Greenlane™

Biogas Upgrading Solutions

Greenlane Renewables Inc.
Management's Discussion and Analysis

For the Three and Nine Months Ended
September 30, 2024

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Introduction

This management's discussion and analysis ("**MD&A**") of Greenlane Renewables Inc. ("**Greenlane**" or the "**Company**") has been prepared by management as of November 7, 2024 and should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023, the audited consolidated financial statements for the years ended December 31, 2023 and 2022 and the related notes thereto, and the annual information form ("**AIF**") for the year ended December 31, 2023. All figures are expressed in Canadian dollars and all tabular amounts are in $000s, except where otherwise indicated. The three-month periods ended September 30, 2024 and 2023 are herein referred to as "**Q3**". The financial statements have been prepared in Canadian dollars, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") applicable to the preparation of interim financial statements, including International Accounting Standard ("**IAS**") 34 Interim Financial Reporting.

This MD&A refers to certain measures that are not standardized under IFRS Accounting Standards, such as Gross Margin before amortization, Adjusted EBITDA and Sales Order Backlog. These are specified financial measures used by Management to manage the Company and to assist the Company's shareholders to evaluate the Company's performance, but do not have standardized meaning. To facilitate a better understanding of these measures presented by the Company, qualifications, definitions and reconciliations refer to the "*Alternative Performance Measures*" section of this MD&A.

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

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

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

Selected Financial Information

Financial Results

On April 15, 2024, the Company sold its wholly owned subsidiary, Greenlane Renewable U.K. Limited ("**GRUK**"). As a result, the operations of GRUK have been classified as discontinued operations and presented separately from continuing operations with comparative figures restated accordingly.

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
From Continuing Operations						
Revenue	**$ 10,544**	$ 9,575	10%	**$ 43,303**	$ 38,089	14%
Gross Margin before amortization[1,2]	**$ 3,622**	$ 2,892	25%	**$ 12,495**	$ 10,320	21%
Adjusted EBITDA[2]	**$ (173)**	$ (4,434)	96%	**$ (1,539)**	$ (7,614)	80%
Net loss and comprehensive loss	**$ (2,031)**	$ (5,071)	60%	**$ (3,243)**	$ (11,470)	72%
From Discontinued Operations						
Revenue	**$ -**	$ 544	-100%	**$ 720**	$ 2,427	-70%
Gross Margin before amortization[1,2]	**$ -**	$ 243	-100%	**$ 302**	$ 897	-66%
Adjusted EBITDA[2]	**$ -**	$ (44)	-100%	**$ (105)**	$ (100)	-5%
Net loss and comprehensive loss	**$ -**	$ (148)	-100%	**$ (472)**	$ (206)	-129%
Aggregate						
Revenue	**$ 10,544**	$ 10,119	4%	**$ 44,023**	$ 40,516	9%
Gross Margin before amortization[1,2]	**$ 3,622**	$ 3,135	16%	**$ 12,797**	$ 11,217	14%
Adjusted EBITDA[2]	**$ (173)**	$ (4,478)	96%	**$ (1,644)**	$ (7,714)	79%
Net loss and comprehensive loss	**$ (2,031)**	$ (5,219)	61%	**$ (3,715)**	$ (11,676)	68%
Weighted average common shares outstanding	**154,189,618**	153,165,380	1%	**154,117,553**	152,967,702	1%

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

Financial Position

As at *(in $000s, except as noted)*	**September 30, 2024**	December 31, 2023
Cash and cash equivalents	**$ 15,373**	$ 11,790
Working capital (including cash and cash equivalents)	**$ 11,709**	$ 16,682
Total assets	**$ 50,129**	$ 54,355
Total liabilities	**$ 27,968**	$ 29,053
Total shareholders' equity	**$ 22,161**	$ 25,302
Common shares outstanding	**154,247,407**	153,790,399

Third Quarter Highlights

For the three months ended September 30, 2024, Greenlane:

- generated $10.5 million in revenue from continuing operations which was a 10% increase over Q3 2023;
- recognized Gross Margin before amortization from continuing operations of $3.6 million or 34.4% of revenue (Q3 2023 - $2.9 million or 30.2% of revenue);
- realized an Adjusted EBITDA loss from continuing operations of $0.2 million (Q3 2023 - loss of $4.4 million);
- incurred a net loss and comprehensive loss from continuing operations of $2.0 million (Q3 2023 - loss of $5.1 million);

- experienced a decline in its Sales Order Backlog with it ending the quarter at $14.3 million; and

- having completed 10 upgrader projects in the first nine months of 2024 (three in Q3 2024) and realizing operational efficiencies, together with experiencing delays in new system contract awards, the Company reduced its general and administrative cost run rate by over 25%.

