GREENLANE RENEWABLES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2022

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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 March 9, 2023 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021 and the annual information form ("**AIF**") for the year ended December 31, 2022. All figures are expressed in Canadian dollars and all tabular amounts are in $000s, except where otherwise indicated. The three-month periods ended December 31, 2022 and 2021 are herein referred to as "**Q4**". The financial statements have been prepared in Canadian dollars, in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

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

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

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

Additional information relating to the Company, including the AIF, are available under Greenlane's profile on SEDAR at www.sedar.com and on the Company's website at www.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 HIGHLIGHTS

Financial Results

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

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Revenue	**$ 16,972**	$ 17,124	-1%	**$ 71,241**	$ 55,351	29%
Gross Margin before amortization[1,2]	**$ 3,277**	$ 4,255	-23%	**$ 16,812**	$ 14,136	19%
Adjusted EBITDA[2]	**$ (1,984)**	$ 274	-824%	**$ (1,968)**	$ 1,081	-282%
Net loss and other comprehensive loss	**$ (1,490)**	$ (1,109)	-34%	**$ (6,062)**	$ (2,382)	-154%
Weighted average common shares outstanding	**151,531,829**	150,217,958	1%	**150,917,997**	143,851,178	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 measures, refer to "*Alternative Performance Measures*" for further information

Financial Position

As at December 31, *(in $000s, except as noted)*		**2022**		2021
Cash and cash equivalents	**$**	**21,381**	$	31,471
Working capital (including cash and cash equivalents)	**$**	**27,243**	$	39,148
Total assets	**$**	**83,387**	$	78,786
Total liabilities	**$**	**29,904**	$	22,305
Total shareholders' equity	**$**	**53,483**	$	56,481
Common shares outstanding		**152,040,781**		150,293,991

FOURTH QUARTER HIGHLIGHTS

For the three months ended December 31, 2022, Greenlane:

- generated $17.0 million in revenue which was consistent with Q4 2021;
- recognized Gross Margin before amortization of $3.3 million or 19% of revenue (Q4 2021 - $4.3 million or 25% of revenue) and realized an Adjusted EBITDA loss of $2.0 million (Q4 2021 - Adjusted EBITDA earnings of $0.3 million);
- on November 30, 2022, signed a new contract for $4.6 million (US$3.5 million) for a dairy manure-to-renewable natural gas ("**RNG**") project in the western United States for the supply of a biogas upgrading system; and
- Subsequent to year end, on March 9, 2023, announced a new contract of $7.2 million (US$5.4 million) for the supply of a biogas upgrading system.

FISCAL 2022 HIGHLIGHTS

For the year ended December 31, 2022, Greenlane:

- generated $71.2 million in revenue which was 29% greater than fiscal 2021;
- recognized Gross Margin before amortization of $16.8 million or 24% of revenue (2021 - $14.1 million or 26% of revenue) and realized an Adjusted EBITDA loss of $2.0 million (2021 - Adjusted EBITDA earnings of $1.1 million);
- signed new contracts for a total of $45.3 million for the supply of biogas upgrading systems;
- advanced funds through the deployment of development capital for a total of $1.6 million (US$1.1 million) for two separate development contracts;
- completed the acquisition of 100% of the outstanding share capital of Airdep for consideration of $12.1 million (€8.5 million);
- increased its letter of credit facility with a Canadian lender to $20.0 million (from $12.5 million); and
- ended the year with a Sales Order Backlog of $27.7 million and a Sales Pipeline of $900 million.

OUTLOOK

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

The Company plans to continue to scale up its operations, search out consolidation opportunities and expand Greenlane's business beyond equipment sales to also include recurring revenue and profits from RNG projects through deployment of development capital.

NATURE OF OPERATIONS

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

Overview of the Biogas Upgrading Business

Greenlane designs, develops, sells and services a range of biogas upgrading systems that produce clean, low-carbon and carbon-negative RNG from biogas generated by organic waste sources including, but not limited to, landfills, wastewater treatment plants, dairy farms, and food waste. Biogas is produced naturally from these sources when organic matter is broken down through anaerobic digestion and is a mixture of approximately 60% methane, 40% carbon dioxide plus traces of other contaminant gases. The RNG produced is suitable for either injection into the natural gas grid or for direct use as commercial vehicle fuel.

Each Greenlane biogas upgrading system is customer specific and typically has a standard core upgrading product with optional additional equipment as necessary for the particular application. Greenlane's biogas upgrading system supply contract values typically range from $2 million to $12 million for single systems, depending on size and scope of supply, with larger capacities achieved by installing multiple systems in parallel driving multiples in contract value accordingly.

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 active sales opportunities that can convert into orders within approximately a rolling 24-month time horizon ("**Sales Pipeline**", i.e. known sales opportunities). At December 31 2022, the Sales Pipeline was valued at over $900 million (December 31, 2021 - $850 million). Not all of these potential projects will proceed or proceed within the expected timeframe and not all of the projects that do proceed will be awarded to Greenlane. Additions to the amount in the Sales Pipeline come from situations where the Company provides a quote on a prospective project and reductions in the Sales Pipeline arise when a prospective opportunity is lost to a competitor, does not proceed or is converted to Greenlane's active order book ("**Sales Order Backlog**").

The Company supplies biogas upgrading systems and maintenance services to a wide range of customers in the waste water, waste collection, agricultural, food waste, beverage, and pulp and paper industries. The Company manages the entire project life cycle from design and procurement through to on-site commissioning and aftercare. The Company uses a capital light business model with largely outsourced manufacturing and components purchased through an extensive global supply chain. The only exception to this is in relation to Airdep, where the assembly and a small amount of fabrication is performed in-house.

Greenlane has several major competitors operating in the same geographical markets, many of which own, or have access to, similar biogas upgrading technology. This market is seeing signs of new biogas upgrading system provider entrants. Competitors of Greenlane are small- to medium-sized companies working in regional segments of the biogas market as well as large multinationals with small biogas upgrading divisions. As such, Greenlane differentiates itself by its track record of supplying biogas upgrading systems worldwide, while also to the Company's knowledge, being the only company to offer, and be actively deploying, multiple biogas upgrading technologies (water wash, PSA and membrane separation). The most widely deployed technology to-date, globally, has been water wash. This allows the Company to offer its customers an unbiased selection of the optimal technology or combination of technologies to provide the best outcome for the unique requirements of their project(s). Greenlane's multi-technology approach is particularly compelling for serial developers whose portfolio of projects will have different requirements and demand different technology solutions. Greenlane has positioned itself as the go-to partner to grow with these serial developers.

The market for Greenlane's products is expected to grow as an increasing number of corporations and individuals act on their sustainability targets and governments around the world enact and strengthen environmental policies designed to combat climate change by promoting clean, low carbon and carbon-negative solutions to effectively divert increasing amounts of organic waste away from landfills and into a circular economy as the world's population continues to expand.

Greenlane offers a broad range of complete biogas upgrading systems using one or more of three core gas separation technologies: water wash, PSA, or membrane. The selection of separation technology, or combination of technologies, is made based on an optimized solution to meet the specific client requirements and specifications.

Greenlane's product range is based upon standard modular designs that can be tailored to each customer's unique requirements through careful specification and integration of related balance-of-plant equipment. Greenlane offers a range of water wash, PSA and membrane models with inlet biogas flow capacity ranging from 300 to 5,000 normal cubic metres per hour (Nm^3/hr). Greenlane is able to provide larger capacities by installing multiple systems in parallel.

In conjunction with the core separation technologies, Greenlane specifies, procures and integrates additional balance-of-plant equipment that is required for the complete system. Functions performed by this equipment may include, but are not limited to gas compression, removal of impurities such as hydrogen sulfide ("**H_2S**"), volatile organic compounds and siloxanes, oxygen removal, gas analysis, and effluent gas treatment. Greenlane's value proposition is to provide the widest range of fully integrated "flange-to-flange" biogas upgrading systems to meet pipeline injection requirements for projects of all types and sizes globally.

Upon the completion of the acquisition of Airdep, Greenlane extended its product offerings. The acquisition of Airdep brings in-house an effective and proven technology to remove H_2S from biogas for integration with the Company's portfolio of biogas upgrading systems that produce low-carbon and carbon-negative RNG. It also adds an attractive line of products for sales into existing and new biogas projects globally, independent of the full biogas upgrading system. The Airdep system is especially compelling for use in higher biogas flow, higher H_2S concentration applications.

Deployment of Development Capital Program

In addition to its core business of selling biogas upgrading systems, in fiscal 2022 the Company launched a program to add new recurring revenues and profits by gaining exposure to lucrative RNG off-take contracts through its deployment of development capital program (the "**DoDC Program**").

Through the DoDC Program, the Company commits to providing developers pre-construction development capital in the form of a note receivable (the "**Note**"). Under the terms of the Note, Greenlane has the option to convert the Note into an equity interest in the development company in addition to realizing a return on the Note.

The intended outcomes of the DoDC Program for Greenlane are to: (i) assist developers in accelerating projects to the ready for construction phase while earning a return on funds invested; (ii) secure biogas upgrading system sales and follow-on aftercare services contracts for the developer's current and future projects; and (iii) earn an equity and/or profits interests in the resulting RNG project, gaining exposure to recurring revenues from RNG offtake contracts and associated environmental attributes. The Company's objective is to own a small portion of a large number of RNG projects by partnering with select project developers and owners to add value, reduce risks and build scale.

OVERVIEW OF ACTIVITIES FOR FISCAL 2022

For fiscal 2022, the Company reported revenue of $71.2 million, Gross Margin before amortization of $16.8 million or 24% of revenue, Adjusted EBITDA loss of $2.0 million and a net loss and comprehensive loss of $6.1 million. Revenue was in line with the stage of completion on announced and active projects and represents a 29% increase over revenue of $55.4 million in fiscal 2021.

