GREENLANE RENEWABLES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED – DECEMBER 31, 2019

1. Introduction

This management's discussion and analysis ("MD&A") of Greenlane Renewables Inc., formerly Creation Capital Corp. ("Greenlane" or the "Company") has been prepared by management as of April 28, 2020 and should be read in conjunction 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 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 and sales order back-log. 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 "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 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 our website does not form part of the MD&A.

The Company was incorporated under the Business Corporations Act (British Columbia) on February 15, 2018. The Company was a Capital Pool Company ("CPC") as defined in Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the "TSXV"), with the principal business to identify a suitable Qualifying Transaction ("QT") acceptable to shareholders and regulatory authorities. Following completion of its QT in June 2019, the Company commenced operations as a provider of biogas upgrading facilities and changed its name to Greenlane Renewables Inc.

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

- **Acquisition:** In June 2019, the Company completed the acquisition of PT Biogas Holdings Limited (together with subsidiaries, "PT Biogas"), which constituted the Company's QT and concurrently changed its name to Greenlane Renewables Inc.

- **Financing:** Closed an $8.4 million (gross) private placement, in May 2019, issuing 42.0 million common shares and 21.5 million warrants, and in February 2020, raised a further $11.5 million (gross) through an underwritten public offering with the issuance of 23.0 million common shares and 11.5 million warrants.

  New Contracts: $14.4 million in new contracts signed in 2019 since the acquisition of PT Biogas (on June 3, 2019) with an additional $8.5 million already signed in 2020.

- **Founding Member of the Integrated Biogas Alliance**: Together with a number of internationally recognized technology companies formed the Integrated Biogas Alliance in December 2019, to provide the global biogas industry with a unique, fully integrated organic waste to renewable energy platform solution.

- **Advancement of Build Own and Operate Business Model**: Signed an agreement in principle with SWEN Capital Partners, in early 2020, to provide an innovative finance solution for customers in Europe using a build, own, and operate model.

- **Results**: In 2019 the Company reported revenues of $9.1 million, a net loss of $5.1 million and an Adjusted EBITDA loss of $1.3 million, which represents operating results from June 3, 2019 onwards. Had the acquisition of PT Biogas occurred on January 1, 2019, the Company would have reported revenue for the year of $11.2 million and a net loss of $7.7 million.

- **COVID-19:** The Company continues to operate, in full, at this time. Greenlane maintains an asset light model outsourcing much of 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, however 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.

See section 4 'Overview for the year ended December 31, 2019 and subsequent events' below for further details.

3. Core Business

Greenlane is a leading global provider of biogas upgrading systems that create clean, low-carbon footprint 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 anaerobic decomposition of organic waste at landfills, wastewater treatment plants, farms and food waste facilities. The business, acquired by the Company in June 2019 (refer to 'Acquisition of PT Biogas' below), has been installing upgrading systems since the 1990's, and has installed over 100 biogas upgrading systems in 18 countries.

4. Overview for the year ended December 31, 2019 and subsequent events

ACQUISITION OF PT BIOGAS

On April 1, 2019, the Company entered into a share purchase agreement (the "Share Purchase Agreement") with Pressure Technologies plc ("Pressure Technologies"), a United Kingdom company listed on the AIM market of the London Stock Exchange, to acquire its wholly-owned subsidiary, PT Biogas (the "Acquisition") to constitute the Company's QT.

Pursuant to the Share Purchase Agreement, the Company acquired 100% ownership of PT Biogas for a total purchase price of $17.4 million. The consideration paid to Pressure Technologies pursuant to the Share Purchase Agreement comprised the following components:

	$
Cash	3,415
Issuance of special warrants (1)	3,484
Issuance of promissory note (2)	10,497
	17,396

(1) Represents 17,418,000 special warrants. See "Financial Developments" for further information
(2) See "Liquidity and Capital Resources" for description of promissory note

The Acquisition, which was completed on June 3, 2019, has been accounted for as a business combination using the acquisition method, with the net identifiable tangible and intangible assets acquired and liabilities assumed recorded at their-acquisition date fair values, and the excess in value recorded as goodwill. See the audited consolidated financial statements for the year ended December 31, 2019 for details.

