31, 2020 $ 000's	Year ended December 31, 2019 $ 000's
Revenue	8,825	3,256	22,500	9,123
Cost of Sales (excluding depreciation and amortization)	(6,462)	(1,689)	(16,075)	(5,853)
	2,363	1,567	6,425	3,270
Gross Margin %[1]	27%	48%	29%	36%
Operating expenses	(3,274)	(2,439)	(10,066)	(5,959)
Operating loss	(911)	(872)	(3,641)	(2,689)
Other income (expenses)	(348)	(430)	1,092	(2,639)
Loss before taxes	(1,259)	(1,302)	(2,549)	(5,328)
Income tax recovery	78	275	78	275
Net Loss	**(1,181)**	**(1,027)**	**(2,471)**	**(5,053)**
Loss per share attributable to owners of the Company (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.16)
Adjusted EBITDA	160	(473)	(1,701)	(1,348)
Total Assets	43,172	26,565	43,172	26,565
Total Current Liabilities	16,737	7,187	16,737	7,187
Total Long-term Liabilities	567	11,680	567	11,680
Total Equity	25,868	7,698	25,868	7,698

1. Here and elsewhere gross margin % excludes depreciation and amortization

8. Review of Results for the three and twelve months ended December 31, 2020

The Company's operating loss for the three and twelve months ended December 31, 2020 was $0.9 million and $3.6 million, respectively (December 31, 2019: loss of $0.9 million and $2.7 million, respectively).

The Company recorded a net loss of $1.2 million and $2.5 million for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: loss of $1.0 million and $5.1 million, respectively), reflecting operations for the period as well as recognition of a $1.8 million gain on the reduction of the promissory note with Pressure Technologies. The comparative period represents operating results from

June 3 to December 31, 2019, transaction costs as a CPC and costs related to the qualifying transaction and issuance of special warrants.

The Company's Adjusted EBITDA was $0.2 million profit and $1.7 million loss for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: loss of $0.5 million and $1.3 million, respectively).

Revenue

During the three and twelve months ended December 31, 2020, the Company recognized revenue of $8.8 million and $22.5 million, respectively (December 31, 2019: $3.3 million and $9.1 million, respectively):

	Three months ended December 31, 2020	**Three months ended December 31, 2019**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
System Sales	7,970	2,338	19,578	6,969
Aftercare services	855	918	2,922	2,154
Total revenue	**8,825**	**3,256**	**22,500**	**9,123**

System sales contract revenue in the period primarily reflects revenue from seven customer contracts including two material contracts awarded in quarter four, recognized in accordance with stage of completion of projects. The revenue increase quarter on quarter and year on year is originated from the new contracts awarded during 2020. In the period since December 31, 2019 the Company secured new system sales contracts with an aggregate value of $49.1 million and has begun recognizing revenue from these contracts in the year, leaving the Company with a sales order backlog as at December 31, 2020 of $45.7 million ($16.2 million at December 31, 2019). The sales order backlog refers to revenue on sales contracts that will be recognized as completion of the project progresses. Contracts included in the order backlog are typically recognized over nine to eighteen months from when the contract is secured.

Many of Greenlane's systems customers commit to 'Aftercare services', a preventative 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 typically in excess of 95%.

Cost of sales and gross margin (excluding depreciation and amortization)

The Company utilizes a capital-light, fully outsourced supply chain model whereby it outsources manufacturing of its equipment to trusted fabricators in its key markets who meet the Company's cost, quality and delivery standards.

Cost of sales (excluding depreciation and amortization) for the three and twelve months ended December 31, 2020 was $6.5 million and $16.1 million, respectively (December 31, 2019: $1.7 million and $5.9 million, respectively), an increase from the prior year directly related to the increase in revenue. Gross margin was 27% and 29% for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: 48% and 36%, respectively). The annual gross margin going forward is expected to be between 25-30% based on the Company's targets when quoting for new work, which is consistent with the results for 2020. The results for 2019 reflect a higher gross margin as a result of $0.4 million from the release of the unused warranty provision upon the expiry of the warranty term for four contracts and a higher proportion of aftercare service revenue, which typically has a higher gross margin than system sales.

