GREENLANE RENEWABLES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED – June 30, 2020

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 August 25, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and with the audited consolidated financial statements for the year ended December 31, 2019 and the related notes thereto. All figures are expressed in Canadian dollars (the presentation and functional currency of the Company's financial statements) and all tabular amounts are in $000s, except where otherwise indicated. The Company reports its unaudited consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

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

Certain statements contained in this MD&A are forward-looking information within the meaning of applicable Canadian securities laws relating to the Company. Please refer to the cautionary note regarding the risks associated with "Forward-looking Statements" and "Risks and Uncertainties" at the back of this MD&A and under the heading "Risk Factors" in the Company's Annual Information Form on file with the Canadian securities regulatory authorities. Additional information and disclosure relating to the Company, can be found on the Company's website at www.greenlanerenewables.com and on the SEDAR website at www.sedar.com. Information contained in or otherwise accessible through the Company's website does not form part of the MD&A.

Greenlane's shares trade under the symbol "GRN" and warrants trade under the symbol "GRN.WT" on the TSX Venture Exchange ("TSXV").

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

2. Core Business

Greenlane is focused on cleaning up two of the largest and most difficult-to-decarbonize sectors of the global energy system: the natural gas grid and the transportation sector. Greenlane is a leading global provider of biogas upgrading systems that create clean, low-carbon renewable natural gas ("RNG"), suitable for injection into the natural gas grid and for direct use as vehicle fuel. The upgrading systems, marketed and sold under the Greenlane Biogas™ brand, 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. Greenlane is the only biogas upgrading company offering the three main technologies: water wash, pressure swing adsorption, and membrane separation. The business, acquired by the Company in June 2019, has been installing upgrading systems since the 1990's and has installed over 100 biogas upgrading systems in 18 countries.

3. Updates for the three months ended June 30, 2020 and subsequent events

New Contract Wins of $23 Million since March 31:

i) **Dairy farm cluster in California**: In June 2020, the Company signed $20.6 million (US$15.2 million) in contracts for the supply of its Pressure Swing Absorption ("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 within the 9 to 18 month period typical for delivery of supply contracts by the Company. 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.

ii) **First commercial scale pipeline injection RNG project in the Brazilian sugarcane industry**: In July 2020, the Company 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 within the 9 to 18 month period typical for delivery of supply contracts by the Company.

Reduction in Outstanding Debt by 26%:
In July 2020, the Company executed a framework agreement (the "Framework Agreement") with Pressure Technologies plc ("Pressure Technologies"), Creation Partners LLP and Brad Douville (President and Chief Executive Officer). Through the Framework Agreement the promissory note 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 Holdings Limited ("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 owns any equity securities of the Company.

Exercise of Warrants for Gross Proceeds of $1.3 million:
In July 2020, 5,094,765 share purchase warrants were exercised for one common share of the Company at an exercise price of $0.26, resulting in gross proceeds of $1.3 million. The exercise of the warrants were in connection with the Framework Agreement with Pressure Technologies.

Advancement of Build Own and Operate Business Model - Definitive Agreement with SWEN Capital Partners Signed:
In July 2020, the Company signed a joint venture agreement with SWEN Impact Fund for Transition ("SWIFT"), a European fund dedicated to renewable gases managed by SWEN Capital Partners ("SWEN"), an investment management company with €5 billion in assets under management based in Paris, France. This agreement enables the Company to provide biogas upgrading as a service to developers and owners of RNG projects in Europe. The joint venture company, called Greenlane Biogas Finance B.V., will remove the burden of ownership on the Company's clients by allowing them to replace the initial capital outlays with a monthly fee. With capital provided by SWIFT, this joint venture is expected to accelerate deployment of the Company's biogas upgrading systems and assist in the decarbonization of the gas sector in Europe. This finalizes the agreement in principle announced in January, 2020. See Section 5 'Build, Own and Operate Business Model' below, for further information on the agreement.

New Performance Bond:
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.

Updated Timing on Previously Announced Contracts:
In the first quarter of 2020, the Company entered into a $7.0 million biogas upgrading contract with Renewable Natural Gas Company of Ligonier, Pennsylvania ("RNGC"). Work under the contract will commence upon receipt of a notice to proceed from RNGC, and RNGC's financing approval, which due to unforeseen delays as a result of changing financial partners is now expected before the end of the year (previously expected before June 30, 2020).

