



Greenlane Renewables Announces Second Quarter 2022 Financial Results

~Company reports record revenue with consistent gross margins~

Vancouver, British Columbia, Canada – August 9, 2022 Greenlane Renewables Inc. (“Greenlane” or the “Company”) (TSX: GRN / FSE: 52G / OTC: GRNWF) today announced financial results for the second quarter ended June 30, 2022. For further information on these results please see the Company’s Condensed Consolidated Interim Financial Statements and Management’s Discussion and Analysis filed under the Company’s profile on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated and in accordance with International Financial Reporting Standards (“IFRS”).

Second Quarter Highlights

- Record Revenue of \$18.1 million, a 44% increase over the \$12.6 million reported in the second quarter of 2021.
- Gross profit of \$3.9 million, gross margin (gross profit excluding amortization) of \$4.6 million (25% of revenue).
- Net loss of \$2.2 million.
- Adjusted EBITDA loss of \$0.4 million¹.
- Sales Order Backlog² of \$40.7 million as at June 30, 2022.
- Sales Pipeline³ valued at approximately \$900 million as at June 30, 2022.
- Cash and cash equivalents of \$23.2 million and no debt, other than payables and performance bonding resulting from normal course operations, as at June 30, 2022.
- The Company announced new contract wins totalling \$20.1 million in the quarter for the supply of pressure swing adsorption biogas upgrading systems for new food waste-to-renewable natural gas (“RNG”) projects across three US states and for a dairy manure-to-RNG project in the United States owned by an international energy company.
- The Company announced its first deployment of development capital to a company focused on developing RNG projects in California, based on the dairy cluster model.

Subsequent Events

- On August 2, 2022, the Company announced new contracts with a combined value of \$13.5 million (US\$10.5 million) for the supply of its biogas upgrading technology for two landfill gas-to-RNG projects in South America. The contracts involve the supply of two water wash upgrading systems, the largest in its product line, each capable of processing enough landfill gas to produce up to approximately 850,000 MMBtu annually of pipeline specification RNG for commercial use. This brings the total value of new contract wins to \$33.6 million since March 31, 2022.
- In July 2022, the Company increased its credit facility with Toronto Dominion Bank from \$12.5 million to \$20.0 million. The facility is secured by a guarantee from Export Development Canada and is used to enhance sales by providing further guarantees and letters of credit to the Company’s customers who require them.

(in millions, except as noted)	Three Months Ended June 30th			Six Months Ended June 30th		
	2022	2021	% Change	2022	2021	% Change
Revenue	\$18.1	\$12.6	44%	\$34.4	\$24.8	39%
Gross Profit	\$3.9	\$2.9	34%	\$7.5	\$5.9	27%
Gross Margin	\$4.6	\$3.2	44%	\$8.6	\$6.5	32%
Gross Margin as % of Revenue	25%	26%		25%	26%	
Adjusted EBITDA¹	(\$0.4)	\$0.1	(458%)	(\$0.4)	\$0.7	(155%)
Net Loss	(\$2.2)	(\$1.1)	(102%)	(\$4.3)	(\$1.3)	(231%)
Sales Order Backlog²				\$40.7	\$41.9	(3%)
Sales Pipeline³				\$900	\$800	13%
Cash & Cash Equivalents				\$23.2	\$36.5	(36%)

“On the back of another record revenue quarter for Greenlane, we remain optimistic about our long term outlook,” said Brad Douville, President and CEO of Greenlane. “In line with our strategic plan, we’ve accomplished a great deal, including the first full quarter of results from our newly acquired Airdep division in Italy and our first deployment of development capital. In view of the Company’s extraordinary growth over the last two years we are rapidly adding talented new team members and accelerating systemic and process enhancements. We continue to invest in building the Company and strengthening the team to position for further growth.”

“The demand for RNG continues to expand as highlighted by some of the largest market participants and their related news, including recent US Senate support for RNG under the Inflation Reduction Act, industry M&A activity, and gas utilities and governments progressing toward targeted and regulated RNG penetration rates. We remain confident that our products, our people and our role in the RNG industry will contribute significantly to decarbonizing the world’s energy systems.”

Greenlane continually updates its pipeline of active system sales opportunities (“**Sales Pipeline**”), which at June 30, 2022 was approximately \$900 million, representing a net increase of \$50 million in new opportunities since year-end 2021, and a 13% increase year-over-year versus \$800 million at the end of Q2 2021. The Sales Pipeline represents visibility to a significant number of opportunities for which the Company provides a quote, and those opportunities that successfully convert into contract wins move into our sales order backlog (“**Sales Order Backlog**”). The Company’s Sales Order Backlog of \$40.7 million as at June 30, 2022 is a snapshot in time which varies from quarter-to-quarter. 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

The overall global market outlook for the biogas industry continues to be robust with recent announcements.

