



Good, for all.

Investor Presentation  
December 2021

NASDAQ: **VFF** TSX: **VFF**

# Forward looking statements

This presentation contains certain "forward looking statements". These statements relate to future events or future performance and reflect the Company's expectations regarding its growth, results of operations, performance, business prospects, opportunities or industry performance and trends. These forward-looking statements reflect the Company's current internal projections, expectations or beliefs and are based on information currently available to the Company. In some cases, forward looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, you should specifically consider various factors, including, but not limited to, such risks and uncertainties as availability of resource, competitive pressures and changes in market activity, risks associated with U.S. and Canadian sales and foreign exchange, regulatory requirements and all of the other "Risk Factors" contained in the Company's filings with securities regulators, including its Annual Report on Form 10-K, which are available at [www.sec.gov/edgar](http://www.sec.gov/edgar) and [www.sedar.com](http://www.sedar.com) and the Company's web site. Actual results may differ materially from any forward-looking statement. Although the Company believes that the forward-looking statements contained in this presentation are based upon reasonable assumptions, you cannot be assured that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this presentation, and other than as specifically required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

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Overview &  
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**02**

Pure  
Sunfarms  
(Canada  
Cannabinoids)

**03**

U.S.  
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**04**

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Appendix

# 01 Overview & Evolution



Bringing

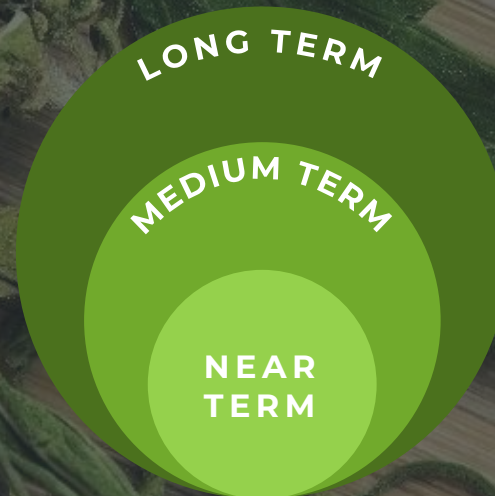
**30+ years**

in vertically integrated  
Controlled Environment  
Agriculture (CEA)...

...To

large market, high growth  
plant-based consumer product  
**opportunities**, with a focus on  
cannabinoids in North America &  
around the world

**Multiple  
opportunities  
for durable  
value creation**



Efficient capital  
allocation

Brand/market share

Cash flow generation

Profitability





# Leaders in Vertically Integrated Controlled Environment Agriculture (CEA)


One of North America's largest and longest operating CEA growers

**3 decades**

developing and operating mega-scale greenhouses

**750+ years**

of combined master grower experience from around the world



A history of success across a wide variety of agricultural products

Longstanding relationships with North America's leading grocers and large format retailers

## EXPERTS

in agricultural product safety

## LEADERS

in crop management registrations in North America

## PROVEN

track record as a low-cost operator

Excellence in cultivation is the foundation of successful plant-based consumer products brands





A history of successfully pursuing new high margin plant-based market opportunities

## Our Evolution

### Since 1989:

One of the largest & longest operating CEA operations in North America



Developed and operated 6 greenhouses in NY, PA and VA, all with co-gen technology

Leader in crop management registrations

**1996:** Built the largest greenhouse at the time (40 acres) in Fort Davis, TX

**2006:** RTO of Hot House Growers, largest greenhouse company in Canada

**2012:** Built World's Most Technologically Advanced Greenhouse in Monahans (Permian Basin), TX

**VF CLEAN ENERGY**

**2014:** Established Village Farms Clean Energy

### Since 1990:

Supplier of fresh produce to vast majority of national grocers and large format retailers in North America

**2017:** Diversification into new high-growth, higher margin opportunity

**2017:** Entry into Canadian recreational cannabis market – world's first major legal recreational high-THC market

**2017:** Formation of Pure Sunfarms  
**2018:** Pure Sunfarms begins commercial production  
**2019:** Pure Sunfarms becomes the best selling brand of dried flower in Ontario<sup>1</sup>  
**2021:** First export shipment  
**2021:** Acquired 70% of ROSE LifeScience (Quebec)

**PURE SUNFARMS™**



**2018:** Entry into the permissible US cannabinoid industry

**2019:** Formation of Village Fields Hemp JV  
**2019:** First and only hemp growing season  
**2021:** Acquisition of top-5 CBD brand: Balanced Health Botanicals