In December, 2019, the Company entered into an $8.3 million biogas upgrading system supply contract with a customer in California for their landfill gas to RNG project. Order fulfillment will begin immediately upon completion of permitting and approval of submittals by the customer, which the Company has been advised are now not expected before the end of 2020 (originally expected by mid 2020).

Results:
In the second quarter of 2020, the Company reported revenues of $4.2 million, a net loss of $0.9 million and an Adjusted EBITDA loss of $0.5 million. Revenue for the three months ended June 30, 2020 was in line with the stage of completion on active and announced projects and increased 45% over revenue of $2.9 million reported in the first quarter of 2020. Operating results for the comparative period reflect results from June 3, 2019, the date of acquisition of PT Biogas, to June 30, 2019 (revenue $0.9 million, net loss of $2.1 million and Adjusted EBITDA loss of $0.2 million in the period).

COVID-19:
The Company continues to operate at full staffing levels, at this time. Greenlane maintains an asset light model that enables operational flexibility through outsourcing its equipment manufacturing. 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 the Company's business operation. 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.

4. Overview of the biogas upgrading business

Greenlane designs, develops, sells and services a range of biogas upgrading systems, using its patented water wash technology as well as other upgrading technologies, depending on client requirements. Over 100 Greenlane branded biogas upgrading systems have been installed in 18 countries including supplying systems for the largest RNG production facilities in North America and Europe.

Greenlane provides upgrading equipment that removes impurities and carbon dioxide from raw biogas to create high purity biomethane, also known as RNG, suitable for injection into the natural gas distribution network or use as vehicle fuel. Biogas, which is a mixture of approximately 60% methane, 40% carbon dioxide plus traces of other contaminant gases, is produced naturally when organic matter is broken down through anaerobic digestion.

Each 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 currently has six core product models of its patented water wash biogas upgrading technology which range in capacity from 300 normal cubic metres per hour (“Nm^3/hr”) of inlet biogas to 5,000 Nm^3/hr, with larger capacities achieved by installing multiple systems in parallel. Greenlane also sells biogas upgrading systems that use two other primary separation technologies: PSA and membrane separation. 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. Currently, the value of the sales pipeline (“Sales Pipeline”, i.e. known sales opportunities) is in excess of $694 million, which has increased 54% in 18 months since December 31, 2018 ($450 million approximate value as reported in the May 13, 2019 Filing Statement, in relation to the acquisition of PT Biogas). 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 the Company loses a prospective project to a competitor, a project does not proceed or, where a quote in the pipeline is converted to Greenlane’s active order book (sales order backlog). The sales pipeline at June 30, 2020 has decreased $6.0 million from the $700 million value reported at March 31, 2020, due to the recent contract wins ($23.0 million) which moved from the reported Sales Pipeline to the sales order backlog. Excluding these contract wins the pipeline increased by $18.0 million in the quarter.

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.

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 providing services to customers that combine the specialist expertise of its workforce and an appropriate mix of underlying technologies. Greenlane is the only company to offer the three primary biogas upgrading technologies (water wash, PSA and membrane separation) which allows it to offer its customers the preferred combination of technologies to meet each customer’s unique needs.

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 to effectively divert increasing amounts of organic waste into a circular economy as the world's population continues to expand.

5. Build, Own and Operate Business Model

In July 2020, the Company signed a definitive joint venture agreement with SWIFT, a European fund dedicated to renewable gases managed by SWEN, an investment management company with €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 July 2019 SWEN announced the first closing, €62 million, of its SWIFT fund, a direct investment infrastructure fund dedicated to renewable gases, and announced in December 2019 the second closing of €123 million.

SWEN will provide capital to the joint venture, using funds available from its SWIFT infrastructure funds 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 will be to enter into long term contracts with various customers who have operations that generate raw biogas as a feed source using a UaaS business model in exchange for a monthly fee. 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 the Greenlane customers. The Company and SWEN believe that this UaaS business model will be of significant interest to customers in the European biogas market as it will offer 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 the 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 its SWIFT fund, 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 shares, 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%.

Outside of the agreement with SWEN, the Company is in negotiations to create arrangements with one or more partners to pursue build, own and operate opportunities in the North American market and continues to pursue opportunities to directly invest in build, own and operate projects.

