



## Emerald Health Therapeutics Reports 3rd Quarter 2018 Financial Results and Provides Corporate Update

November 30, 2018

### Continued production expansion, successful supply fulfillment and product diversification position Emerald for revenue growth

VICTORIA, British Columbia, Nov. 30, 2018 (GLOBE NEWSWIRE) -- Emerald Health Therapeutics, Inc. (TSXV:EMH; OTCQX:EMHTF) ("Emerald" or "the Company") has filed its financial statements and management discussion and analysis for the three and nine months ended September 30, 2018. They are available for viewing on [www.sedar.com](http://www.sedar.com) or on the Company's [website](#). All figures are expressed in Canadian dollars unless otherwise stated.

"During the third quarter, we've fulfilled our initial supply scheduling, product, and volume commitments to our provincial cannabis distribution customers to participate in the adult-use cannabis market – demonstrating our ability to provide consistent and increasing contracted shipments of Emerald product," said Avtar Dhillon, MD, President of Emerald Health Therapeutics. "As we move forward at this pivotal point of commercial production, we expect our Pure Sunfarms joint venture, Quebec facility, and hemp sourcing agreements to result in significant scaling of production and sales from the fourth quarter onward. We also expect these raw material inputs to serve our unique and expansive emerging partnership with the Factors Group, which encompasses industrial-scale extraction, softgel encapsulation, as well as product development and distribution/sales.

"In addition, we have now filed multiple provisional US patent applications covering Emerald's Defined Dose™ cannabis dosage forms and formulations, which will enable both medical and adult-use consumers to achieve measured outcomes with well characterized, reliable product. These are just the first steps in realizing our vision for product development and positioning Emerald as an eminent player on the global stage backed by differentiated science-based cannabinoid products."

### Selected Quarterly Financial Information

The financial information in the following tables summarize selected financial information for the Company for the last eight quarters, which was derived from annual financial statements prepared in accordance with IFRS or interim financial statements prepared in accordance with IFRS applicable to the preparation of interim financial statements, *IAS 34, Interim Financial Reporting*:

	2018			2017
	September 30	June 30	March 31	December 31
	(\$)	(\$)	(\$)	(\$)
Revenue	321,070	284,262	373,218	279,362
Share-based payments	2,165,851	2,081,661	1,954,047	1,979,553
Interest income	222,740	274,436	250,064	43,024
Share of income (loss) from JV	3,940,373	682,431	(301,793)	(44,562)
Net Loss	(6,26,658)	(5,610,970)	(5,045,420)	(4,027,569)
Net Loss per share (basic and diluted)	(0.05)	(0.04)	(0.04)	(0.04)
	2017			2016
	September 30	June 30	March 31	December 31
	(\$)	(\$)	(\$)	(\$)
Revenue	211,316	245,708	201,268	124,251
Share-based payments	271,968	369,788	201,186	137,113
Share of income (loss) from JV	(278,016)	-	-	-
Net Loss	(1,939,371)	(1,726,523)	(1,205,858)	(880,424)
Net Loss per share (basic and diluted)	(0.02)	(0.02)	(0.02)	(0.01)

### BUSINESS UPDATE FOR AND SUBSEQUENT TO THE REPORTING PERIOD

#### Cannabis Sales Agreements – Adult-use Markets

The Company completed its first shipments of adult-use cannabis during the months of October and November, fulfilling its initial supply scheduling, product and volume commitments in British Columbia, and Newfoundland and Labrador following the legalization of adult-use cannabis.

On September 10, 2018 the Company was selected as an authorized cannabis supplier by the Newfoundland Labrador Liquor Corporation ("NLC") to supply cannabis products to the NLC to serve the adult use market in the province of Newfoundland and Labrador.

On September 6, 2018, it was announced that the Company had been selected as an approved supplier by the Ontario Cannabis Retail Corporation, operating as the Cannabis Retail Store ("OCS") to supply OCS with its cannabis products.

