



Greenlane Renewables Announces Second Quarter 2021 Financial Results

~Company delivers fourth consecutive quarter of record revenue with growth of 200% in Q2 2021 over same period last year~

Vancouver, British Columbia, Canada – August 12, 2021 Greenlane Renewables Inc. (“Greenlane” or the “Company”) (TSX: GRN / FSE: 52G / OTC: GRNWF), today announced financial results for the second quarter ended June 30, 2021. For further information on these results please see the Company’s Condensed Consolidated Interim Financial Statements and Management’s Discussion and Analysis filed on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated and in accordance with IFRS.

Second Quarter Highlights Include:

- Record revenue of \$12.6 million, an increase of 200% over the \$4.2 million reported in the second quarter of 2020.
- Gross profit of \$2.9 million, Gross margin¹ of \$3.2 million (26% of revenue).
- Net loss of \$1.1 million (or \$0.01 per share).
- Adjusted EBITDA of \$0.1 million².
- Sales order backlog³ of \$41.9 million as at June 30, 2021.
- Sales pipeline⁴ valued at over \$800 million as at June 30, 2021.
- Cash and cash equivalents of \$36.5 million and no debt, other than payables and bonding resulting from normal course operations, as at June 30, 2021.
- The Company announced new contract wins totalling \$16.0 million in the quarter for the supply of biogas upgrading systems for a wastewater treatment plant and first commercial-scale project in Colombia, the 19th country that Greenlane has sold upgrading equipment into, a project in Spain and a large landfill gas-to-RNG project in the United States.
- Subsequent to June 30, 2021, the Company announced new biogas upgrading system supply contract wins totalling \$12.8 million for three more projects in the United States.

“We continue to concentrate on successfully executing our business plan, while experiencing rapid growth and now generating a fourth consecutive record revenue quarter,” said Brad Douville, President and CEO of Greenlane. “With our multi-technology approach that enables us to offer compelling biogas upgrading systems, combined with our relentless focus on the global RNG market, we have positioned Greenlane as the go-to industry partner for upgrading any biogas anywhere for any project size or type. In addition to our core system supply business, we will pursue opportunities to deploy development capital to help accelerate projects that use more Greenlane systems and also explore acquisition opportunities that can broaden our market reach and expand our IP portfolio.”

“From a profitability standpoint, over the last 18 months, our quarterly revenue growth rate has been 3.4 times greater than the quarterly growth rate in operating expense¹, generating positive adjusted EBITDA starting in Q4 2020. This leverage effect highlights the strength of our asset-light business model, which we expect to see continuing as the top line grows. Helping to drive this success is our talented and growing team of subject matter experts and professionals who

¹ Operating expenses reflects general and administration, salaries and benefits, and research and development expenses.

have been the enablers to the rapid scale up in operations and the progression of new opportunities. It is an exciting environment to be in right now as evidenced by the growth in sales and I remain just as excited about the future growth of Greenlane and the industry more generally as RNG becomes increasingly recognized as an essential and necessary tool to combat climate change by decarbonizing the immense energy systems that we all rely upon.”

Greenlane continually updates its pipeline of active system sales opportunities, which at June 30, 2021 was over \$800 million. The sales pipeline represents visibility to a significant number of opportunities that funnel down, through our sales process, and those opportunities successfully converted into contract wins move into our sales order backlog. The Company’s sales order backlog³ of \$41.9 million as at June 30, 2021 is a snapshot in time which varies from quarter end to quarter end. 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. The Company’s gross margin in the quarter was 26% (\$3.2 million). Going forward, gross margin is expected to continue to be in the range of 25% to 30% on an annual basis.

The Market Outlook

RNG continues to gain traction and show strong growth in two of the most difficult sectors to decarbonize - transportation and the natural gas pipeline network. In April 2021, Natural Gas Vehicles for America (NGV America) and Coalition for Renewable Natural Gas (RNG Coalition), industry trade groups, jointly announced that for the first time ever more than half of all on-road fuel used in natural gas vehicles in the U.S. in calendar year 2020 was RNG at 53%.² They also provided data that RNG volumes used in U.S. transportation grew at 29% CAGR from 2015 to 2020. Also for the first time ever, vehicles in California running on RNG removed more carbon dioxide from the atmosphere than they emitted in 2020, according to the California Air Resources Board (CARB), as the carbon intensity of RNG dropped below zero in 2020, the only fuel to be carbon-negative on average.³

Natural gas utilities continue to move forward with RNG initiatives and project announcements in order to offer their customers, residential, commercial and industrial, a greener fuel alternative to fossil natural gas. Most recently Chesapeake Utilities, a diversified energy company serving customers in the Eastern United States, announced that RNG was one of its five key strategic initiatives that will be undertaken through 2025 as it seeks to decarbonize its business. Additionally, UGI Corporation, a natural gas transportation and distribution company with operations in the United States and Europe, announced that it expects to spend more than U.S. \$1 billion on renewable gas investments over the next five years, building a diversified portfolio of projects.