Operating expenses
Operating expenses, which include salaries, amortization and depreciation, share-based payments, IT costs, marketing and advertising, travel, insurance, and other corporate and office expenses, were $3.3 million and $10.1 million for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: $2.4 million and $6.0 million, respectively). The increases year on year are predominantly due to the comparative period reflecting operating expenses from June 3 to December 31, 2019 only and minimal transaction costs as a CPC prior to this period.

Salaries accounted for $1.8 million and $5.0 million of total operating expenses for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: $1.1 million and $2.5 million, respectively), with the increase against the comparative quarter of 2019 due to new hires (hired to support the expanding business) and the year-end bonus accrual. At December 31, 2020 the Company had forty-nine employees (At December 31, 2019, forty-two): 74% based in Canada, 16% based in the UK, 6% in France and Germany and 4% in the USA. In addition, share-based compensation of $0.2 million and $0.4 million was recorded for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: $0.03 million and $0.3 million, respectively), relating to employee stock option awards (granted in 2019 and 2020) and restricted share unit grants (in 2020 only).

The Company incurred general and administration expenses of $0.9 million and $3.1 million for the three and twelve months ended December 31, 2020, respectively (December 31, 2019: $1.2 million and $2.3 million, respectively) reflecting costs relating to investor relations, marketing, insurance and other corporate expenses.

In addition, $0.4 million and $1.5 million of depreciation and amortization was recorded in the three and twelve months ended December 21, 2020 (December 31, 2019: $0.4 million and $0.8, respectively), predominantly relating to amortization of intangible assets, which are being amortized over 7 years and 10 months.

Other income (expenses)
During the three and twelve months ended December 31, 2020 the Company recognized other expenses of $0.3 million and other income of $1.1 million, respectively representing:

	Three months ended December 31	**Three months ended December 31**	**Year ended December 31**	**Year ended December 31**
	2020	**2019**	**2020**	**2019**
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
Finance expense	(100)	(209)	(495)	(446)
Change in fair value of special warrants	-	-	-	194
Gain on extinguishment of promissory note	-	-	1,777	-
Transaction costs related to qualifying transaction and issuance of special warrants	-	7	-	(2,270)
Foreign exchange loss	(248)	(228)	(190)	(117)
Net loss	**(348)**	**(430)**	**1,092**	**(2,639)**

Finance expense
The Company reported $0.1 million and $0.5 million in finance expense in the three and twelve month periods ended December 31, 2020 (December 31, 2019: $0.2 million and $0.5 million, respectively), predominantly reflecting the 7% interest per annum on the promissory note issued by Pressure Technologies as part of the consideration paid for PT Biogas. In February 2021, the promissory note, including principal and interest, was repaid in full.

Gain on extinguishment of promissory note
The Company recorded a gain of $1.8 million in the year ended December 31, 2020 related to the reduction in the promissory note with Pressure Technologies as a result of the July 2, 2020 Framework Agreement (refer to Section 4 above for further details). 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.

Foreign exchange loss
Foreign exchange losses of $0.2 million for both the three and twelve months ended December 31, 2020 (December 31, 2019: $0.2 million and $0.1 million, respectively), reflect movements in the Canadian dollar against the US dollar, Euro and the British pound.

Change in fair value of special warrants
Due to the accounting classification of special warrants on June 3, 2019 as a financial liability, any change in the fair value (until conversion to common shares and warrants) was recorded in profit and loss. By October 2019, all special warrants were converted into common shares and warrants and no further fair value adjustments related to special warrants were recorded.

Transaction costs
In 2019, the Company incurred transaction costs related to the acquisition of PT Biogas, May 30, 2019 private placement, and issuance of special warrants. Due to the classification of the special warrants as a financial liability rather than equity the related issuance costs incurred by the Company were recorded in profit and loss.

