



## Greenlane Renewables Announces Third Quarter Financial Results

**Burnaby, British Columbia, Canada – November 27, 2019** Greenlane Renewables Inc. (“Greenlane” or the “Company”) (TSXV: GRN), today announced its interim financial results for the third quarter ended September 30, 2019. For further information on these results please see Greenlane’s Condensed Consolidated Interim Financial Statements and Management’s Discussion and Analysis. All amounts are in Canadian dollars unless otherwise stated and in accordance with IFRS.

This quarter marks the first full quarter of financial results reported by the Company since successfully completing its qualifying transaction on June 3, 2019. Prior to June 3<sup>rd</sup>, results are solely for Creation Capital Corp., the capital pool corporation (“CPC”) that had no operations except for the pursuit of an acquisition. However, from June 3<sup>rd</sup> onward, following the acquisition of PT Biogas Holdings Limited, the financial results reflect the operating business of Greenlane, as a leading global provider of biogas upgrading systems that create clean, low-carbon renewable natural gas (RNG), suitable for injection into the natural gas grid and for direct use as vehicle fuel.

### **Third Quarter Highlights Include:**

- **First full quarter results:** The Company generated revenue of \$5.0 million, a gross profit of \$1.3 million or 26% of revenue, a loss of \$1.8 million, and an Adjusted EBITDA loss of \$0.9 million in the three month period ended September 30, 2019.
- **Contract win:** The Company was successful in securing a \$2.7 million biogas upgrading contract with the Metropolitan Wastewater Management Commission serving the Eugene - Springfield metropolitan area in Lane County, Oregon, USA.
- **Conclusion of May 2019 financing:** During the period, the Company completed the necessary regulatory filings to convert special warrants issued in an earlier financing (from May 2019), into common shares and warrants.
- **Warrants commenced trading:** In August, the warrants issued in connection with the May 2019 financing, were approved for listing on the TSX Venture Exchange and commenced trading under “GRN.WT”.
- **Order backlog:** As at September 30, the Company reports a \$9.6 million order backlog, expected to be recognized in revenue during the fourth quarter and through 2020 (see *note 1*).
- **Substantial increase in sales pipeline:** Valued at over \$660 million as at September 30th, representing an increase of 47% (from \$450 million) from numbers reported on January 1, 2019 (see *note 2*).

“We have made tremendous strides since launching as a public company, including posting our first full quarter of revenue,” said Brad Douville, President and CEO of Greenlane. “We’ve strengthened our foundation by appointing our new full time CFO, Lynda Freeman, in October and adding additional engineering and sales talent while also advancing discussions with third parties concerning our build, own, and operate business that has the potential to increase overall gross margins and add recurring revenue streams.”

“We continue to see an acceleration of activity in the RNG industry through various announcements and declarations with respect to new RNG volume commitments made by

major gas utilities, developments related to easing access to gas distribution networks and new project development activity. This is encouraging for us as evidence that the RNG market is positioning for rapid growth from what is still a low base. We've had some great opportunities move from our 2019 expectations into the 2020 pipeline and, accordingly, look forward to an exciting 2020. We will continue to update the public on our pipeline of opportunities when possible."

As a reminder, the Company's revenues are largely derived from a relatively small number of large 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 projects have pause periods to allow customers to complete concurrent activities such as site infrastructure work. As a result, the Company's revenue varies from month to month and quarter to quarter.

### **Revenue Outlook**

As stated in the Q2 2019 financial news release of August 29, 2019, the Company is only reporting revenue from June 3, 2019 marking the closing of the CPC acquisition transaction. For comparative purposes, equivalent revenue for the period from January 1<sup>st</sup> to June 2, 2019 was \$2.0 million (based on internal estimates). With some schedule changes for certain contracts moving into 2020, total comparative annual revenue for 2019 is expected to be between \$11 million and \$12 million assuming the CPC acquisition transaction occurred January 1, 2019.

### **The Market Outlook**

Management believes that the industry is at an inflection point. According to the Global Biogas Upgrading Market Outlook, biogas upgrading sales are forecasted to grow at a minimum 30% CAGR over the next 5 years in North America and Europe. Internal estimates based on various market statistics and industry publications suggest that reaching 5% renewable natural gas (RNG) content to the North American gas distribution network alone would be approximately US\$18 billion in biogas upgrading equipment sales.

On a global scale, governments at all levels either have introduced or are looking to introduce legislation, which has a direct positive impact on the renewable natural gas industry. For instance, the U.S. House of Representatives introduced draft legislation for the GREEN Act, which will expand and create new renewable energy tax incentives.

### **NON-IFRS FINANCIAL MEASURES**

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

Note 1 - Order backlog refers to the balance of unrecognized revenue from contracted projects, where such revenue is recognized over time as completion of the projects progress.

Note 2 - Sales pipeline is defined as qualified prospective projects that could convert into orders within approximately 24 months. 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. Nevertheless, over time, this number gives a reasonable metric of changes in market activity and anticipated growth of the industry.

All filings related to the third quarter ended September 30, 2019 are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Greenlane Renewables**

Greenlane is cleaning up the two largest and most difficult-to-decarbonize sectors of the global energy system: the natural gas grid and the transportation sector. As a leading global provider of biogas upgrading systems, Greenlane's solutions create clean, low-carbon renewable natural gas (RNG), suitable for injection into the natural gas grid and for direct use as vehicle fuel. Our systems, marketed and sold under the Greenlane Biogas™ brand, remove impurities and separate carbon dioxide from biomethane in the raw biogas created from organic waste at landfills, wastewater treatment plants, farms and food waste facilities. With multiple core technologies, more than 100 installations in 18 countries and counting, and 30+ years' experience, Greenlane finds the right solution, whatever the specific project requirements. Whether we're working with waste producers, gas utilities, or project developers, we're doing more with biogas, helping to turn a low-value product into a high-value low-carbon renewable resource. For further information, please visit [www.greelanerenewables.com](http://www.greelanerenewables.com).

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**FORWARD-LOOKING INFORMATION** – 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” 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, the increase in overall gross margins and the addition of recurring revenue streams (and the potential of such), the positioning the RNG market for rapid growth, the pipeline and pipeline opportunities, the total revenue expected for 2019, the biogas upgrading sales forecast, the estimates on RNG content of the North American gas distribution network, and the introduction of legislation that has a direct positive impact on the RNG industry. The forward-looking information contained herein is made as of the date of this press release and is based on assumptions management believed 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, as well as other considerations that are believed to be appropriate in the circumstances. While we consider 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 our 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 the Company's ability to execute its business strategy and the benefits realizable therefrom, risks related to the Company's contracts, risks related to the Company's expected growth phase, risks related to pipeline and pipeline opportunities not being realized, risks related to changes to the RNG market and its contribution to the North American gas distribution network, and risks related to changes or lack thereof to legislation with a direct impact in the RNG industry. Additional risk factors can also be found in the Company's filing statement and prospectuses, which has been filed under the Company's SEDAR profile at [www.sedar.com](http://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 QUALIFIES ALL THE FORWARD LOOKING STATEMENTS AND FINANCIAL OUTLOOK INFORMATION CONTAINED IN THIS NEWS RELEASE BY THE FOREGOING CAUTIONARY STATEMENTS.**

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release or has in any way approved or disapproved of the contents of this press release.