**VILLAGE FIELDS HEMP™**



**BALANCED HEALTH BOTANICALS**

**2020:** First international investments for cannabinoid opportunities

**2020:** Asia Pacific – Investment in Altum International  
**2021:** Option to Purchase 80% of Leli Holland (Participant in Dutch Cannabis Supply Experiment)

**Altum<sup>1</sup>**



## Pioneers in Sustainable, Vertically Integrated Agriculture

Good for the earth.®

## Leading Technology and Proven Practices for Sustainable Growing

### Controlled Environment Agriculture

**97%**

less land use than outdoor growing (product cultivation)

- 20-30 times more yield per acre
- Insert growing media – No soil erosion or depletion
- 50-acre greenhouse can produce the same as a 1,500-acre farm

**86%**

less water than outdoor growing (product cultivation)

- 4x recirculation of water (sterilized)
- 100% of water reaches the plants
- Collection and reuse of rainwater

Electricity sourced primarily from renewable methods

Use of beneficial insects to control pests and stimulate plant growth

Use of landfill gas generated into clean energy for electricity & heat

Recycling of CO<sub>2</sub> produced by boilers back into the greenhouse

Use of blackout curtains to prevent light pollution

## Village Farms Clean Energy

Creating clean energy from landfill gas

Methane gas captured at the City of Vancouver landfill and converted to heat and electricity

- Heat used by our greenhouses
- Electricity provided to BC Hydro



Delta, BC



Texas

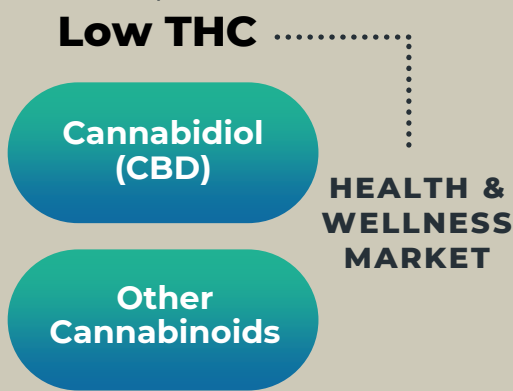
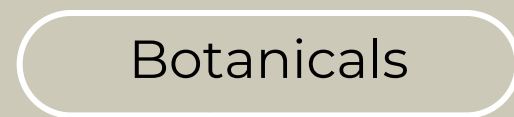
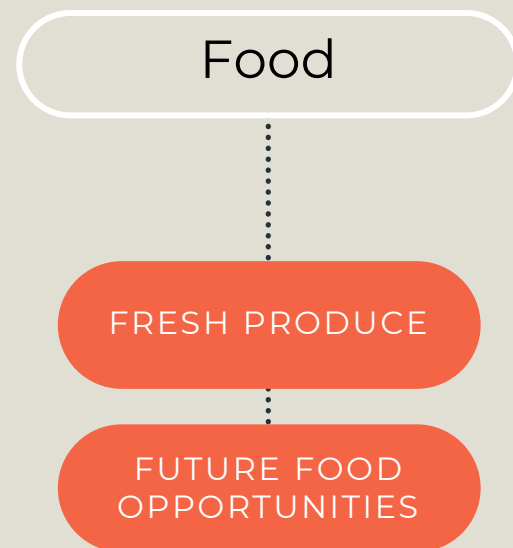
## Today: Unmatched Controlled Environment Agriculture Assets & Operations

CANNABINOIDS	PRODUCE	PRODUCE DISTRIBUTION CENTERS
2.2 M ft <sup>2</sup> (50 acres)	8.3 M ft <sup>2</sup> (190 acres)	
<b>Pure Sunfarms: Delta, BC</b> (100% owned)  2 Facilities (Delta 2 & 3), incl. 65,000 ft <sup>2</sup> processing center w/ extraction ops  <b>ROSE LifeScience:</b> <b>Huntingdon, Quebec</b> (70% owned)  <b>Balanced Health Botanicals:</b> <b>Denver, Colorado</b> (100% owned)	<b>Village Farms Fresh</b>  <b>Canada: Delta, BC</b> 1 Facility 2.6 M ft <sup>2</sup> (60 acres)  <b>U.S.: Texas</b> 4 Facilities 5.7 M ft <sup>2</sup> (130 acres)	<b>Vancouver, BC</b> ~110,000 ft <sup>2</sup> <b>Fort Worth, TX</b> ~65,000 ft <sup>2</sup>
	<b>PRODUCE GROWING PARTNERS</b> ~13.2 M ft <sup>2</sup> (~305 acres)	
	<b>Mexico</b> ~5.0 M ft <sup>2</sup> (~115 acres)  <b>Ontario</b> ~5.2 M ft <sup>2</sup> (~120 acres)  <b>BC</b> ~3.0 M ft <sup>2</sup> (~70 acres)	