On the regulatory front, recently introduced bipartisan legislation in the U.S. will encourage investment in anaerobic digesters and nutrient recovery systems by farmers and provide them with a new revenue stream. The proposed Agricultural Environmental Stewardship Act will help expand the market for renewable biogas by providing a 30% investment tax credit to help offset the upfront costs associated with building digesters. In the province of British Columbia, Canada, the government has recently amended its Greenhouse Gas Reduction Regulation to increase the production and use of renewable gas, which will provide natural gas utilities with more flexibility and accelerate the growth of renewable gas supply in their gas distribution networks.

² <https://ngvamerica.org/2021/04/14/renewable-natural-gas-achieves-majority-ngv-motor-fuel/>

³ <https://www.arb.ca.gov/fuels/lcfs/dashboard/dashboard.htm>

Conference Call

The public is invited to listen to the conference call in real time by telephone at 2 pm PT (5 pm ET) today, August 12th. To access the conference call by telephone, please dial: 1-800-319-4610 (Canada & USA toll-free) or 604-638-5340. Callers should dial in 5-10 minutes prior to the scheduled start time and ask to join the Greenlane Renewables conference call.

Shortly after the conference call, the replay will be archived on the Greenlane Renewables website and replay will be available in streaming audio and a downloadable MP3 file.

NON-IFRS FINANCIAL MEASURES

Management evaluates the Company's performance using a variety of measures, including "Adjusted EBITDA", "gross margin", "sales pipeline" and "sales order backlog". The non-IFRS measures should not be considered as an alternative to or more meaningful than revenue or net loss. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company. Management uses these and other non-IFRS financial measures to exclude the impact of certain expenses and income that must be recognized under IFRS when analyzing consolidated underlying operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. During the current quarter, the Company incurred certain non-recurring professional fees that are considered unrelated to the Company's underlying operating performance and have therefore been excluded from Adjusted EBITDA. The Company has excluded these fees, primarily related to the filing of a Shelf Prospectus which is expected to generate future capital for the Company and does not impact the Company's current operating performance.

Note 1 - Gross margin does not include amortization

Note 2 - Reconciliation of net loss to Adjusted EBITDA:

	Three months ended June 30, 2021 \$000's	Three months ended June 30, 2020 \$000's
Net loss	(1,077)	(940)
Add back:		
Share based compensation	284	36
Depreciation and amortization	388	379
Finance expense	10	128

Foreign exchange (gain) loss	414	(113)
Professional fees related to the Base Shelf Prospectus and other matters	101	-
Other adjustments - bonus accrual	-	(161)
Adjusted EBITDA Income (Loss)	120	(671)

Note 3 - Sales order backlog refers to the balance of unrecognized revenue from contracted 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).

Note 4 - Greenlane maintains a sales pipeline of prospective projects that it updates regularly based on quote activity to ensure that it is reflective of sales opportunities that can convert into orders within approximately a rolling 24 month time horizon. 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 to the sales pipeline arise when the Company loses a prospective project to a competitor, a project does not proceed or, where a quote in the pipeline is converted to Greenlane's sales order backlog.

All filings related to the second quarter ended June 30, 2021 are available on SEDAR at www.sedar.com.

About Greenlane Renewables

Greenlane Renewables is a leading global provider of biogas upgrading systems that are helping decarbonize natural gas. Our systems produce clean, low-carbon and carbon-negative renewable natural gas from organic waste sources including landfills, wastewater treatment plants, dairy farms, and food waste, suitable for either injection into the natural gas grid or for direct use as vehicle fuel. Greenlane is the only biogas upgrading company offering the three main technologies: waterwash, pressure swing adsorption, and membrane separation. With over 30 years industry experience, patented proprietary technology, and over 125 biogas upgrading systems sold into 19 countries worldwide, including the world's largest biogas upgrading facility, Greenlane is inspired by a commitment to helping waste producers, gas utilities or project developers turn a low-value product into a high-value renewable resource. For further information, please visit www.greenlanerenewables.com.

