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DELTA REPORT

10-K

VFF - VILLAGE FARMS INTERNATION

10-K - DECEMBER 31, 2022 COMPARED TO 10-K - DECEMBER 31, 2021

The following comparison report has been automatically generated

TOTAL DELTAS	35052
CHANGES	182
DELETIONS	32160
ADDITIONS	2710

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021December 31, 2022.

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-38783

VILLAGE FARMS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

CanadaOntario		98-1007671
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)

4700-80th Street

Delta, British ColumbiaCanada

V4K 3N3

(Address of principal executive offices)

(604) (604) 940-6012

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	**VFF**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES☐NO☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES☐NO☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES☒NO☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES☒NO☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

			☐
Large accelerated filer	☒☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the other registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b 2 of the Act). YES☐NO☒

The aggregate market value of the voting stock and nonvoting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity, as of June 30, 2021 June 30, 2022 was $748,505,742. $200,095,838.

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As of February 28, 2022 March 8, 2023, the registrant had 88,443,929110,238,929 Common Shares outstanding.

Auditor Firm Id: **PCAOB:** 271**Auditor Name:** PricewaterhouseCoopers LLP**Auditor Location:**Vancouver, British Columbia, Canada

TABLE OF CONTENTS

		Page
PART I.		1
Item 1.	Business	1
Item 1A.	RISK FACTORS Risk Factors	1516
Item 1B.	UNRESOLVED STAFF COMMENTS RISK FACTORS Unresolved Staff Comments Risk Factors	3839
Item 2.	PROPERTIES Properties	39
Item 3.	LEGAL PROCEEDINGS Legal Proceedings	3940
Item 4.	MINE SAFETY DISCLOSURES Mine Safety Disclosures	3940
PART II		4041
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	4041
Item 6.	Selected Financial Data	4143
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	4243
Item 7A.	Qualitative and Quantitative Disclosures About Market Risk	6265
Item 8.	Financial Statements and Supplementary Data	6366
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	6366
Item 9A.	Controls and Procedures	6366
Item 9B.	Other Information	6467
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	6467
PART III		6568
Item 10.	Directors, Executive Officers and Corporate Governance	6568
Item 11.	Executive Compensation	6568
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	6568
Item 13.	Certain Relationships and Related Transactions, and Director Independence	6568
Item 14.	Principal Accounting Fees and Services	6568
PART IV.		6669
Item 15.	Exhibits, Financial Statement Schedules	6669
Item 16.	Form 10-K Summary	6872

As used in this report, the terms "Village Farms," "Village Farms International," the "Company," "we," "us," "our" and similar references refer to Village Farms International, Inc. and our consolidated subsidiaries, and the term "Common Shares" refers to our Common Shares, no par value. Our financial information is presented in U.S. dollars and all references in this prospectus to "$" means U.S. dollars and all references to "C$" means Canadian dollars.

This report Annual Report on Form 10-K contains the following certain trademarks, trade names and service marks of ours: Village Farms®, Delectable TOV®, From Our House To Your Home®, Mini Sensations®, Sinfully Sweet Campari®, Heavenly Villagio Marzano®, BC Grown Logo®, Texas Grown Logo®, Good for the Earth ®, Village Farms Greenhouse Grown ®, Village Fields®, Pure Sunfarms™, Pure Sunfarms BC Grown™, Farm to Flower™, No Sun No Flower™, Plants and People First™, Pure Provisions™, Rise with the Sun™, The Bakery™, Purple Sun God™, and Pure Sun CBD™. ours, as described in Item 1, "Business—Intellectual Property. This report also contains trademarks, trade names and service marks that are owned by other persons or entities.

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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. In particular, forward-looking statements in this Annual Report on Form 10-K include statements regarding future results, performance, achievements, prospects or opportunities for the Company, the greenhouse vegetable industry and the cannabis industry and market are forward-looking statements. In some cases, forward-looking information can be identified by such terms as "outlook", "may",

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"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 Annual Report on Form 10-K are subject to risks that may include, but are not limited to: our operating history, including that of Rose LifeScience Inc. ("Rose"), Balanced Health Botanicals, LLC ("Balanced Health"), Pure Sunfarms, Inc. ("Pure Sunfarms") and our start-up operations of growing hemp in the United States; the legal status of Pure Sunfarms, Rose and Balanced Health cannabis business; risks relating to the integration of Balanced Health and Rose into our business; risks relating to obtaining additional financing on acceptable terms, including our dependence upon credit facilities; facilities and dilutive transactions; potential difficulties in achieving and/or maintaining profitability; variability of product pricing; risks inherent in the cannabis, hemp, CBD, cannabinoids, and agricultural businesses; our market position and competitive position; our ability to leverage current business relationships for future business involving hemp and cannabinoids, the ability of Pure Sunfarms and Rose to cultivate and distribute cannabis in Canada; existing and new governmental regulations, including risks related to regulatory compliance and regarding obtaining and maintaining licenses required under the Cannabis Act (Canada), the Criminal Code and other Acts, S.C. 2018, c. 16 (Canada) for its Canadian operational facilities), and changes in our regulatory requirements; legal and operational risks relating to expected conversion of our greenhouses to cannabis production in Canada and in the United States; 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, cannabidiol-based products commercialization; 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; macroeconomic factors, such as inflation and rising interest rates, supply shortages, potential recessionary conditions and the impact of 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 report 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 this Annual Report on Form 10-K. 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 report relate only to events or information as of the date on which the statements are made in this report. 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.

PART I.

ITEM BUSINESS
1.BUSINESS

ITEM 1.

Our Mission and Brands

Our mission is simple—to improve life's journey for the wellbeing of humankind, and the earth on which we live. This is no empty promise. It's the mantra that we live by every day. For in the end, day as we are what we do. It takes a village build upon over three decades of agricultural and marketing experience to build a great company, but no matter how big we get, the company. The human touch is evident in everything we do and that will never change.

We are building a family of brands across different products that encompass that mission. While each company has its own products and approach, we We are united by our shared core values: integrity, fairness, quality, inclusion, sustainability and hard work along with an unwavering desire to do what's right.

Village Farms Fresh, our produce brand, has pioneered Controlled Environment Agriculture ("CEA") in North America and helped feed a hungry planet with sustainable greenhouse growing for over three decades. We produce and distribute fresh, premium-quality produce with consistency 365 days a year from more than eight million square feet of CEA greenhouses in British Columbia ("B.C.") and Texas, as well as from our partner greenhouses in B.C., Ontario, and Mexico.

Our CanadianWe have leveraged this expertise as a pioneer in the development of the global legal cannabis brand includes industry. Pure Sunfarms Corp. ("Pure Sunfarms" or "PSF") and Rose LifeScience Inc. ("Rose LifeScience or Rose"). comprise our Canadian cannabis businesses. Pure Sunfarms is one of the single largest and most respected cannabis growers in the world and one of the best-selling flower brands brand in Canada. Rose is a leading vertically integrated, branded cannabis producer, supplier and commercialization expert in the Province of Quebec.

Balanced Health Botanicals, LLC ("Balanced Health" or "BHB") comprises is our U.S. cannabis brand. business. Balanced Health owns and operates one of the leading brands in the hemp-derived cannabidiol ("CBD") and other cannabinoids market, markets, produces high quality health and wellness products and distributes primarily through its top-ranked e-commerce platform, CBDistillery™.

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Village Farms Clean Energy (“VFCE”), our clean energy brand, currently converts landfill gas into clean energy sources, creating heat and electricity business is preparing for our Vancouver greenhouses while also selling electricity to British Columbia Hydro and Power Authority (“BC Hydro”). VFCE is in the process of transitioning this operation its transition to a renewable natural gas facility (“Delta RNG Project” Renewable Natural Gas ("RNG") operation in conjunction with Mas Energy, LLC (“Mas Energy” (the "Delta RNG Project") which is expected to provide food-grade CO2 to our greenhouse growing operations in Delta, British Columbia (“B.C.”). VFCE decommissioned its previous co-generation facility, which used local landfill gas to generate electricity for sale to a third-party.

