



Emerald Health Therapeutics Reports 2020 Year-end and Fourth Quarter Financial Results and Provides Corporate Update

Emerald hosting conference call today, May 3rd, at 10:30 am ET

VANCOUVER, May 3, 2021 -- Emerald Health Therapeutics, Inc. ("Emerald") (CSE: EMH; OTCQX: EMHTF) has released its financial results for the 12 months ended December 31, 2020. Full versions of Emerald's audited consolidated financial statements and management discussion and analysis were filed on SEDAR today at 7:00 ET and will be available at www.sedar.com.

"We ended 2020 with a complete transformation of Emerald's balance sheet and operating overhead, and strong positioning with respect to our strategic plan and capabilities to catalyze the company's growth in 2021 and beyond," said Riaz Bandali, President & Chief Executive Officer of Emerald. "With the divestment of our Pure Sunfarms position, we had \$32 million in working capital at year-end and received the final \$20.5 million payment for this transaction in February. Significant continued cost-cutting through 2020 combined with our February announcement of our shut-down of our Richmond cultivation facility has resulted in a manageable current operating burn rate, as we anticipate revenue ramping up in a meaningful manner in 2H/2021 and beyond. We consequently have a strong financial position to cover our planned strategic investments and our operating losses through to operational profitability."

"Our new strategic plan emphasizes creating and launching distinctive cannabis-based specialty products employing science-based innovation and intellectual property. Our aim is to distinctly serve our targeted consumers who are seeking products with more predictable actions in terms of the onset, duration, and offset of effects as well as attributes such as convenience and discretion. They are seeking increased confidence and control in their cannabis experience, whether it be for recreational, health & wellness, or medicinal purposes. Our recent launch of our first-to-market sublingual tablets employing nano-emulsion technology represents the first in a series of new launches of product categories, product SKUs, and brands over the next months. We have also taken steps outside of Canada with our first shipment of medical products to our current European partner, a new EU-GMP focused production partnership in Spain, and a new stock exchange listing that allows us to benefit from opportunities in the United States. We look forward to seeing the results of our new business initiatives in the second half of 2021."

Emerald Year-end Financials (compared to FY19)

- Net sales of \$11.7M decreased 42% compared to \$20.3M in the prior year. The decrease relates largely to wholesale revenues recognized in the comparable period of \$8.1M.
- Adult-use revenue of \$10.2M in the current fiscal year exceeded FY19 revenue despite significant price pressure at the retail level in the industry. Volumes sold in the segment increased by 51%.
- Total SG&A expense of \$44.9M, which includes \$32.3M of non-cash expenses, decreased \$56.8M from \$101.7M in FY19.

- Net loss of \$43.5M which includes \$27.6M impairment of assets, improved \$68.4M compared to \$111.9M in the prior fiscal year.
- EBITDA of negative \$13.2M reflects a \$16.2M improvement from negative \$29.3M EBITDA in FY19. EBITDA in FY20 benefits from \$10.4M decrease in the cash component of SG&A in addition to significantly lower purchases of third-party cannabis flower to support sales. The EBITDA figure does not include any share of EBITDA from the Pure Sunfarms joint venture and only reflects Emerald's operating results.
- Net cash flow provided by operating and investing activities of \$43.9M increased by \$112.8M from \$68.9M net cash flow used in operating and investing activities FY19. Net cash flow in FY20 benefited from \$14.3M decrease in net cash flow used in operating activities and \$59.4M net proceeds from the sale of the Pure Sunfarms joint venture.

Selected Annual Financial Information

The following table summarizes selected annual financial information for Emerald, which was derived from the audited annual financial statements prepared in accordance with IFRS:

Fiscal year 2020 Key Financial and Operational Metrics

(Thousands of Canadian dollars)

	FY 2020	FY 2019
Financial Results		
Gross revenue	\$ 14,261	\$ 22,338
Net revenue (net of excise duty)	11,740	20,319
Cannabis gross revenue		
Dry cannabis	9,706	17,518
Cannabis oils	4,411	4,579
Other	144	241
Gross margin (net of non-cash items)	(1,022)	(7,036)
Total SG&A (net of non-cash items)	10,983	18,626
Total R&D expenses	1,569	4,279
Net loss	(43,539)	(111,907)
EBITDA*	(13,175)	(29,340)
Balance Sheet		
Cash & cash equivalents	25,998	2,525
Net working capital	32,377	(11,259)
Operational Results		
Average selling price (net of excise duty)		
Recreational	\$ 3.75	\$ 5.61
Medical	\$ 7.83	\$ 7.35
Kilograms sold of dried flower & kilogram equivalents		
Recreational	2,730	1,807
Medical	175	287

* 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.