FINANCIAL DEVELOPMENTS

Completion of Private Placement: On May 30, 2019, the Company closed a private placement of 41,965,225 subscription receipts at a price of $0.20 per subscription receipt, for gross proceeds of $8.4 million. The subscription receipts were held in escrow until completion of the QT (acquisition of PT Biogas) when they were converted, without payment of any additional consideration and without further action on the part of their holders, into one special warrant (the "Special Warrant") for each subscription receipt.

The Company paid the agents cash commission and advisory fees and expenses of $0.8 million and issued 2,537,350 compensation options, with each compensation option exercisable for one common share at a price of $0.20 per share for a period of 24 months from the completion of the QT. Total expenses related to the financing were $1.9 million.

The net proceeds of the financing were used to fund the cash consideration to Pressure Technologies, $3.4 million, with the remaining cash available to the Company for working capital purposes in connection with the advancement of the business of Greenlane post-QT.

Completion of shelf prospectus: In July 2019, the Company completed a short form base shelf prospectus that allows the Company to offer up to $50.0 million warrants, subscriptions receipts, units or common shares, or any combination thereof from time to time for a period of 25 months (the period the shelf prospectus is effective). The shelf prospectus will provide the Company financial flexibility going forward, and is due to expire in August 2021.

Automatic conversion of special warrants: Following the completion of the shelf prospectus, in early August, the Company filed two prospectus supplements (collectively "Prospectus Supplements"):

1. To qualify 40,965,225 of the Special Warrants issued as part of the May 30, 2019 financing, and
2. To qualify the 17,418,000 Special Warrants held by Pressure Technologies, issued by the Company on June 3, 2019 as partial consideration for the acquisition of PT Biogas.

Following the filing of the Prospectus Supplements, on August 9, 2019, the related Special Warrants automatically converted, without the payment of any additional consideration and without any further action on the part of the holder thereof, into one common share and one-half warrant, for a total of 58,383,225 common shares and 29,191,612 warrants. Each whole share purchase warrant may be exercised for one common share of the Company at an exercise price of $0.26 until June 3, 2021.

The final 1,000,000 Special Warrants, issued to Beacon Securities Limited ("Beacon Securities"), for a total number of Special Warrants issued under the financing of 41,965,225, were not qualified for distribution by the Prospectus Supplements and converted on October 1, 2019, into one common share and one whole share purchase warrant, pursuant to the escrow release conditions of the May 30, 2019 financing.

Concurrently with the conversion of the Special Warrants, the fair value of the related special warrant liability ($11.7 million), which had previously been recorded as a liability on the Company's Statement of Financial Position, was transferred to equity.

Trading of warrants: In August 2019, the 29,161,612 warrants issued in connection with the Prospectus Supplements, were approved for listing on the TSXV and commenced trading under "GRN.WT". A further 1,000,000 warrants were included in the listing following the issuance of the Beacon Securities warrants in October 2019.

Completion of February 2020 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 ($10.4 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 entitles 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 $0.7 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.

Pursuant to the Share Purchase Agreement, if the Company completed an equity financing before the maturity date of the promissory note, it would be required to pay to 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 expects to use the remaining proceeds as follows (i) $3.5 million for investments in the Company's "build, own and operate" business model; and (ii) $3.3 million for general corporate purposes and working capital.

OPERATIONAL – CONTRACT WINS

i) In June 2019, the Company entered into a $3.4 million contract to provide its water-wash technology solution to a municipal wastewater treatment facility in the Metro Vancouver region of British Columbia. The facility will produce clean RNG for injection into the gas distribution network owned and operated by FortisBC, the local gas utility.

ii) In July 2019, the Company entered into a $2.7 million contract with the Metropolitan Waste Management Commission, to provide a pressure swing adsorption ("PSA") solution for the wastewater treatment facility that serves the Eugene – Springfield metropolitan area in Lane County, Oregon in the United States. The facility is expected to produce clean RNG for injection into the gas distribution network owned and operated by NW Natural, the local gas utility.

iii) 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, expected by mid-2020, with delivery expected to occur within six months of commencement. The facility is expected to produce clean RNG for direct injection into the local gas distribution network owned and operated by SoCalGas, the largest natural gas utility in the United States. In addition, the residual off-gas, a byproduct of the biogas upgrading process, will be blended with natural gas to generate power for on-site facilities and processes. To date, there are no projects upgrading landfill gas into RNG for injection into SoCalGas' network.

iv) Subsequent to year-end, on February 6, 2020, the Company announced that it had entered into 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 use 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, which is expected in the second quarter.