On July 24, 2018 the Company signed a Memorandum of Understanding ("MOU") with the British Columbia Liquor Distribution Branch ("BCLDB") to

supply the Company's cannabis products to the BCLDB to serve the adult-use market in British Columbia.

### **Expansion Projects**

The Company's joint venture, Pure Sunfarms, continues to move towards achieving its goal of large-scale, high-quality, low-cost cannabis production. On July 27, 2018, Pure Sunfarms received its cannabis sales licence from Health Canada. Subsequently, Pure Sunfarms has received amendments to its cultivation license to expand cannabis production to 550,000 square feet at its 1.1 million-square foot (25-acre) greenhouse facility located on a 50-acre parcel of land in Delta, British Columbia ("Delta 3"). Additional space continues to be developed at Delta 3, with the entire 1.1 million square foot site expected to be in production in 2019.

On August 21, 2018, the Company announced the appointment of Mandesh Dosanjh as President and Chief Executive Officer of Pure Sunfarms.

### **Supply Agreements**

On September 26, 2018 the Company entered into a long-term supply agreement to obtain harvested hemp chaff, plant material consisting of mainly flower and leaf. The supply agreement was signed with Emerald Health Hemp Inc. to purchase CBD containing hemp biomass for extraction into CBD oil. The supply agreement is for 4 years (5 harvests) with an option to extend for an additional 2 years. Five hundred acres of hemp was harvested in October 2018 from farms located in Manitoba and Prince Edward Island and one thousand acres is expected to be harvested in each subsequent year of the agreement.

On April 30, 2018, the Company entered into a supply agreement with Pure Sunfarms whereby the Company has agreed to purchase 40% of Pure Sunfarms' production in 2018 and 2019 at a set price per gram.

### **Acquisitions and Strategic Transactions**

On May 2, 2018, the Company acquired 100% of the issued and outstanding shares of Agro-Biotech Sciences Inc. and its affiliate Agro-Biotech Property Holdings Inc. (together "Agro-Biotech"), and the shareholder loans payable by Agro-Biotech, for total consideration of \$90.0 million, subject to adjustment, payable 50% in cash and 50% in Common Shares.

Agro-Biotech is a Licenced Producer under the ACMPR located in Saint-Eustache, Quebec. Agro-Biotech's assets include land and a 75,000 square foot indoor grow facility. Agro-Biotech has built out 20,000 square feet of this facility to date and Emerald expects to have the remainder of the 75,000 square foot facility equipped to produce high quality dried cannabis flower and be fully operational by early 2019.

### **Emerald Health Naturals Inc.**

On November 19, 2018, the Company announced that it had received conditional approval from the TSXV regarding its 51:49 joint venture, to be called Emerald Health Naturals ("EHN"), with Emerald Health Bioceuticals Inc. ("EHB," a company related by common ownership), subject to settlement of the definitive documentation.

The binding agreement was entered into by the Company with EHB, 1160305 BC Ltd., GAB Innovations, Inc. and Dr. Gaetano Morello, a director of the Company's parent company, Emerald Health Sciences, with respect to the formation of the business and operations of EHN (the "Formation Agreement"). The Company agreed to invest \$5.0 million for 51% ownership of EHN and EHB will grant EHN the exclusive Canadian distribution rights to EHB's product line for 49% ownership of EHN. EHB's product line consists of nutritional supplements, which use non-cannabis, non-psychoactive plant-based ingredients to provide potentially beneficial support to the body's endocannabinoid system.

Subsequent to this agreement, the Company signed a non-binding term sheet to form a strategic alliance with Factors R&D Technology, Inc. ("FTI"), described below, which includes a provision for EHN to issue shares to FTI representing 25% of its issued share capital. This share issue would reduce the Company's future ownership of EHN to 38%.

The Formation Agreement represents the Company's multi-pronged program to market and sell non-cannabis endocannabinoid-supporting nutritional products in Canadian grocery, natural health product, and pharmacy stores.