The Company anticipates a minimum of $1.0 million in incremental operating expenditures being attributable to these initiatives over the 12 to 18 month period following completion of the February 2020 public offering ("2020 Offering"), without provision of any equity contributions or earn-ins, or any direct investment in projects. If equity contributions or earn-ins and direct investments in new projects are required, the Company has identified up to a total of $3.5 million in incremental operating and capital expenditures being spent on these initiatives over the next 12 to 18 month period following completion of the 2020 Offering (see Section 10 'Use of Proceeds' from the 2020 Offering, below for further details). To the extent any projects proceed during this timeframe, the Company will earn revenues from the supply of the equipment required for the biogas upgrading facility and ongoing operations and maintenance contracts. To date, from completion of the 2020 Offering, minimal expenditures have been incurred. See Section 10 'Use of Proceeds' below, for further information on the 2020 Offering.

6. 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 Capital Pool Company ("CPC", as defined by the TSXV), from 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 upgrader contracts. Timing of biogas upgrader contract awards tends to be variable due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG off-take and feedstock agreements.

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

	Three Months ended			
	June 30, 2020 $	**March 31, 2020 $**	**December 31, 2019 $**	**September 30, 2019 $**
Revenue	4,241	2,930	3,256	4,956
Gross Profit	1,089	1,288	1,567	1,268
Net Loss	(940)	(1,093)	(1,027)	(1,750)
Loss per share attributable to owners of the Company (basic and diluted)	(0.01)	(0.01)	(0.02)	(0.04)

	Three Months ended			
	June 30, 2019 $	March 31, 2019 $	December 31, 2018 $	September 30, 2018 $
Revenue	911	-	-	-
Gross Profit	435	-	-	-
Net Loss	(2,062)	(214)	(172)	(9)
Loss per share attributable to owners of the Company (basic and diluted)	(0.41)	(0.04)	(0.02)	-

7. Review of Results for the three and six months ended June 30, 2020

The Company's operating loss for the three and six months ended June 30, 2020 was $0.9 million and $2.0 million, respectively (June 30, 2019: loss of $0.3 million and $0.4 million, respectively).

The Company recorded a net loss of $0.9 million and $2.0 million for the three and six months ended June 30, 2020, respectively, (June 30, 2019: loss $2.1 million and $2.3 million, respectively) reflecting operations for the period, with the comparative period representing operating results from June 3, 2019, transaction costs as a CPC and costs related to the qualifying transaction and issuance of special warrants.

The Company's Adjusted EBITDA loss was $0.5 million and $1.2 million for the three and six months ended June 30, 2020, respectively (June, 30, 2019: $0.2 million loss for the three and six month period).

Revenue

During the three and six months ended June 30, 2020, the Company recognized revenue of $4.2 million and $7.2 million, respectively (June 30, 2019: $0.9 million for the three and six month period).

	Three Months ended June 30		Six Months ended June 30	
	2020 $	2019 $	2020 $	2019 $
Upgrader projects	3,711	608	5,797	608
Aftercare services	530	303	1,374	303
Total revenue	**4,241**	**911**	**7,171**	**911**

Upgrader contract revenue in the period primarily reflects revenue from four customer contracts, recognized in accordance with the stage of completion of projects. In the period since December 31, 2019 the Company secured new upgrader contracts with an aggregate value of $31.5 million. A marginal amount of this revenue has been recognized in the period leaving the Company with a current sales order backlog of $41.9 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 upgrader project 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%. Normally, revenue from aftercare services reflects less than 10% of total revenue, however due to the lower amount recognized in upgrader contracts in the first quarter of 2020, the revenue mix for the six months ended June 30, 2020 was skewed with 19.2% of revenue recognized from Aftercare services (returning to a more typical mix in the three months ended June 30, 2020 at 12.5%). Due to the short operating period in 2019, 33% of revenue came from aftercare services.

Cost of sales and gross profit

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 Greenlane's quality standards.

Cost of sales for the three and six months ended June 30, 2020 was $3.2 million and $4.8 million, respectively (June 30, 2019: $0.5 million for the three and six month period). Gross margin was 26% and 33% for the three and six months ended June 30, 2020, respectively, with the six month margin higher than is typical for the business due to the greater proportion of Aftercare service revenue, which typically has a higher margin than upgrader projects. In addition, cost of sales was reduced in the six month period by $0.2 million, due to the expiry of the required warranty on certain projects, resulting in a reduction in the warranty accrual which is released through cost of sales.

