



## Greenlane Renewables Announces Fourth Quarter and Fiscal Year 2021 Financial Results

*~Company delivers sixth consecutive quarter of record revenue, FY2021 revenue of \$55.3 million, up 146% over FY2020 and a record sales order backlog over \$50 million~*

**Vancouver, British Columbia, Canada – March 10, 2022** Greenlane Renewables Inc. (“**Greenlane**” or the “**Company**”) (TSX: GRN / FSE: 52G / OTC: GRNWF) today announced financial results for the fourth quarter and fiscal year ended December 31, 2021. For further information on these results please see the Company’s Consolidated Financial Statements and Management’s Discussion and Analysis filed on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are in Canadian dollars unless otherwise stated and in accordance with IFRS.

### **Fourth Quarter Highlights Include:**

- Record revenue of \$17.1 million, an increase of 94% over the \$8.8 million reported in the fourth quarter of 2020.
- Gross profit of \$3.9 million, gross margin (gross profit excluding amortization) of \$4.3 million (25% of revenue).
- Net loss of \$1.2 million.
- Adjusted EBITDA of \$0.3 million<sup>1</sup>.
- Record sales order backlog<sup>2</sup> of \$50.1 million as at December 31, 2021.
- Sales pipeline<sup>3</sup> valued at over \$850 million as at December 31, 2021.
- Cash and cash equivalents of \$31.5 million and no debt, other than payables and bonding resulting from normal course operations, as at December 31, 2021.
- The Company finalized system sales contract wins totalling \$19.2 million for renewable natural gas (“RNG”) projects in Canada, the United States and Brazil.
- The Company announced the acquisition of Italian company Airdep S.R.L., to bring in-house an effective and proven technology to remove hydrogen sulfide (H<sub>2</sub>S) from biogas for integration with the Company’s portfolio of biogas upgrading systems and also to add an attractive line of products for sales into existing and new biogas projects globally. The business acquisition was completed on February 1, 2022.

### **Fiscal Year 2021 Highlights Include:**

- Record revenue of \$55.4 million, an increase of 146% over \$22.5 million reported in 2020.
- Gross profit of \$12.9 million, gross margin (gross profit excluding amortization) of \$14.1 million (26% of revenue).
- Net loss of \$2.4 million.
- Adjusted EBITDA of \$1.1 million<sup>1</sup>.
- Finalized over \$57 million in system sales contracts utilizing all three of the core upgrading technologies Greenlane offers. This represents several new RNG projects in Canada, the United States, Brazil, Spain, and the first commercial scale biogas upgrading system deployed in Colombia, marking the 19th country where the Company has sold biogas upgrading systems.
- In February 2021, the Company’s common shares commenced trading on the TSX after graduation to the senior board from the TSX Venture Exchange.

- In February 2021, the Company became debt free<sup>4</sup> as it repaid early and in full, the \$6.0 million balance (including principal and interest) of its promissory note due June 2021.

“2021 was another outstanding year for Greenlane as we advanced our business strategy focused on helping to clean 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,” said Brad Douville, President and CEO of Greenlane. “The year was highlighted by the strongest revenue generation in the Company’s history. We also generated adjusted EBITDA of over \$1 million for the fiscal year, a first for the Company. In addition to delivering 2.5 times year over year revenue growth, we achieved several important milestones through the course of the year, including graduating to the TSX, elimination of our outstanding debt, signing of our first acquisition to bring in-house compelling H<sub>2</sub>S removal technology, and securing new system sales contract wins exceeding \$57 million.”

“Looking ahead, we remain in a very strong position and are encouraged with the outlook for the RNG industry both in North America and abroad, as we continue to see expansion in both the transportation and natural gas utility sectors. Our sales pipeline remains robust while our order backlog is now over \$50 million. Greenlane has strengthened its product offering through the acquisition of Airdep while establishing a footprint in Italy, one of the most dynamic RNG markets, creating new opportunities for sales of our biogas upgrading systems in the region.”

Greenlane continually updates its pipeline of active system sales opportunities, which at December 31, 2021 was over \$850 million. For the full year this represented a net increase of more than \$190 million in new opportunities and the movement of \$57.7 million in signed contracts (including the sales announced on January 4, 2022 of \$7.1 million) into the sales order backlog. The sales pipeline at December 31, 2021 is consistent with the sales pipeline as at September 30, 2021 of over \$850 million, reflecting both the net increase of approximately \$20.0 million in new opportunities and the movement of \$19.2 million in signed contracts (including the sales announced on January 4, 2022 of \$7.1 million) into the sales order backlog, in the quarter. 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<sup>2</sup>. The Company’s sales order backlog of \$50.1 million as at December 31, 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 Market Outlook**

Global RNG consumption is poised to continue its strong upward trajectory. In its most recent World Energy Outlook, the International Energy Agency (IEA) highlights the significant potential for biogas and biomethane as countries and industries continue to decarbonize, and projects that global biomethane consumption will increase at a compound annual growth rate exceeding 20 percent under both its Announced Policies and Sustainable Development scenarios through the end of this decade. Under the IEA’s Announced Policies Scenario, global biomethane volumes are projected to reach approximately 4 percent of total 2020 natural gas supply by 2050, or approximately 5.5 trillion cubic feet.