PROJECT DEVELOPMENT

Formation of the Integrated Biogas Alliance: The Company announced on December 3, 2019 that it had become a founding member of the Integrated Biogas Alliance (the "IBA Alliance") together with AB Energy (Italy), Eisenmann Corporation (USA), Entsorga (Italy) and Tietjen (Germany). Each of the participants in the IBA Alliance is an internationally recognized technology company. The participants have joined forces on a non-exclusive basis to provide the global biogas industry with a unique, fully integrated organic waste to renewable energy platform solution. The objectives of the participants in entering into the IBA Alliance are to lower the inherent risks facing developers, investors and EPC (engineering, procurement and construction) firms in developing biogas plants, lower project execution risks and improve their bankability. The participants in the IBA Alliance propose to achieve these objectives through the offering of an integrated platform solution approach to advancing the deployment of biogas plants throughout the world. With its global footprint, reach and supply chain, the IBA has the capability to process virtually any organic waste including livestock, food and green waste, generating both renewable natural gas as well as compost and other organic fertilizers for projects anywhere in the world.

Build, Own and Operate Business Model – SWEN Capital Partners Agreement in Principle: In January, 2020, the Company signed an agreement in principle with SWEN Capital Partners ("SWEN") based in Paris, France to create a joint venture company ("JV Co.") to accelerate deployment of Greenlane's biogas upgrading systems by providing an innovative finance solution for customers in Europe using a build, own and operate model. See Section 6 'Build, Own and Operate Business Model' below, for further information on the agreement.

5. Overview of the upgrading biogas business

Greenlane (through the acquisition of PT Biogas) designs, develops, sells and services a range of biogas upgrading systems, using primarily 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 upgrader project 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 equipment 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. Water wash technology is the most popular global biogas upgrading method. Greenlane also sells upgrader projects that use two other primary biogas upgrading technologies: PSA and membrane separation. Some projects are design, install and commission while others are design and commissioning only. The mix of models and scope 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. As of December 31, 2019, the value of the sales pipeline ("Sales Pipeline", i.e. known sales opportunities) was in excess of $680 million, compared with a value of over $600 million as of June 30, 2019 or a 14% increase and compared with a value of approximately $450 million as of December 31, 2018, or a 52% increase (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.

The Company supplies upgrading technology 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 technology. 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 global warming by promoting clean, low carbon footprint solutions and to effectively divert increasing amounts of organic waste into a circular economy as the world's population continues to expand.

6. Build, Own and Operate Business Model

In January 2020, the Company signed an agreement in principle with SWEN to create a JV Co to combine the Company's market presence, technical expertise, customer contacts and industry experience with SWEN's financial backing as a leader in sustainable investments with more than €5 billion in assets under management. In July 2019 SWEN announced the first closing,€62 million, of its SWEN Impact Fund for Transition ("SWIFT") fund, a direct investment infrastructure fund dedicated to renewable gases, and announced in December 2019 the second closing of, €123 million.

The JV Co will allow the Company's biogas upgrading systems to be owned and financed by the JV Co in which the Company will participate as a minority equity partner. It is envisioned that the Company will be responsible for the sales, construction, operation and maintenance of the biogas upgrading units and SWEN will be responsible for the financing of the projects using funds available from its SWIFT infrastructure funds. The Company is working with SWEN on the final definitive joint venture agreements between the parties, a process that is expected to be concluded by the end of the second quarter of 2020.