System Sales Contracts and Sales Order Backlog

In 2022, the Company announced $45.3 million in new system sale contract wins consisting of:

- In January 2022, the Company announced the signing of two biogas upgrading system supply contracts valued in total at $7.1 million for separate RNG projects in the United States and Brazil.
    - The first contract is for the supply of a biogas upgrading system for a dairy manure-to-RNG project in Nebraska, United States. Greenlane will supply its PSA system for upgrading biogas generated from anaerobic digestion of dairy cow manure into carbon negative RNG suitable for injection into the local pipeline network; and
    - The second contract is for a landfill gas-to-RNG project in Brazil with one of the country's largest landfill operators, Orizon Valorizacao de Residuos. Greenlane will supply its water wash system to upgrade the landfill gas to low carbon RNG;

- In April 2022, the Company announced the signing of $11.4 million (US$8.9 million) in contracts with a single customer for the supply of its PSA biogas upgrading systems for three new food waste-to-RNG projects in the United States, across three separate states;

- In May 2022, the Company announced a new contract for $8.7 million (US$6.8 million) for a dairy manure-to-RNG project in the United States owned by an international energy company. This contract marked the third project within 18 months with this customer that the Company has successfully bid;

- In August 2022, the Company announced 2 new contracts with a combined value of $13.5 million (US$10.5 million) for the supply of its biogas upgrading technology for two landfill gas-to-RNG projects in South America. The contracts involve the supply two water wash upgrading systems each capable of processing enough landfill gas to produce up to approximately 850,000 MMBtu annually of pipeline specification RNG for commercial use; and

- In November 2022, the Company announced a $4.6 million (US$3.5 million) contract for the supply of its PSA system in the western United States for upgrading biogas generated from anaerobic digestion of dairy cow manure into carbon negative RNG suitable for injection into the local pipeline network.

Order fulfillment on all announced contracts commenced immediately.

In December 2019, the Company announced that it had entered into an $8.3 million (US$6.3 million) biogas upgrading contract with a customer in California, United States. Preliminary engineering work was completed on the landfill gas-to-RNG project in 2020. Following damage from a wildfire to the existing facility, the customer requires permits to rebuild the facility, unrelated to the biogas upgrading system. The customer expects to be in a position to proceed with the biogas upgrading project in the second half of fiscal 2023 (previously in 2022). Given the expiry of time, pricing and certain other terms of the contract will require amendment before the Company proceeds with the project.

At December 31, 2022, contracted revenue that will be recognized as completion on the projects progresses, referred to as Sales Order Backlog was $27.7 million (December 31, 2021 - $43.0 million). Sales Order Backlog has been adjusted for individually immaterial changes on announced projects for contractual change orders and foreign exchange movements. Revenue from contracts included in Sales Order Backlog is typically recognized over nine to 18 months from when the contract is secured. The Sales Order Backlog does not include the $8.3 million contract announced in 2019, noted above, given the significant delay in the project proceeding and the contract amendments that will be required. Furthermore, the Sales Order Backlog does not include Airdep's contracts given the contracts are typically smaller in value and are delivered over a significantly shorter period of time.

Deployment of Development Capital

In 2022, the Company committed to making two investments for an aggregate value of $2.1 million (US$1.5 million) under its DoDC Program to companies focused on developing RNG projects. As of December 31, 2022, the Company has advanced $1.6 million (US$1.1 million) and recognized an additional $0.2 million in accrued interest and fees for a total outstanding investment under its DoDC Program of $1.8 million. Specifically:

- In the second quarter of 2022, Greenlane entered into an agreement with a company focused on developing RNG projects, based on the dairy cluster model (whereby a digester and biogas upgrading system is installed at a host farm to which manure is transported from other farms nearby). The Company anticipates advancing up to approximately $1.4 million (US$1.0 million), on a milestone achievement basis. As of December 31, 2022, $0.8 million (US$0.6 million) has been advanced. The funds will be used to progress the development company's dairy cluster project to construction financing. The project is located in California, United States and is estimated to generate over 80,000 MMBtu annually using biogas upgrading system supplied by Greenlane. The total project capital expenditure to be provided by third parties is expected to be approximately $20.3 million (US$15.0 million).

- In the third quarter of 2022, Greenlane signed an agreement with a company focused on developing landfill gas-to-RNG projects. The Company anticipates advancing up to approximately $0.7 million (US$0.5 million), on a milestone achievement basis. As of December 31, 2022, $0.7 million (US$0.5 million) has been advanced. The funds will be used to progress the development company's landfill gas-to-RNG project to construction financing. The project is located in the mid-western United States and is estimated to generate over 250,000 MMBtu annually using a biogas upgrading system supplied by Greenlane. The total project capital expenditure to be provided by third parties is expected to be approximately $37.2 million (US$27.5 million).

The projects' revenues are expected to be generated from the sale of physical gas and D3 Renewable Identification Numbers (D3 RINs) under the US Renewable Fuel Standard program (RFS). Further, the dairy cluster project is expected to generate revenue from the sale of credits under California's Low Carbon Fuel Standard (LCFS) program. Alternatively, it is possible that the projects may enter into one or more long-term offtake agreements with natural gas utilities or energy companies.

Business Acquisition

On February 1, 2022, the Company completed the acquisition of Italian company Airdep (the "**Acquisition**"), a leading provider of biogas desulfurization and air deodorization products founded in 2011 and based in Vicenza, Italy. The Acquisition of Airdep brings in-house an effective and proven technology to remove H_2S from biogas for integration with the Company's portfolio of biogas upgrading systems that produce low-carbon and carbon-negative RNG. It also adds an attractive line of products for sales into existing and new biogas projects globally, independent of the full biogas upgrading system. Airdep has deployed over 140 H_2S treatment systems that use a proprietary liquid reagent media for removal of H_2S in biogas. The liquid media is regenerated and recirculated within the process to minimize operating costs. The Airdep system offers lower capital and operating costs than competing methods, and is especially compelling for use in higher flow, higher H_2S concentration applications. In addition to H_2S treatment products, Airdep also offers an extensive line of air deodorization products.

Through the Acquisition, the Company has strengthened its price competitiveness and margins by insourcing a technology that it would otherwise procure to integrate into its biogas upgrading systems. In addition, Greenlane can continue to expand its scope of supply and increase its revenue in projects where customers would otherwise purchase the H_2S systems directly from others.

Total consideration for the Acquisition was valued at $12.1 million (€8.5 million) comprised of:

- $7.9 million (€5.5 million) in cash, paid on closing;
- $1.4 million (€1.0 million) in Greenlane common shares issued in equal tranches on May 1, 2022, August 1, 2022, November 1, 2022 and February 1, 2023;
- $1.5 million (€1.1 million) in deemed fair value for contingent earn-out consideration which is based on Airdep achieving certain future financial thresholds and is payable in early 2025 in cash or Greenlane common shares, at the Company's discretion. The maximum payable for contingent earn-out consideration is $3.6 million (€2.5 million); and
- $1.3 million (€0.9 million) for post-closing working capital and net financial position adjustments, payable in cash. As of December 31, 2022, the Company has paid $0.9 million with the remaining balance expected to be paid in 2023.

Credit Facilities

In July 2022, the Company increased its standby letter of credit facility (the "**Facility**") with a Canadian lender to $20.0 million (previously $12.5 million). The Facility is secured by a guarantee from Export Development Canada ("**EDC**") to provide further guarantees and standby letters of credit to customers for system supply contracts that require them.

SELECTED ANNUAL INFORMATION

(in $000s, except as noted)	**2022**	2021	2020
Revenue	**$ 71,241**	$ 55,351	$ 22,500
Gross Margin before amortization[1,2]	**$ 16,812**	$ 14,136	$ 6,425
Adjusted EBITDA[2]	**$ (1,968)**	$ 1,081	$ (1,701)
Net loss and comprehensive loss	**$ (6,062)**	$ (2,382)	$ (2,512)
Loss per share (basic and diluted)	**$ (0.04)**	$ (0.02)	$ (0.03)
Total assets	**$ 83,387**	$ 78,786	$ 43,172
Total non-current liabilities	**$ 4,123**	$ 367	$ 567
Weighted average common shares outstanding	**150,917,997**	143,851,178	92,833,394
Common shares outstanding	**152,040,871**	150,293,991	114,681,456

Notes:

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

During fiscal 2022, the Company acquired Airdep which positively impacted revenue and Gross Margin before amortization. In both 2021 and 2022, the Company experienced a significant increase in sales which resulted in an increase to revenue and Gross Margin before amortization. Meanwhile in 2022, Adjusted EBITDA was negatively impacted by costs incurred to address the Company's growth over the past two years. Furthermore, in 2020 and 2021 the Company raised equity through a bought deal offering and exercise of outstanding warrants which increased net assets and common shares outstanding.

RESULTS OF OPERATIONS

Revenue

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Revenue:						
System sales	**$ 15,594**	$ 15,972	-2%	**$ 65,558**	$ 52,053	26%
Aftercare services	**1,378**	1,152	20%	**5,683**	3,298	72%
Total revenue	**$ 16,972**	$ 17,124	-1%	**$ 71,241**	55,351	29%

Revenue for the fourth quarter of 2022 of $17.0 million, including $2.9 million as the contribution from Airdep, was $0.2 million or 1% less than Q4 2021. The decrease was driven by a $0.4 million reduction in system sales that was partially offset by a $0.2 million improvement in aftercare services. System sales contract revenue was primarily derived from 18 contracts (Q4 2021 - 10 contracts) recognized in accordance with the stage of completion on the projects.

Revenue for fiscal 2022 was $71.2 million, which was a $15.9 million or 29% increase over the prior year. The increase was the result of an increase of $13.5 million or 26% in system sales and an increase of $2.4 million or 72% in aftercare services. System sales contract revenue was primarily derived from 25 contracts (2021 - 17 contracts) recognized in accordance with the stage of completion on the projects. Opening Sales Order Backlog on January 1, 2022 of $43.0 million, $45.3 million in new contract system sales and the post-acquisition activities of Airdep, all contributed to the increase over fiscal 2021. Included in revenue for 2022 was $7.8 million in total revenue generated by Airdep.

Cost of goods sold and gross profit

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Revenue:						
System sales	**$ 15,594**	$ 15,972	-2%	**$ 65,558**	$ 52,053	26%
Aftercare services	**1,378**	1,152	20%	**5,683**	3,298	72%
	16,972	17,124	-1%	**71,241**	55,351	29%
Cost of goods sold						
System sales	**13,091**	12,153	8%	**51,530**	38,977	32%
Aftercare services	**604**	716	-16%	**2,899**	2,238	29%
	13,695	12,869	6%	**54,429**	41,215	32%
Gross Margin before amortization[1,2]						
System sales	**2,503**	3,819	-35%	**14,028**	13,076	7%
Aftercare services	**774**	436	78%	**2,784**	1,060	163%
	3,277	4,255	-23%	**16,812**	14,136	19%
Amortization of:						
Intangible assets	**58**	306	-81%	**1,739**	1,242	40%
Property and equipment	**68**	-	NA	**146**	-	NA
	126	306	-59%	**1,885**	1,242	52%
Gross profit	**$ 3,151**	$ 3,949	-20%	**$ 14,927**	$ 12,894	16%

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

The Company predominantly utilizes a capital-light, largely outsourced manufacturing model whereby it outsources the fabrication of its systems, and purchases components globally from trusted supply chain partners who meet the Company's cost, quality and delivery

requirements. The only exception to this is in relation to Airdep, where the assembly and a small amount of fabrication is performed in-house.