Outlook

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

Nature of Operations

Greenlane is focused on decarbonizing two of the largest and most difficult-to-decarbonize sectors of the global energy system: the natural gas grid and the commercial transportation sector. Greenlane is a leading global provider of biogas upgrading systems that create clean, low-carbon and carbon-negative RNG, suitable for injection into the natural gas grid and for direct use as a commercial vehicle fuel. The biogas upgrading systems, marketed and sold by the Company under the Greenlane brand, remove impurities and separate carbon dioxide from bio methane in raw biogas created from the anaerobic decomposition of organic waste from key feedstock sources of agriculture (such as dairy and hog manure), water resource recovery facilities, food waste, landfills and sugar mills. To the Company's knowledge, Greenlane is the only biogas upgrading company offering and actively deploying the three most popular technologies: water wash, pressure swing adsorption ("**PSA**"), and membrane separation. Greenlane's business is built on over 35 years industry experience, patented and proprietary technology, with over 145 biogas upgrading systems sold into 19 countries, including for many of the largest RNG production facilities in the world, and over 160 biogas desulfurization units sold.

Results of Continuing Operations

On April 15, 2024, the Company sold its wholly owned subsidiary GRUK. As a result, the operations of GRUK have been classified as discontinued operations and presented separately from continuing operations with comparative figures restated accordingly.

Revenue

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Revenue:						
System sales	**$ 8,514**	$ 8,251	3%	**$ 37,098**	$ 34,294	8%
Aftercare services	**2,030**	1,324	53%	**5,384**	3,795	42%
Royalty contracts	**-**	-	-%	**821**	-	NA
Total revenue	**$ 10,544**	$ 9,575	10%	**$ 43,303**	$ 38,089	14%

Revenue for the third quarter of 2024 of $10.5 million was $1.0 million or 10% higher than Q3 2023. The increase was driven by a $0.3 million improvement in system sales and a $0.7 million improvement in aftercare services. Revenue for the first nine months of 2024 of $43.3 million was $5.2 million or 14% more than the same period of 2023. The increase was driven by a $2.8 million improvement in system sales, a $1.6 million improvement in aftercare sales and $0.8 million in recognition of royalty revenue.

System sales contract revenue in Q3 2024 was primarily derived from 8 contracts (Q3 2023 - 18 contracts) and for the nine months ended September 30, 2024, system sales contract revenue was primarily derived from 13 contracts (2023 - 21 contracts) recognized in accordance with the stage of completion on the projects. At September 30, 2024, Sales Order Backlog was $14.3 million which now includes $5.9 million related to the Company's Cascade H_2S product line, which the Company has started to include in Sales Order Backlog effective September 30, 2024. Sales Order Backlog has been adjusted for individually immaterial contractual change orders and foreign exchange movements. Refer to the "*Alternative Performance Measures – Sales Order Backlog*" section of this MD&A for additional details.

Aftercare services revenue of $2.0 million in Q3 2024 (Q3 2023 - $1.3 million) and $5.4 million for the nine months ended September 30, 2024 (2023 - $3.8 million) is comprised of upgrader support services in North America and South America, along with Cascade H_2S support activities in Europe. Greenlane's upgrader support services in the United Kingdom and Europe were sold on April 15, 2024, as such the revenue has been treated separately as discontinued operations. Refer to *"Results of Discontinued Operations"*.

There was no revenue recognized from royalty contracts in Q3 2024 (Q3 2023 - $nil) and $0.8 million (2023 - $nil) recognized during the first nine months of 2024 associated with completion of the first unit under the Company's collaborative agreement with ZEG Biogás e Energis SA (the "**Royalty Agreement**").

Cost of goods sold and gross profit

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Revenue:						
System sales	**$ 8,514**	$ 8,251	3%	**$ 37,098**	$ 34,294	8%
Aftercare services	**2,030**	1,324	53%	**5,384**	3,795	42%
Royalty contracts	**-**	-	-%	**821**	-	NA
	10,544	9,575	10%	**43,303**	38,089	14%
Cost of goods sold:						
System sales	**6,255**	6,223	1%	**28,716**	26,574	8%
Aftercare services	**667**	460	45%	**1,977**	1,195	65%
Royalty contracts	**-**	-	-%	**115**	-	NA
	6,922	6,683	4%	**30,808**	27,769	11%
Gross Margin before amortization:[1,2]						
System sales	**2,259**	2,028	11%	**8,382**	7,720	9%
Aftercare services	**1,363**	864	58%	**3,407**	2,600	31%
Royalty contracts	**-**	-	-%	**706**	-	NA
	3,622	2,892	25%	**12,495**	10,320	21%
Amortization of:						
Intangible assets	**142**	484	-71%	**422**	1,439	-71%
Property and equipment	**84**	43	95%	**251**	128	96%
	226	527	-57%	**673**	1,567	-57%
Gross profit	**$ 3,396**	$ 2,365	44%	**$ 11,822**	$ 8,753	35%

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

Gross profit was $3.4 million for Q3 2024 (Q3 2023 - $2.4 million) and $11.8 million for the first nine months of 2024 (2023 - $8.8 million), which was an increase of $1.0 million or 44% and $3.1 million or 35%, respectively. The increase was driven by higher revenue levels achieved and the factors detailed below.