The intended business model of the JV Co will be to enter into long term contracts with various customers who have operations that generate raw biogas as a feed source using an “Upgrading-as-a-Service” or “UaaS” business model in exchange for a monthly fee. The JV Co will carry out its business through the incorporation of “special purpose vehicles” (each, a “SPV”), which will be individual companies owned by the JV Co that are incorporated for the specific purpose of owning one or more biogas upgrading systems and providing UaaS projects to the JV Co 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 JV Co to provide an integrated solution that incorporates service, maintenance and potentially performance guarantees.

The JV Co is anticipated to be financed through a combination of (i) equity contributions, (ii) shareholder loans and (iii) third party debt. The Company anticipates that it will receive a carried minority interest in JV Co in recognition of its market presence, technical expertise, customer contacts and industry experience that it will contribute to the JV Co, and accordingly will not be required to make any financial contribution for its initial equity position. SWEN is expected to make financial contributions to the JV Co through a combination of an initial equity contribution and shareholder loans. The JV Co will seek third party debt financing for each SPV on a case-by-case basis. The Company will have a call option to purchase part of SWEN’s shares at a pre-determined price in order for the Company to increase its equity position in the JV Co to a maximum of the total 50% share capital.

Outside of the agreement with SWEN, the Company is currently in negotiations to create a similar arrangement with a partner for 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 next 12 to 18 months, 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 anticipates up to $3.5 million in incremental operating and capital expenditures being spent on these initiatives over the next 12 to 18 months. 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 minimal expenditures have been incurred.

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 from the acquisition date of PT Biogas on June 3, 2019 to December 31, 2019 and the operations of Creation Capital Corp. as a CPC, from January 1, 2019 to June 3, 2019. Comparative amounts reflect the operations of the

CPC, which was focused on the identification and evaluation of a business to acquire for the purpose of completing its QT.

	Three months ended December 31, 2019 $	Three months ended December 31, 2018 $	Year ended December 31, 2019 $	Period beginning February 15, 2018 to December 31, 2018 $
Revenue	3,256	-	9,123	-
Cost of Sales	(1,689)	-	(5,853)	-
Gross Profit	1,567	-	3,270	-
Gross Margin %	49%		36%	
General and administrative expenses	2,439	172	5,959	193
Operating loss	**(872)**	**(172)**	**(2,689)**	**(193)**
Other income (expenses)	(430)	-	(2,639)	-
Loss before taxes	(1,302)	(172)	(5,328)	(193)
Income tax recovery	275	-	275	-
Net Loss	**(1,027)**	**(172)**	**(5,053)**	**(193)**
Loss per share attributable to owners of the Company (basic and diluted)	(0.02)	-	(0.16)	(0.04)
Total Assets	26,565	528	26,565	528
Total Current Liabilities	7,187	91	7,187	91
Total Long-term Liabilities	11,680	-	11,680	-
Total Equity	7,698	437	7,698	437

8. Review of Results for the three and twelve months ended December 31, 2019

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

The Company recorded a net loss of $1.0 million and $5.1 million for the three and twelve months ended December 31, 2019, respectively. Due to accounting classification of the Special Warrants as financial liabilities the results reflect certain non-recurring items, namely:

- financing fees of $1.9 million (of $2.3 million financing fees in the twelve months ended December 31, 2019) in relation to the May 30, 2019 financing (three months to December 31, 2019 $nil), which

due to the financial liability classification required financing fees to be expensed to the statement of operations in the period, and
- A gain of $0.2 million, for the twelve months ended December 31, 2019 (three months to December 31, 2019 $nil), reflecting the change in the fair value of the Special Warrants.

The Company's Adjusted EBITDA loss was $1.3 million and $0.5 million for the twelve and three months ended December 31, 2019 respectively.

Due to the comparative amounts to December 31, 2018 purely reflecting the operations of the CPC, no commentary has been provided below for the three and twelve month results to December 31, 2019 against the results to December 31, 2018.