Our Commitment and Values

Our core operation operating principle is to deliver fairness and satisfaction in its our customer promise. We strive to operate the business for optimal success by endeavoring to be:

- a responsible producer of high-quality products

- a reliable, trusted partner to customers

- a provider of excellence in customer service and logistics

- a business with a solid balance sheet

- enhancing a company which enhances shareholder value through continual execution and growth

- a trusted steward of the environment

- a workplace where all employees can grow and prosper

- an employer for people who want to make a difference in the world. world

For over thirty years, we have pioneered Controlled Environment Agriculture (“CEA”) in North America and helped to feed an increasing population with through sustainable greenhouse growing. In 2017, we expanded our focus from produce, leveraging our considerable knowledge, to the flourishing emerging legal cannabis and health and wellness markets. market. We envisioned and created Pure Sunfarms and Village Fields Hemp USA, LLC (“VF Hemp or VFH”) to artfully blend traditional greenhouse our decades of CEA expertise with hands-on knowledge of legacy growing practices in cannabis and hemp. cannabis. We are always innovating and never standing still. We only invest in, and partner with companies, that share our values and respect for people and the environment. In 2021, we acquired 100% We believe a focus on innovation is a key driver of Balanced Health and 70% of Rose LifeScience; we increased growth in our investment in Altum International Pty Ltd; and we entered into an option agreement with Leli Holland B.V. in order to expand our market offerings, provide additional avenues to distribute our products and expand our global footprint. markets.

We are extremely proud of many things that we achieved over the past three-plus decades, but none more than our highly responsible approach to the environment. Between From our sustainably sourced ingredients inputs and sustainable growing methods, to our use of clean energy and other innovative technologies, we are proud to bring sustenance and wellbeing to our consumers in a way that is ethical and responsible to the planet.

Our cutting-edge greenhouses state-of-the-art, technology-based CEA facilities use less water, land and chemicals than traditional outdoor farming and we aim to introduce new technologies to be greener in the future. The earth's earth's finite water supply is one of its most precious resources and Village Farms' our hydroponic growing method sterilizes and recirculates the same water four multiple times, and so that 100% of the water reaches the plants. Utilizing our state-of-the-art CEA facilities, our

Our proficient growing methods deliver vastly more yield per acre compared to outdoor growing, without depleting the soil. We use beneficial insects to control pests and promote healthy plant growth, and administer organic pesticides, so our GMO-free crops grow in a nourishing environment free of harmful chemicals. In one of our cannabis Delta greenhouses, we collect, filter and utilize rainwater for our plants, plants. Our Delta greenhouses use renewable hydroelectricity as the main power source, provide innovative energy screens to help capture the sun’s warmth and prevent heat loss, and employ blackout curtains to reduce light pollution, all in an effort to minimize our impact to the local community and ecosystem.

Business Overview

Village Farms International, Inc. (“VFF”), (together with its subsidiaries, the “Company”, “Village Farms”, “we”, “us”, or “our”) converted from an income trust to a publicly-traded company on December 31, 2009 and in connection with the conversion, the Company changed its name to Village Farms International, Inc. The Company’s . Our subsidiaries operated vegetable producing greenhouses since 1989 and began production in Texas in 1996. On October 18, 2006, the merger between Village Farms and Hot House Growers resulted in one of the largest producers, marketers and distributors of greenhouse grown products in North America. VFF pioneered Controlled Environment Agriculture CEA in North America, and over the years we transformed the organization, adapting to meet industry changes and customer preferences, in order to persevere and remain one of the largest and longest-operating vertically integrated greenhouse growers in North America.

We produce and distribute fresh, premium-quality produce with consistency 365 days a year from more than eight million square feet of CEA greenhouses in B.C. and Texas, as well as from our partner greenhouses in B.C., Ontario, and Mexico. The Company We primarily markets market and distributes distribute produce under its our Village Farms® brand name and proprietary produce trademarks to retail supermarkets and dedicated fresh food distribution companies throughout the United States and Canada.

In ourOur Canadian cannabis operations we wholly own consist of wholly-owned, British Columbia-based Pure Sunfarms. Sunfarms and 70% ownership interest in Quebec-based Rose LifeScience. Pure Sunfarms is one of the single largest cannabis growing cultivation operations in the world, one of the lowest-cost greenhouse producers and

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one of the best-selling flower brands in Canada. Pure Sunfarms leverages our 30 30-plus years of experience as a vertically integrated greenhouse grower for the rapidly developing legal cannabis opportunity industry in Canada with commercial distribution in six 10 Canadian provinces: Alberta, British Columbia, Ontario, Manitoba, Quebec provinces and Saskatchewan. territories. Our long-term primary objective for Pure Sunfarms is to be the leading low-cost, high-quality cannabis producer in Canada.

On November 15, 2021, Village Farms acquired 70% ownership of privately-held, Quebec-based Rose LifeScience, as described Canada and in additional detail in "*Recent Developments and Updates*" below. selected international markets. Rose is a leading vertically integrated, branded cannabis producer, supplier and commercialization expert in the Province of Quebec and has become is the Quebec operational unit of Village Farms' our Canadian cannabis segment.

On August 16, 2021, the Company acquired 100% interest in privately heldOur U.S. cannabis operations consist of wholly-owned, Colorado-based Balanced Health, which now comprises the operational segment of our U.S. cannabis segment. Health. Balanced Health owns and operates one of the leading brands in the hemp-derived CBD and other CBD/cannabinoid market in the United States, providing Village Farms us with immediate entry into access to the U.S. CBD Cannabinoid market in a consumer products category adjacent to the high-tetrahydrocannabinol ("THC") cannabis market, as well as the broader consumer packaged goods wellness arena. BHB Balanced Health has established a diverse portfolio of CBD and other cannabinoid products, including ingestible, edible and topical applications that are distributed through brick-and-mortar retail channels as well as its top-ranked e-commerce platform, CBDistilleryTM(www.theCBDistillery.com). CBDistilleryTM (www.theCBDistillery.com), as well as through brick-and-mortar retail channels.

The Company entered the U.S. hemp business in the spring of 2019 after the passing of the 2018 Farm Bill. We established a joint venture with a 65% interest in VF Hemp for multi-state outdoor hemp cultivation and cannabidiol extraction, also within Village Farms' U.S. cannabis segment. Currently, VF Hemp is not cultivating hemp as we await Food and Drug Administration ("FDA") clarity on the use of CBD.

The Company, through its subsidiary have begun transitioning our VFCE owns and operates a power plant from landfill gas that generates electricity and provides thermal heat to one of the Company's adjacent B.C. greenhouse facilities and sells electricity to BC Hydro. On November 10, 2020, we announced that we will be transitioning this operation to a renewable natural gas facility in conjunction with Mas Energy, which we expect will enhance our financial return, as well as in the future provide food-grade CO2 which that can be used in both our cannabis and produce growing operations in Delta, B.C.

Internationally, we evaluate, and target select, nascent, legal cannabis opportunities with significant long-term potential. This has resulted in a minority investment in Australia-based Altum International Pty Ltd ("Altum"), and Village Farms also entered into an option agreement on September 28, 2021 to receive the irrevocable right to acquire 85% ownership interest in Netherlands-based Leli Holland B.V. ("Leli").

Our Canadian Cannabis Segment

Village Farms' Canadian cannabis segment includes consists of Pure Sunfarms and Rose LifeScience.

Pure Sunfarms

In June 2017, the Company we formed a Canadian joint venture, Pure Sunfarms, with Emerald Health Therapeutics, Inc. ("Emerald") to commence Canadian cannabis operations in anticipation of the adult use cannabis market becoming legal in October 2017. The Company We contributed one of its our Delta, B.C. greenhouses ("Delta 3") to the joint venture in exchange for a 50% ownership interest in the joint venture. Emerald contributed C$20 million, which was paid in installments, in exchange for the other 50% ownership interest in the joint venture. Village Farms We also contributed its our experienced grower management and Delta 3 workforce to the joint venture and Emerald contributed its existing cultivation license and cannabis expertise.