The Company predominantly utilizes a capital-light, largely outsourced manufacturing model whereby it outsources the fabrication of its systems, and purchases components globally from trusted supply chain partners who meet the Company's cost, quality and delivery requirements. The only exception to this is in relation to the Company's Cascade H_2S product line, where the assembly and a small amount of fabrication is performed in-house.

Cost of goods sold was $6.9 million for Q3 2024 (Q3 2023 - $6.7 million) and was $30.8 million for the first nine months of 2024 (2023 - $27.8 million), being a 4% increase and 11% increase over the comparative periods in the prior year, respectively. The increase was attributable to an increase in revenue activities.

Overall Gross Margin before amortization was $3.6 million or 34.4% of revenue for Q3 2024 (Q3 2023 - $2.9 million or 30.2% of revenue) and for the first nine months of 2024 was $12.4 million or 28.9% of revenue (2023 - $10.3 million or 27.1% of revenue) being a 420-basis point increase and 180-basis point increase over the comparative periods in the prior year, respectively.

Gross Margin before amortization contribution from system sales for the third quarter 2024 was $2.3 million or 26.5% of systems sales revenue (Q3 2023 - $2.0 million or 24.6% of systems sales revenue) and year-to-date was $8.4 million or 22.6% of systems sales revenue (2023 - $7.2 million or 22.5% of systems sales revenue). The Company has a portfolio of active projects all at different stages of completion and different gross margin levels. The margin benefited from the positive impact of $0.4 million in the third quarter of 2024 and $1.1 million year-to-date related to the release of expired warranty provisions. Furthermore, the year-to-date margin realized a beneficial effect of $0.5 million related to a second quarter adjustment to the Company's current warranty provision estimates based on historical experience.

Gross Margin before amortization contribution from aftercare services in Q3 2024 was $1.4 million or 67.1% of aftercare services revenue (Q3 2023 - $0.9 million or 65.3% of revenue) and for the first nine months of 2024 was $3.4 million or 63.3% of aftercare services revenue (2023 - $2.6 million or 68.5% of revenue). The change in contribution on a percentage basis for both Q3 2024 and the first nine months of 2024 as compared to the same periods of 2023 was the result of changes in product mix.

There was no Gross Margin before amortization contribution from royalty contracts in Q3 2024 (Q3 2023 - $nil) and $0.7 million or 86% of royalty contract revenue for the first nine months of 2024 (2023 - $nil) reflecting the timing of activities, the nature of the Royalty Agreement and the value of the underlying technology being licensed.

Amortization of intangible assets and property and equipment was $0.2 million for Q3 2024 (Q3 2023 - $0.5 million) and $0.7 million for the nine months ended September 30, 2024 (2023 - $1.6 million) which was a decrease of 57% for Q3 and year-to-date comparable periods of 2023, respectively. The decrease was the result of a year-end impairment to the corresponding assets carrying value in 2023 decreasing the carrying value remaining to be amortized.

Operating Expenses

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Amortization of office equipment	**$ 54**	$ 85	-36%	**$ 161**	$ 259	-38%
General and administration	**3,424**	6,854	-50%	**12,828**	16,246	-21%
Research and development	**91**	146	-38%	**348**	620	-44%
Restructuring charge	**518**	-	NA	**518**	-	NA
Sales and marketing	**280**	326	-14%	**858**	1,068	-20%
Share based compensation	**124**	42	195%	**574**	579	-1%
Total operating expenses	**$ 4,491**	$ 7,453	-40%	**$ 15,287**	$ 18,772	-19%

Total operating expenses for Q3 2024 were $4.5 million (Q3 2023 - $7.5 million) and $15.3 million for the first nine months of 2024 (2023 - $18.8 million).

General and administration expenses in Q3 2024 were $3.4 million (Q3 2023 - $6.9 million). Of this, $2.2 million or 20.8% of revenue related to salaries and benefits (Q3 2023 - $3.5 million or 34.3% of revenue). General and administration expenses for the first nine months of 2024 were $12.8 million (2023 - $16.2 million). Of this, $8.3 million or 19.1% of revenue related to salaries and benefits (2023 - $9.6 million or 25.1% of revenue). At September 30, 2024, the Company had 91 employees and contractors (2023 - 146 employees and contractors).