Revenue

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

	Three months ended December 31, 2019 $	**Year ended December 31, 2019 $**
Upgrader projects	2,338	6,969
Aftercare services	918	2,154
Total revenue	3,256	9,123

Upgrader contract revenue in the period reflects revenue from five customer contracts. In the period since acquisition to December 31, the Company secured three new upgrader contracts with an aggregate value of $14.4 million. A portion of this revenue has been recognized in the period leaving the Company with a sales order back-log of $16.2 million as at December 31, 2019 ($7.8 million on acquisition). The order back-log refers to revenue on sales contracts that will be recognized as completion of the project progresses. Contracts included in the order back-log 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, the brief operating period and adjustments to service contracts skewed the revenue mix, at 24% for the year ended December 31, 2019 (28% for the three months ended December 31, 2019).

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 twelve months ended December 31, 2019 was $1.7 million and $5.9 million, respectively. Gross margin was 49% and 36% for the three and twelve months ended December 31, 2019, respectively.

The higher than expected gross margin for the three months and the year reflects a release of $0.4 million from the warranty provision on expiry of warranty term for 4 contracts, profit adjustments on upgrader contracts which were recognized in the second quarter in addition to a higher proportion of aftercare service revenue, which typically has a higher margin than upgrader projects.

Going forward, the gross profit margin is expected to be in the range of 23-27%.

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 $2.4 million and $6.0 million for the three and twelve months ended December 31, 2019, respectively.

Personnel expenses accounted for $1.1 million and $2.5 million of total administrative expenses for the three and twelve months ended December 31, 2019, respectively. At December 31, 2019 the Company had forty-two employees: twenty-nine employees based in Canada, nine based in the UK, three in Europe and one in the USA. In addition, share-based compensation of $30,618 and $0.3 million was recorded for the three and twelve months ended December 31, 2019, respectively.

Other income (expenses)

During the three and twelve months ended December 31, 2019 the Company recognized other expenses of $0.4 million and $2.6 million, respectively representing:

	Three months ended December 31, 2019 $	Year ended December 31, 2019 $
Change in the fair value of Special Warrants	-	194
Finance expenses	(209)	(446)
Transaction costs	7	(2,270)
Foreign exchange loss	(228)	(117)
Total other (income) expenses	(430)	(2,639)

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 the profit and loss for the period. The initial fair value on June 3, 2019 was $11.9 million, based on the price of $0.20 per Special Warrant paid by investors in the subscription receipts offering.

The fair value immediately prior to conversion was based on a weighted average calculation of movements in the Company's share price over the period. For the year ended December 31, 2019, the Company recognized a gain of $0.2 million related to the change in fair value of the Special Warrants (three months to December 31, 2019 $nil).

Following the conversion of the Beacon Securities Special Warrants on October 1, 2019, all Special Warrants have been converted into common shares and warrants, the liability has transferred to the Statement of Equity and no further fair value adjustments related to the Special Warrants will be recorded.

Finance expense

The Company reported $0.2 million and $0.4 million in finance expense in the three and twelve month period ended December 31, 2019, 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 3, 2023, unless the Company raises equity prior to the maturity date, in which case a portion of the principal and interest is payable (see Completion of February 2020 public offering above) or the noteholder subordinates its security in certain circumstances, in which case interest is paid on a current basis.

Transaction costs

During the year ended December 31, 2019, the Company incurred transaction costs, related to the Acquisition of PT Biogas and May 30 2019 Private Placement of $2.3 million (three months ended December 31, 2019 $nil).

Due to the classification of the Special Warrants as a financial liability, the related issuance costs of $1.9 million incurred by the Company in issuing the Special Warrants were charged to the consolidated statement of operations for the twelve months ended December 31, 2019.

Remaining amounts primarily reflect legal fees and United Kingdom stamp duty paid on the transfer of PT Biogas shares.

Foreign exchange loss

Foreign exchange losses of $0.2 million and $0.1 million for the three and twelve months ended December 31, 2019, reflect movements in exchange rates in the period.

