



Transformational Year in Operating Performance, Asset Base and Business Strategy

TSXV: EMH

OTCQX: EMHTF

Market Information

Price:	\$0.24 ¹
Market Cap:	48.9 M ¹
Cash:	\$1.0 M ²
Add'l Cash:	\$60.0 M ³
<small>(post 2Q20 financials)</small>	
Shares O/S:	200.1 M ⁴
3 M Avg Vol:	685.9 K ⁵
52 W H/L:	\$0.80 - \$0.12 ¹

¹20/11/03 ²20/06/30 ³20/11/02
⁴20/08/31 ⁵TSX.V + OTCQX

Recent Updates

20/11/02 Completes \$80M sale of Pure Sunfarms interest and achieves pivotal milestone in transforming its business

20/10/19 Launches flavoured cannabis oils, expanding SYNC™ product line

20/10/13 Receives standard processing license for Richmond, BC greenhouse facility

20/09/10 Receives Swedish Medicines Agency approval for Emerald and STENOCARE to provide cannabis oil to Swedish patients

20/08/31 Launches new fast-acting cannabis spray

Overview

Emerald is committed to creating new consumer experiences with distinct recreational, medical and wellness-oriented cannabis and non-cannabis products, with an emphasis on life science based innovation and product excellence.

Strategic Direction and Progress

- Re-shaping strategic focus:** Since mid-2017, Emerald strategically developed three distinct cannabis cultivation operations and a processing, medical cannabis and R&D facility. On November 2, 2020, it closed the sale of its Pure Sunfarms (PSF) holding, receiving \$60M in cash and a \$19.9M six-month note payable, marking a shift away from large-scale asset-intense cultivation. Emerald retains its purpose-built organic-certified greenhouse operation in Richmond, BC, and its processing facility in Saanich, BC. It is working to conclude its previously announced \$21M sale of its Verdélite cannabis cultivation operation in Quebec.
- Focusing on innovation:** Emerald will still provide defined-scale, high quality dried flower to the premium market, it has already developed and launched value-added cannabis products and will strongly focus on science-based innovation of novel, high margin and differentiated products. It intends to advance new business initiatives organically and/or through selective prudent acquisition or licensing of well-positioned, geographically-diverse business, products and intellectual property.
- Strong focus on growth, profitability and value:** Through 2020, Emerald achieved significant Q/Q improvements in operating results, gross margin and EBITDA after its 100%-owned facilities entered full production and through continued cost-cutting and optimization of operations. The company has modest and diminishing operating cash needs and strongly focused on profitable growth.

Emerald's Product Line

<p>Dried Flower</p> <p><small>Conceptual packaging shown.</small></p>	<p>Cannabis Oil</p>	<p>Nanoemulsion Fast-action</p>	<p>Diversified portfolio of high-quality cannabis products to serve the Canadian adult-use and medical markets. Emerald continues to utilize core capabilities in science-driven innovation to develop its existing and emerging product portfolio.</p>
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Strategic Partnerships

Valens

Proprietary extraction and white label product development services. Valens is processing cannabis 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 received special approval by the Swedish Medicines Agency for Emerald's medical cannabis oil. Products are expected to be available in 2020 pending international import and export certificates.

Production & Processing

Facility	Distinct Operating Assets	Location	Size	Production Capacity
Richmond Organic	PURPOSE-BUILT ORGANIC-CERTIFIED OPERATION First greenhouse: full production Second greenhouse: substantially completed	British Columbia	78,000 sq. ft. 78,000 sq. ft.	3,400 kg Near completion
Commerce Circle	R&D, PROCESSING AND MEDICAL CANNABIS HUB Research, processing & storage Next generation product development Small-batch extraction	British Columbia	10,000 sq. ft.	N/A
Verdélite	PREMIUM INDOOR CANNABIS PRODUCTION FACILITY SALES AGREEMENT MOVING THROUGH PROCESS	Québec	88,000 sq. ft.	5,000 kg

Financial Highlights

2Q 2020

- Gross margin: \$1.0M, up from -.9M in 1Q20
- Net sales: \$2.5M
- All-in avg. growing cost: \$0.99/g
- EBITDA: -\$1.2M, a \$2.7M improvement over 1Q20
- SG&A: \$3.5M, down from \$6.0M in 1Q20

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Transactions to Transform Financial Position

Emerald entered into two separate sales agreements for the sale of its Pure Sunfarms (PSF) and Verdélite assets to Village Farms International Inc. and Quinto Resources Inc., respectively. Upon completion of the two transactions, Emerald would receive in aggregate **~\$102M in non-dilutive cash**.

Emerald has begun to use the first tranche of PSF transaction proceeds to start moving the balance sheet to a zero debt position. Upon conclusion of the Verdélite sale and receiving the remainder of the proceeds from the PSF sale, Emerald anticipates a sizable portion of capital to be available to invest in new business initiatives in segments with significant potential for revenue growth, profitability and value enhancement.

Leadership



Riaz Bandali
President &
Chief Executive Officer



Jenn Hepburn
Chief Financial Officer