

Emerald Health Therapeutics Reports 2021 First Quarter Financial Results and Provides Corporate Update

Vancouver, British Columbia--(Newsfile Corp. - June 1, 2021) - Emerald Health Therapeutics, Inc. (CSE: EMH) (OTCQX: EMHTF) ("Emerald") has released its financial results for the three months ended March 31, 2021. Full versions of Emerald's unaudited condensed interim consolidated financial statements and management discussion and analysis can be found on www.sedar.com.

"In the year to date, our renewed business plan has become more visibly tangible through the announcement of new business initiatives that reflect our emphasis on new product development, our focus on leveraging science-based knowledge and intellectual property, our emphasis on deals intended to give us unique market exposure and potential upside without capital intensity and that continue to amplify our purposeful shift towards the health, wellness and medicinal segment of the market," said Riaz Bandali, President and Chief Executive Officer of Emerald.

"Our Medical Plants deal in Spain puts us on a path to cost-effectively acquire EU GMP-certified medical cannabis that we can translate into business opportunities in Europe and elsewhere. The launch of our new SYNC™ Tab sublingual tablets represent a key product offering that fulfills our philosophy of providing our targeted consumers with confidence and control of their cannabinoid consumption via precise dosing and more predictable onset and offset - the basis of our Defined Dose™ product lines. Our FlowerPod deal leverages Emerald's intellectual property, including one of our patents, for a convenient method of cannabis consumption. It is our first foray in doing business in the US and gives us potential upside leverage through our 19% equity position. The letter of intent we recently signed with Prima is expected to lead to a co-development agreement aimed at amplifying our science-backed product development capabilities with cannabinoid and functional botanicals by matching us up with a premiere consumer packaged goods and branding team."

"Adding execution strength, we have rounded out our team with the appointment of a chief operating officer, Moe Jiwan, who has deep strategic, operational, and marketing expertise. We expect that the defined focus, energy and momentum of our product development and marketing and sales teams, and the products and plans they are advancing, will through our internal and collaborative initiatives yield increasing sales and improving bottom line results as we progress through the year."

Emerald 1Q21 Financials (compared to 1Q20 and 4Q20)

- Net sales of \$2.3M decreased 22% compared to net sales of \$2.9M in 1Q20 and decreased 25% from net sales of \$3.0M in 4Q20. Volumes sold in 1Q21 were in line with 1Q20, while average selling price per gram decreased from \$4.32 to \$3.65 in the adult-use channel.
- Total SG&A expense of \$3.5M, which includes \$0.6M of non-cash expenses, decreased \$2.4M from \$6.0M in 1Q20 and decreased \$10.6M from \$14.1M in 4Q20.
- Net loss of \$2.9M improved by \$2.0M from \$4.9M in 1Q20 and improved by \$5.2M from \$8.1M in 4Q20.
- EBITDA of negative \$2.8M in 1Q21 reflects a \$0.9M improvement from negative \$3.7M EBITDA in 1Q20 and a \$4.8M improvement from negative \$7.6M in 4Q20.
- Net cash flow provided by operating and investing activities of \$4.1M in 1Q21 improved by \$8.7M from \$4.6M cash used in operating and investing activities in 1Q20.

Emerald Quarter-end Financials

Selected Financial Information

The following table summarizes selected quarterly financial information for Emerald, which was derived from the audited annual financial statements prepared in accordance with IFRS or the unaudited condensed interim consolidated financial statements prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34, Interim Financial Reporting:

1Q21 Key Financial and Operational Metrics

(Thousands of Canadian dollars)

| | Q1 2021 | Q4 2020 |
|---|----------|----------|
| Financial Results | | |
| Gross revenue | \$ 2,653 | \$ 3,511 |
| Net revenue (net of excise duty) | 2,255 | 2,997 |
| Cannabis gross revenue | | |
| Dry cannabis | 1,629 | 1,867 |
| Cannabis oils | 1,024 | 1,636 |
| Other | - | 8 |
| Total SG&A (net of share-based payments) | 2,654 | 2,351 |
| Total R&D expenses | 272 | 594 |
| Net income (Loss) | (2,900) | (8,059) |
| EBITDA* | (2,838) | (7,649) |
| Balance Sheet | | |
| Cash and cash equivalents | 31,297 | 25,998 |
| Net working capital | 46,259 | 32,377 |
| Operational Results | | |
| Average selling price (net of excise duty) | | |
| Recreational | \$ 3.65 | \$ 3.73 |
| Medical | \$ 7.88 | \$ 7.46 |
| Kilograms sold of dried flower and kilogram equivalents | | |
| Recreational | 555 | 726 |
| Medical | 29 | 36 |

* Emerald EBITDA is calculated by subtracting realized and unrealized changes in fair value of biological assets, and adding back depreciation, share-based payments, impairment of assets, and inventories written down to Loss from operations.

Financing Activities

In February 2021, Emerald received \$19.9M plus \$0.6M in interest, representing full repayment of the promissory note issued by Village Farms International, Inc. to Emerald as part of its purchase of Emerald's interest in the Pure Sunfarms Corp. joint venture.

Key Corporate Initiatives and Accomplishments

New Product Development and Launches

Subsequent to the quarter, Emerald launched its new sublingual tablet product line, SYNC™ Tabs, under the SYNC Wellness brand. This naturally-flavoured ingestible offers a controlled 10 mg THC dose with predictable onset and offset. In April the tablets became available to consumers at licensed cannabis retailers and online in BC, Manitoba, Newfoundland and Alberta.