Going forward, the gross profit margin on an annual basis is expected to be in the range of 25-30%.

General and administrative expenses

General and administrative expenses which include personnel costs, travel, insurance, professional fees, office costs, depreciation and amortization and other corporate expenses, was $2.0 million and $4.4 million for the three and six months ended June 30, 2020, respectively (June 30, 2019: $0.8 million for the three and six month period).

Personnel expenses accounted for $1.1 million and $2.1 million of total administrative expenses for the three and six months ended June 30, 2020 (June 30, 2019: $0.4 million for the three and six month period). At June 30, 2020 the Company had forty-one employees: twenty-nine employees based in Canada, seven based in the UK, three in Europe and two in the USA. Included in personnel expenses is share-based compensation of $35,925 and $58,102 for the three and six months ended June 30, 2020, respectively, (June 30, 2019: $56,247 for the three and six month period) relating to employee stock option awards issued in 2019 and 2020.

In addition, $0.4 million and $0.8 million of depreciation and amortization was recorded in the three and six month periods to June 30, 2020 (June 30, 2019: $0.1 million), predominantly relating to amortization of intangible assets, which are being amortized over 7 years and 10 months.

Other income (expenses)

During the three and six months ended June 30, 2020 the Company recognized net other expenses of $15,006 and $37,401 respectively, (June 30, 2019: $1.7 million, $1.9 million net expense for the three and six months respectively) representing:

	Three Months ended June 30		Six Months ended June 30	
	2020 $	2019 $	2020 $	2019 $
Finance expense	(128)	(54)	(294)	(54)
Change in fair value of special warrants	-	(55)	-	(55)
Transaction costs related to qualifying transaction and issuance of special warrants	-	(1,757)	-	(1,913)
Foreign exchange gain	113	127	257	127
Total other income (expenses)	(15)	(1,739)	(37)	(1,895)

Finance expense

The Company reported $0.1 million and $0.3 million in finance expense in the three and six month periods ended June 30, 2020 (June 30, 2019: $0.1 million for the three and six month period), predominantly reflecting the interest on the promissory note issued by Pressure Technologies as part of the consideration paid for PT Biogas. The promissory note bears interest at 7% per annum and all interest, as well as principal is due on the maturity date of June 30, 2021, unless the noteholder subordinates its security in certain circumstances, in which case interest is paid on a current basis.

Foreign exchange gain

Foreign exchange gain of $0.1 million and $0.3 million for the three and six months ended June 30, 2020 (June 30, 2019: $0.1 million gain for the three and six month period), reflects movements in the Canadian dollar against the 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) is 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 the related issuance costs incurred by the Company were recorded in profit and loss.

8. Liquidity and Capital Resources

At June 30, 2020, the Company had cash and cash equivalents of $5.3 million (December 31, 2019: $2.3 million). The increase in cash primarily reflects cash flow from the 2020 Offering ($10.3 million net proceeds), offset in part by the required partial repayment of the promissory note ($3.6 million) and net cash outflows from operating activities $3.7 million. 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. In July, 2020, the Company received $1.3 million from the exercise of 5,094,765 warrants at an exercise price of $0.26. The exercise of the warrants was in connection with the Framework Agreement with Pressure Technologies.

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

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 June 30, 2020, the Company had a consolidated working capital, including cash, of $4.5 million (December 31, 2019: negative working capital of $0.9 million). Fluctuations in cash and cash equivalents (outside of an equity raise), accounts receivable and accounts payable are primarily driven by the phasing of upgrader projects. The Company aims to ensure that projects are generally in a cash flow positive position (i.e. billings to customers are collected in advance of payments to suppliers). Other significant components of net working capital are contract liabilities, which reflect billings to customers in excess of revenues recognized on upgrader projects and the current portion of warranty liability, which represents an estimate of future warranty claims over the upcoming year for upgrader projects under warranty.