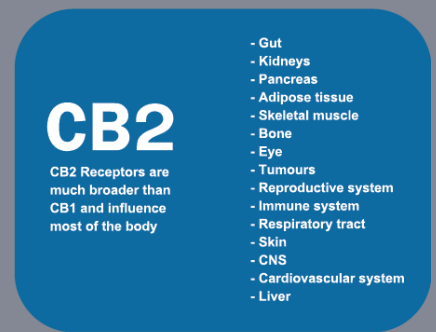
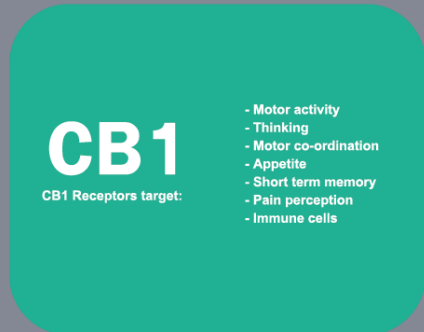




# Our Strategy



Goal to lead the industry in genetics and crop management



1 Source: BDSA  
2 Source: New Frontier Data

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**02**

## Pure Sunfarms

Canada's Premier Cannabis  
Supplier & Leading Dried  
Flower Brand





PURE SUNFARMS™

## Unmatched Performance in Canadian Cannabis

One of the largest cannabis  
growers in the world

1.6 M ft<sup>2</sup> of production area

Lowest-cost producer  
among Canadian  
greenhouse/indoor  
producers

**C\$110M**

TTM revenue

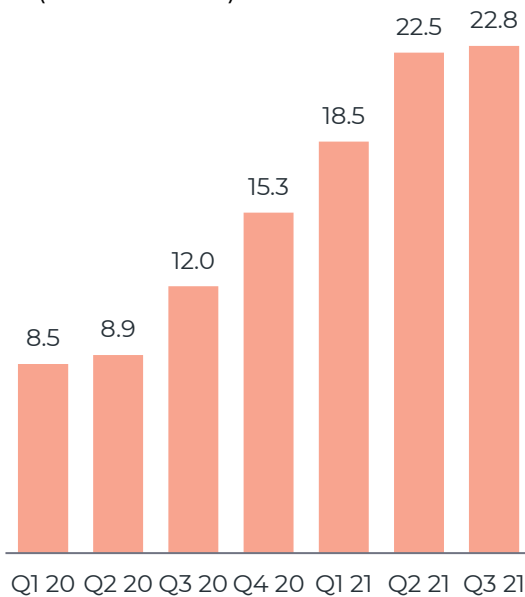
**39%**

TTM gross margin

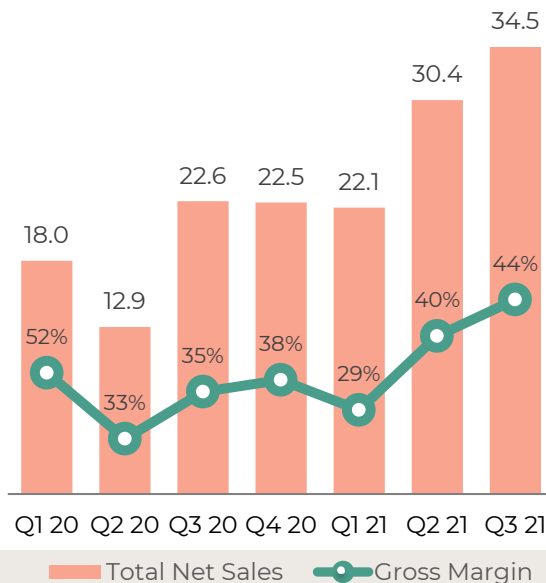
**C\$26M**

TTM adjusted EBITDA

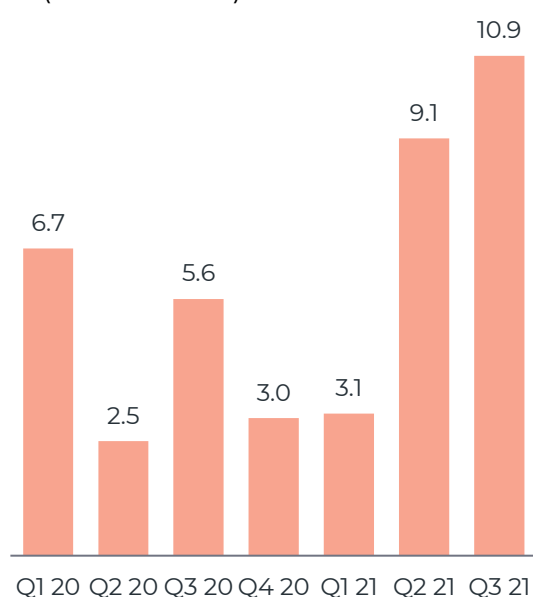
**RETAIL BRANDED SALES**  
(CDN Millions)



**TOTAL NET SALES**  
(CDN Millions)  
**GROSS MARGIN**



**ADJUSTED EBITDA**  
(CDN Millions)



One of the very few  
profitable Canadian  
LPs

12 consecutive  
quarters of positive  
adjusted EBITDA –  
Every quarter since  
commencing sales