Cost of goods sold for Q4 2022 was $13.7 million (Q4 2021 - $12.9 million) being a 6% increase over the comparative period in the prior year. Gross Margin before amortization was 19% for the three months ended December 31, 2022 (Q4 2021 - 24.8%) which was a 550-basis point decline. The Company has a portfolio of active projects all at different stages of completion and different gross margin levels, however in the fourth quarter of 2022 certain projects experienced commissioning costs that were beyond the Company's control and unrecoverable scope changes that have negatively impacted the overall margin. Amortization of intangible assets and property and equipment was $0.1 million for the three months ended December 31, 2022 which was a decrease of 59% from Q4 2021 that was the result of a year-end adjustment to the quarterly provision. Gross profit was $3.2 million for Q4 2022 (Q4 2021 - $3.9 million) which was a decrease of $0.8 million or 20% driven by the factors noted above.

For fiscal 2022, cost of goods sold was $54.4 million (2021 - $41.2 million) being a 32% increase over fiscal 2021. Gross Margin before amortization was 24% for 2022 (2021 - 25.5%) which was a decrease of 190-basis points. Albeit, the overall margin increased $2.7 million or 19% it lagged the incremental revenue achieved. As detailed above, the Company has a portfolio of active projects all at different stages of completion and different gross margin levels, however certain projects experienced unforeseen commissioning costs and unrecoverable scope changes that have negatively impacted the overall margin. Amortization of intangible assets and property and equipment was $1.9 million fiscal 2022. The increase of 52% from fiscal 2021 reflects amortization of intangible assets acquired from Airdep. Gross profit was $14.9 million in 2022 (2021 - $12.9 million) which was an increase of $2.0 million or 16% driven by the factors noted above.

Operating Expenses

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Amortization of office equipment	**$ 79**	$ 91	-13%	**$ 447**	$ 329	36%
General and administration	**4,731**	3,094	53%	**15,775**	10,791	46%
Research and development	**343**	282	22%	**1,061**	758	40%
Sales and marketing	**187**	605	-69%	**1,944**	1,607	21%
Share based compensation	**421**	344	22%	**1,977**	1,098	80%
Strategic initiatives	**418**	935	-55%	**1,592**	935	70%
Total operating expenses	**$ 6,179**	$ 5,351	15%	**$ 22,796**	$ 15,518	47%

Of the total general and administrative expenses in Q4 2022, $2.7 million relates to salaries and benefits (Q4 2021- $2.3 million). For fiscal 2022, salaries and benefits were $9.9 million or 14% of total revenues (2021 - $6.2 million or 11%). In view of the Company's growth over the last two years, the Company has added new team members and accelerating systematic process enhancements. The Company continues to invest in building and strengthening the team. An increase in the number of employees and average compensation of the employee base driven by a regionally tight labour market, were the primary contributors to the overall increase in general and administrative costs for Q4 2022 and fiscal 2022 as compared to the prior year periods. At December 31, 2022, the Company had 131 employees and contractors (2021 – 82 employees and contractors).

The Company incurred general and administration expenses (excluding salaries and benefits) of $2.0 million in Q4 2022 (Q4 2021 - $0.8 million) and $5.8 million for fiscal 2022 (fiscal 2021 - $4.6 million). The Q4 and annual increase in expenses are largely due to a bad debt expense of $0.5 million, which includes a provision on a biogas project in Spain as the customer has filed for bankruptcy and settlement on a procurement contract, an increase in contractors utilized and an increase in insurance costs. In addition, the acquisition of Airdep added general and administration expenses of $0.7 million for Q4 2022 and $1.5 million for fiscal 2022.

Research and development costs were $0.3 million in Q4 2022 (Q4 2021 - $0.3 million) and $1.1 million for fiscal 2022 or 1.5% of total revenues (2021 - $0.8 million or 1.4%) reflecting internal labour costs and external consultancy fees associated with ongoing initiatives to enhance the Company's product offerings.

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 $0.2 million in Q4 2022 (Q4 2021 - $0.6 million) and $1.9 million for fiscal 2022 or 2.7% of total revenues (2021 - $1.6 million or 2.9%). The overall annual increase in costs reflects higher travel and related costs in 2022 due to the relaxation of restrictions related to the pandemic.

Share-based compensation is a non-cash expense associated with the issuance of stock options ("**Options**") and restricted share units ("**RSUs**") to the Company's employees and directors. The Q4 2022 increase of 22% over Q4 2021 and fiscal 2022 increase of 80% over 2021 reflects the increase in employee base and associated Option and RSU grants. As at December 31, 2022, the Company had 7.0 million Options and 2.0 million RSUs outstanding (December 31, 2021 - 5.1 million and 1.2 million, respectively).

Strategic initiatives were $0.4 million for Q4 2022 (Q4 2021 - $0.9 million) and $1.6 million for fiscal 2022 (fiscal 2021 - $0.9 million). This primarily represents costs associated with pursing acquisition opportunities and other corporate development initiatives.

Overall, operating expenses were $6.2 million for Q4 2022 (Q4 2021 - $5.4 million) and $22.8 million for fiscal 2022 (2021 - $15.5 million).

Other Items

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Finance expense	**$ 40**	$ 9	344%	**$ 109**	$ 87	25$
Finance income	**(279)**	(162)	-72%	**(359)**	(162)	-122%
Other loss (income)	**37**	2	1,750%	**37**	(207)	118%
Foreign exchange (gain) loss	**(853)**	20	-4365%	**(2,167)**	184	-1278%
	$ (1,055)	$ (131)	-705%	**$ (2,380)**	$ (98)	-2329%

During the three months ended December 31, 2022, the Company recognized $1.1 million (Q4 2021 - $0.1 million) in income from other items. For the year ended December 31, 2022, the Company recognized $2.4 million (2021 - $0.1 million) in income from other items. This primarily related to the foreign exchange gain which is largely due to the majority of Greenlane's contracts being denominated in United States dollars and Euros and these respective currency's strengthening against the Canadian dollar.

Income Taxes

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Current	**$ 587**	$ 34	1,626%	**$ 739**	$ 34	2,074%
Deferred recovery	**(723)**	(110)	-557%	**(723)**	(110)	-557%
Total income taxes	**$ (136)**	$ (76)	-79%	**$ 16**	$ (76)	121%

Included in Q4 2022, was a current tax provision of $0.6 million (Q4 2021 - $34,000) offset by a deferred tax recovery of $0.7 million (Q4 2021 - $0.1 million). For fiscal 2022, the Company recognized a current tax provision of $0.7 million (2021 - $34,000) offset by a deferred tax recovery of $0.7 million. 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.

As at December 31, 2022, Greenlane has: (i) $10.1 million (2021 - $5.7 million) in Canadian loss carryforwards available to reduce future years' taxable income which expire between 2038 and 2042; (ii) $2.9 million (2021 - $3.2 million) in British loss carry forwards which carryforward indefinitely; (iii) $0.3 million (2021 - $0.4 million) in Dutch loss carryforwards that may be carried forward for six years; and (iv) $0.2 million (2021 - $nil) in Italian loss carryforwards that may be carried forward indefinitely.

Net loss and comprehensive loss

	Three months ended December 31,			Year ended December 31,		
(in $000s, except as noted)	**2022**	2021	% Change	**2022**	2021	% Change
Net loss	**$ (1,837)**	$ (1,195)	-54%	**$ (5,505)**	$ (2,450)	-125%
Other comprehensive loss (income)	**(347)**	(86)	-303%	**557**	(68)	919%
Net loss and comprehensive loss	**$ (1,490)**	$ (1,109)	-34%	**$ (6,062)**	$ (2,382)	-154%
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	-	**$ (0.04)**	$ (0.02)	-100%

In Q4 2022, the Company incurred a net loss of $1.8 million compared to a net loss of $1.2 million in Q4 2021 and for fiscal 2022, the Company incurred a net loss of $5.5 million compared to a net loss of $2.5 million in 2021. Meanwhile in Q4 2022, the Company incurred a net loss and comprehensive loss of $1.5 million compared to a net loss of $1.1 million in Q4 2021 and for fiscal 2022, the Company incurred a net loss and comprehensive loss of $6.1 million compared to a net loss of $2.4 million in 2021.

SUMMARY OF QUARTERLY OPERATIONS

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

The Company's results are not impacted by seasonality, however the operating results are significantly affected by the timing and delivery of new system sales 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 18 months, and therefore quarterly operating results can fluctuate significantly as a result of the timing of contract related work.

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

(in $000s, except as noted)		Dec 31, 2022		Sep 30, 2022		Jun 30, 2022		Mar 31, 2022
Revenue	$	16,972	$	19,905	$	18,091	$	16,273
Gross Margin before amortization[1,2]	$	3,277	$	4,942	$	4,572	$	4,021
Operating loss	$	(3,028)	$	(730)	$	(2,653)	$	(1,458)
Other items	$	(1,055)	$	(1,537)	$	(481)	$	693
Net (loss) income	$	(1,837)	$	655	$	(2,172)	$	(2,151)
Basic and diluted loss per share	$	(0.01)	$	0.00	$	(0.01)	$	(0.01)
Adjusted EBITDA[2]	$	(1,984)	$	415	$	(429)	$	30

(in $000s, except as noted)		Dec 31, 2021		Sep 30, 2021		Jun 30, 2021		Mar 31, 2021
Revenue	$	17,124	$	13,439	$	12,583	$	12,205
Gross Margin before amortization[1,2]	$	4,255	$	3,373	$	3,224	$	3,284
Operating (loss) income	$	(1,402)	$	(608)	$	653	$	39
Other items	$	(131)	$	(660)	$	424	$	269
Net (loss) income	$	(1,195)	$	52	$	(1,077)	$	(230)
Basic and diluted loss per share	$	(0.01)	$	0.00	$	(0.01)	$	0.00
Adjusted EBITDA[2]	$	274	$	83	$	120	$	604

Notes:

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

LIQUIDITY

Years ended December 31, *(in $000s)*		**2022**		2021
Net cash provided by (used in):				
Operating activities	**$**	**40**	$	(10,476)
Investing activities		**(9,912)**		(217)
Financing activities		**(231)**		25,722
Net increase (decrease) in cash	**$**	**(10,103)**	$	15,029

Operating Activities

For fiscal 2022, the Company generated $40,000 in cash from operating activities (2021 - used $10.5 million). Cash used in operating activities before non-cash working capital items was $4.3 million (2021 - generated $11,000) driven by the operating loss incurred during 2022. Active management of non-cash working capital resulted in a $4.2 million (2021 - $10.6 million) increase in cash, which offset the $4.3 million used for operations.