Europe continues to see accelerating biomethane production and consumption in its natural gas grid transportation sector. The number of biomethane plants operating today in Europe increased 40 percent over 2020 to reach over 1,000 facilities, 87 percent of which are

connected to the natural gas grid, according to the European Biogas Association, which also projects that sustainable biomethane could meet 30 to 40% of the EU's entire natural gas consumption by 2050.

New data from NGVA Europe, a transportation trade organization, revealed rapid growth in the use of biomethane as a transport fuel in Europe. More than one quarter of the gas used in road transportation in 2020 was renewable, delivered through more than 3,800 CNG stations. With more than 4,500 CNG and LNG stations operating in Europe today, there is a significantly higher amount of biomethane available compared to 2020. The European Commission estimates that renewable gas will represent approximately 40% of overall road fleet fuel consumption in 2030. As a reminder, last spring NGVAmerica and the RNG Coalition 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 2020 was RNG at 53%.

Global delivery companies continue the push to decarbonize their fleets, as Amazon announced that its European CNG delivery fleet, which can use 100 percent bio-CNG, would exceed 1,000 vehicles by the end of 2022, matching its strategy in the U.S. with its previous commitment to purchase 1,000 CNG engines for its delivery fleet. UPS, which has been an industry leader in sustainable transportation, announced that it was converting 25 package delivery vans in Canada to operate on CNG as it continues to reduce emissions from its delivery operations.

Natural gas utilities continue to increase RNG supply within gas supply networks. California's Pacific Gas & Electric announced that pipeline-spec dairy RNG began flowing into its gas transmission system in late December, with the utility providing the clean renewable gas to its residential and commercial customers. SoCalGas announced a 17 percent increase of RNG volumes distributed through its pipeline network in 2021 to 14 billion cubic feet, and remains on track to deliver 20 percent RNG to its core customers by 2030.

Long time RNG advocate FortisBC tripled its RNG supply to customers in 2021, and expects to triple supply again this year while also forecasting that it will likely exceed its target of 15 percent renewable and low carbon gas volumes in its supply by 2030 as it moves toward a 75 percent renewable and low carbon gas target by 2050. Oregon gas utility NW Natural, which believes that there is a significant and long-term need for RNG, recently announced an expansion of its role in the growing RNG market through the formation of a subsidiary focused on supplying renewable fuels to utilities and commercial, industrial, and transportation sector customers across the U.S.

### **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, March 10th. 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 audio file.

### **SPECIFIED FINANCIAL MEASURES**

Management evaluates the Company's performance using a variety of measures, including "Adjusted EBITDA", "gross margin" (gross profit excluding amortization), "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.

### 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 (professional fees related to shelf prospectus and other matters and adjustment for the bonus accrual in the comparative year of 2020).

#### Note 1 - Reconciliation of net loss to Adjusted EBITDA:

	Fiscal year ended December 31, 2021 \$000's	Fiscal year ended December 31, 2020 \$000's
Net loss, before tax	(2,526)	(2,549)
<b>Add back:</b>		
Share based compensation	1,098	414
Depreciation and amortization	1,571	1,526
Finance expense	87	495
Finance income	(162)	-
Other income	(207)	(1,777)
Foreign exchange (gain) loss	184	190
Professional fees (Shelf Prospectus)	101	-
Strategic initiatives	484	-
Transaction costs	451	-
<b>Adjusted EBITDA Income (Loss)</b>	<b>1,081</b>	<b>(1,701)</b>

**Note 2** - Sales order backlog is a supplementary financial measure that 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 3** - 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. The sales pipeline is a supplementary financial measure. 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.

**Note 4** - Other than short-term payables and instruments securing performance associated with normal course operations.

All filings related to the fourth quarter and fiscal year ended December 31, 2021 are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Greenlane Renewables**

Greenlane Renewables is a pioneer in the rapidly growing renewable natural gas ("RNG") industry. As a leading global provider of biogas upgrading systems, we are helping to clean 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. Our systems produce clean, low-carbon and carbon-negative RNG from organic waste sources such as landfills, wastewater treatment plants, dairy farms, and food waste streams. Greenlane is the only biogas upgrading company offering the three main technologies: waterwash, pressure swing adsorption, and membrane separation and has over 30 years industry experience, patented proprietary technology, over 100 hydrogen sulfide treatment systems sold, and over 135 biogas upgrading systems sold into 19 countries, including many of the largest RNG production facilities in the world. For further information, please visit [www.greenlanerenewables.com](http://www.greenlanerenewables.com).

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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 fourth quarter and full year of 2021 being indicative of future growth in revenue, the anticipated benefits of acquiring Airdep including that its

products strengthen Greenlane's product offerings and will be attractive for sales into existing and new biogas projects globally, that there will be 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 ability of the Company to 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 expectations and beliefs regarding its ability to maintaining its competitive position going forward. 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, the state of competition in the RNG industry and competitors' capabilities, 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 2022, Airdep's products may not be attractive for sales into new and existing biogas projects globally, 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, the state of competition in the RNG industry, Greenlane's position 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, its Annual Information Form and in its base shelf prospectus dated June 24, 2021, all of which have 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'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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