

## Emblem Announces Third Quarter 2017 Financial Results

**Toronto, Ontario, November 28, 2017** – Emblem Corp. (“**Emblem**” or the “**Company**”) (TSXV:EMC), a vertically integrated health and wellness company focused on research, development, production and distribution of cannabis products for medical and pharmaceutical purposes, announced today its third quarter fiscal 2017 financial results for the three and nine months ended September 30, 2017.

### Q3 2017 Highlights:

- Revenues increased by 10% to \$592,943
- Grams sold totaled 50.8 kilograms
- Realized revenue per gram increased to \$8.63
- Biological assets increased 183%, as the Company commissioned three out of four Phase 2 Grow Rooms<sup>1</sup>, providing an additional 5,200 square feet of grow space. First harvest from the new rooms is expected in December 2017
- Active patients increased to approximately 2,600 as at November 27, 2017

Revenue for the three-month period ended September 30, 2017 was \$592,943 compared to \$29,250 in the third quarter of 2016. The Company received its license from Health Canada to sell medical cannabis under the predecessor to the ACMPR on July 27, 2016 and completed its first product sale in August 2016. During the third quarter of 2017, dried flower sales to registered patients generated revenues of \$438,304 with 50.8 kilograms sold at an average selling price of \$8.63 per gram. GrowWise education fee revenue from other licensed producers totaled \$146,948. Revenue from registered patient sales increased by 10% quarter over quarter from \$398,260 in the second quarter of 2017 to \$438,304 in the third quarter as the average selling price increased from \$7.39 per gram in the second quarter to \$8.63 in the third quarter. Gross profit for the third quarter of 2017 was \$49,879 compared to a gross profit of \$40,306 for the same period in 2016. Gross profit includes unrealized gain of \$844,491 from changes in biological assets in the third quarter of 2017 compared to \$378,612 during the same period in 2016. The limited increase in gross profit is attributable to higher operational costs as the Company ramped up production staff in advance of the completion of three Phase 2 Grow Rooms<sup>1</sup> in September, mostly offset by higher revenues in the current year period.

Operating expenses during the third quarter of 2017 were \$2,773,509 compared to \$1,301,940 for the same period in 2016. Higher general and administrative expenses were incurred in 2017 due to an increase in personnel both at the Paris facility and the Company’s Toronto head office, as well as increased compliance and investor relations costs as the Company transitioned from a private developmental business in the third quarter of 2016 to a fully operational public company in 2017. Selling and marketing costs increased as the Company commenced sales to registered patients in November 2016 which required increased sales and marketing staff and an increase in marketing and sales related expenses. Stock-based compensation was also higher due to new stock option grants made since the second quarter of 2016

“I am very pleased with our team’s efforts in completing and commissioning the additional grow rooms which result in increased production capacity pushing towards 2000 kilograms as we enter 2018,” noted Harvey Shapiro, Chairman of Emblem Corp. “Subsequent to quarter-end, Emblem received its long awaited sales license for oil products, which combined with our increased production capacity is expected to significantly improve our revenue and margin profile as we enter 2018. With some of the challenges and delays behind us, our management team and the board of directors are encouraged with the prospects for great positive developments in 2018 as we execute on our growth plan.”

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<sup>1</sup> Emblem’s current 23,500 sq. ft. production building incorporates 2,400 sq. ft. of mothering and vegetation rooms and 3,200 sq. ft. in two flowering rooms currently under cultivation together with attendant drying, packaging & fulfillment areas, vault area and administration. The existing facility also has an additional four growing rooms comprising approximately 6,800 sq. ft. [the “Phase 2 Grow Rooms”].

## Financial Highlights

Figures in CDN \$	For the three months ended		For the nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Grams sold	50,760	6,000	249,430	6,000
Revenue	592,943	29,250	2,034,692	38,250
Gross profit (loss)	49,879	40,306	(39,218)	64,610
Operating expenses	2,773,509	1,301,940	8,060,352	3,432,077
Loss from operations	(2,723,630)	(1,261,634)	(8,099,570)	(3,367,467)
Net loss	(2,811,832)	(5,538,132)	(8,261,918)	(8,592,654)
Net loss per share - basic and diluted	(0.03)	(0.14)	(0.10)	(0.31)
Adjusted EBITDA <sup>2</sup>	(1,923,891)	(993,894)	(5,869,499)	(2,738,159)

## Subsequent Events

- Received license to sell cannabis oils from Health Canada – initial product offering of four cannabis oils with first sales expected in December 2017.
- Closed a bought deal offering for net proceeds of \$26,572,032.
- Approved the construction of a greenhouse facility on the newly acquired lands in Paris, Ontario. Expected to provide up to an additional 15,000 kilograms of annual production capacity with construction commencing in Q2 2018.
- Received the necessary permits for and commenced construction on a new 30,000 square foot building to facilitate the expansion of its current facility which will include a 10,000 sq. ft. GMP extraction facility, laboratory and pharmaceutical production facility.
- Appointed Nick Dean as the Corporation's new Chief Executive Officer and President.
- Announced a collaboration and licensing agreement with Canntab Therapeutics Limited for a patent-pending oral sustained release formulation for cannabinoids that Canntab has developed.

## Outlook

During the third quarter, the Company continued its expansion efforts to increase its dried flower production capacity from 650 kgs per annum to more than 1,650 kgs per annum by the end of 2017. With three out of four of the Phase 2 Grow Rooms<sup>1</sup> now operational, the incremental capacity is expected to contribute to the Company's financial performance in the fourth quarter and beyond. Production capacity is expected to further increase to 2,000 kgs per annum in the third quarter of 2018 once the fourth Phase 2 Grow Room<sup>1</sup> is operational. In January 2018, the Company expects to begin producing oil filled capsules and anticipates, subject to Health Canada approval, that sales of capsules will commence in the Q2 2018. More advanced pharmaceutical formulations are planned for later in 2018.

## About Emblem

Emblem Corp. is a fully integrated licensed producer and distributor of medical cannabis and cannabis derivatives in Canada under the ACMPR (Access to Cannabis for Medical Purposes Regulations). Led by a team of cannabis experts and former health care and pharma executives, it has three distinct verticals – cannabis production, patient education centers, and pharmaceutical development. Emblem trades under the ticker symbol EMC on Toronto Venture Exchange (TSXV).

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<sup>2</sup> This is a non-IFRS financial measure and does not have a standard meaning under IFRS. Please refer to the Non-GAAP Measures section of the Company's MD&A for the three and nine months ended September 30, 2017 for further details.

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