



Greenlane Renewables Announces First Quarter Financial Results

~Company sees continued growth in sales pipeline in addition to 40% growth in sales backlog~

Vancouver, British Columbia, Canada – May 26, 2020 Greenlane Renewables Inc. (“Greenlane” or the “Company”) (TSXV: GRN), today announced its interim financial results for the first quarter ended March 31, 2020. For further information on these results, please see Greenlane’s Condensed Consolidated Interim Financial Statements and Management Discussion and Analysis. All amounts are in Canadian dollars and in accordance with IFRS.

First Quarter Highlights Include:

- Revenue of \$2.9 million, which is in line with the stage of completion on active and announced projects.
- Gross profit of \$1.3 million or 44% of revenue. The strong gross profit reflects a higher proportion of aftercare service revenue in the quarter combined with the expiry of project warranty.
- Sales order backlog (note one) of \$22.6 million, a 40% increase from the \$16.2 million reported on December 31, 2019. The increase reflects the movement of sales pipeline opportunities into sales contracts.
- Sales pipeline (note two) valued at over \$700 million as at March 31, 2020, representing an increase of 3% (from \$680 million as at December 31, 2019), reflective of expansion of the project bid universe and the movement of successful contract wins into the sales order backlog.
- Net loss of \$1.1 million and Adjusted EBITDA loss of \$0.7 million* in the three month period ended March 31, 2020.
- Cash and cash equivalents of \$6.7 million compared with \$2.3 million as at December 31, 2019. The cash balance reflects the recently completed financing and payment toward outstanding debt.
- Advancing strategy to Build, Own and Operate: In January 2020, the Company signed an agreement in principle with SWEN Capital Partners based in Paris, France to create a joint venture company to accelerate deployment of Greenlane’s biogas upgrading systems by providing an innovative finance solution for customers in Europe using a build, own and operate model.
- Completion of public offering: In February 2020 the Company completed an underwritten public offering issuing 23,000,000 units (the “Units”) at a price of \$0.50 per Unit for gross proceeds of \$11.5 million (\$10.3 million net).

“Our company and our industry continue to grow despite the backdrop of unprecedented global conditions,” said Brad Douville, President and CEO of Greenlane. “We expect revenue will continue to build throughout 2020 as new contract wins move out of our sales order backlog and into the revenue line.”

“In 2020, we are taking a more aggressive strategy to build, own and operate biogas projects and have partnered with SWEN Capital Partners in Europe. This approach will allow the Company to take advantage of project specific return on capital while providing potential customers with a complete turnkey biogas upgrading solution from financing and design to construction and operation. We have begun marketing this new offer with the aim of completing discussions with a number of new customers to add recurring revenue and profit streams to the

business. The Company is currently in negotiations to create a similar arrangement with a partner for the North American market.”

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 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.

COVID-19

The Company continues to operate at full staffing levels at this time as it has since the start of the COVID-19 pandemic. Government imposed lockdowns have impacted the supply of a small number of components in the Company’s biogas upgrading systems, but as of now all of the Company’s suppliers that were impacted have resumed operations. As a normal course of business, the Company’s supply chain has built-in redundancy where its procurement procedures identify alternative sources of supply for major components and sub-system fabricators that are essential to the Company’s business operation.

The Market Outlook

As the world embarks on a cautious recovery from the COVID-19 pandemic, there is a growing movement to focus fiscal recovery packages on climate-positive policies and target investment in green energy technology. According to a recent paper from two of the world’s leading economists, Joseph Stiglitz and Lord Nicholas Stern, a survey of more than 200 global finance leaders from 53 countries highlighted a strong long-term return on government investment in climate-positive policies. This movement supports a promising growth outlook for RNG globally.

Use of RNG in transportation fuel remains a viable and proven alternative to fossil fuels due to its relative price stability and low carbon footprint, with several recent industry announcements of both commercial and public fleet conversions to RNG. According to the trade associations Natural Gas Vehicle America (NGVA) and Natural Gas Vehicle Association Europe (NGVA Europe), RNG continues to see strong uptake. In 2019, the NGVA estimates that 39% of all natural gas used as an on-road fuel in the United States was RNG, and NGVA Europe’s data reveal that the current RNG market share of the natural gas transportation market in Europe is 17%.