On November 2, 2020, the Company we acquired 36,958,500 Common Shares in the capital of Pure Sunfarms owned by Emerald, which increased the Company's our ownership of Pure Sunfarms to 100%. The shares, representing 42.6% of the ownership at the time, were acquired for a total purchase price of C$79.9 million (US$60.0 million), satisfied through a C$60.0 million (US$45.0 million) cash payment and a C$19.9 million (US$15.0 million) secured promissory note, payable to Emerald due on May 2, 2021. The promissory note which was paid in full to Emerald on February 8, 2021.

Business of Pure Sunfarms

During the course of 2017, the joint venture between Village Farms us and Emerald applied for a cultivation license for the Delta 3 facility. In March 2018, the joint venture received its initial cultivation license for a portion of the Delta 3 facility and expanded its cultivation space via amendments to its cultivation license throughout 2018, culminating with the complete cultivation license for the entire 25-acre facility (1.1 million square feet) in March 2019. During 2018, the joint venture also hired a chief executive officer and adopted a name for the joint venture, Pure Sunfarms Corp. Pure Sunfarms commenced cultivation in the spring of 2018, after receiving its initial cultivation license.

On October 17, 2018, the *Cannabis Act* came into effect, regulating both the medical and recreational cannabis markets in Canada and providing provincial, territorial, and municipal governments the authority to regulate the distribution and sale of recreational cannabis. For the first nine months of 2019, Pure Sunfarms was a wholesale (non-branded) supplier to other licensed producers. In September 2019, Pure Sunfarms received its provincial sales license and commenced sales to the in Ontario Cannabis Store ("OCS") and British Columbia Liquor Distribution Branch ("BCLDB"). Columbia.

In October 2019, Health Canada approved the second phase of recreational cannabis products including ingestible cannabis, cannabis extracts and cannabis topicals, referred to as Cannabis 2.0 products.

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During 2020, Pure Sunfarms commenced sales to three additional provinces, Saskatchewan Liquor and Gaming Authority (“SLGA”), Alberta Gaming, Liquor and Cannabis (“AGLC”) and Manitoba Liquor and Lotteries Corporation (“MLLC”), allowing availability of Pure Sunfarms’ products to five of Canada’s provinces. Pure Sunfarms continues to advance discussions with other provincial distributors for supply agreements to further expand its presence in the Canadian cannabis market. In May 2020, Pure Sunfarms received its cannabis cultivation license from Health Canada for the Delta 2 facility, providing an additional 1.1 million square feet of production capacity, enhancing its ability to grow, package and sell cannabis and cannabis extracts. Pure Sunfarms also received amended licensing from Health Canada in the fall of 2020, permitting in-house extraction operations and the sale of cannabis derivative products directly to provincial boards and authorized retailers. On June 30, 2021, Health Canada amended the Delta 2 facility license received in May 2020, permitting Pure Sunfarms to cultivate cannabis in the completed west half of the facility. In the west half of the facility, Pure Sunfarms has planted seven flower rooms and began harvesting in November 2021. Management is currently evaluating the timing of intends to time the expansion and completion of the east half of the facility in concert with when market demand is sufficient to absorb supply and profitability.

In September 2021, the Canadian cannabis business completed its first export shipment of cannabis, supplying a variety of high-quality, high-THC dried flower products to Village Farms' minority interest investee, Australia-based Altum International Pty Ltd., for the Australian medicinal cannabis market demands. to be sold under the Kind Medical brand.

In the fourth quarter of 2021, Pure Sunfarms, has continued expansion of its direct to provincial with our subsidiary Rose LifeScience, began generating sales in 2021 and 2020 and is now the top selling flower brand in Ontario based on weekly point of sales data. In addition, Quebec. Together, Pure Sunfarms launched new dried and Rose execute a Canadian cannabis products such as pre-rolled strategy for Village Farms, providing a means to distribute Pure Sunfarms’ flower and to Quebec’s consumers.

In the third quarter of 2022, Pure Sunfarms commenced sales to three additional provinces, New Brunswick, Newfoundland and Labrador, and two territories, Yukon and Northwest Territories. At the end of 2022, our Canadian cannabis derivative business was selling products including pre-filled vape cartridges, edibles in 10 of the 13 Canadian provincial/territorial jurisdictions, while it continues to advance discussions with additional provincial distributors to further expand its Canadian presence.

In the fourth quarter of 2022, we believe our Canadian cannabis business had the second largest market share (by dollars) in Canada across all product categories (8.6% share, and bottled increase of 160bps over fourth quarter of 2021) and the largest market share in the dried flower product category (16.2% share, an increase of 630bps over the fourth quarter of 2021). 2022 sales for our Canadian cannabis oils. Pure Sunfarms’ sales business by product category were approximately 74% in branded sales composed of 76% dried flower, 16% pre-rolls and 26% in non-branded sales in 2021, as compared to 54% of revenue from branded flower and pre-roll sales, with an additional 5% from branded cannabis oil and vape pens, which 8% other products.

During 2022, Pure Sunfarms launched received European Union Good Manufacturing Practice ("EU GMP") certification for its 1.1 million square foot Delta 3 cannabis facility located in September 2020, Delta, British Columbia ("B.C.") which permits Pure Sunfarms to export EU GMP-certified medical cannabis to importers and 41% distributors in international markets that require EU GMP certification. We began exporting to Israel at the end of revenue from non-branded sales 2022 and continued to export to Australia throughout 2022. We expect international expansion should enhance our profitability while expanding our brand and experience into emerging new legal cannabis markets. We continue to evaluate and pursue profitable international expansion opportunities in 2020. such markets.

We believe that Pure Sunfarms is the leading low-cost high-quality producer in the Canadian market and its low-cost structure, primarily driven by economies of scale and large-scale greenhouse experience, is sustainable and provides a competitive industry advantage. Pure Sunfarms’ cost structure, should allow together with investment in branding and commercialization activities, is intended to support a continued increase incremental expansion of incremental market share as we go to market at a lower price for most of our products than other licensed producers can maintain. share.

Village Farms acquired Rose LifeScience in November 2021. In the fourth quarter of 2021, Pure Sunfarms, via our relationship with Rose LifeScience, began generating sales in Quebec. Pure Sunfarms and Rose are developing a business strategy that leverages the strengths of both companies, while providing a means to distribute Pure Sunfarms’ products to Quebec’s consumers.

Due to the Health Canada limitations on marketing, and stringent branding and packaging rules, it is difficult for consumers to distinguish our between different products, which places more emphasis on our ability to manage the management of price, potency and quality. Pure Sunfarms’ British Columbia grown flower and extracts continue to distinguish themselves from We believe the competition due to the deep agricultural expertise of our growers and excellence in brand management which we believe ensures the highest sets Pure Sunfarms products apart from competitors, by providing high quality cannabis to consumers at the right price. attractive prices

The retail channel remains veryRetail channels remain competitive and continues to experience across the country, with an oversupply situation as the licensed growers are producing more cannabis than the of product in excess of current legal recreational market is purchasing. This situation is demand creating a function of too many federally licensed downward pressure on pricing, largely led by federally-licensed cannabis producers (“ ("License Holder" Holder" or “LPs" "LPs"). In response, many LPs have chosen to either curtailed curtail or halted their halt cannabis production to right size the their supply to meet consumer demand. We anticipate believe

challenging regulatory and taxation frameworks, combined with continued industry consolidation and attrition as LPs face margin compression, high operating costs and seek potential synergistic benefits from consolidation with an aim limited access to generate positive earnings and cash flows from operations. Furthermore, the capital has contributed to industry attrition as LPs face these challenges head-on.