At December 31, 2022, the Company had cash and cash equivalents of $21.4 million (2021 - $31.5 million) and working capital of $27.2 million (2021 - $39.1 million). Management believes that current cash on hand and working capital levels are sufficient to support current operating activities.

Investing Activities

Net cash used in investing activities was $9.9 million in fiscal 2022. Net cash used included:

- $7.8 million (net of cash acquired) for the Acquisition of Airdep as detailed below;
- $1.6 million invested in the Company's DoDC Program; and
- $0.5 million for the purchase of property and equipment.

Airdep Acquisition

On February 1, 2022, the Company acquired 100% of the outstanding shares of Airdep. The Acquisition has been accounted for as a business combination using the acquisition method and the business has been consolidated from the date of Acquisition.

The following tables outline details of the Acquisition including allocation of the purchase price consideration given:

Fair value of net assets acquired *(in $000s)*		
Cash and cash equivalents	$	971
Accounts receivable		1,326
Other current assets		97
Contract assets		65
Inventory		192
Property and equipment		1,316
Intangible assets		3,957
Goodwill		7,586
Trade payables and other current liabilities		(1,255)
Contract liabilities		(25)
Lease liabilities		(1,051)
Deferred tax liability		(1,104)
Net assets acquired	**$**	**12,075**

The goodwill acquired is not deductible for income tax purposes. The value of the goodwill is attributable to the value assigned to future customers and synergies.

Consideration given *(in $000s)*				
Cash	€	5,500	$	7,858
Deferred consideration - share issuance		1,000		1,429
Deferred consideration - contingent earn-out		1,069		1,527
Working capital adjustment and net financial position		883		1,261
Total consideration	**€**	**8,452**	**$**	**12,075**

The deferred share consideration is issuable in four equal tranches (€0.25 million) based on the 20-day volume-weighted average price prior to the share issuance date, issued over the four quarters following closing on February 1, 2022.

The deferred contingent earn-out payment is payable in early 2025 based on the future financial performance of Airdep and will be payable in cash or a combination of cash and Company shares, at the Company's option, up to a maximum of €2.5 million. The fair value of $1.5 million (€1.1 million) is based on a range of payout scenarios driven by the estimated future financial performance of Airdep and discounted at a rate of 0.5%.

The working capital adjustment and net financial position are customary closing payments. Since the acquisition, the Company has made payments of $0.9 million with the remaining balance expected to be paid in 2023.

Since the date of acquisition, the Company has recognized $7.8 million of revenue and $1.4 million of net income included in the reported net loss and comprehensive loss, related to Airdep. The pro-forma revenue and loss for the Company for the period ended December 31, 2022 assuming the Acquisition had occurred on January 1, 2022 is $71.6 million and $5.2 million, respectively.

Financing Activities

Net cash used in financing activities was $0.2 million, related to the repayment of lease liabilities.

Contractual Obligations

The table below summarizes the future undiscounted contractual cash flow requirements as at December 31, 2022 for the Company's financial liabilities:

(in $000s)	Carrying amount	Contractual cash flow	Less than 12 months	1 - 2 years	2 – 3 years	Thereafter
Accounts payable and accrued Liabilities	$ 23,021	$ 23,021	$ 23,021	$ -	$ -	$ -
Deferred consideration - share Issuance	361	-	-	-	-	-
Lease liability	1,235	1,557	331	305	260	661
Warranty liability	1,900	1,900	1,062	838	-	-
Deferred consideration - contingent earn-out	1,582	1,745	-	1,745	-	-
Total contractual cash flow	$ 28,099	$ 28,223	$ 24,414	$ 2,888	$ 260	$ 661

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

In 2022, the Company committed to making two investments for an aggregate value of $2.1 million (US$1.5 million) under its DoDC Program to companies focused on developing RNG projects. As of December 31, 2022, the Company has advanced $1.6 million (US$1.1 million) leaving $0.5 million (US$0.4 million) in go-forward funding commitments. Greenlane expects fund the $0.5 million (US$0.4 million) commitment in fiscal 2023.

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 December 31, 2022, Greenlane had cash and cash equivalents of $21.4 million (December 31, 2021 - $31.5 million) and working capital of $27.2 million (December 31, 2021 - $39.1 million).

Lease Liabilities

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

As at December 31, *(in $000s)*	**2022**	2021
Balance, beginning of the year	**$ 459**	$ 686
Additional leases	**28**	-
Acquisitions	**1,051**	-
Lease payments	**(387)**	(263)
Finance fees	**78**	39
Foreign exchange adjustment	**6**	(3)
Balance, end of the year	**1,235**	459
Current portion	**(268)**	(242)
Non-current portion of lease liabilities	**$ 967**	$ 217

Debt

At December 31, 2022, 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

In July 2022, the Company entered a new $20.0 million standby letter of credit facility (the "**Facility**") that affords the Company the ability to issue standby letters of credit to its customers for system supply contracts that have advance payment and performance security requirements. At December 31, 2022, the Company had issued $12.0 million in standby letters of credit under the Facility and anticipates issuing up to a maximum of $17.2 million to meet current contractual obligations.

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

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

EQUITY

Equity decreased $3.0 million to $53.5 million at December 31, 2022. The decrease was attributable to the net loss and comprehensive loss incurred in the year.

Securities data

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

	March 9, 2023	December 31, 2022
Common shares[1]	153,013,239	152,040,781
Stock options[2]	6,906,972	7,039,472
Restricted share units[3,4]	1,776,638	1,968,887

Notes:
1. As of March 9, 2023, on a fully-diluted basis the Company would have 161,521,684 common shares outstanding (December 31, 2022 – 160,798,885)
2. As of March 9, 2023, 4,299,033 Options are exercisable (December 31, 2022 – 3,784,373)
3. As of March 9, 2023, 905,121 RSUs are exercisable (December 31, 2022 - 905,121)
4. As of March 9, 2023, 175,165 unvested RSUs are only exercisable for cash once vested (December 31, 2022 - 250,255)

Update on Use of Proceeds from Equity Offerings

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

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

Use of proceeds *(in $000s)*		Planned spend		Spent to Dec 31, 2022
Development of and investment in new RNG projects - DoDC Program	$	8,000	$	1,584
Reallocation of planned spend from the February 19, 2020 offering - DoDC Program		3,437		-
Strategic growth initiatives		8,000		8,000
General corporate purposes and working capital		8,500		8,500
Total	$	27,937	$	18,084

For the $11.4 million allocated toward the DoDC Program, the Company has deployed $1.6 million and has commitments to deploy an additional $0.5 million for a total deployment of $2.1 million. At present, the Company intends on using the remaining $9.4 million as originally planned. Refer to "*Overview of Activities for the Year Ended December 31, 2022 - Deployment of Development Capital*" and "*Liquidity - Investing Activities*" for additional details.

The Company used all of the $8.5 million planned for strategic growth initiatives to acquired Airdep on February 1, 2022. Greenlane used $0.6 million of funds allocated to general corporate purposes and working capital to fund the additional cash required for the transaction. The Company intends to fund any future earn-out payment from free cash or, at the Company's option, from the issuance of common shares. Refer to "*Overview of Activities for the Year Ended December 31, 2022 - Business Acquisition*" and "*Liquidity - Investing Activities*" for additional details.

FINANCIAL INSTRUMENTS AND RELATED RISKS

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

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

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

Fair Value

Financial assets

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

Financial liabilities

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

Deferred consideration - contingent earn-out

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

Credit Risk

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

Foreign Exchange Rate Risk

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

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

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	
As at December 31, *(in 000s)*	**2022**	2021	**2022**	2021
GBP	**£ 874**	£ 906	**£ 308**	£ 302
Euro	**€ 5,722**	€ 1,625	**€ 3,176**	€ 1,122
USD	**$ 24,731**	$ 6,706	**$ 104**	$ 164

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:

(in 000s)	GBP	Euro	US
10% strengthening of Canadian dollar (increase) decrease net loss	$ 35	$ 176	$ 1,818
10% weakening of Canadian dollar (increase) decrease net loss	$ (35)	$ (176)	$ (1,818)

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 December 31, 2022 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 is impacted by various external events and conditions.

RELATED PARTY TRANSACTIONS

Key management includes Directors, the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the Chief Operating Officer ("**COO**"), who have the authority and responsibility for the planning, directing, and controlling the activities of the Company. The remuneration paid and payable to these key management personnel during the years ended December 31, 2022 and 2021 is outlined below:

For the years ended December 31, *(in $000s)*		**2022**		2021
Non-executive directors' fees	**$**	**411**	$	382
Salaries and short-term benefits		**1,109**		1,141
Equity-based compensation		**614**		551
	$	**2,134**	$	2,074

SUBSEQUENT EVENT

On March 9, 2023, the Company announced a new contract valued at $7.2 million (US$5.4 million) for a food waste-to-RNG project in Ohio, United States. The contract is for the supply of an integrated sulfur removal and water wash system for upgrading biogas generated from food waste streams into pipeline-spec RNG for direct injection into the local natural gas pipeline network. The project is expected to annually process approximately 190,000 tons of organic food waste into 250,000 MMBtus (million Btus) of RNG.

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. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results may differ from these estimates and the differences could be material. Estimates, judgements and assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Key areas of estimation where management has made difficult, complex or subjective assumptions, often as a result of matters inherently uncertain, are summarized below.

Revenue recognition

Revenue is recognized when performance obligations are identifiable and recorded when goods or services are delivered to customers. Transaction prices are derived from specific selling prices either at the time of delivery or when the contract is signed with the customer for future delivery of products or services. The Company determines revenue to be transferred at a point in time when the physical asset or service is immediately transferred or consumed by the end customer. Revenue is considered to be transferred over a period of time when a series of activities are performed over a longer period of time to deliver a service or good to the customer.

