



Village Farms International Partners with Dutch Enterprise to Pursue First Legal Recreational Cannabis Market in Europe

July 8, 2020 12:00 PM EDT

*-- Village Farms Building on its Cannabis Success in Canada
with its First International Opportunity --*

VANCOUVER, BC, July 8, 2020 /CNW/ - Village Farms International, Inc. ("Village Farms" or the "Company") (NASDAQ: VFF) (TSX: VFF) today announced that it has executed a definitive agreement with DutchCanGrow Inc. ("DCG"), a Netherlands-based cannabis enterprise, to become one of six equal shareholders in DCG owning just under 16% each, with a seventh shareholder owning 5%. DCG is pursuing the opportunity to become one of a limited number of licensed cannabis growers (up to a maximum of 10) when the Dutch government permits the first legal recreational cannabis market in Europe under its 10-city Experiment to Investigate Closed Cannabis Supply Chains (the "WECG").

If successful in receiving a license from the Dutch government when awarded later this year, DCG plans to construct and operate a specialized cannabis greenhouse facility in the Netherlands and develop, produce and market a variety of safe, high-quality cannabis products to supply this new legalized market. Since 1976 in the Netherlands, a cannabis policy has been in effect regarding cannabis, under which the sale of cannabis at "coffee shops" is tolerated but the cultivation of cannabis is illegal. In 2019, in response to concerns around product safety (ingredients, additives, contaminants) and increasing criminal involvement related to cannabis cultivation, the Netherlands' House of Representatives approved the WECG as an intermediary step to address the lack of quality standards and societal impact of crime related to cannabis.

Under the WECG, which will be in effect for a minimum of four years following a one-year preparation period, all coffee shops in the 10 selected cities (currently 78 coffee shops in total) will be legally required to purchase all of their cannabis exclusively from the approved, federally licensed producers ("LPs"). The supply requirement for the current scope of the WECG is estimated to be approximately 65,000 kilograms of dried cannabis annually. The WECG will be formally evaluated by the Dutch government during the third year of the program, with the potential to expand it from the initial 10 cities to a national program, encompassing all coffee shops in the Netherlands (currently totalling 580).

"Our investment in DutchCanGrow is a momentous first step in leveraging all that Village Farms has accomplished in Canada to become a leader in the burgeoning international cannabis industry," said Michael DeGiglio, CEO, Village Farms International. "DCG is an outstanding opportunity for Village Farms, not only providing potential access to the very first legal recreational cannabis market in Europe with the possibility of significant expansion within the Netherlands itself, but also to springboard to future legal cannabis opportunities in other markets in Europe, and around the world."

Mr. DeGiglio added, "We are very proud to have been selected by DCG from amongst a number of well-known Canadian LPs that were vying for this unique and exciting opportunity. Village Farms' very own roots as one of North America's largest and most successful greenhouse produce growers go back to Holland. A number of our most experienced people are multi-generational Dutch growers who brought with them to Village Farms the deep cultural know-how of The Netherlands. To this day, we have strong, enduring relationships with the Dutch growing community, and we are proud to now share the specific expertise we have gained through building Pure Sunfarms into Canada's premiere cannabis supplier. We look forward to working with this incredible group of partners at DCG, which brings together formidable expertise across a range of disciplines critical to the success of this venture."

"DutchCanGrow has a vision to become the premier cultivator, developer and producer of premium-quality, legally-grown cannabis in the Netherlands," said Peter Tas, Director, DutchCanGrow. "It was our goal in approaching this opportunity to partner with an outstanding company with specific experience and success in the Canadian legal recreational cannabis market. We have spoken to a number of potential partners, including several large Canadian LPs, regarding this opportunity. Village Farms emerged as the clear choice, having already built Pure Sunfarms into what, in our opinion, is one of the best all-around cannabis growers and suppliers in Canada. Village Farms' expertise in facilities planning and development, low-cost greenhouse cannabis cultivation and operational efficiency will be invaluable to our pursuit of this significant opportunity."

In return for its ownership position in DCG, Village Farms will contribute its proven experience and capabilities related to, among other things, business model development, general project operations, cultivation, post-harvest operations, government relations and regulatory and finance, as well as a de minimis cash investment.

About Village Farms International, Inc.

Village Farms is one of the largest and longest-operating vertically integrated greenhouse growers in North America. Village Farms produces and distributes fresh, premium-quality produce year-round to national grocers in the U.S. and Canada from more than nine million square feet of Controlled Environment Agriculture (CEA) greenhouses in Canada and the U.S., as well as from its partner greenhouses in Canada and Mexico. The Company is leveraging its 30 years of experience as a large-scale, low-cost vertically integrated grower for the rapidly emerging global cannabis and CBD opportunities. In Canada, British-Columbia-based Pure Sunfarms (majority-owned by Village Farms) is one of the single largest cannabis operations in the world and one of the best-selling brands in the country. In the U.S., subject to compliance with all applicable U.S. federal and state laws, the Company is pursuing a strategy to become a leading developer and supplier of branded and white-labeled CBD products targeting "big box" and other major retailers and consumer packaged goods companies, and with one of the largest greenhouse operations in country, is well positioned for the potential federal legalization of high-THC cannabis.

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. We refer to such forward-looking statements and forward-looking information collectively as "forward-looking statements". Forward-looking statements may relate to the Company's future outlook or financial position and anticipated events or results and may include statements regarding the financial position, business strategy, budgets, expansion plans, litigation, projected production, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the Company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the Company, the greenhouse vegetable industry or the cannabis industry are forward-looking statements. In some cases, 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. The forward-looking statements in this press release are subject to risks that may include, but are not limited to: our limited operating history, including that of our Pure Sunfarms Corp. joint venture for the production of cannabis in Canada (our "Joint Venture") and our start-up operations of growing hemp in the United States; the legal status of our Joint Venture; risks relating to obtaining additional financing, including our dependence upon credit facilities; potential difficulties in achieving and/or maintaining profitability; variability of product pricing; risks inherent in the cannabis, hemp and agricultural businesses; the ability of our Joint Venture to cultivate and distribute cannabis in Canada; existing and new governmental regulations, including risks related to regulatory compliance and licenses (e.g., our Joint Venture's ability to obtain licenses for its Delta 2 greenhouse facility as well as additional licenses under the Canadian Act Respecting Cannabis To Amend to the Controlled Drugs and Substances Act, the Criminal Code and other Acts, S.C. 2018, c. 16 (Canada) for its Delta 3 greenhouse facility), and changes in our regulatory requirements; risks relating to conversion of our greenhouses to cannabis production for our Joint Venture; risks related to rules and regulations at the U.S. federal (Food and Drug Administration and United States Department of Agriculture), state and municipal levels with respect to produce and hemp; retail consolidation, technological advances and other forms of competition; transportation disruptions; product liability and other potential litigation; retention of key executives; labor issues; uninsured and underinsured losses; vulnerability to rising energy costs; environmental, health and safety risks, foreign exchange exposure, risks associated with cross-border trade; difficulties in managing our growth; restrictive covenants under our credit facilities; natural catastrophes; 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, including our most recent Annual Report on Form 10-K, our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each of which is available at www.sec.gov, as well as our filings on SEDAR, available at www.sedar.com. In particular, we caution you that our forward-looking statements are subject to the ongoing and developing circumstances related to the COVID-19 pandemic, which may have a material adverse effect on our business, operations and future financial results.

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.

For further information: Lawrence Chamberlain, Investor Relations, LodeRock Advisors, (416) 519-4196, lawrence.chamberlain@loderockadvisors.com