We believe our Canadian cannabis industry business is not immune well-positioned to COVID-19 impacts which has adversely affected key markets in Canada, particularly in Ontario, as the provincial government has imposed access restrictions at points throughout the pandemic. As the industry matures, we believe that Pure Sunfarms will

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be well-positioned manage these challenges as one of the best-selling brands LPs in Canada while we continue to evaluate (with some of the best-selling brands), with a low-cost large-scale structure and seek to secure partnerships to realize continued pursuit of future opportunities to expand our sales, products and footprint in Canada and internationally.

Rose LifeScience

Village FarmsWe acquired 70% ownership of privately-held Rose on November 15, 2021., with the 30% balance held by founders who have remained as senior operating management. Rose is the Quebec Quebec-based operational unit of Village Farms' our Canadian cannabis business, segment, with its headquarters in Huntingdon, Quebec.

Rose cultivates and processes cannabis at their Huntingdon-based 55,000 square-foot CEA facility. The indoor controlled growing facility was commissioned in 2020 and is licensed for use by Health Canada. Rose has been granted environmental rebates from the government of Quebec for its energy efficient design. The CEA is outfitted with special filtration on the facility exhausts to reduce greenhouse gas emissions, lessen odors and minimize the impact on the local community. In addition, Rose has a team of experienced cannabis growers developing innovative products and distinctive strains.

Rose sells its own cannabis products under six brands: nationally distributed Homage and Tam Tams and Promenade, DLYS, Pure Laine and Six Lunes which are available exclusively in the Province of Quebec. Promenade is a collaboration with Pure Sunfarms. For the fourth quarter of 2022, Rose held the number two position in Quebec in terms of market share, an improvement from number 10 in the first quarter of 2021.

Rose is also a leading third-party cannabis products commercialization expert in the Province of Quebec, acting as the exclusive, direct-to-retail sales, marketing and distribution entity for some of the best-known brands in Canada as well as Quebec-based micro and craft growers. With decades of regulated-market experience, Rose partners with cannabis companies to assist in commercializing their products, distributing the products throughout Quebec and ensuring a strong presence in the marketplace. Rose champions Quebec producers by working directly with micro-producers to advance homegrown, craft products in the province and easing the burden of commercial complexities facing smaller, local businesses. Rose also works with CAREY 3PL, their preferred carrier, to provide full-scale direct-to-store logistics and distribution services to meet the ever-changing needs of their customers.

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Rose LifeScience adds has added a highly experienced, successful, Quebec-based leadership team that to the Company, which we believe is now reinforced by the industry knowledge, financial backing and human capital of Village Farms and Pure Sunfarms to allow it to grow and expand its footprint throughout Quebec as well as other provinces.

Canadian Cannabis Industry Overview

Legal History of Medical Cannabis in Canada

Prior to October 17, 2018, the production, distribution, and use of cannabis for medical use was and has been legal in Canada since 2001, first under the federal *Medical Marihuana Access Regulations*, which established a legal regime for the licensing of cannabis producers and the sale of dried cannabis to registered patients pursuant to a medical document provided by a health care practitioner. The *Medical Marihuana Access Regulations* were later replaced with the *Marihuana for Medical Purposes Regulations* ("MMPR"), and then the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") as a result of a decision by the Federal Court of Canada (the "Federal Court") in *Allard v. Canada.* The Federal Court held that requiring individuals to obtain cannabis only from federally licensed cannabis producers violated liberty and security rights protected by section 7 of the *Canadian Charter of Rights and Freedoms*. The Federal Court found that individuals who require cannabis for medical purposes did not have "reasonable access" under the MMPR regime. Accordingly, the ACMPR contemplated both access to medical cannabis through a License Holder or through personal production exemptions, thereby giving patients reasonable access to, and choice of, cannabis product. The ACMPR provided three possible alternatives for individuals to access cannabis for medical purposes: (i) they can continue to access quality-controlled cannabis by registering with federal License Holders; (ii) they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes (starting materials must be obtained from a License Holder); or (iii) they can designate someone else who is registered with Health Canada to produce cannabis on their behalf (starting materials must be obtained from a License Holder).

Current Applicable Regulatory Regime

On October 17, 2018, the federal *Cannabis Act* and accompanying Regulations, including the *Cannabis Regulations*, the new Industrial Hemp Regulations ("IHR") (together with the *Cannabis Regulations*, collectively, the "Regulations"), came into force, legalizing the production, distribution, and sale of cannabis for adult non-medicinal (i.e. recreational) purposes, as well as incorporating the existing medical cannabis regulatory scheme under one complete framework.

On October 17, 2019, the *Cannabis Regulations* were amended to expand the legally permitted categories of cannabis products and support the production and sale of edible cannabis, cannabis extracts and cannabis topicals. The amendments, among other things, outline the rules relating to packaging, labelling, and advertising, shelf-stability, cannabinoid concentration levels, restrictions on ingredients, and production and sanitation standards for edible cannabis, cannabis extracts and cannabis topical products. December 16, 2019 was the earliest date that the new classes of cannabis products could be available for sale. Edible cannabis, as well as extracts and topicals, are all now available for sale in the legalized recreational market in Canada.

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Pursuant to the federal regulatory framework in Canada, each province and territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessories within the province or territory. All Canadian provinces and territories have implemented mechanisms for the distribution and sale of cannabis for recreational purposes within those jurisdictions, and retail models vary between jurisdictions.

The *Cannabis Act* maintains separate access to cannabis for medical purposes, including providing that import and export licenses and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Part 14 of the *Cannabis Regulations* sets out the regime for medical cannabis following legalization, which is substantively the same as the ACMPR with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. Patients who have the authorization of their healthcare provider continue to have access to cannabis, either purchased directly from a federal License Holder authorized to sell for medical purposes, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

Adult Use Cannabis

The Company participatesWe participate in the Canadian adult use market for cannabis in compliance with all applicable federal and provincial laws and regulations concerning the Canadian adult use cannabis market. The *Cannabis Act* and the *Cannabis Regulations* provide a licensing scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession, and disposal of cannabis for non-medicinal use (i.e., adult recreational use). Transitional provisions of the *Cannabis Act* provide that every license issued under the ACMPR that is in force immediately before the day on which the *Cannabis Act* comes into force is deemed to be a license issued under the *Cannabis Act*, and that such license will continue in force until it is revoked or expires.

Below are additional highlights of the *Cannabis Act*:

- Places restrictions on the amount of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the *Cannabis Act*.

Places restrictions on the amount of cannabis that individuals can possess and distribute, and on public consumption and use, and prohibits the sale of cannabis unless authorized by the *Cannabis Act*.

- Permits individuals who are 18 years of age or older to cultivate, propagate, and harvest up to and including four cannabis plants in their dwelling-house, propagated from a seed or plant material authorized by the *Cannabis Act*.

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- Restricts (but does not strictly prohibit) the promotion and display of cannabis, cannabis accessories and services related to cannabinoids to consumers, including restrictions on branding and a prohibition on false or misleading promotion and on sponsorships.
- Permits the informational promotion of cannabis by entities licensed to produce, sell, or distribute cannabis in specified circumstances to individuals 18 years and older.
- Introduces packaging and labelling requirements for cannabis and cannabis accessories and prohibits the sale of cannabis or cannabis accessories that could be appealing to young persons.
- Provides the designated minister with the power to recall any cannabis or class of cannabis on reasonable grounds that such a recall is necessary

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to protect public health or public safety.

- Establishes a national cannabis tracking system to monitor the movement of cannabis from where it is grown, to where it is processed, to where it is sold.
- Provides powers to inspectors for the purpose of administering and enforcing the *Cannabis Act* and a system for administrative monetary penalties.

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- Provides powers to inspectors for the purpose of administering and enforcing the *Cannabis Act* and a system for administrative monetary penalties.

Licenses, Permits and Authorizations

The *Cannabis Regulations* establish the following classes of licenses:

- license for cultivation;
- license for processing;
- license for analytical testing;

- license for cultivation;
- license for processing;
- license for analytical testing;

- license for sale;

- license for sale;
- license for research; and

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- license for research; and
- a cannabis drug license.

- a cannabis drug license.