9. Summary of Quarterly Results

The following table summarizes information regarding the Company's operations on a quarterly basis for the last eight quarters. Prior to the acquisition of PT Biogas on June 3, 2019 the results reflect the operations of the Company as a CPC from inception (on February 15, 2018) to June 3, 2019.

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 contacts. 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 eighteen

months, and therefore quarterly operating results can fluctuate significantly as a result of the timing of contract related work.

	Three Months Ended			
	December 31, 2020	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**
	$	**$**	**$**	**$**
Revenue	8,825	6,504	4,241	2,930
Gross Profit[1]	2,363	1,685	1,089	1,288
Net Income (Loss)	(1,181)	743	(940)	(1,093)
Earnings (Loss) per share attributable to owners of the Company (basic and diluted)	(0.02)	0.01	(0.01)	(0.01)
Adjusted EBITDA	160	(360)[4]	(671)[4]	(830)[4]

	Three Months Ended			
	December 31, 2019	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
	$	**$**	**$**	**$**
Revenue	3,256	4,956	911	-
Gross Profit[1]	1,567	1,268	435	-
Net Loss	(1,027)	(1,750)	(2,062)	(214)
Loss per share attributable to owners of the Company (basic and diluted)	(0.02)	(0.04)	(0.41)	(0.04)
Adjusted EBITDA	(473)	(860)	43[2]	(58)[3]

1. Revenue less cost of sales excluding depreciation and amortization
2. June 30, 2019 previously reported Adjusted EBITDA has been adjusted by $0.2 million related to the share-based payment expense on the special warrants
3. March 31, 2019 previously reported Adjusted EBITDA has been adjusted by $0.2 million for qualifying transaction costs related to the acquisition of PT Biogas
4. March 31, June 30 and September 30, 2020 previously reported Adjusted EBITDA have each been adjusted by $0.2 million to reflect bonuses and other employee related expenses which were earned during the year but only reflected in the fourth quarter when the targets were achieved and costs could be estimated reliably.

10. Liquidity and Capital Resources

At December 31, 2020, the Company had cash and cash equivalents of $16.4 million (December 31, 2019: $2.3 million). The increase in cash primarily reflects $9.8 million proceeds from options and warrants exercised in the period, and $10.3 million net proceeds from the 2020 Offering, offset in part by the required partial repayment of the promissory note ($3.6 million) and net cash outflows from operating activities $2.0 million which includes a $1.3 million payment for the purchase of certain upgrading equipment recorded in inventory at December 31, 2020. The Company expects to use the remaining proceeds from the 2020 Offering for investments in the Company's "build, own and operate" business model and for general corporate purposes and working capital.

Cash and cash equivalents consist of cash and call deposits that are redeemable on demand and without economic penalty to the Company prior to maturity. 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.

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 December 31, 2020, the Company had a consolidated working capital, including cash, of $7.4 million (December 31, 2019: working capital deficit of $0.9 million). Fluctuations in cash and cash equivalents, accounts receivable and accounts payable are primarily driven by the phasing of system sales contracts. 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). At December 31, 2020, the promissory note balance is a current liability due to the advancement of maturity date from June 3, 2023 to June 30, 2021, following the execution of the Framework Agreement (see 'Debt' section below for information on servicing the debt). Other significant components of net working capital are contract liabilities, which reflect billings to customers in excess of revenues recognized on execution of system sales contracts and the current portion of warranty liability, which represents an estimate of future warranty claims over the upcoming year for systems under warranty. The Company has no significant commitments for capital expenditures.

In April 2020, the Company issued a performance bond for US$0.5 million through ASIC, partially guaranteed by EDC, to a customer. In September 2020, the Company issued a payment bond for US$0.9 million through ASIC, to another customer. Upon demand of either bond, the Company would be required to compensate ASIC and EDC for any losses and expenses as applicable.

January 2021 Bought Deal

On January 27, 2021, the Company completed a bought deal offering with a syndicate of underwriters led by TD Securities Inc. through the issuance of 12,190,000 common shares at a price of $2.17 per share for net proceeds of $24.5 million. The Company expects to use the proceeds for development of and investments in new renewable natural gas projects, for strategic growth initiatives, and for general corporate purposes (including the Company's ongoing business initiatives) and working capital.