Greenlane applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

System sales contracts

Once a contract is sufficiently advanced and the outcome of the contract can be measured reliably, contract revenue, costs and profits are recognized over the period of the contract by reference to the stage of completion of each contract. Revenue is

recognized over the period as the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The stage of completion of a contract is determined by internal estimates, with reference to the proportion of work performed and timeline to complete each phase. Revenue is recognized in proportion to the total costs expected on the contract. Prior to this recognition, stage receipts from customers are recorded in the statement of financial position as a contract liability. If contract costs are expected to exceed contract revenue, the expected loss is recognized immediately in the statement of operations. Contract revenue includes an assessment of the amounts agreed in the contract, plus or less any variations in contract work and claims to the extent that they are approved and can be measured reliably. Once revenue has started to be recognized on an individual contract, the Company reports the position for each contract as either an asset or a liability. In instances where amounts recognized in revenue are in excess of amounts invoiced an asset is recognized. Similarly, a liability is recognized where billings to date exceed revenue recognized. The carrying amount of system sales contracts and revenue recognized from system sales contracts reflect management's best estimate about each contract's outcome and stage of completion but are subject to estimation uncertainty.

Aftercare services and spare part sales

The Company generates additional revenue from after-sales service and maintenance, and sale of spare parts. Aftercare services revenue is recognized on a straight-line basis over the term of the maintenance or service agreement. Spare parts sales revenue is recognized when the risks and rewards of ownership have transferred to the customers.

Fair value of assets and liabilities acquired in a business combination

Acquired assets and assumed liabilities are recognized at fair value at the date the Company effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment, other assets, liabilities assumed, and contingent consideration are based on assumptions. The measurement is largely based on revenue, gross margin and attrition rates. Management applies significant judgment in estimating the fair value of intangible assets using the multi-period excess earnings method through a discounted cash flow model. Management develops significant assumptions related to revenue and gross margin forecasts, customer attrition rate and discount rate.

Impairment of non-current assets

Impairment exists when the carrying value of an asset or cash generating unit ("**CGU**") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. Cash flows are derived from the projection for the next five years and do not include restructuring activities that the Company has not yet committed to or significant future investments that will enhance as asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured at a point in time and may change in subsequent periods.

Where possible, fair value is determined by reference to quoted prices in the most advantageous active market available to the Company. In the absence of an active market, fair value is determined on the basis of valuation models, including discounted cash flow model. These models require assumptions of the amount and timing of future cash flows, discount rates and market conditions at the measurement date. External observable market data are used for these assumptions when available. When such data is not available, the Company uses the best possible estimate.

Allowance for doubtful accounts

The Company applies an expected credit loss approach in determining allowances for doubtful accounts. The approach that the Company has taken for trade receivables and notes receivable is a provision matrix approach whereby lifetime credit losses are recognized based on aging characterization and credit worthiness of customers. Specific provisions may be used where there is information that a specific customer's expected credit losses have increased.

Useful lives of property and equipment and intangible assets

The Company estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of relevant assets. In addition, the estimation of the useful lives is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives would increase the recorded expenses and decrease the non-current assets.

Accrued liabilities

Measurement of accrued liabilities involves the use of estimates to be made by management for determining the amount to be accrued and/or disclosed in the consolidated financial statements. These estimates are based on financial information available to management at the time of preparation of the consolidated financial statements.

Provision for income tax

Provision for income tax is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities of the jurisdictions in which the Company operates. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such difference will affect the tax provisions in the period in which such determination is made. Deferred tax assets are reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient tax profits will be available to allow all or part of the asset to be recovered. Management applies judgement in determining the likelihood of future taxable profits.

Determination of CGUs

For purposes of assessing impairment of non-financial assets, the Company must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identifiable cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU.

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

Management maintains disclosure controls and procedures ("**DC&P**") designed to provide reasonable assurance that information required to be disclosed in Greenlane's interim and annual filings is reviewed, recognized and disclosed accurately and in the appropriate time period. Management, including the CEO and CFO, carried out an evaluation, as of December 31, 2022, of the effectiveness of the design and operation of Greenlane's DC&P, as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("**NI 52-109**"). Based on that evaluation, except as noted below with respect to Airdep, the CEO and CFO have concluded that the design and operation of Greenlane's DC&P were effective to ensure that information required to be disclosed in the reports Greenlane files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified.

It should be noted that while the CEO and CFO believe that Greenlane's DC&P provide a reasonable level of assurance that they are effective, they do not expect that these DC&P will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control over Financial Reporting

Management maintains internal control over financial reporting ("**ICFR**") that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is

responsible for establishing and maintaining adequate ICFR, as defined in NI 52-109. Management, including the CEO and the CFO, has conducted an evaluation of Greenlane's ICFR based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and there were no changes in Greenlane's ICFR in 2022 that have materially affected or are reasonably likely to materially affect Greenlane's ICFR. Except as noted below with respect to Airdep, based on management's assessment as of December 31, 2022, the CEO and CFO have concluded that Greenlane's ICFR is effective.

Due to its inherent limitations, ICFR is not intended to provide absolute assurance that a misstatement of Greenlane's financial statements would be prevented or detected. Further, the evaluation of the effectiveness of ICFR was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate.

Limitation on Scope of Design of DC&P and ICFR

The scope of the Company's DC&P and ICFR excludes Airdep. The Acquisition of Airdep was completed on February 1, 2022 and management is in the process of integrating operations and financial reporting of the business. Although Airdep is subject to similar controls and procedures as the Company's other operations with respect to disclosure and for the consolidation and financial reporting of period-end results, the Company will formally expand its DC&P and ICFR to include Airdep in the first quarter of fiscal 2023. Airdep represents $19.2 million or 23% of consolidated total assets, $7.8 million or 11% of consolidated revenues and $1.4 million of consolidated net earnings for the year ended December 31, 2022.

RISKS AND UNCERTAINTIES

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

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

Risks Relating to the Business of the Company

Sales Pipeline and Sales Order Backlog

The Company's estimates of qualified prospective projects based on quote activity that could convert into orders within approximately 24 months, which is referred to as the Company's Sales Pipeline, are estimates only and should be evaluated by investors in this context. These estimates represent management's expectations as to the possible prospective market amount and there can be no assurance that management's expectations are an accurate assessment of the number of active sales opportunities that may be converted into sales orders to become part of Greenlane's active order book (and are added to the Sales Order Backlog). There can be no assurance that these potential projects will proceed or proceed within the expected timeframe or at the anticipated value. In addition, it is anticipated that the Company will be successful in securing only a portion of the estimated available projects from the potential Sales Pipeline. Specifically, it is anticipated that not all of these sales opportunities will be available to the Company, that the Company's prospective customers may fail to secure required financing or permitting approvals, or that the Company may determine not to pursue certain opportunities or, if pursued, that these opportunities may not result in biogas upgrading contracts being awarded to the Company.

The Company's Sales Order Backlog refers to the balance of unrecognized revenue from contracted projects, where such revenue is recognized over time as completion of the project progresses. The ability to progress projects and realize revenue is subject to normal risks which include, without limitation, the ability of the Company's customers to advance a project's construction, and the ability of the Company's suppliers in its supply chain to deliver on time and on specification. In some cases, customers may cancel orders where financing or permitting is not obtained. Delays in completion of projects or cancellation of orders representing the Company's Sales Order Backlog may result in revenues from these contracts not being realized or being deferred to future financial periods.

Managing and developing relationships with customers

The success of the Company's business depends on its ability to develop relationships with customers who will integrate the Company's biogas upgrading systems into their own projects and on the Company's ability to continue to research, develop and design new biogas upgrading systems to keep up with customer needs. The ability of the Company to sell its products into its target markets depends to a significant extent upon the Company maintaining sales and service capabilities in those markets. There can be no assurance that the Company will be able to maintain all its current customer relationships, that any existing customers will provide repeat orders, or that all future customer relationships that the Company enters into will result in profitable sales.

Managing relationships with suppliers

The Company's products rely upon the manufacturing and supply capabilities of third parties and the Company has negotiated supply agreements with various suppliers including master supply agreements. In some instances, a supplier to the Company may currently be the only viable supplier of certain key components for the Company's products to achieve the Company's contract commitments on-time and on-budget, and the Company is dependent on their ability to source materials, manage their capacity, workforce and schedules, and their financial stability. For a number of reasons, including but not limited to shortages of raw materials, parts, labour disruptions, lack of capacity and equipment failure, global shipping delays, natural disaster and financial instability, a supplier may fail to supply materials or components that meet the Company's quality, quantity, delivery time or cost requirements or to supply any at all. The continued strain of the COVID-19 pandemic in combination with other factors such as the war in Ukraine, natural disasters, and geopolitical risks and uncertainties affecting the supply chain and shipping, may erode a supplier's financial stability to the point where they may not be able to deliver products ordered or to the point of insolvency. The Company has a robust program to qualify its suppliers, conducts periodic in-person audits and in-process inspections to verify their progress and requires key suppliers to provide frequent progress reports, and its contracts with suppliers include terms to mitigate the effects of defective products, late deliveries and cancellations. There can be no assurance, however, that these measures will be effective to ensure on-time delivery of products that are not defective, or that a key supplier will not otherwise fail. If the Company is not able to resolve these issues or obtain substitute sources for these materials or components in a timely and cost-competitive manner or on terms acceptable to it, the Company's ability to procure the manufacture or supply of certain products may be harmed, and it may be subjected to penalties for late or failed deliveries or cancellation of orders, which could have a material adverse effect on its business and financial results. If the Company is unable to procure components that are cost-competitive, the Company may not be able to win new sales or its profitability may be adversely affected. The Company's products also use steel and other materials that have global demand. The prices and quantities at which those supplies are available experienced a significant increase in 2022 and may continue to experience increases in 2023 as a result of increasing inflation. Further increases in raw material costs and costs at which suppliers are willing to supply key components for the Company's products may negatively affect the Company's margins and financial condition. The Company attempts to mitigate these risks by carrying inventory of electronic components and other materials, seeking secondary suppliers and locking in pricing at the proposal stage and long-term pricing when possible, and raising prices to its customers where necessary. There are no guarantees, however, that the Company will be successful in securing alternative suppliers, that it will be able to secure sufficient materials at a reasonable cost for its production requirements or that its customers will accept higher prices.

Managing growth

In 2022, the Company experienced significant growth in revenue and number of employees in response to the demand for its products. In order to manage growth and adapt its strategy to meet evolving demand effectively, the Company must: (i) attract, train, retain and manage qualified employees; (ii) expand sales and marketing, purchasing, distribution capabilities, engineering, project management and administrative functions; (iii) ensure the skills capabilities of its management team are appropriate and sufficient to address the Company's present and future requirements; and (iv) implement and maintain adequate systems to manage fulfillment of customer orders and support overall operational requirements. While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest to support its growth and may have additional unexpected costs which may affect the Company's financial results. The Company may not be able to expand quickly enough to exploit potential market opportunities or timely fulfill sales orders, thereby affecting potential revenue amounts and timing. Significant growth affects employee workload, and delays in the Company's ability to hire qualified personnel may affect the Company's ability to retain existing trained personnel.