The *Cannabis Regulations* also create subclasses for cultivation licenses (standard cultivation, micro-

sub-class. Licenses that were issued under the ACMPR are deemed to be licenses issued under the *Cannabis Act*. Licenses issued under

Security Clearances

Certain individuals associated with cannabis licensees, including individuals occupying "key positions",

Cannabis Tracking System

Under the *Cannabis Act*, the Minister is authorized to establish and maintain a national cannabis

Cannabis Products

The *Cannabis Regulations* set out the requirements for cannabis products that are permitted for sale at the retail level, including the

Packaging and Labeling

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cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each sub-class therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and each

the *Cannabis Act* have associated expiry dates and are subject to renewal requirements.

directors, officers, individuals who exercise, or are in a position to exercise, direct control over the corporate licensee, and other individuals identified by the Minister of Health (the "Minister"), must hold a valid security clearance issued by the Minister. Under the *Cannabis Regulations*, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption, or violent offences. This was largely the approach in

place under the ACMPR and other related

tracking system. The purpose of this system is to track cannabis throughout the supply chain, to help prevent cannabis from being diverted to an illicit market or activity and to help prevent illicit cannabis from being a source of supply of cannabis in the legal market. Pursuant to the Ministry of Health's Cannabis Tracking System Order (the "Order"), a holder of a federal license for cultivation, a license for processing or a license for sale for medical purposes that authorizes the

possession of cannabis must

limit on THC content, permitted ingredients, limit on pest control product residues, as well as microbial and chemical contaminants. As of October 17, 2019, the *Cannabis Act* and *Cannabis Regulations* permit the sale of the following classes of products: dried cannabis, cannabis oil, fresh cannabis, cannabis plants, cannabis plant seeds, as well as cannabis edibles, cannabis extracts and cannabis topicals.

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regulations governing the licensed production of cannabis for medical purposes. Individuals having a history of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, however, grant of security clearance to such individuals is at the discretion of the Minister and such applications are reviewed on a case-by-case basis.	report monthly to the Minister with specific information about their authorized activities with cannabis (e.g. cannabis inventory quantities), in the form and manner specified by the Minister. The Order also provides for monthly reporting by provincial bodies and provincially authorized private retailers of certain information in the form and manner specified by the Minister.

- We will need additional financing to maintain and further develop our business.
- We are dependent on the success of Pure Sunfarms, which has a limited operating history in the cannabis industry.
- We are subject to restrictive covenants under our Credit Facilities (as defined in *Liquidity and Capital Resources* below).
- Rising interest rates will increase our debt service costs and negatively impact our cash flows, as well as add additional burden on our ability to meet our bank covena

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- We expect to incur ongoing costs and obligations related to infrastructure, growth, regulatory compliance, and operations for Pure Sunfarms.
- There can be no assurance that our current acquisitions, investments or expansions of scope of existing relationships will have a beneficial impact on our business, fi condition and results of operations.
- Our potential international expansion may heighten our operational risks.
- There can be no assurance that future mergers, acquisitions, divestitures, alliances, joint ventures, investments or other strategic transactions will be consummated o a positive impact on our business, prospects, financial condition, or results of operations.

Industry Risk Factors

- We face risks inherent in an agricultural business.
- The legal cannabis and hemp-derived CBD industries are relatively new, and we cannot predict whether they will continue to grow as anticipated.
- Our success depends on our ability to attract and retain customers.
- Pure Sunfarms and Rose LifeScience may be affected by cannabis supply and demand fluctuations.
- We may be negatively affected by unfavorable publicity, adverse scientific findings and/or negative consumer perception of cannabis.
- We face significant competition in the cannabis industry.
- Increasing legalization of cannabis and rapid growth and consolidation in the cannabis and CBD industries may further intensify competition.
- Third parties with whom we contract may be concerned about their reputational risks in respect of cannabis.

- Pure Sunfarms and Rose LifeScience are subject to cannabis-related security breaches, which could result in significant losses.
- We face risks associated with cross-border trade.
- Retail consolidation in the markets in which we participate may negatively affect our operations and profitability.

Legal and Regulatory Risks Factors

- Our cannabis operations in Canada require licenses to grow, store and sell cannabis.
- Our cannabis operations in Canada are subject to laws, regulations and guidelines related to the cannabis industry including marketing restrictions under the *Cannabis Act*.
- Our cannabis operations in Canada are subject to Canadian supplier standards.
- The ability of our Canadian cannabis companies to sell cannabis may be restricted by the Canadian Free Trade Agreement.
- Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm business, financial condition, and results of operations.
- Restricted access to banking, including anti-money laundering laws and regulations may adversely impact our business.
- Changes in the laws, regulations and guidelines governing cannabis, hemp or cannabis/hemp derived products may adversely impact our business in the jurisdictions we operate.
- We may be subject to product liability claims.
- Our greenhouse produce business is subject to certain regulations at both the federal and provincial/state level.
- We are subject to environmental, health and safety, and other governmental regulations and we may incur material expenses in order to comply with these regulations
- Our Balanced Health business is subject to FDA and USDA regulation.

Labor and Employment Risks Factors

- Our operations are dependent on labor availability which includes accessing government sponsored foreign labor programs in both the United States and Canada.
- We may be negatively affected by the use of third-party transportation services for our products.

Tax Risk Factors

- If we are classified as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes, certain generally adverse U.S. federal income tax consequences could apply to U.S. investors.
- VF Canada GP and VF Canada LP may be deemed to maintain a U.S. permanent establishment for tax purposes.
- Changes in tax treatment of companies engaged in e-commerce may adversely affect the commercial use of our website and our financial results.
- The IRS may assert that the Advances by VF Opco to U.S. Holdings was equity in the U.S. borrower for income tax purposes.
- The IRS and Canada Revenue Agency may challenge our transfer pricing.
- U.S. Holdings may be considered a U.S. real property holding corporation, which may result in income and withholding taxes with respect to a distribution by U.S. Hol to VF Opco.

Common Shares Risk Factors

- The market price of our Common Shares has been and is likely to continue to be volatile and an investment in our Common Shares could suffer a decline in value.

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- Future issuances or sales of our Common Shares by us or by our shareholders could cause our share price to fall.
- There is no assurance that we will continue to meet the listing standards of the Nasdaq.

- The exercise of all or any number of outstanding stock options, the award of any additional options, restricted stock units or other stock-based awards or any issuance shares to raise funds or acquire a business may dilute your Common Shares.

General Risk Factors

- Inflation may continue to rise and increase our operating costs.
- It may be difficult for non-Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence.

BUSINESS AND OPERATIONAL RISK FACTORS

We may be unable to regain profitability.

Our ability to generate net earnings and remain profitable return to profitability is based, in part, on our ability to manage our cannabis profit margins and earnings before interest, tax, depreciation and amortization ("EBITDA"), as well as maintaining tomato production at a low-cost structure to support increase our produce margins. These margins are dependent upon our ability to continue to profitably sell our products profitably and to be the supplier of choice to our customers. The failure to execute on our low-cost structure in our produce business at favorable margins or an increase in cost of goods or operating costs could will have a material adverse effect on the financial condition, results of operations, and cash available.

AOne of our principal objective of ours objectives is to pursue operational efficiencies. Profitability depends in significant measure on our ability to, among other things, successfully manage, identify, and implement operational efficiencies. There can be no assurance that we will be successful in managing our cost control and productivity improvement measures. In addition, a failure to achieve a low-cost structure through economies of scale or continue to improve our cultivation and manufacturing processes could have a material adverse effect on our commercialization plans and our business, prospects, results of operations and financial condition.

The ongoing and developing COVID-19 pandemic has caused a broad impact globally. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, the pandemic and any resulting recession or economic slowdown (particularly in Canada and/or in the United States) could reduce our productive capacity, labor availability (see "***Our operations are dependent on labor availability***" below) and operations generally, may reduce demand for our products (see "*Pure Sunfarms and Rose LifeScience may be affected by cannabis supply and demand fluctuations*" below) and could overall affect our ability to achieve profitability. In addition, any significant disruption of global financial markets, reducing our ability to access capital or our Credit Facilities (as defined in *Liquidity and Capital Resources* below), could negatively affect our liquidity. Any of the foregoing effects from the COVID-19 pandemic could materially adversely affect our business, prospects and future results of operations, and the value of our Common Shares.