In 2019, the Company issued an irrevocable letter of guarantee of $2.5 million through TD Canada Trust Bank, and guaranteed in full by EDC, relating to an advance payment guarantee with one customer. In April 2020, the Company issued a performance bond for US$0.5 million through ASIC, partially guaranteed by EDC, to another customer. Upon demand of either the letter of guarantee or performance bond, the Company would be required to compensate ASIC and EDC for any losses and expenses as applicable.

Debt

Long-term debt consists of the promissory note issued to Pressure Technologies as part of the consideration paid for PT Biogas. The promissory note of $7.5 million at June 30, 2020 including accrued interest ($11.0 million at December 31, 2019), is denominated 50% in British pounds sterling and 50% in Canadian dollars (fixed at an amount of $3.6 million), bears interest at 7% per annum and is classified as a long term liability as the note was due to mature on June 30, 2023. 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) 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 to June 30, 2021. The maturity date of the promissory note falls after the expiry of 25 million warrants at an exercise price of $0.26, assuming the Company's share price and cash and working capital positions remain within the current ranges or improve, the proceeds from the exercise of these warrants are expected to repay the promissory note in full on June 30, 2021. In order to facilitate the transaction, Brad Douville (President and Chief Executive Officer of the Company) and Creation Partners LLP (a partnership owned and controlled by Directors of the Company, collectively "the Parties"), 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.

During the period ended June 30, 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. Should the Company complete any future equity financings, no further repayment is required and no principal or

interest payments are required, prior to maturity, unless Pressure Technologies subordinates its security for certain financings, in which case, the Company will be required to make interest payments on a current basis.

The promissory note is secured by a pledge of all of the issued and outstanding ordinary shares and all of the assets of PT Biogas.

Going concern

The condensed consolidated interim financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In the six months ended June 30, 2020, the Company incurred an operating loss of $2.0 million and had an operating cash outflow of $3.7 million. However, following the completion of the 2020 Offering, net of the required partial repayment of the promissory note in the first quarter of 2020, as at June 30, 2020, the Company has a positive working capital of $4.5 million including cash of $5.3 million. As of July 2, 2020, the promissory note is recorded as a current liability and is expected to be repaid by the proceeds from the exercise of 25 million warrants that expire prior to the promissory note maturity date, refer to the 'Debt' section above for further information.

The continuing operations of the Company are dependent upon its ability to continue to secure upgrader contracts to realize profitable operations in the future. The award of an upgrader contract to the successful bidder generally takes many months or years from the commencement of initial discussions with a prospective customer. Factors that influence the duration to secure a customer commitment include, but are not limited to, finalizing system design parameters, arranging project funding and permitting. The Company's revenue, therefore, can be quite uneven. Since the Acquisition was completed on June 3, 2019, the Company has secured new upgrader contracts, for an aggregate value of $45.9 million and at June 30, 2020 the Company's sales order backlog was $41.9 million. Contracts included in the sales order backlog are typically recognized over nine to eighteen months from when the contract is secured.

The Sales Pipeline of identified potential upgrader projects is currently in excess of $694 million ($680 million at December 31, 2019). In the event that upgrader contract awards are delayed and cash flow from operations do not adequately support the fixed costs of the Company, the Company will then be required to re-evaluate its planned expenditures, reallocate its total resources and may require future financings in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of existing and planned operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

The condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern. These adjustments may be material.

9. Contractual obligations

The Company has contractual obligations as at June 30, 2020 of $11.0 million:

	Due within one year	Due between one and five years	Due after five years	Total
Lease liability	227	563	-	790
Pressure Technologies trading balance	608	-	-	608
Promissory note	-	7,546	-	7,546
Contract liabilities	2,066	-	-	2,066
Total	**2,901**	**8,109**	**-**	**11,010**

Note: As of July 2, 2020, the promissory note is due within one year.

10. Use of Proceeds

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 June 30, 2020 against the disclosed anticipated uses is set forth in the table below.

Use of Proceeds	Total Planned Spend $	Total Spend to June 30, 2020 $
Investments by the Company in its build, own and operate business model	3,500	-
Payment to Pressure Technologies against promissory note	3,500	3,614
General corporate purposes and working capital	3,400	2,598
Total	**10,400***	**6,212**

*actual 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 this requirement was unconfirmed at that time, as disclosed in the 2020 Prospectus.

11. 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 the biogas upgrading business Greenlane expects to benefit from this trend.

