



# Recently Fully Operational Emerald Facilities on Path to Break-even; Pure Sunfarms Joint Venture Setting Performance Standards in Canadian Marketplace

TSXV: EMH

OTCQX: EMHTF

## Market Information

Price:	\$0.20 <sup>1</sup>
Market Cap:	40.0 M <sup>1</sup>
Cash:	\$0.5 M <sup>2</sup>
Shares O/S:	200.1 M <sup>3</sup>
Add'l Cash:	\$3.1 M <sup>4,5</sup>
(post 1Q20 financials)	
3 M Avg Vol:	1.33 M <sup>6</sup>
52W H/L:	\$2.65 - \$0.12 <sup>1</sup>

<sup>1</sup>20/07/28 <sup>2</sup>1Q20 financials: 20/03/31

<sup>3</sup>1Q20 filing date: 20/06/18

<sup>4</sup>Financing (\$2.1): 20/06/02

<sup>5</sup>Warrants exercised (\$1M): 20/04/09

<sup>6</sup>TSX.V + OTCQX

## Recent Updates

**20/07/24** Pure Sunfarms JV, begins shipping branded products to Manitoba

**20/07/15** Terminates consulting and loan agreements

**20/07/01** Pure Sunfarms JV, completes accordion provision of its \$59 M credit facility

**20/06/24** Pure Sunfarms JV, ships branded products to Saskatchewan and are approved in Manitoba

**20/06/23** Verdélite launches Souvenir™ cannabis brand in Québec

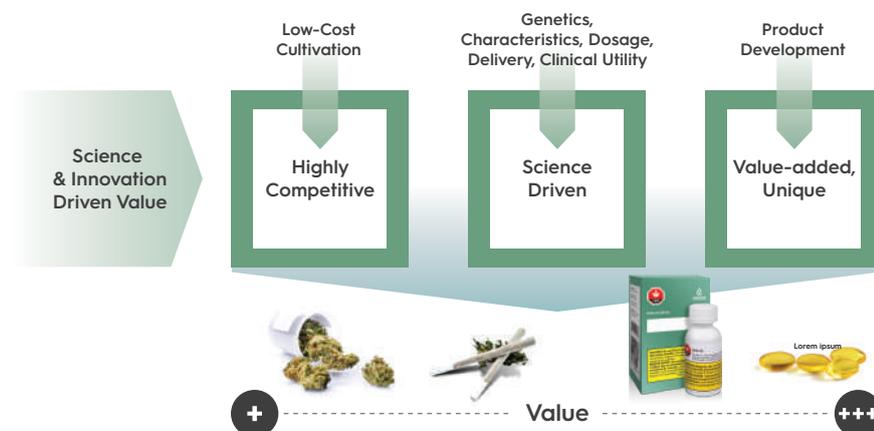
**20/05/27** Terminates land sub-lease and outdoor cultivation agreements

## Overview

A Canadian licensed producer committed to creating new consumer experiences with recreational and wellness-oriented cannabis products. With an emphasis on innovation and production excellence, Emerald has built a platform of distinct operating assets designed to uniquely serve the Canadian marketplace and international opportunities.