### **Factors R&D Technology, Inc.**

On August 27, 2018, the Company signed a term sheet to form a strategic alliance with FTI, a division of Factors Group of Nutritional Companies Inc., in which FTI will provide pharmaceutical-grade, industrial-scale manufacturing capacity as well as expertise in GMP-level extraction, softgel production, and packaging. FTI will provide the Company with access to a facility capable of processing up to 1 million kg of biomass annually and softgel production capacity of up to 600 million capsules per year. The Company will pay an initial \$5 million fee to FTI to cover the initial costs of transition to cannabis extraction.

The term sheet also provides that FTI will enter into an exclusive agreement with EHN (described above). This will enable the companies to collaborate on product innovation, marketing, and distribution strategies to provide a range of products containing cannabinoids, where legal, and other herbal formulations to support the human endocannabinoid system to the Canadian and global health products market. The collaboration will initially focus on manufacturing, distribution, and sales of EHN's current product line. As part of this arrangement, EHN will issue shares to FTI representing 25% of its issued share capital.

The term sheet is non-binding and the strategic alliance is subject to the negotiation and execution of definitive agreements. The strategic alliance and related activities are also subject to obtaining all necessary regulatory approvals.

### **Northern Vine Canada Inc.**

On May 15, 2018, the Company exercised its right to purchase additional common shares of Northern Vine Canada Inc. "Northern Vine" issued from treasury, increasing its ownership of Northern Vine to 65% for \$2.75 million, paid in cash at closing.

On August 15, 2018 the Company increased its ownership in Northern Vine to 100% by purchasing all of the shares of Northern Vine held by Abattis Bioceuticals Corp ("Abattis"). The Company paid Abattis \$2.0 million in cash and issued 1,093,938 common shares of the Company.

The Company has also agreed to pay Abattis a milestone payment of common shares of the Company, valued at \$4.0 million, if Northern Vine and/or the Company receive gross revenue of \$10 million from the sale of products or services introduced by Abattis within thirty-six months ended August 2021.

Northern Vine continues to focus on developing its laboratory services for the cannabis industry and expanding its operations in oil extraction.

### **Research & Development**

On October 16, 2018 the Company filed 12 provisional US patent applications covering Emerald's unique Defined Dose cannabis dosage forms and formulations bringing the total number of provisional US patents filed by the Company to 17. The products aim to provide more precise and constituent delivery, dosage and formulations.

### **Financings**

In January, February and May 2018, the Company completed financings that resulted in total gross proceeds from unit issuances and warrant exercises of \$67.8 million (net proceeds – \$67.5 million) and has the potential to raise an additional \$41.8 million if the remaining outstanding warrants from these financings are exercised prior to expiry. The Company intends to use the proceeds of the financings to fund the completion of capital projects and potential future expansion and acquisitions, including partnership transactions, for research and development, to expand the Company's existing extraction capabilities, and for working capital and general corporate purposes.

### **Financial Reports**

Full details of the financial reports and operating results for the third quarter of 2018 are described in the Company's consolidated financial statements with accompanying notes and related Management's Discussion and Analysis. These documents and additional information on Emerald are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Emerald Health Therapeutics**

Emerald Health Therapeutics (TSXV: EMH; OTCQX: EMHTF; Frankfurt: TBD) is a Canadian Licensed Producer of cannabis. Its 50%-owned Pure Sunfarms joint venture in BC is completing a sophisticated 1.1 million square feet greenhouse; its Agro-Biotech operation in Québec is completing a 75,000 square feet indoor facility. Commercial production is expanding in both facilities. It secured approximately 500 acres of hemp harvest in 2018 and has contracted for over 500 acres in 2019 to 2022 with the goal of extracting low-cost cannabidiol (CBD). Emerald's team is highly experienced in life sciences, product development, large-scale agri-business, and marketing, and is focused on developing proprietary, value-added cannabis products for medical and adult-use customers. Emerald is part of the [Emerald Health group](#), which is broadly focused on developing pharmaceutical, botanical and nutraceutical products that may provide wellness and medical benefits by interacting with the human body's endocannabinoid system.

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Source: Emerald Health Therapeutics Inc.