Emerald has additional new product concepts in the commercialization phase, which are expected to be launched in the near term.

Corporate Development

On March 17, 2021, Emerald announced that it had agreed to provide Medical Plants SLU ("Medical Plants"), a company based out of Almeria, Spain, with resources and expertise to assist Medical Plants to produce medical cannabis and other cannabis products to serve emerging legal medical cannabis markets in the European Union. Medical Plants is a wholly-owned subsidiary of Cualin Quality S.L., a high-tech producer of tomatoes. Medical Plants received processing approval from the Spanish Drug and Healthcare Products Agency in September 2020, making it only one of five authorized medical cannabis producers in Spain. Medical Plants is in the process of obtaining GMP certification of its cannabis production facility. Emerald has agreed, for a three-year period, to provide cannabis seeds, greenhouse construction expertise and cannabis growing expertise to assist Medical Plants in establishing its greenhouse-based production operation. Emerald will have a non-obligatory right to purchase cultivated dried flower of certain strains produced by Medical Plants at a discounted price.

On March 31st, Emerald closed its Richmond growing facility, with a resulting potential reduction of approximately \$4M in annual operating expenses. It is currently evaluating strategic alternatives, specifically the sale of this facility.

On May 5, 2021, Emerald entered into a license agreement with FlowerPod LLC ("FlowerPod"), pursuant to which it agreed to exclusively license certain patented technology to FlowerPod for the development and sale of cannabis-related products for use in all US states and other key geographical areas where adult use and/or medical cannabis is locally legal. Emerald also provided FlowerPod with a loan of US\$350,000 that is repayable within two years and bears interest at 5% per annum. Emerald was also granted a 19% equity ownership position in FlowerPod and will receive monthly license and research and development payments from FlowerPod. Full details of the product and intellectual property will be disclosed when FP commercially launches this new product, anticipated in Q4 of 2021.

Also in May 2021, Emerald and The Uplifters' Prima, PBC ("Prima"), based in Santa Monica, California, signed a letter of intent contemplating joint initiatives to co-develop new cannabinoid-based wellness products for sale in the United States, Canada, and internationally. Prima is focused on serving wellness-oriented consumers with science-driven CBD products formulated with plant-derived therapeutics and broad-spectrum hemp extract. Emerald made a capital investment in Prima's current financing round of Series Seed-1 Preferred Stock.

Since the beginning of the year, Emerald has expanded its leadership, marketing and sales, and new product development teams and resources to leverage its marketing and scientific expertise and execute its growth plan. Rebecca Wong was promoted to Senior Vice President, Quality and Regulatory Affairs and Moe Jiwan was appointed as Chief Operating Officer.

On April 27, 2021, Emerald began trading on the Canadian Securities Exchange, after delisting its shares from the TSX Venture Exchange on April 26, 2021. Emerald expects that the listing of its common shares on the Canadian Securities Exchange will result in lower filing, compliance, legal and other fees, and provide the Company with increased flexibility to conduct business in the United States and other jurisdictions outside of Canada.

About Emerald Health Therapeutics, Inc.

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

Please visit www.emeraldhealth.ca for more information or contact:

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Non-GAAP Financial Measures

Emerald reports non-GAAP measures which include EBITDA and working capital. These measures are widely used in the cannabis industry as a benchmark for performance, but do not have a standardized meaning and the methods used by Emerald to calculate such measures may differ from methods used by other companies with similar descriptions. EBITDA is defined as "income (loss) before interest expenses, taxes, depreciation and amortization. Refer to the table above for information on the calculation of EBITDA used in this press release. Emerald uses these non-GAAP measures because they provide additional information regarding performance of Emerald's overall business that are not otherwise reflected under IFRS. See "Non-GAAP Measures" on page 27 of Emerald's MD&A for further details.

Neither the Canadian Securities Exchange nor the Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Statements: Certain statements made in this press release that are not historical facts are forward-looking statements and are subject to important risks, uncertainties and assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. Such statements include: Emerald's business plan and the execution of such plan; the impact of business deals entered into by Emerald; the future success of Emerald; Emerald and its business partners obtaining the required regulatory approvals; business opportunities available to Emerald and its business partners; repayment of amounts owed to Emerald; the launch of new products; and benefits of listing on the Canadian Securities Exchange.

We cannot guarantee that any forward-looking statement will materialize, and readers are cautioned not to place undue reliance on these forward-looking statements. Such statements include uncertainty as a result of COVID-19 including any continued impact on production or operations; changes of law and regulations; changes of government; failure to obtain regulatory approvals; regulatory changes; receipt of amounts owing to Emerald; strategic development of Emerald; production and processing capacity of various facilities; expansion of facilities; failure to obtain necessary financing; results of scientific research; expectations around market and consumer demand and other patterns related to existing, new and planned product forms; timing for launch and shipment of new and existing product forms; ability of new product forms to capture sales and market share; results of production and sale activities; sales volumes; estimates around incremental sales and more generally estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities; changes in prices and costs of inputs; demand for labour; demand for products; failure of counter-parties to perform contractual obligations; statements regarding the future market of the Canadian cannabis market; statements regarding Emerald's future economic performance; as well as the risk factors described in Emerald's annual information form and other regulatory filings. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control.

The forward-looking statements contained in this press release represent our expectations as of the date hereof. Forward-looking statements are presented for the purpose of providing information about management's current expectations and plans and allowing investors and others to obtain a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Emerald undertakes no obligations to update or revise such statements to reflect new circumstances or unanticipated events as they occur, unless required

by applicable law.



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