



Village Farms International and Emerald Health Therapeutics Announce Settlement Agreement - Village Farms To Own 57.4% of Pure Sunfarms

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VANCOUVER, March 3, 2020 /CNW/ - Village Farms International, Inc. ("Village Farms" or the "Company") (TSX: VFF; NASDAQ: VFF) and Emerald Health Therapeutics (TSXV: EMH; OTCQX: EMHTF) ("Emerald") today announced that they have entered into a settlement agreement in order to settle all outstanding disputes with respect to their joint venture for large-scale, low-cost, high-quality cannabis production, Pure Sunfarms Corp ("Pure Sunfarms"). Under the terms of the settlement agreement:

- The 5,940,000 common shares of Pure Sunfarms that were placed in escrow pending Emerald's C\$5.94 million equity contribution to Pure Sunfarms (originally due in November 2019) will be cancelled, effective as of November 19, 2019, and Village Farms and Emerald will cease arbitration proceedings on the matter;
- Emerald will forfeit and waive repayment by Pure Sunfarms of its outstanding C\$13.0 million shareholder loan to Pure Sunfarms (plus accrued interest of C\$1.1 million) and Emerald will issue a promissory note to Pure Sunfarms in the amount of C\$952,237;
- Pure Sunfarms will release Emerald from all liability arising from their supply agreement under which Emerald had the provision to purchase 40% of Pure Sunfarms' aggregate production in 2018 and 2019;
- Emerald will transfer 2.5% of additional equity in Pure Sunfarms to Village Farms;
- Pure Sunfarms and Emerald will release each other from their current supply agreement under which Emerald has the provision to purchase 25% of Pure Sunfarms' aggregate cannabis production from the Delta facilities in 2020, 2021 and 2022; and
- Village Farms and Emerald will mutually release each other from all claims related to or arising from the disputes.

The net impact of the settlement on the ownership of Pure Sunfarms, as agreed to by both Village Farms and Emerald, will be that as of December 31, 2019, Village Farms will have owned 53.5% of Pure Sunfarms and Emerald will have owned 46.5% of Pure Sunfarms.

In addition, Village Farms has made an additional equity contribution to Pure Sunfarms of C\$8.0 million in 2020. In accordance with the terms of the settlement agreement, Emerald has agreed that Village Farms will receive additional shares in Pure Sunfarms to reflect this additional equity contribution (the "New PSF Shares"). Upon closing of the transactions contemplated in the settlement agreement, including the treasury issuance of the New PSF Shares, Village Farms will own 57.4% of Pure Sunfarms.

Upon closing of the transactions contemplated by the settlement agreement, Pure Sunfarms will recognize C\$8.1 million in sales (resulting in C\$8.1 million in EBITDA) in 2019 generated by its previous supply agreement with Emerald that it was previously unable to recognize. Any incremental financial impact will be recognized by Pure Sunfarms in the first quarter of 2020.

In accordance with the settlement agreement, the parties have agreed to use reasonable commercial efforts to deliver the requisite closing documents as soon as reasonably practicable and in any event on or before March 6, 2020. In the event that the closing of the settlement transactions does not occur on or before March 31, 2020, the settlement agreement will terminate and will be void in its entirety, except with respect to the issuance of the New PSF Shares which will survive such termination. Although Village Farms expects the settlement transactions to close as described herein, no assurance can be given that such transactions will ultimately close.

Non-IFRS Measures

References in this press release to "EBITDA" are to earnings before interest, taxes, depreciation, amortization, foreign currency exchange gains and losses on translation of long-term debt, unrealized gains on the changes in the value of derivative instruments, unrealized change in biological asset, stock compensation, and gains and losses on asset sales. EBITDA is a cash flow measure that is not recognized under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. Management believes that EBITDA is an important measure in evaluating the historical performance of the Company.

About Village Farms International, Inc.

Village Farms is one of the largest and longest-operating vertically integrated greenhouse growers in North America and the only publicly traded greenhouse produce company in Canada. Village Farms produces and distributes fresh, premium-quality produce with consistency 365 days a year to national grocers in the U.S. and Canada from more than nine million square feet of Controlled Environment Agriculture (CEA) greenhouses in British Columbia and Texas, as well as from its partner greenhouses in British Columbia, Ontario and Mexico. The Company is now leveraging its 30 years of experience as a vertically integrated grower for the rapidly emerging global cannabis opportunity through its majority ownership of British Columbia-based Pure Sunfarms Corp., one of the single largest cannabis growing operations in the world. The Company also intends to pursue opportunities to become a vertically integrated leader in the U.S. hemp-derived CBD market, subject to compliance with all applicable U.S. federal and state laws. Village Farms has established two joint ventures, Village Fields Hemp and Arkansas Valley Green and Gold Hemp, for outdoor hemp cultivation and CBD extraction and is pursuing controlled environment hemp production at a portion of its Texas greenhouse operations, which total 5.7 million square feet of production area.

Cautionary Language

Certain statements contained in this press release constitute forward-looking information within the meaning of applicable securities laws ("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, 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, Pure Sunfarms, the greenhouse vegetable industry or the cannabis and hemp industries 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", "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 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 U.S. and Canadian securities regulators, including as detailed in the Company's annual information form and management's discussion and analysis for the year-ended December 31, 2018.

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 only relate 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.

SOURCE Village Farms International, Inc.

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