We may need additional financing to further develop our business.

The continued operations and development of our business may require additional financing, which may be in the form of future equity securities offerings or any form of debt financing. For example, on January 20, 2021 January 26, 2023, we completed a registered direct offering for the purchase and sale of an aggregate 10,887,097 18,350,000 Common Shares at a public offering price of US$12.40 1.35 per Common Share for gross proceeds of approximately US$135 million. Although 25 million coupled with 18,350,000 warrants with an exercise price of US$1.65 (the "2023 Equity Offering"). Additionally, in 2022, we believe implemented an at-the-market ("ATM") program through which we have sufficient liquidity to meet our cash requirements sold 3,175,000 shares for the foreseeable future, we may proceeds of US$6.9 million as of March 8, 2023. We will require additional equity financing which may have a dilutive effect and may not be achievable due to market conditions (including as a result of the COVID-19 pandemic) or other reasons. The failure to raise such capital could result in the delay or indefinite postponement of our current business objectives or may require us to cease to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to us.

We are dependent on the availability of financing under our Credit Facilities. Under the terms of our Credit Facilities, we are subject to a number of covenants, including debt service covenants. These covenants could reduce our flexibility in conducting our operations by limiting our ability to borrow money and expand into new business lines. For more information, see "We are subject to restrictive covenants under our Credit Facilities" below.

The Company hasWe have also provided full recourse guarantees and has have granted security interests in respect of the FCC Term Loan with Farm Credit Canada ("FCC"). , which matures in April 2025. We are also subject to fluctuations in our working capital on a month-to-month basis, and as a result, we have access to financing under our produce operating loan ("Operating Loan"), which matures in May 2024. Consistent with our past practice, we may draw down on revolving credit facilities available under our Operating Loan. An inability to draw down upon our Operating Loan, or to amend or replace the Operating Loan on favorable terms (or at all), could have an adverse effect on our businesses and our financial condition.

Pure Sunfarms has term loans and a revolver loan with a bank syndicate that mature in February 2024 (the "Pure Sunfarms Term Loans"). The bank syndicate loans have quarterly financial covenants; an inability to adhere to these financial covenants could accelerate one or more of the bank syndicate loans which could have a material adverse effect on our cannabis business and our financial condition.

There is no assurance that sufficient financing will be available when needed to allow us to continue as a going concern. The perception that we may not be able to continue as a going concern may also make it more difficult to operate our business due to concerns about our ability to meet our contractual obligations.

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We are dependent on the success of Pure Sunfarms, our Canadian Cannabis business which has a limited operating history in the cannabis industry.

Pure Sunfarms, which represented a significant portion of our net income for the year ended December 31, 2021,Our Canadian Cannabis business has a limited operating history. Pure Sunfarms Our Canadian Cannabis business is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources. In addition, we have incurred and anticipate that we will continue to incur substantial expenses relating to the development and initial ongoing operations of Pure Sunfarms. our Canadian Cannabis business. The payment and amount of any future dividend and shareholder loan repayments to the Company from Pure Sunfarms Canadian Cannabis business will depend upon, among other things, its available cash flows, after taking into account its operating and capital requirements. There is no assurance that we will be successful in achieving a return on Pure Sunfarms our Canadian Cannabis business and the likelihood of success must be considered in light of the early stage of its operations. operations and heavy tax burden on all Canadian cannabis companies.

Pure SunfarmsOur Canadian Cannabis business may incur losses in the future for a number of reasons, including as a result of unforeseen expenses, regulatory impediments, unforeseen difficulties, complications and delays, the other risks described in these “Risk Factors” and other unknown events. The amount of any future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. Because of the numerous risks and uncertainties associated with producing and selling cannabis and cannabis-derived products, we are unable to accurately forecast operating results to predict when, or if, we will be able to sustain our profitability. If Pure Sunfarms our Canadian Cannabis business is unable to sustain profitability, the market price of our Common Shares may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired.

The ability of Pure Sunfarms our Canadian Cannabis business to grow will depend on a number of factors, many of which are beyond our control, including, but not limited to, the number of licensed retail cannabis stores, a reduction in excise tax burden, the availability of sufficient debtor capital on suitable terms, changes in laws and regulations respecting the production and sale of cannabis products, competition from other entities licensed under the *Cannabis Act*, its ability to recruit and retain sufficient experienced personnel and its ability to expand into international operations and sales. In addition, Pure Sunfarms our Canadian Cannabis business is subject to a variety of business risks generally associated with developing companies. Future development and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel, and there is no assurance that we will be able to do so. As the operations of Pure Sunfarms our Canadian Cannabis business grow in size, scope, and complexity and as it identifies and pursues new opportunities, Pure Sunfarms our Canadian Cannabis business may need to increase in scale its infrastructure (financial, management, informational, personnel and otherwise).

Our success depends on our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. There are many factors which could impact our ability to attract and retain customers, including but not limited to the ability to continually grow and distribute desirable produce and cannabis.

For our Canadian and U.S. Cannabis businesses, the successful implementation of a customer acquisition plan and the continued growth in the aggregate number of potential customers are critical to the ability to attract and retain customers. Even if the products of our Canadian and U.S. Cannabis businesses achieve initial retail success, our long-term success is significantly dependent upon the ability to develop new and improved product lines. In addition, we can provide no assurance that campaigns to promote the products of our Canadian and U.S. Cannabis businesses will be successful in attracting customers, and any such campaigns are heavily regulated and can entail significant expense. Our failure to acquire and retain customers and the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets, could have a material adverse effect on our business, operating results and financial condition.

***We are subject to restrictive covenants under our Credit Facilities* (as defined in *“Liquidity and Capital Resources”* below).**

Under the terms of our Credit Facilities, we are subject to a number of covenants, including debt service covenants. These covenants could reduce our flexibility in conducting our operations by limiting our ability to borrow money and expand into new business lines. On December 31, 2021 December 31, 2022, we were not in compliance with one financial covenant under our Term Loan. Subsequent to December 31, 2021 Loan and accordingly we received obtained a waiver from FCC for the annual test on December 31, 2021 December 31, 2022 for the one financial covenant. FCC measures our financial covenants once a year on the last calendar day of the year. There can be no assurance that we will be able to obtain a future waiver from FCC. We were also not in compliance with some of the financial covenants of our FCC Term Loan on December 31, 2020 December 31, 2021 (the annual testing date) but likewise had obtained a waiver from FCC for our annual 2020 2021 financial covenants. There can be no assurance that we will be in compliance with the future financial covenants and that we would be able to obtain a future waiver from our creditors for any non-compliance in connection with the next testing date.

Generally, non-compliance with our covenants may increase a risk of default on our debt (including by a cross-default to other credit agreements. If we are unable to comply with our debt covenants in the future, we may seek a waiver and/or an amendment(s) from the applicable lenders in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under any of the Credit Facilities and the default is not waived by the applicable lenders, the debt extended pursuant to all of our debt instruments could become due and payable prior to their stated due dates. In addition, a default on all or some portion of the Credit Facilities may result in foreclosure on our collateral, which includes promissory notes, a first mortgage on the Company’s owned greenhouse controlled environment agriculture (high tech greenhouse) properties, and general security agreements over

our assets. We cannot give any assurance that (i) our lenders will agree to any covenant amendments or continue to waive any covenant breaches or defaults that may occur under the applicable debt instruments, or (ii) we could pay this debt if any of it became due prior to its stated due date. Accordingly, any default by us under our existing debt that is not

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waived by the applicable lenders could materially adversely impact our results of operations and financial results and may have a material adverse effect on the trading price of our Common Shares.

