



# Enhancing Health Through Cannabis Science

TSXV: EMH

OTCQX: EMHTF

## Market Information

Price:	\$0.32 <sup>1</sup>
Market Cap:	67.0 M <sup>1</sup>
Cash:	\$6.28 M <sup>2</sup>
+ \$2.5 M Financing <sup>3</sup>	
O/S Shares:	155.8 M <sup>3</sup>
3 M Avg Vol:	1.075 M <sup>4</sup>
52W H/L:	\$4.66 - \$0.26 <sup>1</sup>

<sup>1</sup>19/12/16 <sup>2</sup>19/09/30 <sup>3</sup>19/11/29  
<sup>4</sup>TSX.V + OTCQX

Strategic Investor, Emerald Health Sciences, owns 20.3% f/d

## Recent Updates

**19/11/27** Pure Sunfarms, 50% JV, secured a cannabis supply agreement with Alberta Gaming, Liquor & Cannabis.

**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.

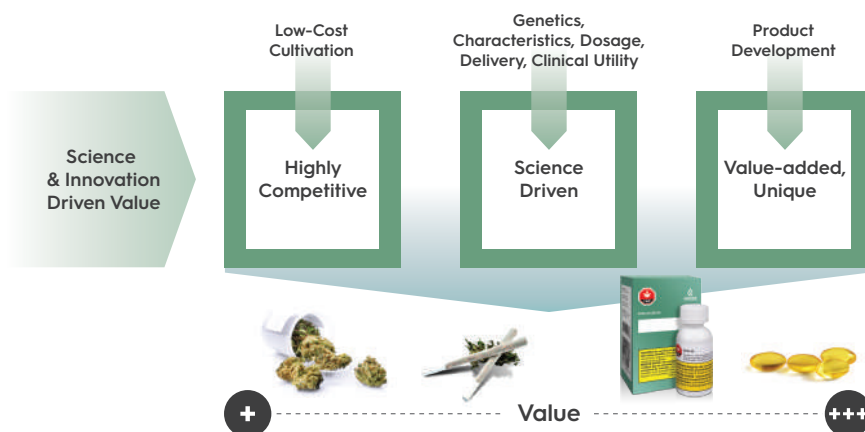
**19/10/22** Fulfilled its first shipment of premium cannabis products to the Nova Scotia Liquor Corporation (NSLC) for the adult-use market.

## Overview

A Canadian licensed producer committed to enhancing consumer experiences by harnessing the power of the endocannabinoid system to deliver consistent, well-differentiated, products for health and wellness outcomes.

## Strategic Direction

- **Pure Sunfarms (PSF):** Emerald continues to drive the success of its 50%-owned JV, which has announced impressive financials in Q2 & Q3 with \$71.5 million in net sales year-to-date. 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 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, including one with Factors R&D Technology. A 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 289 locations, including Whole Foods and Alive Health Center, and intends to reach 400 stores by year-end.



## 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.

### STENOCARE

Distributor of medical cannabis in Denmark and additional international markets.

### 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	<b>ONE OF WORLD'S LARGEST GREENHOUSE FACILITIES</b> 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	<b>PURPOSE-BUILT ORGANIC OPERATION</b> 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	<b>PREMIUM INDOOR CANNABIS PRODUCTION FACILITY</b> Craft strains Packaging & processing	Québec	88,000 sq. ft.	4,800 kg
Commerce Circle	<b>MEDICAL CANNABIS HUB OPERATION</b> Research, processing & storage Plant genetics, breeding & next generation product development Extraction capabilities	British Columbia	10,000 sq. ft.	N/A

## Q319 Financial Highlights

### Emerald

- Net sales doubled to \$9.3M from Q2
- Second consecutive quarter of positive adjusted EBITDA at \$2.4M
- SG&A expenses of \$10.1M, down from \$12.4M in Q2
- \$5.5M working capital, up from \$4.2M in Q2

### Pure Sunfarms 50% JV

- Cannabis sales were \$24M
- EBITDA was \$18.2 or 74%
- Gross margin\* of 69%
- YTD EBITDA is \$44.3M

\*before non-cash adjustments to the fair value of inventory and biological assets

## Contact

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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



**Thierry Schmidt**  
Chief Commercial Officer & President, Verdélite