For more information please contact:

Incite Capital Markets
Eric Negraeff / Darren Seed
Greenlane Renewables Inc.
Brad Douville, President & CEO,
Ph: 604.493.2004
Email: IR@greenlanerenewables.com

Forward Looking Information Advisory – This news release contains “forward-looking information” within the meaning of applicable securities laws. All statements contained herein that are not historical in nature contain forward-looking

information. Forward-looking information can be identified by words or phrases such as “may”, “expect”, “likely”, “should”, “would”, “plan”, “anticipate”, “intend”, “potential”, “proposed”, “estimate”, “believe”, “continues to”, or “continually” 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. The forward-looking information contained in this press release, includes, but is not limited to: Greenlane’s increased quarterly revenue in the second quarter of 2021 being indicative of future growth in revenue, that the Company will pursue opportunities to deploy development capital to help accelerate projects that use more Greenlane systems and also explore acquisition opportunities that can broaden market reach and expand its IP portfolio, that there will be progress of new opportunities and future growth, the state of the “sales pipeline” and the ability of the Company to convert opportunities into signed contracts, then deliver against them, including that the sales order backlog will be drawn down as the Company advances and completes projects to realize revenue, the overall growth of the global RNG market, that natural gas utilities will proceed with announced initiatives and projects, that regulatory changes will have a positive impact and support growth in the RNG industry; the potential for further near term conversion of sales pipeline opportunities; the opportunity to develop and invest in new RNG projects, pursue strategic growth initiatives and further invest in product enhancements; management’s belief that the sales pipeline represents visibility to a significant number of opportunities that will funnel down, through the sales process, and move into the sales order backlog; management’s anticipation that the going forward gross margin will be in the range of 25-30% on an annual basis. The forward-looking information contained herein is made as of the date of this press release and is based on assumptions management believes to be reasonable at the time such statements were made, including management’s perceptions of future growth, results of operations, operational matters, historical trends, current conditions and expected future developments, that natural gas utilities will proceed with announced initiatives and projects, that regulations enacted will have beneficial effects, as well as other considerations that are believed to be appropriate in the circumstances. While management considers these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct. By their nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond Greenlane’s control, could cause actual results to differ materially from the forward-looking information in this press release. Such factors include, without limitation: risks relating to Greenlane’s financial performance in 2021, Greenlane may not be able to convert sales opportunities into contracts as expected, Greenlane may face impediments in delivering and advancing projects to be able to timely realize revenue reducing the sales backlog, Greenlane having a role in economies working towards combating climate change, large oil and gas producers not investing in the RNG industry as expected, RNG initiatives and projects of natural gas utilities being changed, delayed or cancelled, RNG not impacting the transportation sector and gas grid as expected, Greenlane’s market outlook, Greenlane’s market share of the RNG value chain, Greenlane’s role as a leading biogas upgrading and project development solutions provider, US RNG production facilities not having the strong capacity growth expected; the transportation sector not focusing on low carbon fuel sources as anticipated, and large oil and gas producers not aiming to reduce their net carbon intensity as anticipated.. Additional risk factors can also be found in the Company’s Management Discussion and Analysis and in its Annual Information Form, which have been filed under the Company’s SEDAR profile at www.sedar.com. Readers are cautioned not to put undue reliance on forward-looking information. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

FINANCIAL OUTLOOK INFORMATION – This news release contains “financial outlook information” regarding Greenlane’s prospective revenue and results, which is subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above. Revenue and other estimates contained in this news release were made by Greenlane management as of the date of this news release and are provided for the purpose of describing anticipated changes, and are not an estimate of profitability or any other measure of financial performance. Investors are cautioned that the financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein. The Company’s revenues are largely derived from a relatively small number of biogas upgrader orders accounted for on a stage of completion basis over typically a nine to eighteen-month period. Timing of new contract awards varies due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG off-take and feedstock agreements. Some contracts contain termination provisions that allow the customer to terminate with no penalty or with minimum prescribed threshold payments based on the length of time since the contract was entered into. Some projects have built-in pause periods to allow customers to complete concurrent activities such as civil work. As a result, the Company’s revenue varies from month to month and quarter-to-quarter. **THE COMPANY QUALIFIES ALL THE FORWARD LOOKING STATEMENTS AND FINANCIAL OUTLOOK INFORMATION CONTAINED IN THIS NEWS RELEASE BY THE FOREGOING CAUTIONARY STATEMENTS.**

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