Debt

At December 31, 2020 the Company had no long-term debt, but had short-term debt consisting of the promissory note issued to Pressure Technologies as part of the consideration paid for PT Biogas. The promissory note of $6.0 million at December 31, 2020 ($11.0 million at December 31, 2019) including accrued interest, incurred interest at 7% per annum and was classified as a current liability as the note was due to mature on June 30, 2021. The promissory note was secured by a pledge of all of the issued and outstanding ordinary shares and all of the assets of PT Biogas.

During the first quarter of 2020 a partial repayment of the promissory note was made. Following the completion of the 2020 Offering, and in accordance with the terms of the promissory note, the Company was required to pay down the principal to £4.1 million, resulting in a repayment of $3.4 million in principal (comprising of repayments of £1.0 million and $1.7 million) and $0.2 million in interest.

In July, 2020 the Company executed a Framework Agreement with Pressure Technologies reducing the promissory note by $1.8 million (to a principal balance of $5.2 million, denominated 50% in British pounds sterling and 50% in Canadian dollars, with a fixed amount of $2.6 million) following the disposition of Pressure Technologies' shares in the Company, which were sold in a series of block trades. Under the Framework Agreement the maturity date of the remaining balance of the promissory note advanced from June 3, 2023 to June 30, 2021. In order to facilitate the transaction, Brad Douville and Creation Partners, as parties to the Framework Agreement, agreed to release Pressure Technologies from its obligations under certain agreements entered into with the Parties that required Pressure Technologies to place certain

common shares and warrants in escrow pending repayment in full of the promissory note. In exchange Pressure Technologies agreed to complete the immediate transfer of common shares and warrants in escrow to the Parties from their free-trading and escrow positions.

In February 2021, the remaining $6.0 million balance of the promissory note, including principal and interest, with Pressure Technologies was repaid in full. With the early repayment of the promissory note all liabilities to Pressure Technologies have been eliminated and the Company is debt-free, other than payments resulting from normal course operations and off balance-sheet arrangements discussed below. The Capital for the promissory note repayment came from funds received from the exercise of warrants, as reported above.

11. Contractual obligations

The Company has contractual obligations as at December 31, 2020 of $17.5 million:

	Due within one year $ 000's	Due between one and five years $ 000's	Due after five years $ 000's	Total $ 000's
Accounts payable and accrued liabilities	8,773	-	-	8,773
Lease liability	225	461	-	686
Pressure Technologies trading balance	444	-	-	444
Promissory note[1]	5,957	-	-	5,957
Contract liabilities	1,661	-	-	1,661
Total	**17,060**	**461**	**-**	**17,521**

1. The promissory note, including principal and accrued interest, was fully repaid in February 2021

12. Use of Proceeds from 2020 Offering

On February 19, 2020, the Company closed the 2020 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 plans to use the net proceeds on a payment to Pressure Technologies against the outstanding promissory note, investments in the Company's "build, own and operate" business model and for general corporate purposes 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 February 19 to December 31, 2020 against the disclosed anticipated uses is set forth in the table below.

	Total Planned Spend $ 000's	Total Spend to December 31, 2020 $ 000's
Investments by the Company in its build, own and operate business model	3,500	55
Payment to Pressure Technologies against promissory note	3,500	3,614
General corporate purposes and working capital	3,400	3,400
	10,400[1]	**7,069**

1. Actual net proceeds received were $10,342,874

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 Company is progressing with the build, own and operate model through the joint venture with SWEN as discussed in section 6, further spend is expected to be incurred in 2021.

13. Industry Outlook

The biogas upgrading market is estimated to grow, driven by increasing demand for RNG caused primarily by a universal desire to reduce 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 biogas upgrading, Greenlane expects to benefit from this trend.

Currently, Greenlane has visibility to more than 180 new projects globally, proposed or proceeding, and with a Sales Pipeline with an estimated value of over $720 million in biogas upgrading equipment sales for competitive bid. At December 31, 2020, Greenlane had a sales order backlog of $45.7 million. Refer to section 20 'Alternative Performance Measures' for further information.

