



## Greenlane Renewables Announces First Quarter 2022 Financial Results

*~Company reports its second highest quarterly revenue, Q1 growth of 33% over Q1 2021~*

**Vancouver, British Columbia, Canada – May 12, 2022** Greenlane Renewables Inc. (“Greenlane” or the “Company”) (TSX: GRN / FSE: 52G / OTC: GRNWF) today announced financial results for the first quarter ended March 31, 2022. 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](http://www.sedar.com). All amounts are in Canadian dollars unless otherwise stated and in accordance with IFRS.

### **First Quarter Highlights Include:**

- Revenue of \$16.3 million, a 33% increase over the \$12.2 million reported in the first quarter of 2021.
- Gross profit of \$3.6 million, gross margin (gross profit excluding amortization) of \$4.0 million (25% of revenue).
- Net loss of \$2.2 million.
- Adjusted EBITDA of \$0.03 million<sup>1</sup>.
- Sales order backlog<sup>2</sup> of \$35.7 million as at March 31, 2022.
- Sales pipeline<sup>3</sup> valued at over \$900 million as at March 31, 2022.
- Cash and cash equivalents of \$23.1 million and no debt, other than payables and bonding resulting from normal course operations, as at March 31, 2022.
- Acquired 100% of the outstanding shares of Airdep S.r.l. (“Airdep”), a provider of biogas desulfurization and air deodorization products based in Vicenza, Italy.

### **Subsequent events:**

- On April 28, 2022, the Company announced the signing of an \$11.4 million (US\$8.9 million) contract with a single customer for the supply of its PSA biogas upgrading systems for new food waste-to-RNG projects across three US states. Order fulfillment commenced immediately and is expected to conclude within 9 to 18 months.

“Despite challenging macro market conditions including the conflict in Eastern Europe, supply chain disruptions and inflationary pressures, we continue to see strong demand for RNG generally and for our products specifically,” said Brad Douville, President and CEO of Greenlane. “We have been reminded that energy security is paramount and an issue that must be and can be solved at the same time as the climate crisis. RNG has an important role to play in both. Our first quarter of 2022 was marked by another strong set of results with revenue generated during the period the second highest in Company history and our sixth consecutive quarter of positive Adjusted EBITDA. To match the rapid growth of the RNG industry and of Greenlane, we continue to build the Company and strengthen the team by reinvesting prudently in the business to maintain product and market leadership.”

Greenlane continually updates its pipeline of active system sales opportunities, which at March 31, 2022 was over \$900 million, representing a net increase of \$50 million in new opportunities since year-end 2021, and a 26% increase year over year versus \$715 million at the end of Q1 2021. The sales pipeline represents visibility to a significant number of opportunities that funnel down through our sales process, and those opportunities that successfully convert into contract

wins move into our sales order backlog<sup>2</sup>. The Company's sales order backlog of \$35.7 million as at March 31, 2022 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**

According to research firm BloombergNEF, demand for renewable natural gas that can be produced from waste and other renewable sources could jump 45-fold over the next two decades as gas utilities seek to reduce their carbon emissions in the U.S. Highlighting the importance of RNG as a key tool for gas utilities to decarbonize, BNEF projects that RNG consumption could reach as high as 3.15 trillion cubic feet by 2040 (or roughly 12% of current natural gas demand), versus 70 billion cubic feet in 2021.

In North America, RNG project and facility growth also look compelling as the RNG Coalition is projecting a doubling of RNG projects in the next 18 to 24 months, as close to 250 projects are under construction and/or have achieved development benchmarks. The trade organization also highlights the enormous demand potential for RNG in hard-to-decarbonize applications, such as heating demand for buildings, sustainable commercial transportation fuel, and maritime shipping applications. Another encouraging industry announcement was made recently by Waste Management, the largest landfill operator in North America, which will see the company invest US\$825 million to expand its RNG footprint through 2025, increasing forecasted RNG production by 600%.

In the difficult to decarbonize transportation sector, we continue to see strong penetration of RNG as a heavy duty transport fuel. The latest data from NGV America and the RNG Coalition revealed that 64 percent of all on-road fuel used in natural gas vehicles in 2021 was RNG, equating to 13 percent growth over 2020 volumes and an impressive 234 percent increase since 2017.

In response to the Russian invasion of Ukraine, the EU remains more committed than ever to remove its dependence on energy from Russia, with an urgent focus on natural gas. According to the International Energy Agency, Europe imports approximately 90% of its natural gas consumption, 45% of which comes from Russia. The European Commission has proposed to rapidly increase biomethane production to 35 billion cubic meters by 2030, representing over 10-fold growth against the 3 billion cubic meters in 2020 and about 20% of Russian gas imports.

## **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, May 12th. To access the conference call by telephone, please dial: 1-800-319-4610 (Canada & USA toll-free) or 1-604-638-5340. 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, and strategic initiatives.

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

	Fiscal quarter ended March 31, 2022 \$000's	Fiscal quarter ended March 31, 2021 \$000's
Net loss, before tax	(2,151)	(230)
<b>Add back:</b>		
Share based compensation	550	175
Depreciation and amortization	617	390
Finance expense	25	59
Finance income	(24)	-
Other income	-	(209)
Foreign exchange loss	692	419
Strategic initiatives	321	-
<b>Adjusted EBITDA</b>	<b>30</b>	<b>604</b>

**Note 2** - 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).

**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.

All filings related to the first quarter ended March 31, 2022 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. To the company's knowledge, Greenlane is the only biogas upgrading company offering the three main technologies: waterwash, pressure swing adsorption, and membrane separation. Greenlane's business has been built on over 30 years of industry experience, patented and proprietary technology, over 100 hydrogen sulfide treatment systems sold, and over 135 biogas upgrading systems sold into 19 countries, including some 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: the overall growth of the global RNG market, including the 45-fold demand increase for renewable natural gas that may be produced from waste and other renewable sources over the next two decades, projections for RNG consumption by 2040, projections by trade organizations that RNG projects may double in the next 18 to 24 months and the enormous demand potential for RNG in hard-to-decarbonize applications, and that landfill operators' investment towards expanding RNG footprint will increase forecasted RNG production; that the EU's commitment to remove its dependence on energy from Russia will 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, through the sales process, convert opportunities into signed contracts and move into the sales order backlog, which will be drawn down and the Company advances and completes projects to realize revenue; 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: the effects of the Russia-Ukraine war and related economic and political sanctions on global fuel sources and supply chains, 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 canceled, 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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