# One of Canada's Largest Footprints to Grow with the Market

## DELTA 3 (D3)

1.1 M ft<sup>2</sup>

In full production:  
>75,000kg annually

65,000 ft<sup>2</sup> processing  
center

EU GMP Certification  
inspection completed

## DELTA 2 (D2)

1.1 M ft<sup>2</sup>

Production  
commenced Sept 2021

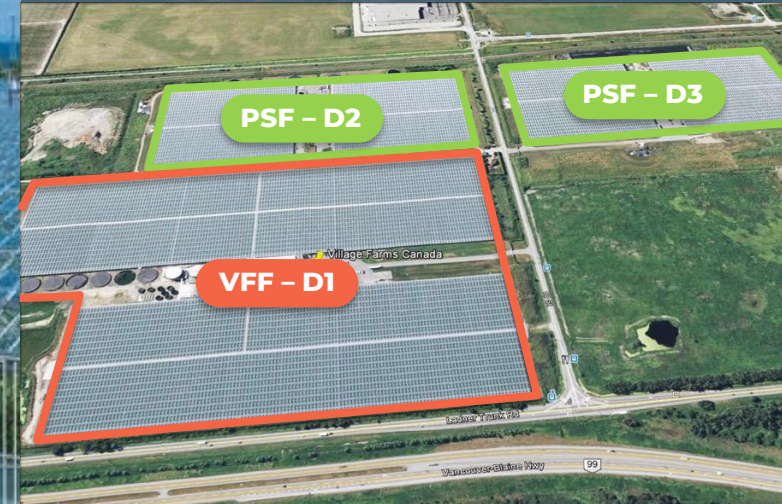
## DELTA 1 (D1)

2.6 M ft<sup>2</sup>

Currently producing  
tomatoes – Can  
transition to cannabis  
as domestic and int'l  
growth plans warrant

Delta 1 can be rapidly  
converted to cannabis  
for Canadian or  
international markets

Capable of supplying  
more than 1/3 of the  
forecasted Canadian  
market



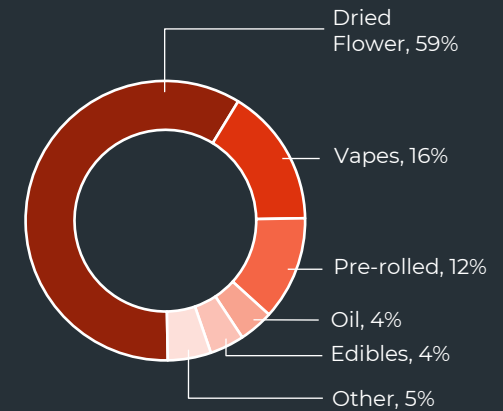


# Methodical, Prudent Approach to Market Launch

Products in the  
**6**  
largest provincial  
markets  
by sales<sup>1</sup>

Access to  
**>90%**  
of Canadian  
market<sup>1</sup>

Products in the  
**5**  
largest cannabis  
product categories  
(comprise ~95% of  
total market sales<sup>2</sup>)



1. Statscan: LTM sales as of June 30, 2021
2. Ontario Cannabis Store: A Year in Review: 2020-2021
3. Based on Ontario Cannabis Store date. Including pre-rolled category.