The Company incurred general and administration expenses (excluding salaries and benefits) of $1.2 million in Q3 2024 (Q3 2023 - $3.3 million), and $4.6 million for the first nine months of 2024 (2023 - $6.7 million). The current quarter decrease over the comparative period was the result of a $2.6 million bad debt provision recognized in Q3 2023, non-recurring consulting costs realized in Q3 2023 associated with the Company's ERP implementation and an overall reduction in professional fees. Meanwhile, year-to-date the decrease in the amount over the comparative period was the result of the noted current quarter items that were partially offset by contractor costs relating to establishing a local presence in Brazil.

Research and development costs were $0.1 million in Q3 2024 (Q3 2023 - $0.1 million) and $0.3 million for the first nine months of 2024 (2023 - $0.6 million) reflecting internal labour costs and external consultancy fees associated with ongoing initiatives to enhance the Company's product offerings.

During the third quarter of 2024, having completed three upgrader projects in Q3 2024 (10 upgrader projects in the first nine months of 2024) and realizing operational efficiencies, together with experiencing delays in new system contract awards, the Company reduced its general and administrative cost run rate by over 25%. The Company recognized a $0.5 million restructuring charge in Q3 2024 related to the workforce reduction. Management estimates the changes will result in a $5.0 million go forward annual reduction in general and administrative costs based on the 2024 pre-changes run-rate.

Sales and marketing costs, which includes salaries and benefits for sales personnel, as well as marketing and promotion costs for Company's branding and costs associated with attending sales conferences were $0.3 million in Q3 2024 (Q3 2023 - $0.3 million) and $0.9 million year-to-date (2023 - $1.1 million).

Share-based compensation is a non-cash expense associated with the issuance of stock options ("**Options**") and restricted share units ("**RSUs**") to the Company's employees, directors and advisors. In Q3 2024, share-based compensation expense was $0.1 million (Q3 2023 - $42,000) and for the nine months ended September 30, 2024, share-based compensation expense was $0.6 million (2023 - $0.6 million). The expense is related to amortizing the cost of the outstanding unvested Options and RSU over the vesting period. As at September 30, 2024, the Company had 4.1 million Options and 7.3 million RSUs (December 31, 2023 - 6.7 million and 4.3 million, respectively).

Other Items

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Impairment of notes receivable	**$ 952**	$ -	NA	**$ 952**	$ 1,068	-11%
Finance expense	**36**	14	157%	**108**	45	-140%
Finance income	**(87)**	(173)	-50%	**(261)**	(512)	-49%
Foreign exchange (gain) loss	**(25)**	(306)	-92%	**(314)**	289	209%
Other (income) loss	**(59)**	20	395%	**(958)**	61	1,670%
Other items	**$ 817**	$ (445)	-284%	**$ (473)**	$ 951	150%

During the three months ended September 30, 2024, the Company recognized a loss of $0.8 million (Q3 2023 - income of $0.4 million), meanwhile realized income of $0.5 million during the nine months ended September 30, 2024 (2023 - a loss of $1.0 million) from other items.

Impairment of notes receivable of $0.9 million in Q3 of 2024 was the result of the underlying note maturing during the quarter and being in default at September 30, 2024. The Company re-evaluated the recoverability of the respective note receivable and impaired it in its entirety as the likelihood of future recoveries is considered uncertain.

The Company had interest earned on cash on hand and recognized a foreign exchange gain which is largely driven by the majority of Greenlane's contracts being denominated in United States dollars and Euros and these respective currencies changing value against the Canadian dollar.

Furthermore, in Q2 2024 the Company settled an intellectual property pre-litigation claim and received a payment which was recognized as other income.

Income Taxes

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Current	**$ 261**	$ 212	23%	**$ 543**	$ 639	-15%
Deferred (recovery)	**(16)**	30	-153%	**(83)**	(22)	-277%
Total income taxes	**$ 245**	$ 242	1%	**$ 460**	$ 617	-25%

Included in Q3 2024 was a current tax provision of $0.3 million (Q3 2023 - $0.2 million provision) and a deferred tax recovery of $16,000 (Q3 2023 - $30,000 provision). Meanwhile, for the first nine months of 2024, the Company recorded a current tax provision of $0.5 million (2023 - $0.6 million) and a deferred tax recovery of $0.1 million (2023 - $22,000). The effective income tax rate is significantly lower than the Company's statutory rate of 27% largely due to tax loss carryforwards that have not been recognized for financial statement purposes and stock-based compensation expense that is not deductible for tax purposes.

