

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1 – Name and Address of Company**

Greenlane Renewables Inc.  
110 – 3650 Gilmore Way  
Burnaby, BC V5G 4X5

(“**Greenlane**” or the “**Company**”)

**Item 2 – Date of Material Change**

July 2, 2020

**Item 3 – News Release**

A news release relating to the material changes referred to in this report was issued and disseminated by the Company on July 2, 2020 through the facilities of BusinessWire.

**Item 4 – Summary of Material Change**

The Company entered into a framework agreement dated July 2, 2020 among the Company, Pressure Technologies plc (“**PT**”), Creation Partners LLP (“**Creation Partners**”) and Brad Douville (the “**Framework Agreement**”) pursuant to which the following transactions have been completed further to the Company’s acquisition of PT Biogas Holdings on June 3, 2019 (the “**Acquisition**”):

- PT has disposed (the “**PT Disposition**”) of a total of 7,663,920 common shares (the “**Common Shares**”) and 5,094,765 share purchase warrants of the Company (the “**Warrants**”) in a series of block trade transactions that included the sale of the common shares underlying the Warrants (the “**Warrant Shares**”);
- the promissory note dated June 3, 2019 issued by the Company to PT on completion of the Acquisition (the “**Promissory Note**”) was reduced by \$1.8 million to \$5.2 million and the maturity date of the remaining balance of the Promissory Note has been advanced from June 3, 2023 to June 30, 2021; and
- the right to direct sale agreement dated June 3, 2019 between the Company and PT entered into in connection with the Acquisition (the “**Right to Direct Sale Agreement**”) has been terminated.

In addition, the Framework Agreement contemplates the completion of the transfers by PT of the common shares and Warrants payable by PT to Creation Partners and Douville under separate arrangements entered with each of Creation Partners and Douville for the completion of the Acquisition.

The completion of the transactions under the Framework Agreement will result in PT no longer being the owner of any equity securities of Greenlane.

In connection with the completion of the PT Disposition, the Warrants held by PT were exercised in full at the exercise price of \$0.26 per share for gross proceeds of \$1,324,639 to the Company.

## Item 5 – Full Description of Material Change

### 5.1 – Full Description of Material Change

#### Framework Agreement

The Framework Agreement was entered into on July 2, 2020 among Greenlane, PT, Creation Partners and Brad Douville, Chief Executive Officer and President of Greenlane. Creation Partners is a private limited liability partnership beneficially owned and controlled by Wade Nesmith, David Demers and David Blaiklock, each a director of Greenlane. The Common Shares and Warrants of the Company that were the subject of the Framework Agreement were originally issued to PT in connection with the Acquisition. The completion of the PT Disposition represented the disposition of the balance of Common Shares and Warrants that PT was able to dispose of free of contractual restrictions.

The Framework Agreement contemplated the completion of the following transactions (the “Transactions”):

- (a) the completion of the PT Disposition on agreed deal terms through arranged block trade transactions;
- (b) the re-calculation of the principal amount outstanding under the Promissory Note in an amount equal to the total consideration for the Acquisition in the amount of £10.1 million denominated in Canadian dollars equal to \$17,592,180; less (i) the gross proceeds realized from the PT Disposition, less (ii) the proceeds of a June 10, 2020 disposition by PT of 2,525,610 common shares in the amount of \$984,988, less (iii) the cash payment in the amount of \$3,473,818 made by the Company to PT in February 2020 as a reduction to the outstanding principal amount of the Promissory Note, less (iv) the cash payment in the amount of \$3,415,363 made by the Company to PT on completion of the Acquisition; and
- (c) the termination of the Right to Direct Sale Agreement; and
- (d) the transfers by PT of the Common Shares and Warrants payable by PT to Creation Partners and Douville under separate arrangements entered with each of Creation Partners and Douville for the completion of the Acquisition.

PT realized gross proceeds of approximately \$4,544,356 from the PT Disposition, which was completed on July 2, 2020 at an average price of \$0.46 per Common Share and \$0.20 per Warrant. All Warrants were exercised in connection with the PT Disposition. As a result of the exercise in full of the Warrants at the exercise price of \$0.26 per share, the Company received additional gross proceeds of \$1,324,639.