Strategy to focus first on winning the dried flower category, which comprises >70%<sup>3</sup> of total Canadian retail sales

# Secrets of Our Success



... brand in dried flower category in Ontario<sup>1</sup>

... brand in dried flower category in British Columbia<sup>2</sup>

... brand in dried flower category in Alberta<sup>2</sup>

... Licensed Producer in Ontario<sup>1</sup>

1. Based on Ontario Cannabis Store market data for the quarter ended September 30, 2021 (calculated by Pure Sunfarms from sales information provided by OCS).

2. Based on data calculated by Pure Sunfarms from sales information provided by Buddi retail store data from over 300 retailers across Alberta and British Columbia as of September 30, 2021.



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## U.S. Cannabinoids

Well Positioned for the  
Evolution of Regulation in the  
World's Largest Cannabis  
Market

# Balanced Health Botanicals Platform for US Cannabinoid Market

1. Brightfield Group: 2021 Mid-Year US CBD Report.
2. Brightfield Group.



**CBDistillery**

**Save 20 - 25%**

+ FREE Shipping with CBDistillery™ Subscriptions

[SHOP NOW](#)



Wholly owned subsidiary  
(acquired Aug 2021)

One of the largest brands in the hemp-derived cannabidiol (CBD) market in the United States

- Diverse portfolio of CBD and other cannabinoid products
- Top 5 brand<sup>1</sup>
- Top-ranked web site in CBD category: > 30,000 orders monthly

Provides immediate entry into the U.S. CBD market in a consumer products category adjacent to the high-THC cannabis market

## US\$16B

Forecast US retail CBD market by 2025<sup>2</sup>  
(from US\$4.7 billion in 2020<sup>2</sup>)

Profitable business:  
**Immediately accretive to earnings**

Provides Additional Pathway to High-THC Cannabis Market in the US



## Unmatched U.S. Cultivation Assets



PERMIAN BASIN, TEXAS FACILITY

Largest concentration of greenhouse production capacity of any North American Licensed Producer or MSO  
Licensed to grow hemp in Texas

Texas assets represent  
**~US\$1B**

in revenue in a cannabis permissible regulatory environment



- Permian Basin (Monahans)  
>1.3 M ft<sup>2</sup> (30 acres)
- Fort Davis  
>1.7 M ft<sup>2</sup> (40 acres)
- Marfa (2 facilities)  
>2.5 M ft<sup>2</sup> (60 acres)

5.5 M ft<sup>2</sup> Located in the Best Growing Climate for Cannabis in Continental U.S.

Currently licensed to grow hemp in Texas

- Lower cost, higher yield
- Economies of scale
- Consistency of technology



Texas operations represent high-value optionality: Facilities can be rapidly converted for cannabis production with the advantage of having done so successfully in Canada

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**International Cannabinoids**  
Targeting Selected Emerging  
High-Growth Markets



# Europe



Population of  
**>740M**  
**>2x**  
that of the U.S.



## Prudent, long-term strategy:

1. Focus on recreational markets beginning with Dutch Cannabis Supply Experiment in the Netherlands

2. Export to medicinal markets from Canada

- EU-GMP certification inspection for Pure Sunfarms Delta 3 completed

## Netherlands

Option agreement to acquire 80% of Leli Holland – 1 of 10 applicants eligible to receive a cannabis production license in Dutch Cannabis Supply Experiment



Potential Springboard to Broader Recreational Cannabis Legalization in Europe



## Asia-Pacific Region



First mover advantage  
in a region with an  
aggregate population of

**>3B**

Altum

**12%**

Interest in Altum  
International

Platform for large-scale importation,  
distribution and marketing of CBD,  
with an overriding focus on regulatory  
compliance for each specific country  
market, plus medicinal cannabis  
opportunities in Australia and  
New Zealand

- Commercial operations underway  
in 2 countries
  - Hong Kong: Leading CBD brands  
and products
  - Taiwan: Launched










### October 2021

Launch of first high-THC products  
into the Australian medical cannabis  
market



Additionally targeting  
Greater China, Japan,  
South Korea, New Zealand

## Recent Highlights

Nov 2021		Acquired 70% of Québec-Based ROSE LifeScience, a Leading Vertically Integrated Branded and Third-Party Supplier to the Québec Cannabis Market
Nov 2021		Reported Third Quarter 2021 Financial Results: Adjusted EBITDA Up 49% Year-Over-Year /Another Record Quarter for Pure Sunfarms' Sales and Adjusted EBITDA
Oct 2021		Expanded Product Portfolio with Launch of Innovative Synergy Collection
Sept 2021		Completes First Export Shipment to Australia for Medicinal Cannabis Market Via Altum International
Sept 2021		Commenced Cultivation in Second 1.1 Million Square Foot Greenhouse Facility
Sept 2021		EU-GMP Certification Inspection of Pure Sunfarms Delta 3 Facility Completed
Sept 2021		Entered Option Agreement to Acquire 80% of Leli Holland, 1 of 10 Applicants Eligible for Netherlands Cannabis Production License in What is Expected to be First Legal Recreational Market in Europe
Aug 2021		Strengthened Senior Management Team with Appointment of Consumer Products Veteran Alejandro de Gortari as CFO
Aug 2021		Acquired 100% of Balanced Health Botanicals, a Profitable Leader in the US CBD Category, Providing an Additional Pathway to High-THC Cannabis Market in the US