In Europe, the Russian-Ukraine conflict continues to impact energy markets and is widely expected to accelerate the pace of growth of biomethane projects. Earlier in 2022, the European Commission published the “Joint European Action for more affordable, secure and sustainable energy” (“REPowerEU”) with the goal of establishing energy independence from Russian fossil fuels. The Commission has pledged €37 billion to increase biomethane production to 35 billion cubic metres by 2030, up from the 3 billion cubic metres in 2020, and represents approximately 20% of current Russian natural gas imports.

In the United States, Senator Joe Manchin and Senate Majority Leader Charles Schumer announced an agreement on a spending and tax package on July 27, 2022. The resulting Inflation Reduction Act of 2022 raises \$739 billion over the next ten years. To address climate and energy issues, the legislation provides \$369 billion over the next ten years on spending and tax policies to reduce greenhouse gas emissions and spur the expanded production and use of domestic clean energy, and contains provisions supported and advocated by the RNG industry including biogas property, which includes biogas upgrading equipment, as qualifying equipment for purposes of the Section 48 energy investment tax credit. The base credit is 30% of which 6% would be immediately available with the other 24% available if prevailing wage and apprenticeship requirements are met.

An active spring in the US renewable natural gas market was highlighted with BlackRock’s announced acquisition of Vanguard Renewables for US\$700 million. BlackRock is partnering with Vanguard to drive its next phase of growth, including plans to commission more than 100 anaerobic digesters to produce renewable natural gas across the country by 2026. Increasing M&A activity is often a leading indicator of continued strength and growth in the sector.

In Canada, FortisBC announced during the second quarter that it nearly tripled RNG supply in 2021 compared to 2020, and that by the end of 2022 it expects to triple its RNG supply again to approximately 3.9 petajoules (PJ) of contracted annual RNG supply for its customers - roughly enough energy to meet the natural gas needs of approximately 43,750 homes in British Columbia. FortisBC said that it expects that its original 2030 goal of 15% of its gas supply being renewable and low carbon will be met or exceeded. In a recent report commissioned by the Province of British Columbia, FortisBC and BC Bioenergy Network revealed that by 2050, the maximum potential supply of in-province renewable and low carbon gases could be as high as 440 PJ per year – roughly double FortisBC’s current annual gas supply.

The Government of Québec announced it is seeking feedback on its draft regulation to amend its renewable gas standard that would promulgate the provincial government’s commitment to require a 10% renewable gas blend by 2030, equating to approximately 20 million MMBtu of RNG demand, including a 7% interim target in 2028. The current regulation requires gas utilities to achieve the blends of RNG of 2% in 2023 and 5% in 2025.

Conference Call

The public is invited to listen to the conference call by telephone at 2 pm PT (5 pm ET) today, August 9th. 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:

	Second quarter ended June 30, 2022 \$000's	Second quarter ended June 30, 2021 \$000's
Net loss, before tax	(2,187)	(1,077)
Add back:		
Share based compensation	638	284
Depreciation and amortization	819	388
Finance expense	20	10
Finance income	(10)	-
Other income	-	-
Foreign exchange loss	(491)	414

Strategic initiatives	782	-
Adjusted EBITDA (loss)	(429)	120

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 Sales Pipeline is converted to Greenlane's Sales Order Backlog.

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.

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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”, “could”, “plan”, “expects” or “is expected to”, “potential”, “proposed”, “estimate”, “believe”, “continues to”, “remains” 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 outlook for the biogas industry continues to be robust, the Russia-

Ukraine conflict continues to impact energy markets and is widely expected to accelerate the pace of growth of biomethane projects; the US Inflation Reduction Act of 2022 provides \$369 billion over the next ten years on spending and tax policies to reduce greenhouse gas emissions and spur the expanded production and use of domestic clean energy; BlackRock and Vanguard have plans to commission more than 100 anaerobic digesters to produce renewable natural gas across the US by 2026; FortisBC expects to triple its RNG supply by the end of 2022 and it will meet or exceed its 2030 goal of 15% of its gas supply being renewable and low carbon; that by 2050, the maximum potential supply of BC in-province renewable and low carbon gases could be as high as 440 PJ per year; 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; the ability of legislation to affect the expanded production of clean energy; the plans, estimates and intentions of third parties to successfully achieve planned initiatives to implement RNG projects and realize goals for increasing renewable and low carbon gas supply 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. 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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