The Company plans to scale up operations as it wins new system sales contracts as well as increasing working capital reserves to permit participation in more and larger projects, including bonding provisions. With the proceeds from the January 2021 bought deal, together with an appropriate financing structure, Greenlane can also search out consolidation opportunities in the highly-fragmented RNG industry. Furthermore, management plans to expand Greenlane's business beyond equipment sales into project development through the build, own and operate business model (refer to section 6 above for further details).

14. 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 twelve months ended December 31, 2020 and 2019 is outlined below:

	Year ended December 31, 2020 $ 000's	Year ended December 31, 2019 $ 000's
Salary	541	220
Share-based compensation	96	251
Total	**637**	**471**

At December 31, 2020 the Company owed Pressure Technologies, the former parent company of PT Biogas, $0.4 million relating to intercompany invoices issued prior to the qualifying transaction in June 2019 and $6.0 million for the promissory note. Both amounts due to Pressure Technology were fully repaid in February 2021 (see section 10 'Debt' above for details of the repayment of the promissory note).

15. Off Balance-sheet Arrangements

Other than the surety bonds disclosed above, the Company had no off balance-sheet arrangements.

16. 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.

Significant areas requiring the use of estimates include the following:

i) Revenue recognition – system sales contracts

For the Company's system sales contracts, control of goods or services transfers over time to the customer and revenue is recognized based on the extent of progress in each period towards completion of the performance obligation. The extent of progress towards completion is based on internal estimates, with reference to the proportion of work performed during each phase of a system sales contract. Due to the nature of the work required to be performed on each system sales contract in order to satisfy the performance obligation, management's estimation of stage of completion is complex and requires significant judgment. The significant assumptions and factors that can affect the accuracy of the estimate, include but are not limited to, the relative weight of each phase of the contract and the percentage of completion within each contract phase.

ii) Impairment of goodwill

In assessing impairment, management estimates the recoverable amounts of the cash-generating unit based on expected future cash flows and uses a weighted average cost of capital to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Other areas of estimation include collectability of accounts receivable, valuation of inventory, the useful lives and recoverability of long-lived assets and warranty provision. There is also an estimation uncertainty relating to the COVID 19 pandemic, see section 2 for details on the current estimated impact. Actual results could differ from those estimates.

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, 2020. Critical accounting policies and estimates in the period included revenue recognition for system sales contracts, the assessment of impairment of long-lived assets and goodwill, the measurement of financial instruments and the recognition of provisions. There have been no changes of accounting policies during the year.

17. Financial Instruments and Related Risks

The Company is exposed to a variety of financial risks as a result of its operations, including credit risk, market risk (which includes foreign exchange rate risk and interest rate risk) and liquidity risk. The risks associated with the Company's financial instruments, and the policies on how the Company mitigates those risks are set out below. This is not intended to be a comprehensive discussion of all risks.

i) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, and accounts 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 to be limited to the value of the provision for allowance for expected credit losses which has been recognized.

ii) Foreign exchange rate risk

The Company is exposed to financial risk related to fluctuations of foreign exchange rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily the United States dollar ("US dollar"), 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 US dollar, 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, accounts payable and accrued liabilities and the promissory note (prior to the repayment in full in February 2021).

The carrying amounts of the Company's foreign currency denominated monetary financial assets and monetary financial liabilities, shown as values in the foreign currency, at the reporting date are as follows:

	Financial assets		Financial liabilities	
	Year ended December 31, 2020	**Year ended December 31, 2019**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
GBP	555	395	2,109	3,109
Euro	96	145	33	15
US dollar	5,199	1,013	7	39

The financial liabilities in British pounds sterling include 50% of the promissory note (interest and principal).

iii) Foreign currency sensitivity analysis

The Company's exposure to a 10% exchange rate movement, shown in Canadian dollars, on its foreign currency denominated financial assets and financial liabilities results in the following gains and losses:

	GBP	**Euro**	**US dollar**
	$ 000's	**$ 000's**	**$ 000's**
10% strengthening of the Canadian dollar (increase)/decrease the net loss	246	(9)	(602)
10% weakening of the Canadian dollar (increase)/decrease the net loss	(300)	11	735

The use of a 10% movement in exchange rates is considered appropriate given recent movements in exchange rates.