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 Creation Capital Corp. as a CPC, 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 contacts. 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			
	December 31, 2019 $	**September 30, 2019 $**	**June 30 , 2019 $**	**March 31, 2019 $**
Revenue	3,256	4,956	911	-
Gross Profit	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)

	Three Months ended			**Period**
	December 31, 2018 $	**September 30, 2018 $**	**June 30, 2018 $**	**February 15, to March 31, 2018 $**
Revenue	-	-	-	-
Gross Profit	-	-	-	-
Net Loss	(172)	(9)	(8)	(4)
Loss per share attributable to owners of the Company (basic and diluted)	(0.02)	-	-	-

10. Liquidity and Capital Resources

At December 31, 2019, the Company had cash and cash equivalents of $2.3 million (December 31, 2018: $0.5 million). The increase in cash primarily reflects cash flow from the May 2019 Financing, partially off-set by payments to Pressure Technologies in the acquisition of PT Biogas, and net cash outflows for operations.

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 December 31, 2019, the Company had a consolidated working capital deficit, including cash, of $0.9 million (December 31, 2018: positive working capital of $0.4 million). Fluctuations in cash and cash equivalents, 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 (December 31, 2018: nil) through TD Canada Trust Bank, and guaranteed in full by Export Development Canada ("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 Atlantic Specialty Insurance Company ("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.

February 2020 Equity Raise

In February, 2020 the Company closed the 2020 Offering through the issuance of 23,000,000 Units at a price of $0.50 per Unit for net proceeds of $10.4 million. Subsequent to the closing of the 2020 Offering, the Company paid Pressure Technologies a required $3.4 million to reduce the outstanding principal and $0.2 million of interest under the Promissory Note (see below under 'Debt'). The Company expects to use the remaining proceeds as follows (i) $3.5 million for investments in the Company's "build, own and operate" business model; and (ii) $3.3 million for general corporate purposes and working capital.

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 $11.0 million at December 31, 2019, is denominated 50% in British pounds sterling and 50% in Canadian dollars (fixed at an amount of $5.3 million), bears interest at 7% per annum and matures on June 3, 2023. Except as noted in the next paragraph, there are no principal or interest payments 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.

In accordance with the terms of the promissory note, should the Company complete an equity financing, prior to repayment of the promissory in note in full, the Company is required to pay down the promissory note by the lesser of i) 50% of the net proceeds of any such equity financing and ii) such amount that results in the aggregate principal amount falling under £4.1 million. As a result of the February 2020 Equity Raise, the Company was required to pay down 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. Following the repayment, the remaining principal balance is $7.1 million and is due in full on June 3, 2023. Should the Company complete any future equity financings, no further repayment is required.

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

These consolidated 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 twelve months ended December 31, 2019, the Company incurred an operating loss of $2.7 million and had operating cash outflow of $2.8 million. As of December 31, 2019, the Company had a working capital deficit (including cash) of $0.9 million. In February 2020, the Company completed a public offering for gross proceeds of $11.5 million ($10.4 million, net) a portion of the proceeds are to be used for general corporate purposes and for working capital.

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 specifying system design, arranging project funding and permitting and the availability of environmental subsidies and these factors often change over time. The Company's revenue, therefore, can be quite uneven. Since the Acquisition was completed on June 3, 2019, to December 31, 2019, the Company has secured three new upgrader contracts, for an aggregate value of $14.4 million. In 2020, to date, the Company has secured additional upgrader contracts worth $8.5 million.

Upon Acquisition, the Company's sales order back-log was $7.8 million and increased to $16.2 million by December 31, 2019. The Sales Pipeline of identified potential upgrader projects at December 31, 2019 was in excess of $680 million ($600 million at June 30, 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 consolidated 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.

11. Contractual obligations

The Company has contractual obligations as at December 31, 2019 of $14.5 million:

	Due within one year	Due between one and five years	Due after five years	Total
Lease liability	186	638	-	824
Pressure Technologies trading balance	690	-	-	690
Promissory note	-	10,964	-	10,964
Contract liabilities	2,049	-	-	2,049
Total	**2,925**	**11,602**	**-**	**14,527**

12. 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, supportive government regulations and incentives and strong interest in RNG as a transportation fuel. 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 $680 million in biogas upgrading equipment sales for competitive bid. Greenlane had a sales order back-log of $16.2 million at December 31, 2019. 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.