We have identified a material weakness in our internal controls over financial reporting relating to compliance with one expect that the cost of our debt covenants, which has been waived subsequent will increase as a result of higher interest rates.

We expect that higher interest rates will increase our cost of debt compared to year end. If prior years. Currently, we had failed to remediate forecast that the debt covenant incremental interest burden will be more than interest expense in a timely manner or at all, our liquidity and financial condition may be materially adversely affected, and in that case, our shareholders could lose confidence in our financial position and reporting, which would harm our business and could 2022. This will negatively impact the price of our Common Shares.

Section 404 of the Sarbanes-Oxley Act ("SOX 404") requires that our management assess operational cash flows and report annually on the effectiveness of our internal controls over financial reporting and identify any material weaknesses in our internal controls over

financial reporting. The Company became a large, accelerated filer at June 30, 2021 and accordingly, the Company has lost "emerging growth company" status. As such, SOX 404 requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal controls over financial reporting.

In connection with our management's assessment of internal controls over financial reporting as of December 31, 2021, we have identified a material weakness in our internal control over financial reporting related to the calculation of increase our debt covenants that resulted service costs, which will result in needing a higher EBITDA to cover our failure to identify a violation existing bank covenants. We have no visibility into the timing or extent of a debt coverage covenant as at December 31, 2021 in a timely manner. Although the lender has waived the debt covenant and there was no impact on the classification of the debt, or our December 31, 2021 financial statements, and we have a remediation plan to improve the review of the calculation of our debt covenants, as well as a plan to align our various debt coverage ratios between our debt financings, we can provide no assurance that, if we are in violation of any of our debt covenants interest rate decreases in the future our lenders will not accelerate repayment of our indebtedness and/or refuse to extend credit in the future. Accordingly, and accordingly, we may have difficulty gaining access continue to credit on commercially reasonable terms, which would have a material adverse effect on our liquidity and financial condition. experience increased cost of debt in future periods.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The existence of a material weakness creates a reasonable possibility that an error may not be prevented or detected in the Company's annual or interim financial statements on a timely basis. Accordingly, we concluded that our internal controls were not effective as of December 31, 2021.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; and in that case, our shareholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our Common Shares. While we believe that we have sufficient personnel and review procedures to allow us to remedy the above-mentioned material weaknesses and maintain an effective system of internal controls, we cannot assure you that we will not experience additional material weaknesses in our internal control. Even if we are able to remedy the outstanding material weakness and conclude that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"), because of its inherent limitations, our internal controls over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations, or cause us to fail to meet our future reporting obligations.

The process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with SOX 404 is costly and challenging, and we may not be able to complete evaluation, testing, and any required remediation in a timely fashion. If we fail to remedy the material weakness in a timely manner, or at all, and are unable to achieve adequate internal control over financial reporting in the future, we may not be able to produce reliable financial reports or help prevent fraud, which could prevent us from complying with our reporting obligations on a timely basis, which could result in the loss of investor confidence in the reliability of our consolidated financial statements, harm our business and negatively impact the trading price of our Common Shares.

We expect to incur ongoing costs and obligations related to infrastructure, growth, regulatory compliance, and operations for Pure Sunfarms. our Canadian Cannabis business.

Pure SunfarmsOur Canadian Cannabis business expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on our results of operations, financial condition, and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition. Our efforts to grow our business may be costlier than expected, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in these "Risk Factors", and unforeseen expenses, difficulties, complications and delays, and other unknown events.

Our operations require certain key inputs, including raw materials and energy, and we are subject to their costs and potential supply disruptions.

Our business is dependent on a number of key inputs and their related costs including raw materials, packaging materials and supplies related to our growing operations, as well as electricity, water, and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our business, financial condition, and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, and operating results. Our controlled environment agriculture operations consume considerable energy for heat and

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carbon dioxide production and are vulnerable to rising energy costs. Energy costs have shown volatility, which has and may continue to adversely impact our cost structure. Should the cost of energy rise, and should we face difficulties in sustaining price increases to offset the impact of increasing fuel costs, gross profit margins could be adversely impacted.

In addition, our Canadian cannabis cultivation operations consume considerable energy, making it vulnerable to rising energy costs and power outages. Rising or volatile energy costs may adversely impact our business, and our Canadian cannabis operations could be significantly affected by a prolonged power outage.

We may be unable to manage our growth successfully.

We may not be able to successfully manage our growth. Our growth strategy will place significant demands on our financial, operational and management resources. In order to continue our growth, we will need to add administrative, management and other personnel, and make additional investments in operations and systems. We may not be able to locate and train qualified personnel, or do so on a timely basis, or expand our operations and systems to the extent, and in the time, required.

In particular, we may not have the capacity to meet customer demand or to meet future demand when it arises in respect of our Canadian cannabis business and BHB's cannabinoid business. U.S. Cannabis businesses. In addition, delays in obtaining, or conditions imposed by, regulatory approvals and quality control and health concerns in respect of these businesses could have a negative effect on our growth strategy. If we cannot manage growth in these markets effectively, it may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

In addition, we will need to effectively execute on business opportunities and continue to build on and deploy corporate development and marketing assets as well as access sufficient new capital, as may be required. The ability to successfully complete acquisitions and to capitalize on other growth opportunities may redirect our limited resources. This may require us to commit substantial financial, operational, and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. There can be no assurance we will be able to respond adequately or quickly enough to the changing demands that material expansion of our business will impose on management, team members and existing operations and systems, and changes to our operating structure may result in increased costs or inefficiencies that we cannot anticipate. Changes as we grow may have a negative impact on our operations, and cost increases resulting from our inability to effectively manage our

growth could adversely impact our profitability. In addition, continued growth could also strain our ability to maintain reliable service levels for our clients, develop and approve our operational, financial and management controls, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel.

Failure to effectively manage our growth could result in difficulty or delays in servicing clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new products or applications or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations. There can be no assurance that we will effectively be able to manage our expanding operations, including any acquisitions, that our growth will result in profit, that we will be able to attract and retain sufficient management personnel necessary for growth or that we will be able to successfully make strategic investments or acquisitions.

In addition, acquisitions of additional businesses that we may pursue in the future may be financed wholly or partially with debt, which may temporarily increase our debt levels above industry standards. Any debt financing secured in the future could involve additional restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including other future potential acquisitions.

Our operations are subject to natural catastrophes.

Our operations may be adversely affected by severe weather including wind, snow, hail, and rain, which may result in our operations having reduced harvest yields due to lower light levels, or a more catastrophic event as occurred at our Marfa, Texas facilities on May 31, 2012, when we lost three of our operating greenhouses to a short but powerful hailstorm. Although we anticipate and factor in certain periods of lower than optimal light levels, extended periods of severe or unusual light levels may adversely impact our financial results due to higher costs and missed sales opportunities arising from reduced production yields.

From February 13-17, 2021, a major winter and ice storm with extremely cold temperatures impacted parts of the United States and Canada and in particular Texas. The unprecedented winter storm caused electricity demand in Texas to increase dramatically as Texas facilities were not built for such climate conditions. The storm caused major problems with sources of electricity, due to frozen wind turbines, natural gas production losses, and power generator outages, leading to a short-term situation in which demand vastly exceeded supply within the Texas power grid, which is not connected to the larger U.S. power grid. The loss of fuel supply and power generating capacity forced the Electric Reliability Council of Texas ("ERCOT"), the nonprofit grid operator, to declare an Energy Emergency Alert Level 3 and begin rotating power outages. Throughout the 5-day emergency period, the real-time price for electricity elevated to the maximum allowable price of $9,000 per MWh, which is more than 100 times higher than the prices observed in early February 2021 and historical February pricing. In order to mitigate future price instability, in winter months, the Company has we have initiated fixed contracts for a significant portion of its anticipated electricity requirements at all our Texas facilities. In addition, the Company we reassessed its our back-up systems to ensure that the greenhouses have enough capacity to produce the required electrical output if an outage occurs again in the future. While we maintain fixed contracts for a portion of our anticipated electricity requirements and have improved back-up systems, the impact of a future similar event may adversely impact our business operations and financial condition of the Company. condition.