Net loss and comprehensive loss from continuing operations

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Net loss	**$ (2,157)**	$ (4,885)	56%	**$ (3,452)**	$ (11,587)	70%
Other comprehensive (loss) income	**(126)**	186	-168%	**(209)**	(117)	-79%
Net loss and comprehensive loss	**$ (2,031)**	$ (5,071)	60%	**$ (3,243)**	$ (11,470)	72%
Basic and diluted loss per share	**$ (0.01)**	$ (0.03)	67%	**$ (0.02)**	$ (0.08)	75%

In Q3 2024, the Company incurred a net loss of $2.2 million compared to a net loss of $4.9 million in Q3 2023. In Q3 2024, the Company incurred a net loss and comprehensive loss of $2.0 million compared to a net loss and comprehensive loss of $5.1 million in Q3 2023.

For the nine months ended September 30, 2024, the Company incurred a net loss of $3.5 million compared to a net loss of $11.6 million for the nine months ended September 30, 2023. For the nine months ended September 30, 2024, the Company incurred a net loss and comprehensive loss of $3.2 million compared to a net loss and comprehensive loss of $11.5 million for the nine months ended September 30, 2023.

Results of Discontinued Operations

On April 15, 2024, the Company disposed of its wholly owned subsidiary GRUK for gross proceeds of $0.3 million (£0.2 million) or $22,000 (£13,000), net of cash on hand at closing, subject to customary post-closing adjustments. An impairment loss of $0.3 million was incurred to reduce the carrying value of the assets to their fair value.

GRUK carried on the Company's United Kingdom's and Europe's legacy upgrader aftercare services business. As part of management's ongoing evaluation of its operations and strategic plan, these operations were deemed non-core. The disposal will allow the Company to focus on areas of growth for Greenlane's Cascade products and services. Greenlane was successful in selling the business to a well-established and committed natural gas and biogas services and maintenance business with an intended outcome being that the Company will have an ongoing business relationship with the new ownership to support our mutual objectives for sustainable growth.

Comparative period balances of the condensed consolidated interim statements of financial position, loss and comprehensive loss and cash flows have been restated. The following table provides the operating results of the discontinued operations.

	Three months ended September 30,			Nine months ended September 30,		
(in $000s, except as noted)	**2024**	2023	% Change	**2024**	2023	% Change
Revenue:						
Aftercare services	**$ -**	$ 544	-100%	**$ 720**	$ 2,427	-70%
Cost of goods sold:						
Aftercare services	**-**	301	-100%	**418**	1,530	-73%
Gross margin before amortization: [1, 2]						
Aftercare services	**-**	243	-100%	**302**	897	-66%
Gross profit	**-**	243	-100%	**302**	897	-66%
Operating expenses:						
Amortization of office equipment	**-**	22	-100%	**20**	69	-71%
General and administration	**-**	287	-100%	**407**	997	-59%
Operating loss	**$ -**	$ (66)	-100%	**$ (125)**	$ (169)	-26%
Adjusted EBITDA [2]	**$ -**	$ (44)	-100%	**$ (105)**	$ (100)	-5%

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

Summary of Quarterly Results

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

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

Revenue and corresponding costs from executing system sales contracts are recognized using the stage of completion method. Under the stage of completion method, contract revenues and expenses are recognized by reference to the stage of completion of contract activity where the outcome of the contract can be measured reliably, otherwise revenue is recognized only to the extent of recoverable contract costs incurred. A typical system sales contract has five to eight payment milestones and a duration of nine to 24 months, and therefore quarterly operating results can fluctuate significantly as a result of the timing of contract related work.

(in $000s, except as noted)	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Revenue	$ 10,544	$ 14,630	$ 18,129	$ 16,544
Gross Margin before amortization[1,2]	$ 3,622	$ 4,063	$ 4,810	$ 3,286
Adjusted EBITDA[2]	$ (173)	$ (829)	$ (537)	$ (1,665)
Net loss from continuing operations	$ (2,031)	$ (477)	$ (796)	$ (17,035)
Net (loss) income from discontinued operations	$ -	$ (6)	$ (477)	$ (644)
Basic and diluted loss per share	$ (0.01)	$ 0.00	$ (0.01)	$ (0.12)

(in $000s, except as noted)	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Revenue	$ 9,575	$ 13,755	$ 14,759	$ 16,142
Gross Margin before amortization[1,2]	$ 2,892	$ 3,879	$ 3,549	$ 3,100
Adjusted EBITDA[2]	$ (4,434)	$ (1,595)	$ (1,595)	$ (1,891)
Net loss continuing operations	$ (5,071)	$ (4,339)	$ (1,955)	$ (1,580)
Net (loss) income discontinued operations	$ (148)	$ 65	$ (122)	$ 90
Basic and diluted loss per share	$ (0.03)	$ (0.03)	$ (0.01)	$ (0.01)

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

Liquidity

These consolidated financial statements have been prepared by management using generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from September 30, 2024. As at September 30, 2024, the Company had working capital $11.7 million (December 31, 2023 – $16.7 million).