Retention and acquisition of skilled personnel

The loss of any member of the Company's management team and high levels of turnover among staff could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. The Company generally depends upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and

sell its products. The design of biogas upgrading systems for customers and the fulfillment of sales made requires highly skilled technical employees trained in matters from supply chain management through to commissioning and servicing of the Company's biogas upgrading systems. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur additional costs to attract and retain employees, including expenditures related to salaries, benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas. Our costs of attracting and retaining key personnel may also increase as a result of shortages of qualified candidates as well as overall wage and general inflation.

Competition in the biogas upgrading industry

While RNG continues to gain traction globally as a key tool to combat climate change with supportive regulations and incentives, the biogas upgrading industry has new competitive entrants and established competitors moving into new markets. It is a swiftly changing environment in which nimble competitors with versatile and cost-effective products are able to capture market opportunities as they arise. While the Company has been a pioneer and an early leader in this industry, and it offers and deploys multiple core biogas upgrading technologies compared to most of its competitors who offer and deploy only one, there is no assurance that its products will continue to be attractive to customers or that it will be able to expand into new markets to increase sales. With many new competitors in all markets and with diverse product offerings, price competition is increasing. There can be no assurance that the Company will be able to continue to increase its sales or maintain the profitability of its sales.

Technology failure

The performance of the Company's biogas upgrading systems may encounter problems due to the failure of its technology, the failure of the technology of others, the failure to combine these technologies properly, incorrect specifications for the project, operator error or the failure to maintain and service the systems properly. Many of these potential problems and delays are beyond the Company's control. In addition, poor performance may involve delays in project installations and modifications to the biogas upgrading systems, as well as third party involvement. Any problem or perceived problem with the biogas upgrading systems, whether originating from its technology, design, or from third parties, could hurt the Company's reputation and the reputation of its products and limit its sales. In addition, the Company may be required to offer customers services, products or compensation if the failure of a system to perform results in a claim under the warranties offered by the Company.

Engineering liability

The Company may become liable for damages suffered by its customers if the biogas upgrading systems that the Company designs and commissions for its customers do not meet professional engineering and other standards. The biogas upgrading systems that the Company sells are complex and are often interconnected with other equipment or systems supplied by third parties. The Company may have to defend itself against claims of professional negligence despite meeting all requisite standards due to the complexity of determining causation of an adverse event. While the Company maintains professional insurance to cover claims in relation to professional negligence associated with its products, there is no assurance that this insurance will cover all claims to the extent that customers may claim for damages in excess of the Company's insurance coverage limits, or that such insurance will be available in future. In addition, significant deductibles may apply before insurance coverage is provided and premiums for such insurance may escalate. The Company will fully defend any such claims to the extent of defenses available, but there is no assurance that the Company's defense of these claims will be successful. Accordingly, there is a risk that the Company's results of operations may be adversely impacted by potential claims relating to the design and engineering of the Company's biogas upgrading systems, and the availability and cost of related insurance.

Product liability

The Company's results of operations could be materially harmed by accidents involving either its products or those of other manufacturers, either because the Company faces claims for damages or because demand for its products could suffer and its sales could decline. As a developer and supplier of industrial systems, the Company faces an inherent business risk of exposure to product liability claims in the event that its products, or the equipment into which its products are incorporated, malfunction and result in personal injury or death. The Company may be named in product liability claims even if there is no evidence that its systems or components caused the accidents. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. Any accidents involving the Company's systems or other companies' biogas upgrading products, could materially impede further acceptance of the Company's products.

Intellectual property

The Company depends on intellectual property, both owned by the Company and acquired or licensed from others. Any failure of the Company or of those who supply intellectual property to the Company to protect its existing and future intellectual property could adversely affect the Company's future growth and success. Failure to protect such intellectual property rights may result in the loss of its ability to exclude others from practicing the Company's technology or the Company's right to use technologies essential to its products, and may result in legal claims from third parties seeking to challenge the Company's use of intellectual property. If the Company does not adequately ensure its freedom to use certain technology, it may face increased costs to use its intellectual property, pay damages for infringement or misappropriation and/or be enjoined from using such intellectual property. The Company's patents and other intellectual property rights do not guarantee it the right to practice its technologies if other parties own intellectual property rights that it needs in order to practice such technologies. The Company's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. As is the case in many other industries, the web of intellectual property ownership in the Company's industry is complicated and, in some cases, it is difficult to define with precision where one property begins and another ends. In any case, there can be no assurance that:

- any of the rights the Company has under patents owned by it or other patents that third parties license to it will not be curtailed, for example, through invalidation, circumvention, challenge, being rendered unenforceable or by license to others;
- the Company was the first inventor of inventions covered by its issued patents or pending applications or that the Company was the first to file patent applications for such inventions;
- any of the Company's pending or future patent applications will be issued with the breadth of claim coverage sought by it, or be issued at all;
- the Company's competitors will not independently develop or patent technologies that are substantially equivalent or superior to its technologies;
- any of the Company's trade secrets will not be learned independently by its competitors; or
- the steps the Company takes to protect its intellectual property will be adequate. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable, limited or not applied for in certain foreign countries.

The Company also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with its strategic partners and employees. There can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Certain intellectual property has been licensed to the Company from third parties who may also license such intellectual property to others, including the Company's competitors. If necessary or desirable, the Company may seek further licenses under the patents or other intellectual property rights of others. However, the Company can give no assurances that it will obtain such licenses or that the terms of any offered licenses will be acceptable to it. The failure to obtain or renew a license from a third party for intellectual property the Company uses at present could cause it to incur substantial costs and to suspend the manufacture, shipment of products or its use of processes requiring such intellectual property.

While the Company thoroughly researches the technologies and intellectual property that it develops and procures, and obtains contractual protections from third parties who provide such technologies and intellectual property in the form of warranties of non-infringement and

indemnifications, there can be no assurance that these measures will fully mitigate the risk of other third parties asserting superior rights, seeking damages for infringement or seeking to enjoin the Company's use of such technologies or intellectual property. The inadvertent supply of infringing products to the Company's customers may expose the Company to claims for indemnification, damages, or supply of non-infringing products to customers which may be costly to the Company. The Company will fully defend any such claims to the extent of defences available, but there is no assurance that the Company's defence of these claims will be successful. Accordingly, there is a risk that the Company's results of operations may be adversely impacted by potential claims relating to the intellectual property that the Company uses in the course of its business.

Force majeure events including pandemics, natural disasters, labour disruptions and wars

The Company's operations may be adversely impacted by factors that are beyond the Company's control including pandemics, natural disasters, labour disruptions and outbreaks of war. Such factors may not be foreseeable and may significantly adversely affect global economic conditions, including inflation, supply chain, global shipping, and currency volatility.

While many of the restrictions imposed during the COVID-19 pandemic are now being eased globally, the Company's business may still be impacted through lingering or renewed effects of the pandemic, including through supply chain and delivery delays, with a result that it may not be able to complete on its current biogas upgrading contracts within the anticipated timeframe. In some cases, such delays may result in liquidated damages, may adversely affect the Company's recording of revenues, and receipt of milestone payments from these contracts may be deferred to later fiscal reporting periods.

The Russia-Ukraine war has drastically reduced capacity for Ukraine to supply goods and raw materials, such as steel. The sanctions imposed on Russia have also led to the reduced availability of Russian-produced steel and other products.

Climate change has increased the incidence of natural disasters caused by weather and climate extremes including heatwaves, droughts, forest fires, atmospheric rivers, torrential downpours and flooding. Future incidents could significantly adversely affect the Company's operations either directly, or by affecting the businesses of its suppliers or customers.

Other events and factors that are beyond the Company's control but that may have a significant adverse effect on the Company's operations include, but are not limited to strikes and labour disruptions affecting transportation and shipping or the Company's suppliers or customers, and global political instabilities such as the outbreak of war, discussed below under "*Macroeconomic and Geopolitical Risks and Uncertainties*". While the Company works to mitigate the effects of these uncontrollable events, there is no assurance that they will be effective in doing so in future, particularly when multiple events coincide, and they may negatively impact the Company's operations and profitability.

Unexpected disruptions affecting projects and operations

Manufacturing and installing the Company's products can sometimes be subject to delays for a variety of reasons, including labour slowdowns, construction delays unrelated to the Company's products, technological malfunctions, defective materials, or workplace safety. Such delays may delay the recognition of revenue, discourage customers from doing business with the Company, and may hurt the Company's reputation, affecting future sales prospects. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Although the Company has detailed procedures in place for managing unexpected delays such as these, there can be no assurance that such delays will be overcome in a timely manner and to the satisfaction of the customer. Furthermore, the Company enters into agreements which, consistent with industry standards, may include liquidated damages or termination provisions which may allow customers to claim amounts or terminate and not proceed with proposed projects. There is a risk that the Company may be required to pay liquidated damages or that its biogas upgrading contracts may be terminated prior to completion.

Risks related to strategic growth initiatives

While the Company is presently evaluating a number of strategic opportunities that it believes may add to the growth of the Company's business, there is no assurance that these efforts will lead to increased revenues or profitability for the Company. Risks associated with the following strategic initiatives include the following:

- **Deployment of Development Capital**: There is no assurance that the Company will be successful in deploying development capital in order to secure ownership interests in RNG projects, and thereby gain exposure to recurring revenues from RNG offtake contracts and associated environmental attributes, as well as securing system and services sales. While the Company has concluded two such agreements to date, there is no assurance that the Company will realize a return of its invested capital, secure ownership interests in RNG projects or secure systems and service sales from these projects. Moreover, there is no assurance that the Company will

be able to conclude other deployment of development capital agreements. In addition, there is no assurance that the Company will have sufficient capital to deploy to these initiatives to acquire a material ownership position in any RNG projects or will determine to deploy its capital towards these initiatives given the Company's other capital requirements and business objectives. In the event the Company deploys development capital in other RNG projects, there is no assurance that the RNG projects will be completed and, if completed, will generate a return to its investors and there is a risk that the Company may lose the capital that it has invested in development-stage RNG projects.

- **Other Equity Investments**: There is no assurance that investments made in developers or other strategic forms of cooperation will result in the expected strategic outcome for the Company or otherwise provide the anticipated financial return.