Emerald's audited annual consolidated financial statements and management discussion and analysis for the 12 months ended December 31, 2020, together with other information related to Emerald, including Emerald's most recent annual information form, can be found on SEDAR. Additional information related to Emerald is available on its website at www.emeraldhealth.ca

Financing Activities

In 4Q20 and subsequent to the quarter, Emerald raised capital and issued shares, as well as repaid a significant debt, via the following transactions. Full details are available in prior press releases and in various filings on SEDAR.com.

- November 2020: completed sale of 41.3% interest in Pure Sunfarms, for \$60.0M in cash paid upon closing and a secured promissory note in the amount of \$19.9M and bearing interest at a rate of 12% per year. Approximately \$1.0M of existing debt was also forgiven.
- November 2020: repaid \$25.0M convertible debenture originally due to mature in September 2021 and paid \$0.5M in accrued interest and a consent fee.
- February 2021: Received \$19.9M plus \$0.6M in interest, representing full repayment of the promissory note issued by Village Farms to Emerald as part of its purchase of Emerald's interest in the Pure Sunfarms joint venture.

Key Corporate Initiatives and Accomplishments

New Product Development & Launches

In the second quarter of 2020, Emerald launched its first Defined Dose™ product line in the adult-recreational and medical markets. The Fast Action SYNC™ Nano cannabis spray products are based on nanoemulsion technology to provide rapid onset and shorter duration of effects to provide consumers with greater predictability and control of their cannabis experience.

In June 2020, Emerald introduced its Souvenir™ cannabis brand, exclusive to the Quebec adult recreational cannabis consumers through the Société Québécoise du Cannabis (SQDC). The brand offers products grown in Quebec at Emerald's St. Eustache facility.

In the fourth quarter, Emerald expanded its SYNC™ Wellness cannabis oil product line with differentiated formulations offering a range of potency and unique flavour profiles. Emerald's oil product offerings now consist of SYNC 100 and SYNC 25 CBD Natural, SYNC 30 THC Mango, and SYNC 15 CBD Mint Chocolate. Emerald was first to market with flavoured oils and its CBD 100 cannabis oil is the highest potency in the recreational market.

Subsequent to 2020, Emerald advanced its Defined Dose™ product portfolio and SYNC Wellness brand offering with the launch of its new sublingual tablet product line, SYNC™ Tabs. This innovative, naturally-flavoured ingestible offers consumers a controlled 10 mg THC dose with predictable onset and offset.

International Distribution

In the fourth quarter, Emerald's partner, STENOCARE A/S, completed its first shipment and delivery of Emerald medical cannabis oil to certain patients in Sweden after receiving special approval from the Swedish Medicines Agency. Under the partnership agreement, Emerald will also supply STENOCARE with its medical cannabis products for Denmark and other markets.

Subsequent to 2020, Emerald established a partnership with Medical Plant SLU, one of only five authorized medical cannabis producers in Spain. Emerald will provide its cannabis cultivation and greenhouse construction expertise to assist Medical Plants in establishing its greenhouse-based production operation, and will provide two strains. In return, Emerald has access to medical cannabis supply with extremely favorable, variable cost pricing for three years without any purchase obligation or need for capital investment. Medical Plants is working to achieve GMP certification to serve legal cannabis markets in Europe and other countries.

Corporate Developments

As part of its shift away from large-scale cultivation toward science-driven product development, in March 2021 Emerald closed its Richmond growing facility, which is expecting to save approximately \$4M in annual operating expenses. It is evaluating strategic alternatives for this facility. Emerald continues to operate its defined-scale St. Eustache production facility and Victoria processing and medical sales facility.

In 2021, Emerald expanded its marketing & sales and new product development teams and resources to leverage its marketing and scientific expertise and build out its planned growth path.

Emerald began trading on the CSE at the market open on April 27, 2021, after delisting its shares from the TSXV after the market close on April 26, 2021. Listing its common shares on the CSE will provide Emerald with increased flexibility to conduct business in the United States and is expected to result in lower filing, compliance, legal and other fees.

Conference Call

The company will host a conference call on Monday, May 3, 2021, at 10:30 a.m. ET. To access the audio broadcast, please dial (866) 652-5200, or via the internet at: <https://services.choruscall.com/links/emhft210429.html>

An archived version of the presentation will be available for 90 days on the “Investors” section of Emerald’s website: <https://emeraldhealth.ca/investors/events-and-presentations/>

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:

Jenn Hepburn, Chief Financial Officer
1(800) 757 3536 Ext. #5

Emerald Investor Relations
(800) 757 3536 Ext. #5
invest@emeraldhealth.ca

Non-GAAP Financial Measures

This press release contains references to EBITDA. This financial measure is not a measure that has any standardized meaning prescribed by IFRS and is therefore referred to as “non-GAAP measures”. Non-GAAP measures used by Emerald may not be comparable to similar measures used by other companies. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture 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. 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; future financings under the ATM; 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.