The continuing operations of the Company are dependent upon its ability to continue to secure system sales upgrader contracts to realize profitable operations in the future. Contract awards are dependent on customer-related factors such as specifying system design, securing project financing and permitting, and government-related factors such as the continuance of existing and the introduction of new policies, mandates and regulations that encourage the use of renewable natural gas. There can be no assurance that management will be successful in securing these system sale upgrader contracts. In addition, the timing of contract awards can be delayed longer than expected. In the event that system sale upgrader contract awards are not secured or are delayed and as a result, cash flow from operations does not adequately support the fixed costs of the Company, the Company may then be required to re-evaluate its planned expenditures and may require future financings in such a manner as the Board 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. Management believes that the Company will be able to continue to secure system sale upgrader contracts and realize profitable operations in the future however, there can be no assurance that these plans, including obtaining financing, if necessary, will be successful. These factors represent a material uncertainty that may cast significant doubt on the Company's ability to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Nine months ended September 30, *(in $000s)*		**2024**		2023
Net cash provided by (used in):				
Operating activities	**$**	**3,954**	$	(4,054)
Investing activities		**(44)**		(189)
Financing activities		**(199)**		(225)
Net increase (decrease) in cash	**$**	**3,711**	$	(4,468)

Operating Activities

For the first nine months of 2024, the Company generated $4.0 million in cash from operating activities (2023 – used $4.0 million), including $0.7 million (2023 - $0.5 million) in cash used in discontinued operations. Cash used in operating activities before non-cash working capital items was $1.9 million (2023 - $8.3 million) driven by the operating loss incurred during the period. In addition, the Company generated $4.7 million (2023 – used $3.5 million) in non-cash working capital.

Investing Activities

Net cash used in investing activities was $44,000 in the first nine months of 2024 comprised of $0.1 million for the purchase of property and equipment offset by $22,000 received in the disposal of GRUK.

Financing Activities

Net cash used in financing activities was $0.2 million for the first nine months of 2024 related to the payment of lease liabilities.

Contractual Obligations

The table below summarizes the future undiscounted contractual cash flow requirements as at September 30, 2024 for the Company's financial liabilities:

as at September 30, 2024 (in $000s)		Carrying amount		Contractual cash flow		Less than 12 months		1 - 2 years		2 - 3 years		Thereafter
Accounts payable and accrued Liabilities	$	16,683	$	16,683	$	16,683	$	-	$	-	$	-
Lease liability		2,165		2,605		450		916		785		454
Warranty liability		671		671		671		-		-		-
Deferred consideration – contingent earn-out		1,533		767		767		-		-		-
	$	21,052	$	20,726	$	18,571	$	916	$	785	$	454

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

Capital Resources

At September 30, 2024, Greenlane had cash and cash equivalents of $15.4 million (December 31, 2023 - $11.8 million) and working capital of $11.7 million (December 31, 2023 - $16.7 million).

Lease Liabilities

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

As at *(in $000s)*	**September 30, 2024**	December 31, 2023
Balance, beginning of the year	**$ 1,951**	$ 1,235
Additional leases	**415**	1,001
Lease payments	**(307)**	(383)
Finance fees	**108**	81
Disposal of subsidiary	**(35)**	-
Foreign exchange adjustment	**33**	17
Balance, end of the period	**2,165**	1,951
Current portion	**(322)**	(232)
Non-current portion of lease liabilities	**$ 1,843**	$ 1,719

Debt

At September 30, 2024, the Company had no debt other than payables resulting from normal course operations and off balance sheet arrangements noted below.

Off Balance Sheet Financing Arrangements

The Company has a $26.5 million standby letter of credit facility (the "**Facility**") that provides the Company the ability to issue standby letters of credit to its customers for system supply contracts that have advance payment and performance security requirements. As at September 30, 2024, the Company had issued $8.9 million and committed to issue $nil in standby letters of credit on the Facility.

The Company also has $7.3 million in advance payment bonds and performance bonds outstanding. The Company was required to provide a cash deposit of $1.6 million, classified as restricted cash, to partially secure the bonds.

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

Shareholders' Equity

Equity decreased by $2.2 million to $23.1 million at September 30, 2024 from $25.3 million at December 31, 2023. The decrease was primarily attributable to the net loss and comprehensive loss incurred in the period.