- **Strategic Alliances**: There is no assurance that the Company will enter into any alliances or agreements with any strategic partners. Should any alliances or agreements be entered into, there is no assurance that the alliances or agreements will be successful in increasing opportunities, revenue or profitability for the Company.

- **Continual Improvement Initiatives**: There is no assurance that the Company's continual improvement initiatives will be successful in enabling the Company in developing new products or improving its existing product offerings, or that the revenues generated by these new products will exceed the associated development costs.

- **Expansion in Foreign Markets**: As the Company expands its global footprint to move into new, developing and lucrative markets, the Company may establish or increase local operations in jurisdictions in which its prior experience is limited or which require significant investment of resources to be successful. There is no assurance that such expansion initiatives will be successful or that the investment will generate the anticipated business opportunities and returns.

The Company anticipates that significant expenses will be required in connection with any strategic growth opportunities that the Company determines to pursue. Risks include risks associated with the ability of the Company to expand its product lines, to expand the market for its products and to enter into joint ventures or strategic alliances in connection with these opportunities. These initiatives may require substantial investment by the Company before significant revenues are achieved, and there is no assurance that this investment will be recovered. With respect to opportunities to upgrade the Company's technology solutions, there is also no assurance that the Company will be able to expand its offering of biogas upgrading solutions through joint venture agreements or strategic alliances.

There is further no assurance as to how the Company will use the proceeds of its 2020 and 2021 prospectus offerings towards these strategic development initiatives, including the allocation of funds to these initiatives, the amount and timing of investments or the return of capital on these investments. As disclosed in the Prospectus Supplements, dated February 12, 2020 and January 21, 2021, related to these offerings, the Company may reallocate the use of proceeds from these offerings at its discretion.

Risks associated with acquisitions

Following the acquisition by the Company of Airdep on February 1, 2022, the Company intends to continue to expand its business through further acquisitions. Any such acquisitions will be, in part, dependent on management's ability to identify, acquire and develop suitable acquisition targets in both new and existing markets. In certain circumstances, acceptable acquisition targets might not be available. Acquisitions involve a number of risks, including: (i) the possibility that the Company, as a successor owner, may be legally and financially responsible for liabilities of prior owners; (ii) the possibility that the Company may pay more than the acquired company or assets are worth; (iii) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (iv) the difficulty of integrating the operations, systems, including accounting systems and financial standards, and personnel of an acquired business; (v) the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; (vi) the inability to integrate, train, retain and motivate key personnel of an acquired business; and (vii) the potential disruption of its ongoing business and the distraction of management from its day-to-day operations. These risks and difficulties, if they materialize, could disrupt the Company's ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on the Company's business, results of operations and financial performance. In addition, there is no assurance that the acquisition of Airdep will enable the Company to further strengthen its price competitiveness and margins, or increase its revenues through its ability to integrate the removal of H_2S into its portfolio of biogas upgrading systems.

Inability to secure additional financing may impair ability to expand business

There can be no assurance that the Company will be able to raise additional funding as needed to carry out its business objectives and to expand its business into the deployment of development capital to accelerate projects to the 'ready for construction' phase. The development of the Company's business depends upon its ability to generate cash flow from operations, prevailing market conditions for biogas upgrading

and for RNG pricing, its business performance and its ability to obtain financing through debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the financing it requires as and when needed or at all in order to support its growth and expansion of its business. If additional financing is raised by the issuance of shares from treasury, shareholders may suffer additional dilution.

Reliance on permits and authorizations and delays in receiving such permits and authorizations

Certain contemplated capital expenditures and installations of biogas upgrading systems may require the Company's customers to seek approval of appropriate regulatory authorities. There is no guarantee that regulatory authorities will approve any contemplated installation, or expansion and/or renovation, which could adversely affect the business, financial condition and results of the Company's operations. In the event a customer fails to obtain the necessary authorizations or permits for a project, the Company may be curtailed or prohibited from proceeding with the installation of its biogas upgrading systems as currently proposed and the business, financial condition and results of operations of the Company may be materially adversely affected.

Demand for renewable energy

Sales of the Company's products and services largely depend upon the increased use and widespread adoption and demand of renewable natural gas. The timeline for when such widespread adoption will take place is uncertain, and may necessitate the Company to markedly change its financial projections. Moreover, if a significant number of adoptees of the Company's biogas upgrading systems do not achieve commercially feasible results in conjunction with using the Company's products, the market for the Company's biogas upgrading systems will not grow in the way the Company anticipates.

There is no assurance that regulatory initiatives in Canada, the United States and Europe will have the effect of increasing demand for our biogas upgrading systems or result in the Company securing new contracts.

Regulatory risks, including changes to national and local legislation

Renewable energy and renewable natural gas regulations are dynamic and subject to evolving interpretations which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Company's businesses. The Company cannot predict the nature of any future laws, regulations, interpretations or applications towards renewable energy policies, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition, and results of operations. For example, regulatory approvals or permits may be required for the design, installation and operation of biogas upgrading systems under federal, provincial and municipal regulations governing renewable natural gas. To the extent that there are delays in gaining regulatory approval, the Company's development and growth may be constrained.

Management expects that the legislative and regulatory environment in the renewable energy industry globally will continue to positively develop but still be dynamic for the foreseeable future. The Company's business may suffer if environmental policies change and no longer encourage the development and growth of renewable based technologies, or if the Company is not able to benefit from such policy changes. In addition, if current laws and regulations in jurisdictions internationally that provide significant incentives for adoption of RNG are not kept in force or if further environmental laws and regulations are not adopted in these jurisdictions as well as in other jurisdictions, demand for biogas upgrading systems and renewable natural gas may diminish. Public opinion can also exert a significant influence over the regulation of the renewable energy industry. A negative shift in the public's perception of the feasibility of biogas upgrading technology or renewable natural gas could affect future legislation or regulations in jurisdictions around the world.

Environmental risks

Environmental legislation imposes, among other things, restrictions, liabilities and obligations in connection with the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances and gases to the environment. In addition, certain types of operations, including biogas installation projects and significant changes to certain existing projects, may require the submission and approval of environmental impact assessments. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties and liability for cleanup costs and damages. Changes in environmental legislation may require, among other things, reductions in emissions to the air from the Company's existing and target customers' operations and result in increased capital expenditures, which may materially adversely affect the economics of a project for the Company's customers (who may opt not to proceed with a prospective project) and may adversely affect the Company's profit margin. Future changes in environmental legislation could occur

and result in stricter standards and enforcement, fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on certain of the Company's existing and target customers' ability to purchase the Company's products.

Anti-bribery laws

The Canadian Corruption of Foreign Public Officials Act and anti-bribery laws in other jurisdictions where the Company does business prohibit companies and their intermediaries from making improper payments for the purposes of obtaining or retaining business or other commercial advantage. The Company's policies mandate compliance with these laws, which often carry substantial penalties, and the Company also conducts diligence where appropriate to mitigate the risk of violation of such laws. There can be no assurances that the Company's internal policies and procedures will always protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees, suppliers or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's reputation, business, financial conditions and results of operations.

Cybersecurity

In the course of its business, the Company relies on technology and systems that may be vulnerable to cyber threats, including fraud resulting from cyber threats. Such threats have evolved in severity, frequency and sophistication in recent years. Individuals engaging in cybercrime may target corruption of systems or data, theft of sensitive data, or deception of technology users (such as PHISHING). While we invest in robust security systems to detect and block inappropriate or illegal access to our key systems, educate users on risks and regularly review procedures and protocols to ensure data and systems integrity, there can be no assurance that critical systems will not be inadvertently or intentionally breached and compromised, or that a cyber-based fraud will be averted. Any successful cyber-attack against the Company could result in business interruption losses, financial loss, equipment damage, or loss of critical or sensitive information.

Legal proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. In addition, the Company operates all over the world, and therefore is subject to the jurisdiction of disparate countries. Consequently, certain activities conducted by the Company may be permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon the Company or its business partners, while diverting the attention of key executives. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Global economy

Financial and securities markets are influenced by the economic and market conditions in other countries. Although economic conditions in these countries may differ significantly from economic conditions in countries in which the Company operates, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect capital inflows into many economies, and the market value of securities of issuers with operations in such countries.

An economic downturn or volatility could have a material adverse effect on the Company's business, financial condition and results of operations. A weakening of economic conditions could lead to reductions in demand for the Company's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Company's products. In addition, as a result of volatile or uncertain economic conditions, the Company may experience the negative effects of increased financial pressures on its customers or suppliers. For instance, the Company's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, increased bad debt expense or by supplier financial instability. If the Company is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, financial condition and results of operations may be materially and adversely affected.

North American and European markets for environmental commodities

Most of the value of RNG in North America and Europe arises from the associated "green attributes" of the RNG. These green attributes take many forms in both regions. In North America, the primary commodity is Renewable Identification Numbers (RINs) created under the U.S. Renewable Fuel Standard and the several States that have, or are planning, Low Carbon Fuel Standard (LCFS) programs, with California's LCFS being the most mature and most liquid. In addition, there is a voluntary market that has emerged in the U.S. and Canada, particularly among natural gas utilities. In Europe, green attributes go by different names depending on the country.

The value of the environmental commodities can be highly volatile. There can be no assurance that these markets will continue to be viable over the long-term and should the value of these commodities diminish significantly, the overall market for RNG could suffer. This in turn may have an adverse effect on the market for the Company's biogas upgrading systems, which may result in lower realized sales and reduced profitability.

Macroeconomic and geopolitical risks and uncertainties

Macroeconomic and geopolitical risks and uncertainties may have a material adverse impact on the Company's operations. The Company operates internationally, both selling into countries globally and procuring its products from global suppliers. Economic, legal and political conditions globally could adversely affect the Company's ability to conclude sales and procure and timely deliver products. These factors may significantly adversely affect the availability and costs of raw materials and fuel sources, contribute to inflation and cause currency fluctuations, and cause market volatility, all of which could significantly impact the Company's revenues and profitability and its ability to raise capital as needed. The Russia-Ukraine war and its related economic and political sanctions on global fuel sources has exacerbated an already challenged global shipping environment and supply chain challenges, for example. These conditions are beyond the Company's control and there can be no assurances that any mitigating actions by the Company or the Company's suppliers will be effective.