13. Related Party Transactions

Key management includes Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), who have the authority and responsibility for the planning, directing and controlling the activities of the Company. The compensation recognized for these key management personnel for the twelve months ended December 31, 2019 and period ended December 31, 2018 is outlined below:

	Year ended December 31, 2019	Period from February 15 to December 31, 2018
Salary and management fees	220	-
Share-based compensation	251	59
	471	**59**

As at December 31, 2019, the Company owes Pressure Technologies, the former parent company of PT Biogas, an amount of $0.7 million for intercompany invoices issued prior to the QT and the promissory note of $11.0 million (see 'Debt' above for details).

14. Off Balance-sheet Arrangements

Other than irrevocable letter of guarantee facility and surety bond disclosed above, the Company had no off balance-sheet arrangements.

15. 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. 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.

16. 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.

a) 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.

b) 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.

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**	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
GBP	395	-	3,109	-
Euro	145	-	15	-
US dollar	1,013	-	39	-
New Zealand dollar	1	-	-	-

The financial liabilities in British pounds sterling include 50% of the promissory note.

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	New Zealand dollar
10% weakening of the Canadian dollar (increase)/decrease the net loss	(521)	21	142	1
10% strengthening of the Canadian dollar (increase)/decrease the net loss	426	(17)	(117)	(1)

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

c) 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. The Company's only interest bearing financial instrument is the promissory note which carries a fixed rate of interest of 7% per annum.

d) 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.

	Payments due by period (as at December 31, 2019)				
	Less than one year	1 – 3 years	4 – 5 years	After 5 years	Total
Accounts payable and other liabilities	4,456	-	-	-	4,456
Promissory note	-	10,964	-	-	10,964
	4,456	10,964	-	-	15,420

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.

17. Future Accounting Standards

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

18. Outstanding Share Information

As of April 28, 2020, the Company had the following common shares, stock options and warrants outstanding:

Common shares	91,738,975
Stock options (vested and unvested)	7,891,100
Warrants	41,620,112

At December 31, 2019, 68,435,795 common shares were outstanding.

At April 28, 2020, of the 91.7 million common share and 41.6 million warrants outstanding, the Company had 12.6 million common shares and 5.3 million warrants held in escrow, which are expected to be released from escrow, as follows:

	Number of shares	**Number of warrants**
June 6, 2020	6,307,056	2,651,028
December 6, 2020	6,307,057	2,651,028
	12,614,113	**5,302,056**

Included in the table above are shares and warrants to be released from escrow on June 6, 2020 of 0.8 million and 0.4 million, respectively, that are subject to a contractual restriction on transfer, along with an additional 3.3 million shares and 1.6 million warrants, not reflected in the table above (for a total of 4.1 million shares and 2.0 million warrants). The shares and warrants subject to contractual restrictions on transfer are to be released on repayment of the promissory note in full.

In addition, 4.3 million shares are held by Pressure Technologies under a right to direct sales agreement, under which the Company has the option to direct Pressure Technologies to sell shares to directors and employees of the Company for $0.60 per share. The right to direct expires June 3, 2021.

19. 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 back-log". 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

	Year ended December 31, 2019 $ 000's	**Three months ending De3 31, 2019 $ 000's**
Net loss, before tax	(5,328)	(1,302)
Add back:		
Share based compensation	496	31
Depreciation and amortization	845	368
Finance expense	446	209
Change in fair value of Special Warrants	(194)	-
Foreign exchange loss	117	228
Transaction costs	2,270	(7)
Adjusted EBITDA Loss	**(1,348)**	**(473)**

Sales Order Back-log

Order backlog refers to the balance of unrecognized revenue from contracted projects, where such revenue is recognized over time as completion of the projects progress.

20. 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 ("WHO") declared CoVID-19, the respiratory disease caused by the novel coronavirus, a global pandemic. The COVID-19 pandemic and the associated government imposed lockdowns has had the impact of delaying the supply of a small number of components required by Greenlane to fulfil contracts. To date none of Greenlane's suppliers have entered into bankruptcy due to COVID-19. Greenlane'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 favourable terms.

Forward-Looking Statements

This MD&A contains forward-looking statements, including statements regarding the future success of the Greenlane's 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.