Securities data

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

	November 7, 2024	September 30, 2024
Common shares[1]	154,247,407	154,247,407
Stock options[2]	3,942,768	4,057,855
Restricted share units[3,4]	6,040,093	6,092,318
Performance restricted share units[5]	1,175,000	1,175,000

Notes:

1. As of November 7, 2024, on a fully-diluted basis the Company would have 165,405,268 common shares outstanding (September 30, 2024 – 165,572,580)
2. As of November 7, 2024, 2,534,013 Options are exercisable (September 30, 2024 – 2,599,681)
3. As of November 7, 2024, 1,353,832 RSUs are exercisable (September 30, 2024 – 1,353,832)
4. As of November 7, 2024, 234,436 unvested RSUs are only exercisable for cash once vested (September 30, 2024 – 234,436)
5. As of November 7, 2024, nil PRSUs are exercisable (September 30, 2024 - nil)

Financial Information and Related Risks

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

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

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

Fair Value

Financial assets

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

Financial liabilities

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

Deferred consideration - contingent earn-out

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

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, accounts receivable, contract assets and notes receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions, and through the performance of credit checks for all new customers. The Company considers its credit risk with respect to accounts receivable and notes receivable to be limited to the value of the provision for allowance for expected credit losses which has been recognized. Subsequent to September 30, 2024, the Company collected $0.4 million or 23% of the $1.7 million of accounts receivable over 90 days (net of $4.1 million of allowance for doubtful accounts) that was outstanding at September 30, 2024 and expects that the remaining amount is collectable.

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 ("**USD**"), Great Britain Pound ("**GBP**"), Euros and Brazilian Real ("**BRL**"). The Company believes that its results of operations, financial position and cash flows could be affected by a sudden change in foreign exchange rates but would not impair or enhance its ability to pay its foreign currency obligations. The Company manages foreign exchange risk by maintaining USD, GBP and Euros cash on hand to fund its anticipated short-term foreign currency expenditures.

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

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At September 30, 2024, the Company had no variable rate interest bearing financial liabilities or assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The Company's ability to do this relies on the Company maintaining sufficient cash in excess of anticipated needs and raising debt or equity financing in a timely manner. Greenlane's ongoing liquidity may be impacted by various external events and conditions.

Related Party Transactions

Key management includes Directors, the Chief Executive Officer ("**CEO**") (formerly the Executive Vice Chair), the President (formerly the CEO), the Chief Financial Officer ("**CFO**") and the Chief Operating Officer ("**COO**"), who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The remuneration paid and payable to these key management personnel is outlined below:

	Three months ended September 30,		Nine months ended September 30,	
(in $000s)	**2024**	2023	**2024**	2023
Non-executive directors' fees	**$ 72**	$ 204	**$ 215**	$ 546
Salaries and short-term benefits	**272**	299	**1,293**	806
Equity-based compensation	**105**	82	**400**	249
Related party transactions	**$ 449**	$ 585	**$ 1,908**	$ 1,601

Proposed Transactions

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

Critical Accounting Policies and Management Estimates

This MD&A of the Company's financial condition, results of operations and cash flows is based on the financial statements which are prepared in accordance with IFRS Accounting Standards for interim financial statements. The preparation of the condensed consolidated interim financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results may differ from these estimates and the differences could be material. Estimates, judgements and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain, are summarized in the consolidated financial statements for the year ended December 31, 2023 and there have been no changes since December 31, 2023.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for the preparation of the Company's Consolidated Financial Statements, as well as the general reasonableness of the Company's financial reporting. The Board of Directors is responsible for overseeing management's performance of its financial reporting and internal control responsibilities. The Board of Directors exercises this responsibility with the assistance of the Audit Committee of the Board of Directors.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

During the period from January 1, 2024 to September 30, 2024, there was no change to the ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Risks and Uncertainties

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

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

Changes in Accounting Policies

The Company's significant accounting policies are those that affect its financial statements and are summarized in Note 3 of the consolidated financial statements for the year ended December 31, 2023. There have been no changes of accounting policies during the current year with the exception of the additional policy for Assets held for sale and Discontinued operations as detailed in Note 4 of the condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023, and no other changes are expected to be adopted in the current year.

There are a number of accounting standard amendments issued by the IFRS Accounting Standards which the Company has not yet adopted. None of the future amendments are expected to have a significant impact on the Company's accounting policies on adoption.

Alternative Performance Measures

Specified financial measures

Management evaluates the Company's performance using a variety of measures, including Gross Margin before amortization, Adjusted EBITDA, and Sales Order Backlog. The specified financial measures, including non-IFRS Accounting Standards measures and supplementary financial measures should not be considered as an alternative to or more meaningful than revenue, gross profit, operating loss or net loss. These measures do not have a standardized meaning prescribed by IFRS Accounting Standards 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 Accounting Standards. The Company believes these specified financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company. Management uses these specified financial measures to exclude the impact of certain expenses and income that must be recognized under IFRS Accounting Standards when analyzing consolidated underlying operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

Gross Margin before amortization

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

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS Accounting Standards measure and is defined by the Company as earnings before interest, taxes, foreign exchange, depreciation and amortization, as well as adjustments for other income (expense), value assigned to Options and RSUs, impairment of intangible assets and goodwill, impairment of notes receivable, restructuring charge, strategic initiatives, transaction costs and non-recurring items.

