



# Transformational Year in Operating Performance, Asset Base and Business Strategy

TSXV: EMH

OTCQX: EMHTF

## Market Information

Price:	\$0.22 <sup>1</sup>
Market Cap:	44.1 M <sup>1</sup>
Cash:	\$418 K <sup>2</sup>
Add'l Cash:	\$60.0 M <sup>3</sup>
<small>(post 3Q20 financials)</small>	
Shares O/S:	206.2 M <sup>4</sup>
3 M Avg Vol:	611.4 K <sup>5</sup>
52 W H/L:	\$0.39 - \$0.12 <sup>1</sup>

<sup>1</sup>21/01/07 <sup>2</sup>20/09/30 <sup>3</sup>20/11/02  
<sup>4</sup>20/11/25 <sup>5</sup>TSX.V + OTCQX

## Recent Updates

**20/12/29** STENOCARE completes first shipment of Emerald medical cannabis oil in Sweden

**20/12/17** Launches high potency SYNC™ 100 CBD Oil

**20/11/24** Fully prepaays convertible debentures

**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

## Overview

Emerald is committed to creating new consumer experiences with distinct recreational, medical and wellness-oriented cannabis products with an emphasis on innovation, science 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, its indoor premium craft cannabis operation in Quebec, and its processing facility in Saanich, BC. The cultivation operations reached full production in 2Q20 and 4Q19, respectively and optimization of yield, quality, and cost is an ongoing effort.
- **Focusing on innovation:** Emerald is providing high-quality dried flower to the premium market, but is highly focused on science-based innovation of novel, high-margin and differentiated products. Initial product launches include flavoured oils and its proprietary, nanoemulsion-based Fast Action Spray products designed to provide rapid onset and shorter duration of effects to provide consumers with greater predictability and control of their cannabis experience. It intends to advance new business initiatives organically and/or through selective prudent acquisition or licensing of well-positioned, geographically-diverse businesses, products and intellectual property.
- **Strong focus on growth, profitability and value:** Through 2020, Emerald started to realize improvements in operating and financial results 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 is strongly focused on profitable growth.

## Emerald's Product Line



### Cannabis Oil



### Nanoemulsion Fast-action Spray



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.

## 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. On December 29, 2020, STENOCARE A/S, completed its first shipment and delivery of Emerald medical cannabis oil to patients in Sweden.

## Production & Processing

Facility	Distinct Operating Assets	Location	Size	Production Capacity
<b>Richmond Organic</b>	<b>PURPOSE-BUILT ORGANIC-CERTIFIED OPERATION</b> First greenhouse: full production Second greenhouse: substantially completed	<b>British Columbia</b>	<b>78,000 sq. ft.</b> <b>78,000 sq. ft.</b>	<b>3,400 kg</b> <b>Near completion</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>R&amp;D, PROCESSING AND MEDICAL CANNABIS HUB</b> Research, processing & storage Next generation product development Small-batch extraction	<b>British Columbia</b>	<b>10,000 sq. ft.</b>	<b>N/A</b>

## Financial Highlights

### 3Q 2020

- Net sales: \$3.5M, ↓64% vs. 3Q19, ↑35% vs. 2Q20
- SG&A: \$4.4M, ↓ \$5.8M vs. 3Q19, ↑\$0.9M vs. 2Q20
- EBITDA: -\$3.9M, ↑ \$2.8M vs. 3Q19, ↓ \$2.7M vs. 2Q20
- All-in avg. growing cost: \$1.38 (YTD ended 20/12/01)

## Contact

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

## Transaction to Transform Strategic and Financial Positioning

Emerald completed the sale of its Pure Sunfarms (PSF) joint venture holding in November, 2020, and received \$60M, a \$19.9M note yielding 12% payable in six months, and ~\$1M in debt forgiveness. The company has begun to use its significant cash holdings to transition its balance sheet to a zero-debt position by fully repaying an outstanding convertible debenture, eliminating its largest liability.

Emerald is going through a strategic planning exercise and in 2021 anticipates taking steps on 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