Financial and Accounting Risks

Negative cash flow from operations

The Company had negative cash flow from operating activities before non-cash working capital for the year ended December 31, 2022. The Company cannot guarantee if it will have positive cash flow from operating activities in future periods. The Company cannot provide any assurance that it will achieve sufficient revenues from sales to achieve or maintain profitability or positive cash flow from operating activities. If the Company does not achieve or maintain profitability or positive cash flow from operating activities, then there could be a material adverse effect on the Company's business, financial condition and results of operation and the Company may need to deploy a portion of its working capital to fund such negative operating cash flows or seek additional sources of funding, of which there is no assurance that any required funding will be obtained.

While the Company experienced a growth in revenue in 2022, there is no assurance that the Company will maintain or increase its revenue in future. In the event that contract awards do not materialize or are delayed and cash flow from operations does 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 the Company's existing and planned operations. Failure of potential projects to translate into purchase orders for the Company may also adversely affect the Company's business, financial condition and results of operations and the price of its Common Shares.

Fluctuating period operating results and cash flow

The Company's operating results and cash flow can fluctuate substantially from quarter to quarter and periodically as a result of the timing of recognition of revenues from contracted projects. Timing of new contract awards varies due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG offtake and feedstock agreements. Some projects have pause periods to allow customers to complete concurrent activities such as site infrastructure work. The Company recognizes revenue, costs and profits over the period of the contract by reference to the stage of completion of the contract. The stage of completion of a contract is determined by internal estimates, with reference to the proportion of costs incurred and the proportion of work performed. Revenue is recognized in proportion to the total revenue expected on the contract. Such estimates may differ from actual results. Accordingly, the inherent uncertainty in these estimates could cause the Company's revenue assumptions to be inaccurate.

Foreign sales; global procurement

The majority of the Company's sales are denominated in foreign currencies (not Canadian) however it incurs the majority of its operating expenses (employee and related costs) in Canadian dollars. In the future, the proportion of the Company's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations.

Capital requirements associated with expanded operations

The Company may not generate sufficient internal cash flow to sustain capital requirements or to expand its business in accordance with its business plans. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through issuances of equity or convertible debt securities, its existing shareholders could suffer significant dilution, and any new equity securities the Company issues could have rights, preferences and privileges superior to those of holders of its Common Shares. Any debt financing secured by the Company in the future could include restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the Company may not be able to obtain additional financing on terms favorable to it or at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it when the Company requires it, the Company's ability to continue to support business growth and respond to business challenges could be significantly limited. In addition, the terms of any additional equity or debt issuances may adversely affect the value and price of the Common Shares.

Estimates or judgements relation to critical accounting policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Company's most recently audited financial statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Company's operating results to fall below the expectations of investors, resulting in a decline in the share price of the Company.

Operating claims

There is a risk that the warranty accrual included in the Company's balance sheet is not sufficient, and it may recognize additional expenses as a result of warranty claims in excess of its current expectations. Such warranty claims may necessitate a redesign, re-specification, a change in manufacturing processes, and/or recall of its products, which may have an adverse impact on the Company's finances and on existing or future sales. Although the Company attempts to mitigate against these risks through its sales and marketing initiatives and its product development, quality assurance, support and service programs, there can be no assurance that such initiatives and programs are adequate or that sales of its commercial products will continue to grow and contribute financially. Even in the absence of any warranty claims, a product deficiency such a manufacturing defect or a safety issue could be identified, necessitating a product recall, which could itself have an adverse impact on its finances and on existing or future sales.

Insurance risks

The Company's policies of insurance may not provide sufficient coverage for losses related to risks inherent in the operation of the Company's business and the products and services the Company delivers. The Company may not be able to obtain insurance, the insurance placed may not be sufficient to cover losses and insurance deductibles, retention amounts and premiums may increase. These factors could result in significantly increased costs or the Company being responsible for uninsured losses from its activities, which could significantly adversely affect the Company's business, financial condition and results of operations.

Inflation

The general rate of inflation impacts the economies and business environments in which the Company operates. Inflation increased significantly in 2022 and has continued to be elevated in 2023 as compared to historical norms. Accordingly, the Company expects that costs of all inputs to the Company's products, including raw materials, supplier costs and general employee and overhead costs, will increase. These increases in cost may adversely impact the profitability of our current and future contracts. To the extent that the Company is not able to pass these costs on to the Company's customers through increased pricing of the Company's products, the Company's margins on its products will be reduced. Further, increased pricing of the Company's products may result in reduced demand and negatively impact the

Company's revenues. Accordingly, increased inflation and any economic conditions resulting from governmental attempts to manage or reduce inflation, such as the imposition of higher interest rates or wage and price controls, may negatively impact the Company's costs as well as the demand for its products and services, and have a material adverse effect on the Company's business, financial condition and results of operations.

Tax risks

The Company will operate and will be subject to income tax and other forms of taxation in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Company's provision for income taxes and other tax liabilities will require significant judgment.

Risks associated with internal controls

The Company is required to maintain and evaluate the effectiveness of our internal controls over financial reporting under National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings in Canada. Effective internal controls are required for the Company to accurately and reliably report financial results and other financial information. There is no assurance that the Company will be able to achieve and maintain the adequacy of its internal controls over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that the Company can conclude on an ongoing basis that our internal controls over financial reporting are effective. The Company's failure to establish and maintain effective internal controls over financial reporting could result in the Company's inability to meet our reporting obligations, inability to prevent fraud and inability to detect material misstatements. As a result, any failure to maintain effective internal controls over financial reporting may result in investors losing confidence in the Company's ability to report timely, accurate and reliable financial and other information, may expose the Company to legal or regulatory actions and may adversely impact the market value of the Company's common shares.

Risks Related to the common shares

Market for the common shares

There can be no assurance that there will be an active trading market for the common shares or that any market developed will be sustained. The Company cannot predict the prices at which the common shares will trade. Fluctuations in the market price of the common shares could cause an investor to lose all or part of its investment in common shares. Factors that could cause fluctuations in the trading price of the common shares include: (i) announcements of new offerings, products, services or technologies; (ii) commercial relationships, acquisitions or other events by the Company or its competitors; (iii) price and volume fluctuations in the overall stock market from time to time; (iv) significant volatility in the market price and trading volume of renewable energy companies; (v) fluctuations in the trading volume of the common shares or the size of the Company's public float; (vi) actual or anticipated changes or fluctuations in the Company's results of operations; (vii) whether the Company's results of operations meet the expectations of securities analysts or investors; (viii) actual or anticipated changes in the expectations of investors or securities analysts; (ix) litigation involving the Company, its industry, or both; (x) regulatory developments in Canada, the UK, Europe, the United States, and other foreign countries; (xi) general economic conditions and trends; (xii) major catastrophic events; (xiii) sales of large blocks of the common shares; (xiv) departures of key employees or members of management; or (xv) an adverse impact on the Company from any of the other risks cited herein.

No history of payment of cash dividends

To date, the Company has not declared or paid cash dividends on the common shares. The Company intends to retain future earnings to finance the operation, development and expansion of the business. The Company does not anticipate paying cash dividends on the common shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on the Company's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the board of directors considers relevant.

Tax Issues

There may be income tax consequences in relation to the common shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

CHANGES IN ACCOUNTING POLICIES

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

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

ALTERNATIVE PERFORMANCE MEASURES

Specified financial measures

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

Gross Margin before amortization

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

Adjusted EBITDA

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

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

	Three months ended December 31,		Year ended December 31,	
(in $000s, except as noted)	**2022**	2021	**2022**	2021
Net loss and comprehensive loss	**$ (1,490)**	$ (1,109)	**$ (6,062)**	$ (2,382)
Add (deduct)				
Exchange differences on translating foreign operations	**(347)**	(86)	**557**	(68)
Provision for income taxes	**(136)**	(76)	**16**	(76)
Foreign exchange (gain) loss	**(853)**	20	**(2,167)**	184
Other loss (income)	**37**	2	**37**	(207)
Finance income	**(279)**	(162)	**(359)**	(162)
Finance expense	**40**	9	**109**	87
Strategic initiatives	**418**	935	**1,592**	935
Professional fees related to Shelf Prospectus and other matters	**-**	-	**-**	101
Share based compensation	**421**	344	**1,977**	1,098
Amortization of:				
Office equipment	**79**	91	**447**	329
Property and equipment	**68**	-	**146**	-
Intangible assets	**58**	306	**1,739**	1,242
Adjusted EBITDA	**$ (1,984)**	$ 274	**$ (1,968)**	$ 1,081

Sales Order Backlog

Sales Order Backlog is a supplementary financial measure that refers to the balance of unrecognized revenue from contracted biogas upgrading system supply projects. The Sales Order Backlog increases by the value of new system sales contracts and is drawn down over time as projects progress towards completion with amounts recognized in revenue (by reference to the stage of completion of each contract).

Sales Pipeline

Sales Pipeline is a supplemental financial measure that refers to the cumulative amount of prospective projects that the Company updates regularly based on quote activity to reflect sales opportunities that could convert into orders within approximately a 24 month horizon.

Additions to the amount in the Sales Pipeline come from situations where the Company provides a quote and reductions to the amount in the Sales Pipeline arise when the Company loses a quote or bid to a competitor, the project owner decides not to proceed with the project or, where a quote in the Sales Pipeline is converted to the Sales Order Backlog.

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", "projects", "schedules", "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's plans to continue to scale its operations and seek consolidation opportunities; expected progress for the fulfilment of contracts for biogas upgrading systems and the timing of revenue recognition; management's belief that the sales pipeline represents visibility to a significant number of opportunities that will, through the sales process, convert opportunities into signed contracts and move into the sales order backlog; the potential impact of COVID-19 on the Company's business including through shipping delays, access to material supplies and inflation; that the Company will realize the intended outcomes of the deployment of development capital program including that the Company will earn a return on funds invested, secure biogas upgrading system sales and earn an equity and/or profits interests in the resulting RNG project, gaining exposure to recurring revenues from RNG offtake contracts and associated environmental attributes; actions expected to be undertaken to achieve the Company's strategic goals; intentions and expectations with respect to future biogas upgrading projects and 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 including regulatory policies and legislation; 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; the ability of the Company to obtain financing in order to grow its business; visibility as to 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, regulatory policies, the availability of skilled personnel, the ability of the Company to convert opportunities into committed contracts; the ability of the Company to realize its objectives of its deployment of development capital program, the economy and other factors. Although the forward-looking statements contained herein are based upon what management believes to be current and reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. Examples of such assumptions include but are not limited to: trends in certain market segments and the economic climate generally; regulatory developments in the industry; the impact of COVID-19 on the global supply chain including shipping, material supplies and inflation; 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.