



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: | \$0.21 ¹ |
| Market Cap: | 41.0 M ¹ |
| Cash: | \$0.5 M ² |
| Shares O/S: | 200.1 M ³ |
| Add'l Cash: | \$3.1 M ^{4,5} |
| (post 1Q20 financials) | |
| 3 M Avg Vol: | 1.47 M ⁶ |
| 52W H/L: | \$2.76 - \$0.12 ¹ |

¹20/06/19 ²1Q20 financials: 20/03/31

³1Q20 filing date: 20/06/18

⁴Financing (\$2.1): 20/06/02

⁵Warrants exercised (\$1M): 20/04/09

⁶TSX.V + OTCQX

Recent Updates

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

20/05/25 Pure Sunfarms JV, receives initial cultivation and sales license for second greenhouse

20/04/29 Preparing launch of rapid onset nanoemulsion cannabinoid & terpene product line in June

20/04/06 Releases first harvest of premium cannabis from its 100%-owned cultivation facility in Richmond, BC

20/03/31 Pure Sunfarms JV, expands credit facility with existing lender by up to \$59M

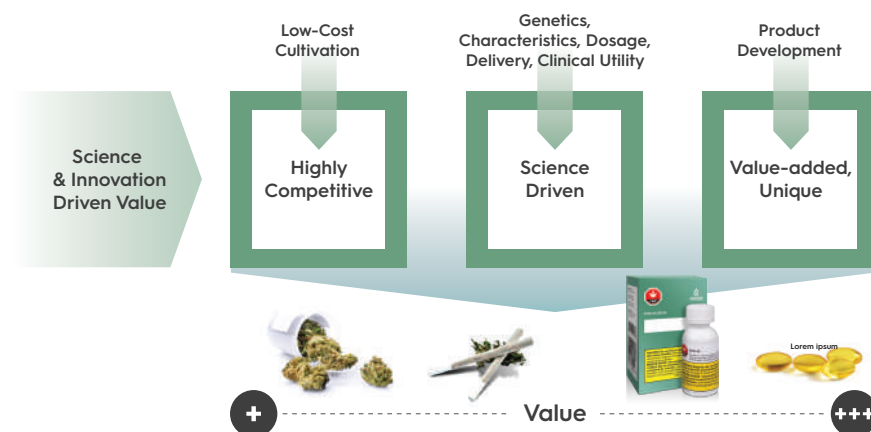
20/03/23 Pure Sunfarms JV, receives Health Canada approval for processing centre

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 cannabis 2.0 products. PSF's market share by volume in Ontario to 20.4%, with YTD market share of 14.3%. During this period it had two of the top four dried cannabis products by volume, and the top-selling product by dollar sales. 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 |
|--|---|-------------------------|--|---|
| Richmond Organic | NEW PURPOSE-BUILT ORGANIC OPERATION First greenhouse: full production Second greenhouse: near completion | British Columbia | 78,000 sq. ft. 78,000 sq. ft. | 3,400 kg Under construction |
| Verdélite | PREMIUM INDOOR CANNABIS PRODUCTION FACILITY Craft strains Packaging, processing & pre-rolls | Québec | 88,000 sq. ft. | 5,000 kg |
| Commerce Circle | MEDICAL CANNABIS HUB OPERATION Research, processing & storage Plant genetics, breeding & next generation product development Small-batch extraction | British Columbia | 10,000 sq. ft. | N/A |
| Pure Sunfarms 41.3%-owned JV | ONE OF WORLD'S LARGEST GREENHOUSE FACILITIES First greenhouse, D3, in full production Second greenhouse, D2, being converted Large-scale post-harvest processing facility | British Columbia | 1.1 million sq. ft. 1.1 million sq. ft. | 75,000 kg Under construction |

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%

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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