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# Pure Sunfarms Consistently Adjusted EBITDA Profitable Cannabis Operations

## Q3/21 FINANCIAL RESULTS

(In millions of dollars  
except % metrics)

	Q3 2021 (ended Sep. 30, 2021)		Q2 2021 (ended Jun. 30, 2021)		Q3 2020 (ended Sep. 30, 2020)		
	\$C	\$US	\$C	\$US	\$C	\$US	
Net Sales	\$34.5	\$27.4	\$30.4	\$24.7	\$22.6	\$17.1	
Retail Branded (% of Total Sales)	\$22.8 66%	\$18.1 66%	\$22.5 74%	\$18.3 74%	\$12.0 53%	\$9.1 53%	
Non-Branded (Wholesale) (% of Total Sales)	\$11.7 34%	\$9.3 34%	\$7.9 26%	\$6.4 26%	\$10.6 47%	\$8.0 47%	
Gross Margin <sup>1</sup>	44%	44%	40%	40%	34%	34%	
SG&A as a % of Sales	19%	19%	18%	18%	14%	14%	
Net Income	\$6.7	\$5.3	\$4.0	\$3.2	\$2.8	\$2.1	
Adjusted EBITDA <sup>2</sup>	\$10.9	\$8.6	\$9.1	\$7.4	\$5.6	\$4.3	

1. Gross margin for the three months ended September 30, 2021 excludes the (C\$1,534) (US\$1,217) reduction in cost of sales and for the three months ended June 30, 2021 excludes the C\$145 (US\$133) charge, respectively, inventory adjustment from the revaluation of inventory to fair value at the acquisition date of November 2, 2020.

2. Adjusted EBITDA is not a recognized earnings measure and does not have a standard meaning prescribed in by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating the performance of the Company.

53% year-over-year increase in net sales

12<sup>th</sup> Consecutive Quarter of Positive Adjusted EBITDA

# Village Farms Consolidated Financial Results

**\*Prior To Village Farms owning 100% of Pure Sunfarms on November 2, 2020, Pure Sunfarms' proportional earnings were presented within the Village Farms Consolidated Statement of Income in "Equity Earnings from Unconsolidated Entities".**

1. Sales, Net Income, and Adjusted EBITDA includes results from Pure Sunfarms pursuant to the Company's statutory reporting requirements.
2. Adjusted EBITDA is not a recognized earnings measure and does not have a standard meaning prescribed by GAAP.

NOTE: The Company's financial statements for the three months ended September 30, 2021 and September 30, 2020 have been prepared and presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). On September 30, 2021, Village Farms owned 100% of Pure Sunfarms Corp. ("Pure Sunfarms"), as the full acquisition of the remaining interest in Pure Sunfarms occurred November 2, 2020. Accordingly, for the three months ended September 30, 2021, Pure Sunfarms' financial results are consolidated with Village Farms' results. For the three months ended September 30, 2020, Pure Sunfarms is accounted for on a proportionate basis within "Equity Earnings from Unconsolidated Entities".

## Q3/21 FINANCIAL RESULTS

(In millions of U.S. dollars )	Q3 2021 (three months ended Sep. 30, 2021)	Q3 2020 (three months ended Sep. 30, 2020)	
Sales <sup>1</sup>	\$72.4	\$43.0	
Produce	\$41.2	\$42.9	
Cannabis (Canada & U.S.)	\$31.2	N/A*	
Village Farms Clean Energy	\$0.0	\$0.1	
Net Income <sup>1</sup>	\$0.7	\$0.5	
Adjusted EBITDA <sup>1,2</sup>	\$6.7	\$4.6	
Produce	\$1.4	\$4.7	
Cannabis (Canada & U.S.)	\$9.3	\$2.5	
Village Farms Clean Energy	(\$0.2)	(\$0.1)	
Corporate	(\$3.8)	(\$2.5)	



Good, for all.