## Strategic Direction and Progress

- British Columbia and Québec:** Emerald's 100%-owned facilities on the East and West Coasts of Canada are in full production. Verdélite is a premium craft operation with an 88,000 square foot indoor facility in Québec; Emerald Richmond is a health and wellness-oriented organic greenhouse (78,000 square feet operational). Emerald's recent debut of its high-quality, high-potency unique version of Chemdog sold out rapidly and has received provincial distributor reorders, a positive result from the high standards for the design and operating procedures employed in this purpose-built facility.
- Distribution:** Emerald supplies the Canadian recreational cannabis market and has secured agreements with nearly every province and territory. Emerald signed its first international supply agreement with STENOCARE to distribute medical cannabis in Denmark. Additionally, both Verdélite and Pure Sunfarms are licensed to distribute their unique packaged, branded dried cannabis products.
- Cannabis 2.0 strategy:** Emerald is advancing the extraction of THC, CBD and resin at its facilities, while concurrently securing third-party, large-scale extraction and value-added product manufacturing capabilities through strategic partnerships. The product development team is advancing unique formulations and dosage forms for wellness purposes.
- Pure Sunfarms (PSF):** This 41.3%-owned JV's fully operational 1.1 million square foot facility is producing high quality, affordably priced products. PSF's second 1.1 million square foot greenhouse received its initial cultivation and sales license, and retrofitting of the facility is ongoing. PSF continues to expand its sales territories and brand presence and is developing oils and vape products. PSF was ranked as the top-selling dried flower brand by kg sold at the Ontario Cannabis Store for year to date ended June 30, 2020. It reported 2019 sales of \$82.8M, a gross margin of 76%, EBITDA of \$54.1M. Cultivation cost in the fourth quarter was \$.66 per gram. This is a premiere large-scale operation in the Canadian cannabis industry.



# Strategic Partnerships

## Valens

Proprietary extraction and white label product development services. Valens will process cannabis and hemp biomass into premium quality resins and distillates using its extraction and processing methods and will also provide formulation, mixing, filling and packaging services for oils and potentially other Cannabis 2.0 products.

## STENOCARE

Distributor of medical cannabis in Denmark and additional international markets. Emerald has an agreement to supply STENOCARE with medical cannabis for Denmark and STENOCARE's international markets. The companies are aiming for product approval by the Danish Medicines Agency for Emerald's CBD oil, THC oil and CBD+THC oil.

# Production & Processing

Facility	Distinct Operating Assets	Location	Size	Production Capacity
<b>Richmond Organic</b>	<b>NEW PURPOSE-BUILT ORGANIC OPERATION</b> First greenhouse: full production Second greenhouse: near completion	<b>British Columbia</b>	<b>78,000 sq. ft.</b> <b>78,000 sq. ft.</b>	<b>3,400 kg</b> <b>Under construction</b>
<b>Verdélite</b>	<b>PREMIUM INDOOR CANNABIS PRODUCTION FACILITY</b> Craft strains Packaging, processing & pre-rolls	<b>Québec</b>	<b>88,000 sq. ft.</b>	<b>5,000 kg</b>
<b>Commerce Circle</b>	<b>MEDICAL CANNABIS HUB OPERATION</b> Research, processing & storage Plant genetics, breeding & next generation product development Small-batch extraction	<b>British Columbia</b>	<b>10,000 sq. ft.</b>	<b>N/A</b>
<b>Pure Sunfarms</b> 41.3%-owned JV	<b>ONE OF WORLD'S LARGEST GREENHOUSE FACILITIES</b> First greenhouse, D3, in full production Second greenhouse, D2, being converted Large-scale post-harvest processing facility	<b>British Columbia</b>	<b>1.1 million sq. ft.</b> <b>1.1 million sq. ft.</b>	<b>75,000 kg</b> <b>Under construction</b>

## Financial Highlights

### Emerald - 1Q 2020

- Net sales: \$2.9M
- Adjusted EBITDA: -\$0.3M, a \$3.2M improvement over 1Q19
- SG&A expenses: \$6.0M, down \$2.3M from \$8.3M in 1Q19

### Pure Sunfarms - 1Q 2020

- Net sales were \$18M
- EBITDA was \$6.7M
- EBITDA margin was 37%
- Gross margin of 52%

## Contact

invest@emeraldhealth.ca  
1-800-757-3536 ext: 5  
emeraldhealth.ca

## Endo Line: Cannabis-Free Products



**Endo products** are novel cannabis-free herbal and botanical health supplements which contain Emerald's proprietary PhytoCann® Complex. The products naturally support the body's endocannabinoid system and potential response to common conditions like stress, anxiety, cognition, sleep and pain. The award-winning supplements are marketed by Emerald Naturals and sold through conventional retail channels.

## Leadership



**Avtar Dhillon, MD**  
Executive Chairman



**Riaz Bandali**  
President &  
Chief Executive Officer



**Jenn Hepburn**  
Chief Financial Officer