



Village Farms International Enters Option Agreement to Acquire 80% of Leli Holland, One of Ten Applicants Eligible for a Netherlands Cannabis Production License in What is Expected to be First Legal Recreational Market in Europe

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VANCOUVER, BC, Sept. 28, 2021 /CNW/ - Village Farms International, Inc. ("Village Farms" or the "Company") (NASDAQ:VFF) (TSX:VFF) today announced it has entered into an option agreement whereby the Company has received the irrevocable right to acquire an 80% ownership interest (the "Option Agreement") in Netherlands-based Leli Holland B.V. ("Leli") upon payment of EUR50,000 (the "Option"). Leli is one of the ten applicants selected by lottery to receive a license (subject to customary government approval) to legally cultivate and distribute cannabis to retailers (known as "coffee shops") when the Dutch government implements its Experiment to Investigate Closed Cannabis Supply Chains (the "Dutch Supply Chain Experiment", also known by the Dutch acronym "WECG"). The Dutch Supply Chain Experiment, which is scheduled to operate for a minimum of four years with the potential for national expansions, is expected to be the first legal recreational cannabis market in Europe.

The Option Agreement provides for Village Farms to acquire 80% of Leli's shares for a total of EUR3,950,000 million, of which EUR950,000 is due and payable to Leli's shareholders upon the exercise of the Option and the remainder due and payable in three installments subject to achievement of certain project development milestones. The option is exercisable at the sole discretion of Village Farms.



Leli and Village Farms plan to construct two indoor Controlled Environment Agriculture (CEA) production facilities, leveraging Leli's track record managing complex regulatory and approval procedures in the Netherlands at the both the federal and local levels, as well as specific cultivation experience, and Village Farms' three-plus decades as a vertically integrated CEA grower, as well as its extensive experience in cultivation, product development and commercialization in the Canadian legal recreational cannabis market. As the majority owner of Leli, Village Farms will be responsible for the development of the project and product commercialization throughout the fully vertically integrated business model, including design and construction of the facilities, operation of the facilities (providing cultivation and harvesting expertise and drying technology), product development and strategy, branding and marketing, leveraging the experience gained in each of these areas through the success of its wholly owned subsidiary, Pure Sunfarms, in Canada.

The total supply requirement for the ten approved producers participating in the Dutch Supply Chain Experiment is specified by the Netherlands government to be approximately a minimum of 65,000 kilograms of dried flower annually. Should the Dutch Supply Chain Experiment be expanded nationally (from the initial approximately 80 coffee shops to the nearly 600 coffee shops) following formal evaluation by the Dutch government during the third year of the program, it is estimated that the Netherlands would require a minimum of 485,000 kilograms of dried flower annually to fulfill demand.

"We view the Dutch Supply Chain Experiment as a critical step toward the broad legalization of recreational cannabis in Europe, and our majority ownership of Leli as both an opportunity to participate in the first recreational market in Europe and a springboard to becoming a major participant in a broader recreational market in Europe," said Michael DeGiglio, CEO Village Farms. "The founders at Leli share our passion for the cannabis plant, our belief in the role of cannabis in health and wellness, our commitment to sustainable growing practices and the advantage of true vertically integrated operations. Village Farms has a long, proven track record as a vertically integrated CEA grower – design and construction of leading-edge facilities, efficient, large-scale operations, product development strategy, branding and marketing – that combined with Leli's local expertise position us for success in this market. Importantly, we also share a common heritage with Leli, with Village Farms achievements and innovations in CEA growing firmly rooted in the deep cultural know-how of the Netherlands growing community."

Mr. DeGiglio concluded, "Building on the successes of Pure Sunfarms in Canada, we look forward to leading the market in another legal, regulated recreational cannabis market, with an existing, large consumer base, in what we hope becomes a national and permanent policy. Europe, more broadly, represents a significant long-term opportunity in cannabis. We will prudently pursue selected markets, led by our recently appointed Vice President, European Business Development and Operations, Orville Bovenschen, who, himself, was born and raised in the Netherlands."

Under current Netherlands law, the sale and use of cannabis for recreational purposes is tolerated, however, production and distribution are strictly prohibited, a policy which believed to negatively impact public order, safety and public health. The Dutch Supply Chain Experiment is intended to determine whether and how controlled cannabis can be legally supplied to coffee shops to address the lack of quality standards and societal impact of cannabis-related crime. Scheduled to be in effect for a minimum of four years (following a one-year preparation period), under the program all coffee shops in the 10 selected cities (currently approximately 80 coffee shops in total) will be legally required to purchase all of their cannabis exclusively from the approved, federally licensed producers ("LPs").

About Village Farms International, Inc.

Village Farms leverages decades of experience as a large-scale, Controlled Environment Agriculture-based, vertically integrated supplier for high-value, high-growth plant-based Consumer Packaged Goods opportunities, with a strong foundation as a leading fresh produce supplier to grocery and large-format retailers throughout the US and Canada, and new high-growth opportunities in the cannabis and CBD categories in North America and selected markets internationally.

In Canada, the Company's wholly-owned Canadian subsidiary, Pure Sunfarms, is one of the single largest cannabis operations in the world, the lowest-cost greenhouse producer and one of the best-selling brands.

In the US, wholly-owned Balanced Health Botanicals is one of the leading CBD brands and e-commerce platforms in the country. Subject to compliance with all applicable US federal and state laws and stock exchange rules, Village Farms plans to enter the US high-THC cannabis market via multiple strategies, leveraging one of the largest greenhouse operations in the country (more than 5.5 million square feet in West Texas), as well as the operational and product expertise gained through Pure Sunfarms' cannabis success in Canada.

Internationally, Village Farms is targeting selected, nascent, legal cannabis and CBD opportunities with significant medium- and long-term potential, with an initial focus on the Asia-Pacific region and Europe.

Cautionary Statement Regarding Forward-Looking Information

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is subject to the safe harbor created by those sections. This press release also contains "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information can be identified by such terms as "outlook", "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "try", "estimate", "predict", "potential", "continue", "likely", "schedule", "objectives", or the negative or grammatical variation thereof or other similar expressions concerning matters that are not historical facts, although not all forward-looking statements contain these identifying words. The forward-looking statements in this press release are subject to risks that may include, but are not limited to Company's expansion plans, expectations regarding cannabis and CBD categories in North America and Europe, in particular the Netherlands, the successful receipt of the production and supply license, completion of the construction and successful operation of the production facilities for cannabis production in the Netherlands meeting government requirements and the final outcome of the Dutch Supply Chain Experiment ; the retail CBD and high-THC cannabis markets, the legal and regulatory status of the cannabis and the CBD business; risks relating to obtaining additional financing, dependence upon credit facilities, profitability, product pricing, cannabis, hemp and agricultural businesses, relating to the conversion of our greenhouses to cannabis, international expansion, the ongoing and developing COVID-19 pandemic and tax risks. The Company has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. Although the forward-looking statements contained in this press release are based upon assumptions that management believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the Company's control, that may cause the Company's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors contained in the Company's filings with securities regulators available on SEDAR and EDGAR. When relying on forward-looking statements to make decisions, the Company cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future results, performance, achievements, prospects and opportunities. The forward-looking statements made in this press release relate only to events or information as of the date on which the statements are made in this press release. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

SOURCE Village Farms International, Inc.

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