Outside of the transportation sector, there is a growing trend of natural gas utilities adopting RNG as an energy source for customers in a move to reduce the carbon footprint of their fossil natural gas networks. In response to new policy, Oregon state’s largest natural gas utility, NW Natural Gas, recently announced plans to displace 5% of its fossil gas with RNG by 2024, while the Oregon Department of Energy estimates biogas could offset 10% to 20% of the state’s current natural gas use. As a leading industry provider of biogas upgrading solutions, Greenlane remains excited with the current and future market opportunities in 2020 and beyond.

Executive Compensation Disclosure

Greenlane will be relying on the exemption provided in BC Instrument 51-516 – *Temporary Exemptions from Certain Requirements to File or Send Security holder Materials* (and similar exemptions provided by other relevant Canadian securities regulators) to delay the filing of its executive compensation disclosure. Greenlane expects to include its executive compensation

disclosure in the AGM information circular to be sent to shareholders and filed on SEDAR later this year.

RSU and Option Grants

The Company has granted to officers of the Company incentive share options to purchase up to an aggregate of 586,000 common shares of the Company pursuant to the Company's share option plan, with an exercise price equal to the greater of \$0.50 and the closing share price on Thursday May 28, 2020. All aforementioned grants of options shall vest 1/3 on each of the first three anniversaries from May 26, 2020. Additionally, the Company has adopted a restricted share unit plan (an "RSU Plan") and has granted to officers and non-executive directors an aggregate of 911,000 restricted share units ("RSUs") pursuant to such RSU Plan. The RSU Plan is subject to disinterested shareholder approval and TSX Venture Exchange acceptance. All aforementioned grants of RSUs shall vest one year from May 26, 2020 for non-executive directors and 1/3 on each of the first three anniversaries from May 26, 2020 for officers, and the aggregate RSU grant is subject to disinterested shareholder approval and TSX Venture Exchange acceptance.

The RSU Plan is to enable directors, officers, employees and consultants to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Company's shareholders. Under the RSU Plan, eligible persons may, at the discretion of the Board, be allocated a number of RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board. Each RSU will entitle the holder to acquire one common share subject to the terms and conditions of the RSU Plan. Pursuant to the RSU Plan, the maximum number of RSUs that may be granted is 2,500,000. Further details of the RSU Plan will be set out in the information circular for the Company's AGM to be held later this year at which disinterested shareholders will be asked to consider the approval of the RSU Plan and RSU grants.

Pre-QT Financial Statements Signatories Clarification

The financial statements for the period from February 15, 2018 (date of incorporation) to December 31, 2018 for Creation Capital Corp. (prior to its Qualifying Transaction and name change to Greenlane Renewables Inc. in June 2019) were approved by the then board of directors and the balance sheet was signed by two of the directors, Wade Nesmith and David Blaiklock. Their signatures on the financial statements filed on SEDAR were inadvertently not included in conformed formatting.

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.

*Reconciliation of net loss to Adjusted EBITDA loss

	Three months ended March 31, 2020 \$'000s
Net loss	(1,093)
Add back:	
Share based compensation	22
Depreciation and amortization	380
Finance expense	166
Foreign exchange gain	(144)
Adjusted EBITDA loss	(669)

Note one - 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 two - 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 active order book.

All filings related to the first quarter ended March 31, 2020 are available on SEDAR at 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-footprint 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 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 – 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 continued growth in sales pipeline and sales backlog, the creation of a joint venture company with SWEN Capital Partners to accelerate deployment of Greenlane’s biogas upgrading systems, the continued revenue growth throughout 2020 as new contract wins move out of sales order backlog and into revenue, the taking advantage of project specific return on capital while providing potential customers with complete turnkey biogas upgrading solutions, the completion of discussions with new customers to add recurring revenue and profit streams, the strong long-term return on government investment in climate-positive policies, the promising growth outlook for RNG globally, the growing movement to focus fiscal recovery packages on climate-positive policies and target investment in green energy technology, and the growing trend of natural gas utilities starting to offer customers the option of choosing RNG as an energy source. 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 specifically related to the Company’s international operations, and risks relating to the market price of the Common Shares. 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. 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 news release.