Upon completion of the transfers contemplated under the Framework Agreement, PT will have completed the full disposition of its equity position in Greenlane.

#### Completion of the Transactions

##### *Transactions between the Company and PT*

On June 3, 2019, in connection with the Acquisition and as partial payment of the purchase price the Company, the Company issued the Promissory Note to PT, which prior to the completion of the PT Disposition had the principal amounts of \$3.6 million and £2.1 million outstanding (representing an aggregate of approximately \$7.0 million based on exchange rates in effect on the date of the transaction).

Under the Framework Agreement, the Company and PT have agreed that the Promissory Note has been amended as a result of the completion of the PT Disposition in order to reflect the following:

- the principal amounts of \$2.6 million and £1.5 million remain outstanding under the Promissory Note (representing an aggregate of approximately \$5.2 million based on current exchange rates); and
- the maturity date for the Promissory Note was advanced to June 30, 2021.

In addition, the Company and PT have agreed that the Right to Direct Sale Agreement has been terminated concurrently with the completion of the PT Disposition. The Right to Direct Sale Agreement had entitled Greenlane to require PT to sell up to 4,354,500 Common Shares beneficially owned by PT to certain employees, consultants, officers and directors of Greenlane at a price of \$0.60 per share. Termination of this arrangement enabled these Common Shares to be included in the PT Disposition.

PT was an insider of the Company on the basis that, prior to the completion of the transactions described above, it held 12.81% of the Company's issued and outstanding Common Shares. As such, certain transactions under the Framework Agreement, including the amendment of the Promissory Note and the termination of the Right to Direct Sale Agreement, constituted "related party transactions" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

#### ***Transactions between PT and each of Creation Partners and Douville***

In connection with the Acquisition, PT entered into the following agreements with insiders of the Company:

- an advisory fee agreement with Creation Partners pursuant to which PT agreed to pay to Creation Partners upon repayment of the Promissory Note an advisory fee comprised of Common Shares and Warrants, of which 1,915,980 Common Shares and 957,990 Warrants remained to be paid by PT to Creation Partners, conditional upon repayment of the Promissory Note (the "**Creation Partners Advisory Fee Agreement**"), and
- an agreement with Brad Douville, the Chief Executive Officer and a director of the Company, pursuant to which PT agreed to deliver Common Shares and Warrants to Brad Douville upon repayment of the Promissory Note as payment for Brad Douville waiving his entitlement to certain PT long-term incentive plan benefits, of which 2,177,250 Common Shares and 1,088,625 Warrants remained to be paid by PT to Brad Douville, conditional upon repayment of the Promissory Note (the "**Douville LTIP Agreement**"), and
- escrow confirmation agreements with Creation Partners and Brad Douville pursuant to which PT agreed to deliver the Common Shares and Warrants deliverable to Creation Partners and Brad Douville into escrow to be held in accordance with the Creation Partners Advisory Fee Agreement and the Douville LTIP Agreement (the "**Escrow Confirmation Agreements**").

In order to facilitate the PT Disposition pursuant to the Framework Agreement, Creation Partners and Brad Douville agreed to release PT from its obligations under the Escrow Confirmation Agreements in order for PT to have sufficient free-trading Common Shares and Warrants to complete the PT Disposition. As a result of completion of the PT Disposition, PT has agreed to accelerate the transfer of Common Shares and Warrants to Creation Partners pursuant to the Creation Partners Advisory Fee Agreement and to Brad Douville pursuant to the Douville LTIP Agreement, as follows:

- PT will forthwith transfer to Creation Partners 366,890 free trading Common Shares and 183,445 free trading Warrants upon completion of the PT Disposition and will, as soon as practicable and subject to the approval of the TSX Venture Exchange, transfer within escrow to Creation Partners an additional 1,549,090 Common Shares and 774,545 Warrants which are currently held in escrow under the terms of an escrow agreement dated June 3, 2019 among Greenlane, Computershare Trust Company of Canada, as escrow agent, and certain securityholders of Greenlane, including PT (the “**Escrow Agreement**”); and
- PT will forthwith transfer to Brad Douville 416,920 free trading Common Shares and 208,460 free trading Warrants upon completion of the PT Disposition and will, as soon as practicable and subject to the approval of the TSX Venture Exchange, transfer within escrow to Brad Douville an additional 1,760,330 Common Shares and 880,165 Warrants which are currently held in escrow under the Escrow Agreement.