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

iv) 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 December 31, 2020 the Company's only interest bearing financial instrument was the promissory note which carried a fixed rate of interest of 7% per annum and was paid off in full subsequent to the year-end.

v) Liquidity and funding 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 and raising debt or equity financing in a timely manner.

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

	Payments due by period (as at December 31, 2020)				
	Less than one year $	**1 – 3 years**	**4 – 5 years**	**After 5 years**	**Total**
Accounts payable and other liabilities	8,773	-	-	-	8,773
Lease liabilities	264	456	34	-	754
Promissory note	5,957	-	-	-	5,957
	14,994	**456**	**34**	**-**	**15,484**

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

18. Future Accounting Standards

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.

19. Outstanding Share Information

As of March 11, 2021, the Company had the following common shares, stock options, warrants and restricted share units outstanding:

Common shares	136,053,821
Stock options (vested and unvested)	4,523,334
Warrants	14,534,765
Restricted share units	1,090,452

At December 31, 2020, 114,681,456 common shares were outstanding.

The Company has adopted a restricted share unit plan and during the year granted to officers and non-executive directors an aggregate of 960,038 restricted share units ("RSUs"). The RSUs shall vest over one year for non-executive directors and annual vesting over a three year period for officers. Subsequent to year end, a further 130,414 RSUs were granted to non-executive directors of the Company.

20. Alternative performance measures

i) Non-IFRS Measures

Management evaluates the Company's performance using a variety of measures, including "operating profit (loss)", "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.

Reconciliation of net loss to Adjusted EBITDA

	Three months ended December 31, 2020 $ 000's	Three months ended December 31, 2019 $ 000's	Year ended December 31, 2020 $ 000's	Year ended December 31, 2019 $ 000's
Net loss, before tax	(1,259)	(1,302)	(2,549)	(5,328)
Add back:				
Share based payments	204	31	414	496
Depreciation and Amortization	384	368	1,526	845
Finance expense	100	209	495	446
Change in fair value of Special Warrants	-	-		(194)
Gain on extinguishment of promissory note	-	-	(1,777)	-
Foreign exchange loss	248	228	190	117
Transaction costs	-	(7)		2,270
Other adjustments [1]	483	-	-	-
Adjusted EBITDA	**160**	**(473)**	**(1,701)**	**(1,348)**

1. Reflects adjustment to record the annual bonus accrual and employee related expenses throughout 2020. The accrual was recorded in the fourth quarter when targets were achieved and costs could be estimated reliably, the costs were incurred through 2020 and have been reflected in the quarterly Adjusted EBITDA reported. Refer to section 9 above and the Adjusted EBITDA reported for the first 3 quarters of 2020.

Sales Order Backlog

Sales order backlog refers to the balance of unrecognized revenue from contracted projects, where such revenue is recognized over the period of the contract 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

21. 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 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 never develop or 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 RNG 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 COVID-19 pandemic and the associated government-imposed lockdowns have had the impact of delaying the supply of a small number of components required by Greenlane to fulfil contracts. Although all of the Company's suppliers are now back at work, the Company's purchasing plan identifies alternative sources of supply for major component suppliers and product fabricators that are essential to Greenlane's business operation.

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, with a result that it may not be able to complete on its current biogas upgrading contracts within the anticipated timeframe, with the further result that the Company's recording of revenues and receipt of milestone payments from these contracts may be deferred to later fiscal reporting periods.

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 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 RNG 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 project development 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; 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.

22. 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: actions expected to be undertaken to achieve the Company's strategic goals; the key market drivers impacting the Company's success; intentions with respect to future biogas upgrading 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; 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 to more than 180 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, 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 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. Except to the extent required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements contained herein.