



Enhancing Health Through Cannabis Science

TSXV: EMH

OTCQX: EMHTF

Market Information

Price:	\$0.58 ¹
Market Cap:	73.3 M ¹
Cash:	\$2.6 M ²
	+ \$25.0 M Convertible Debenture ³
	+ \$3.9 M ATM Facility ⁴
O/S Shares:	151.4 M ²
3 M Avg Vol:	753 K ⁵
52W H/L:	\$0.53 - \$4.66 ¹

¹19/11/14 ²19/06/30 ³19/09/10

⁴from 19/06/30 to 19/08/28

⁵TSX.V + OTCQX

Strategic Investor, Emerald Health Sciences, owns 27% f/d

Recent Updates

19/11/12 Received organic certification for cannabis production at its Metro Vancouver operation.

19/11/07 Selected as a new supplier of medical cannabis products for distribution into STENOCARE's established Danish pharmacy and hospital channels.

19/10/22 Fulfilled its first shipment of premium cannabis products to the Nova Scotia Liquor Corporation (NSLC) for the adult-use market.

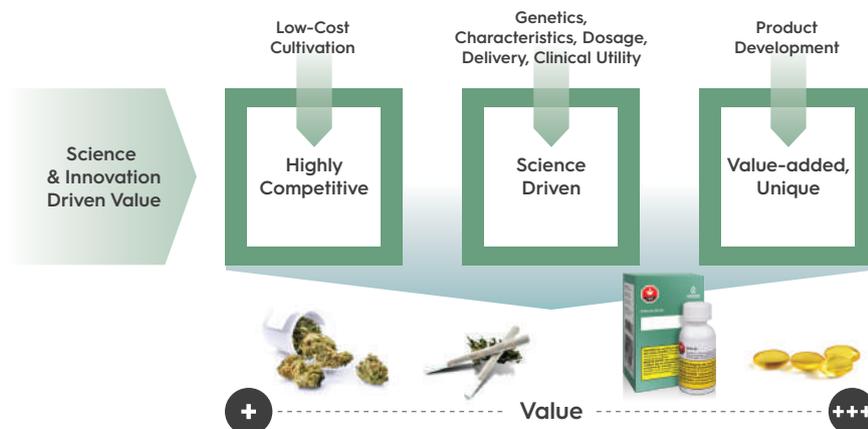
19/10/16 Verdélite received from Health Canada its license to sell and distribute packaged, branded dried cannabis products directly to provincial/territorial wholesalers and authorized private retailers.

Overview

Leveraging industry-leading life sciences, cannabis and growing expertise to achieve highly-competitive, value-added cannabis products with potential wellness and medical benefits.

Strategic Direction

- **Pure Sunfarms (PSF):** Emerald continues to drive the success of its 50%-owned JV, which has announced impressive financials with \$32 million in sales in 2Q19. PSF has the potential to show significant growth from the expansion of its business model and capabilities to include processed and branded products.
- **British Columbia and Québec:** Emerald's 100%-owned indoor and outdoor organic cannabis cultivation operation in BC is licensed for outdoor cultivation and indoor cultivation in the first of two 78,000 square foot greenhouses. Additionally, the licensing and build-out of its 100%-owned highly controlled indoor cultivation operation focused on high-quality, differentiated, craft cannabis strains in Québec is complete. It is anticipated that both facilities will be transitioning to substantial commercial production by the onset of 2020.
- **Distribution:** Emerald supplies the Canadian recreational cannabis market and has secured agreements with the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Prince Edward Island, Newfoundland and Labrador and the Yukon territory. Emerald signed an agreement to supply STENOCARE, a medical cannabis distributor in Denmark. Additionally, both wholly-owned Québec based Verdélite and 50%-owned 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, including one with Factors R&D Technology. Value-added proprietary products portfolio with unique formulations and dosage forms is being advanced.
- **Unique branding opportunity:** 51%-owned JV, Emerald Naturals, began distribution of its health product line aimed at modulating the endocannabinoid system to potentially improve health & wellness. The products are distributed through health food, grocery and pharmacy channels and are currently available in over 250 locations, intending to reach 1000 stores by year-end.
- **Marketing and sales:** Producing and selling cannabis products with higher margin, like SYNC 25 CBD oil.



Strategic Partnerships

Village Farms

Partner in Pure Sunfarms and brings decades of large-scale greenhouse growing experience.

Factors R&D Technology

Access to 1 million kg extraction and softgel encapsulation facility.

Indena

Exclusive CBD extraction and Phytosome® technology for superior formulation and bioavailability.

Emerald Hemp

Contracted for approximately 1000 acres of Canadian hemp biomass annually for large-scale CBD extraction.

Emerald Bioceuticals

Partner in Emerald Naturals, and provided exclusive Canadian distribution rights for the award-winning Endo product line.

Production & Processing

Operations	Value Assets	Location	Size	Production Capacity
Pure Sunfarms	ONE OF WORLD'S LARGEST GREENHOUSE FACILITIES 50%-owned JV Achieved full production run-rate in first greenhouse Extraction/processing oils, concentrates and edibles	British Columbia	2 x 1.1 million sq. ft.	150,000 kg
Organic	PURPOSE-BUILT ORGANIC OPERATION Two greenhouses & outdoor growing New, built-for-purpose, state-of-the-art facility	British Columbia	150,000 sq. ft. + 12-acres (outdoor)	20,000 kg
Verdélite	PREMIUM INDOOR CANNABIS PRODUCTION FACILITY Craft strains Packaging & processing Upcoming extraction capacity	Québec	88,000 sq. ft.	5,000 kg
Commerce Circle	MEDICAL CANNABIS HUB OPERATION Research, processing & storage Plant genetics, breeding & next generation product development Extraction capabilities	British Columbia	10,000 sq. ft.	N/A

2Q19 Financial Highlights

Emerald

- Sales increase of 94% over Q1 to \$5.1M
- Adjusted EBITDA of \$1.9M, up \$5.4M from Q1
- Net loss improved to \$0.5M from \$3.7M in Q1

Pure Sunfarms 50% JV

- Sales increase of 125% over Q1
- EBITDA was \$25.0M or 78%
- Gross margin was 84%
- Net income before tax exceeded \$43.8M

Contact

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Endo Line: Cannabis-Free Products



Endo health 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
President &
Executive Chairman



Riaz Bandali
Chief Executive
Officer



Jenn Hepburn
Chief Financial
Officer



Thierry Schmidt
Chief Commercial
Officer & President,
Verdélite