Currently, Greenlane has visibility to more than 100 new projects, proposed or proceeding, and with a Sales Pipeline with an estimated value of over $694 million in biogas upgrading equipment sales for competitive bid. Greenlane had a sales order backlog of $41.9 million. Refer to 'Alternative Performance Measures' for further information.

The Company plans to scale up operations as it wins new upgrader projects as well as increasing working capital reserves to permit participation in more and larger projects, including bonding provisions. With an appropriate financing structure in place, Greenlane can also search out consolidation opportunities in the highly-fragmented biogas upgrading industry. Furthermore, management plans to expand Greenlane's business beyond equipment sales into project development through the build own operate business model.

12. Related Party Transactions

Key management includes Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), who have the authority and responsibility for the planning, directing and controlling the activities of the Company. The compensation recognized for these key management personnel for the three and six months ended June 30, 2020 and 2019 is outlined below:

	Three months ended June 30		**Six months ended June 30**	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Salary and management fees	135	33	270	33
Share-based compensation	7	56	9	56
	142	**89**	**279**	**89**

As at June 30, 2020, the Company owes Pressure Technologies, the former parent company of PT Biogas, an amount of $0.6 million for intercompany invoices issued prior to the acquisition and the promissory note of $7.5 million (see 'Debt' above for details).

13. Off Balance-sheet Arrangements

Other than the performance bond and letter of guarantee described in section 8 above, the Company has no off balance-sheet arrangements.

14. Critical Accounting Policies and Management Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances.

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, 2019, there have been no changes since December 31, 2019. Critical accounting policies and estimates in the period included revenue recognition for biogas upgrader projects, the assessment of impairment of long-lived assets and goodwill, the measurement of financial instruments and the recognition of provisions and contingent liabilities.

Actual results could differ from these estimates.

15. Financial Instruments and Related Risks

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

16. Future Accounting Standards

At this time, we do not expect future accounting changes to impact our significant accounting policies.

17. Outstanding Share Information

As of August 25, 2020, the Company had the following common shares, stock options and warrants outstanding:

Common shares	96,870,306
Stock options (vested and unvested)	8,561,200
Warrants	36,525,347

At June 30, 2020, 91,738,975 common shares were outstanding.

At August 25, 2020, of the 96.9 million common shares and 36.5 million warrants outstanding, the Company had 6.3 million common shares and 2.7 million warrants held in escrow, which are expected to be released from escrow on December 6, 2020.

At June 30, 2020 an additional 4.1 million shares were subject to a further contractual restriction of transfer, to be released on repayment of the promissory note in full and an additional 4.3 million shares were held by Pressure Technologies under a right to direct sales agreement, under which the Company had the option to direct Pressure Technologies to sell shares to directors and employees of the Company for $0.60 per share. Following the completion of the Framework Agreement in July, 2020, the 4.1 million

shares were released from the contractual restriction of transfer and the right to direct agreement was cancelled.

The Company has adopted a restricted share unit plan and has granted to officers and non-executive directors an aggregate of 960,038 restricted share units ("RSUs"). The RSU plan and grant was approved by disinterested shareholders on August 24, 2020 and final TSX Venture Exchange acceptance is expected shortly. The RSUs shall vest one year from May 26, 2020 for non-executive directors and 1/3 on each of the first three anniversaries from May 26, 2020 for officers.

Alternative performance measures

Non-IFRS Measures

Management evaluates the Company's performance using a variety of measures, including "operating profit", "Adjusted EBITDA" 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 loss

	Three months ended June 30		**Six months ended June 30**	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Net loss	(940)	(2,062)	(2,033)	(2,276)
Add back:				
Share based compensation	36	56	58	56
Depreciation and amortization	379	79	759	79
Finance expense	128	54	294	54
Change in fair value of special warrants	-	55	-	55
Transaction costs related to qualifying transaction and issuance of special warrants	-	1,757	-	1,913
Foreign exchange gain	(113)	(127)	(257)	(127)
Adjusted EBITDA loss	**(510)**	**(188)**	**(1,179)**	**(246)**

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.

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 on file with the Canadian securities regulatory authorities.

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. While the impact of COVID-19 is expected to be temporary, 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: 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 PSA and membrane biogas upgrading manufacturers and other 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 or continue as a going concern; and financing may not be available on favorable terms.

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 100 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.