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

	Three months ended September 30,		Nine months ended September 30,	
(in $000s)	**2024**	2023	**2024**	2023
Net loss and comprehensive loss from continuing operations	**$ (2,031)**	$ (5,071)	**$ (3,243)**	$ (11,470)
Add (deduct):				
Exchange differences on translating foreign operations	**(126)**	186	**(209)**	(117)
Provision for income taxes	**245**	242	**460**	617
Restructuring charge	**518**	-	**518**	-
Other (income) loss	**(59)**	20	**(958)**	61
Foreign exchange (gain) loss	**(25)**	(306)	**(314)**	289
Finance income	**(87)**	(173)	**(261)**	(512)
Finance expense	**36**	14	**108**	45
Impairment of notes receivable	**952**	-	**952**	1,068
Share based compensation	**124**	42	**574**	579
Amortization of:				
Office equipment	**54**	85	**161**	259
Property and equipment	**84**	43	**251**	128
Intangible assets	**142**	484	**422**	1,439
Adjusted EBITDA from continuing operations	**$ (173)**	$ (4,434)	**$ (1,539)**	$ (7,614)

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

	Three months ended September 30,		Nine months ended September 30,	
(in $000s)	**2024**	2023	**2024**	2023
Net loss and comprehensive loss from discontinued operations	**$ -**	$ (148)	**$ (472)**	$ (206)
Add (deduct):				
Exchange differences on translating foreign operations	**-**	4	**(11)**	26
Foreign exchange loss	**-**	77	**15**	6
Finance expense	**-**	1	**1**	5
Impairment loss on inventory and property and equipment	**-**	-	**342**	-
Amortization of:				
Office equipment	**-**	22	**20**	69
Adjusted EBITDA from discontinued operations	**$ -**	$ (44)	**$ (105)**	$ (100)

Sales Order Backlog

The Company provides an update on its contracted system sales, which includes both Greenlane and Airdep branded products ("**Sales Order Backlog**"). Sales Order Backlog is a supplementary financial measure that refers to the balance of unrecognized revenue from sales contracts. The Company's Sales Order Backlog is a snapshot in time which varies from period-to-period. The Sales Order Backlog increases by the value of new system sales contracts and is drawn down over time as these projects progress towards completion with amounts recognized in revenue (by reference to the stage of completion of each contract). Sales Order Backlog does not include revenue from contracts in connection with aftercare services, given the smaller individual contract values, or royalties.

Forward-Looking Information

This MD&A contains forward-looking statements, including statements regarding the future success of the Greenlane business, technology and market opportunities. All statements that are not historical in nature contain forward-looking information. Forward-looking statements typically contain words such as "believes", "expects", "anticipates", "plans", "continues", "could", "indicates", "intends", "would" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen or that current events or conditions will continue or be repeated, although not all forward-looking statements contain these identifying words. Examples of such statements include, but are not limited to, statements concerning: the Company will be able to realize its assets and discharge its liabilities in the normal course of business; the biogas upgrading market is anticipated to grow; the Company is pursuing sales opportunities and if contract awards are delayed, the Company's workforce reductions will result in a $5.0 million go forward annual reduction in general and administrative costs; of the expected progress for the fulfilment of contracts for biogas upgrading systems and the timing of revenue recognition; the Company's estimates respecting deferred consideration; limits to credit risk based on the ability to collect from accounts receivable; the likelihood of future recoveries of notes receivable being uncertain; trends in, and the development of, the Company's target markets including regulatory policies and legislation; the Company's market opportunities; the benefits of the Company's products; expectations regarding competitors; and the expected impact of the described risks and uncertainties.

These statements are neither promises nor guarantees but involve known and unknown risks and uncertainties that may cause the Company's actual results, level of activity or performance to be materially different from any future results, levels of activity or performance expressed in or implied by these forward-looking statements. These risks include, generally, risks related to the business as a going concern, revenue growth, operating results, collection of accounts receivable, collection of notes receivable, industry and products, technology, competition, regulatory policies, the availability of skilled personnel, the ability of the Company to convert opportunities into committed contracts; systematic process enhancements and their expected benefits; 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: assumption that Company will be able to realize its assets and discharge its liabilities in the normal course of business; assumed benefits of systematic process enhancements; the Company ability to continue securing upgrader contracts to realize profitable operations in the future; assumptions that the Company will be able to collect all accounts receivable; assumptions that the Company will be able to collect all notes receivable; expected timing and value of contract awards; Greenlane may face impediments in delivering and advancing projects to be able to timely realize revenue; trends in certain market segments and the economic climate generally; regulatory developments in the industry; the pace and outcome of technological development; and the financial stability and expected actions of competitors, customers and suppliers. The forward-looking statements contained herein are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement and the Risks and Uncertainties in this MD&A and other referenced public disclosure. Except to the extent required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements contained herein.