Creation Partners is an insider of the Company on the basis that it is beneficially owned and controlled by Wade Nesmith, David Demers and David Blaiklock, each a director of the Company, and Brad Douville is an insider of the Company on the basis that he is the Chief Executive Officer and a director of the Company. As such, pursuant to MI 61-101, Creation Partners and Brad Douville may be considered interested parties that are receiving a collateral benefit pursuant to the Framework Agreement as a result of the removal of the condition for the Promissory Note to be repaid in full for them to receive Common Shares and Warrants from PT under the Creation Partners Advisory Fee Agreement and the Douville LTIP Agreement, respectively, and the acceleration of the issuance of such Common Shares and Warrants.

### **Board Approval**

The Framework Agreement and the related transactions were approved unanimously by the Board of Directors of the Company, with each of Wade Nesmith, David Demers, David Blaiklock and Brad Douville abstaining. There was no materially contrary view by a director or any material disagreement among the Board of Directors of the Company in respect of the Framework Agreement and the related transactions.

### ***Reasons for the Transactions***

The board of directors of Greenlane (the “**Greenlane Board**”) determined to proceed with the Framework Agreement and complete the Transactions for the following reasons:

- the completion of the PT Disposition resulted in an immediate reduction to the debt owed to PT;
- the advanced maturity date will follow shortly after the expiry of Greenlane’s \$0.26 Warrants and, assuming Greenlane’s share price and cash and working capital positions remain within their current ranges or improve, the proceeds from the exercise of these Warrants are anticipated to be sufficient to fund the payout of the Promissory Note on June 30, 2021;
- the termination of the Right to Direct Sale Agreement resulted in 4,354,500 Common Shares being included in the PT Disposition, with the result of increasing the sale proceeds available to reduce the debt under the Promissory Note;
- the agreement of Creation Partners and Douville to the Transactions enabled 3,309,420 Common Shares and 1,654,710 Warrants to be available for resale by PT, again with the result of increasing the sale proceeds available to reduce the debt under the Promissory Note; and

- the sale has enabled the transfer of common shares to investors that Greenlane believes will be longer term investors in Greenlane and its business and should remove a “market overhang” perception relating to PT’s short term investment horizon.

The Greenlane Board believes that completion of the Transactions will have a positive impact on Greenlane’s prospects as it will be able to move forward with a simplified corporate structure and a pathway to having the balance of the PT debt repaid in full by June 2021. Repayment of the debt is seen as providing greater flexibility to Greenlane in structuring any future debt financings that may be considered advantageous as it expands its business.

#### ***MI 61-101 Disclosure***

The Company is relying on the exemption from the minority shareholder approval requirement provided in Section 5.7(f) of MI 61-101 in connection with the amendments to the Promissory Note on the basis that they constitute an amendment to a non-convertible loan of the Company on reasonable commercial terms that are not less advantageous to the Company than if the loan were obtained from a person dealing at arm’s length with the Company. The Company is relying on the exemption from the minority shareholder approval requirement provided in Section 5.7(a) of MI 61-101 in connection with the termination of the Right to Direct Sale Agreement on the basis that that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, such transaction, insofar as it involves interested parties, exceeds 25% of the Company’s market capitalization.

The Company is relying on the exemption from the valuation requirement provided in Section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Except as described above, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Framework Agreement and to the Company’s knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Framework Agreement.

The Company advises that it was unable to file this Material Change Report 21 days in advance of closing because Greenlane and PT were not in a position to determine whether the transactions could proceed until deal terms for the completion of the PT Disposition were presented to Greenlane and PT. These deal terms were presented in the context of the market and required immediate acceptance by Greenlane and PT. Accordingly, it was not possible or practical for advance disclosure of the transactions to be included in a Material Change Report filed in advance of the transactions.

#### **5.2 – Disclosure for Restructuring Transactions**

Not applicable

#### **Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable

**Item 7 – Omitted Information**

Not applicable

**Item 8 – Executive Officer**

Brad Douville  
President and Chief Executive Officer  
Telephone: 604.259.0343

**Item 9 – Date of Report**

July 13, 2020