Our business operations, some of which are located on the British Columbia coast, are located in an area that is geologically active and considered to be at risk from earthquakes and volcanic eruptions. Our earthquake and volcanic eruption deductible are 10% of our loss caused by the earthquake or volcanic eruption, subject to a maximum deductible of C$5,000,000. In addition, climate change over time is predicted to lead to changes in the frequency of storm events as well as their severity. We are unable to predict the impact of climate change on our business. Our Texas facilities, due to our claim in respect of the May 31, 2012 hailstorm, are also subject to high deductibles as well as a total

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claim limit that if all four facilities were simultaneously impacted by the same storm or catastrophic event may result is less than adequate coverage. While we maintain insurance coverage, we cannot predict that all potential insurable risks have been foreseen or that adequate coverage is maintained against known risks.

We may suffer from uninsured and underinsured losses.

We maintain insurance coverage in respect of our potential liabilities and the accidental loss of value of our assets from risks, in those amounts, with those insurers, and on those terms as we consider appropriate to purchase and which is readily available, taking into account all relevant factors including the practices of owners of similar assets and operations, as well as costs. However, not all risks are covered by insurance or the insurance may have high deductibles, and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis, or that the amounts of insurance will at all

times be sufficient to cover each and every loss or claim that may occur involving the assets or our operations and loss payments may not be as timely and responsive as our working capital needs require.

In particular, because Pure Sunfarms and Rose LifeScience are our Canadian Cannabis business is engaged in and operate within the cannabis industry, there are exclusions and additional difficulties and complexities associated with obtaining insurance coverage that could cause the Company us to suffer uninsured losses, which could adversely affect our business, results of operations, and profitability. Further, our insurance coverage is subject to coverage limits and exclusions and may not be available for the risks inherit in the business. If the Company we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, the Company we may be exposed to material uninsured liabilities that could impede liquidity, profitability, or solvency.

In addition, damage caused by an accidental or natural disaster to any or all of our key production facilities may result in significant replacement costs and loss of business that may not be fully recoverable or is subject to a high deductible (such as an earthquake or volcanic eruption in British Columbia) under any insurance policy. Furthermore, we do not carry crop loss insurance, and accordingly, we would have to bear the cost of any significant losses related to crop losses in the future.

Our operations require certain key inputs, including raw materials and energy, and we are subject to their costs and potential supply disruptions.

Our business is dependent on a number of key inputs and their related costs including raw materials, packaging materials and supplies related to our growing operations, as well as electricity, water, and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our business, financial condition, and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, and operating results. Our greenhouse operations consume considerable energy for heat and carbon dioxide production and are vulnerable to rising energy costs. Energy costs have shown volatility, which has and may continue to adversely impact our cost structure. Should the cost of energy rise, and should we face difficulties in sustaining price increases to offset the impact of increasing fuel costs, gross profit margins could be adversely impacted.

In addition, our Canadian cannabis cultivation operations consume considerable energy, making it vulnerable to rising energy costs and power outages. Rising or volatile energy costs may adversely impact our business, and our Canadian cannabis operations could be significantly affected by a prolonged power outage.

Our ability to compete and grow will be dependent on having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts, and components. No assurances can be given that we will be successful in maintaining the required supply of skilled labor, equipment, parts, and components. It is also possible that the expansion plans contemplated by Pure Sunfarms may cost more than anticipated, in which circumstance Pure Sunfarms may curtail, or extend timeframes for completing the expansion plans. This could have a material adverse effect on our financial results and operations.

Our business and operating results rely on effective quality control.

The quality and safety of our products are critical to the success of our business and operations. As such, it is imperative that our (and our service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although we strive to ensure that all of our service providers have implemented and adhered to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on our business and operating results.

We face risks related to cyber security attacks and other incidents.

Cyber security has become an increasingly problematic issue for issuers and businesses around the world, including us. Cyber security attacks against organizations of all sizes are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems. Our primary risk that could directly result from the occurrence of a cyber incident include operational interruption, damage to our reputation, damage to our business relationships, disclosure of confidential information regarding our employees and third parties with whom we interact, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, and litigation. We maintain cyber security insurance and have implemented processes, procedures, and controls to help mitigate these risks, but these measures, as well as our increased awareness of a risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident.

Our potential international expansion may heighten our operational risks.

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Any expansion by us into jurisdictions outside of Canada and the United States is subject to additional risks, including political, economic, legal, and other risks and uncertainties associated with operating in or exporting to these jurisdictions. These risks

and uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of cannabis, cannabis-based products, hemp, CBD, political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the cannabis, hemp and CBD businesses more generally.

Changes, if any, in the laws, regulations and policies relating to the advertising, production, sale and use of cannabis and cannabis-based products or in the general economic policies in these international jurisdictions, or shifts in political attitude related thereto, may adversely affect the operations or profitability related to international operations in these countries. Specifically, operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on advertising, production, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment, land and water use restrictions and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices could result in additional taxes, costs, civil or criminal fines or penalties or other expenses being levied, as well as other potential adverse consequences such as the loss of necessary permits or governmental approvals.

There can be no assurance that our previous, current or potential future acquisitions, investments or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have made, and may in the future make, acquisitions in and investments with third parties that we believe will complement or augment our existing business. Our ability to complete acquisitions is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions could present unforeseen integration obstacles or costs, may not enhance our business, and/or may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions. Acquisitions, investments or expansion of scope of existing relationships could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that our acquisitions, investments or expansion of scope of existing relationships will achieve the expected benefits to our business. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that future mergers, acquisitions, divestitures, alliances, joint ventures, investments or other strategic transactions will be consummated or have a positive impact on our business, prospects, financial condition, or results of operations.

Historically, the our senior management of the Company and the Company's board have been engaged in discussions surrounding the strategic direction of the Company in light of, among other things, the rapid growth and substantial changes in the cannabis industry and the other businesses in which we operate. As part of these discussions, our senior management of the Company and the Company's board from time to time have considered, and may consider in the future, various transactions in the context of its our long-term business plan, including mergers, acquisitions, divestitures, alliances, joint ventures, investments or other strategic transactions. The Company also has We have also been approached from time to time by parties wishing to discuss potential commercial or acquisition opportunities. In certain cases, the Company has we have entered into confidentiality agreements with third parties under which the Company we have provided certain non-public information to those parties.

We can provide no assurance that any such discussions will result in a transaction or that any such transaction ultimately will have a positive impact on our business, prospects, financial condition, or results of operations.

Our competitive position may be affected by technological advances. business and operating results rely on effective quality control.

Rapidly changing markets, technology, emerging industry standards The quality and frequent introduction safety of new our products characterize are critical to the success of our business particularly in the cannabis market. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render our cannabis products obsolete, less competitive, or less marketable. The process of developing our cannabis products is complex and requires significant continuing costs, development efforts and third-party commitments. If we fail to develop new technologies and products and address the obsolescence of existing technologies, our business, prospects, financial condition, results of operations and cash flows may be adversely affected. In addition, operations. As such, it is possible imperative that more economical or efficient greenhouse production technology than what we currently use will our (and our service providers') quality control systems operate effectively and successfully. Quality control systems can be developed, thereby potentially adversely affecting our competitive position.

We may be unable negatively impacted by potential design flaws, the quality training program, and adherence by employees to anticipate changes in our customer requirements for our cannabis that could make our existing technology obsolete. Our success will depend, in part, on our ability to continue to enhance our existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. quality control guidelines. Although we are committed strive to researching and developing new markets and products and improving existing products, there can be no assurances ensure that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed. The development all of our proprietary technology entails service providers have implemented and adhered to high caliber quality control systems, any significant technical and business risks, and may require significant continuing costs, development efforts and third-party commitments. We may not be successful in using new technologies failure or exploiting niche markets effectively or adapting our cannabis business to evolving customer or medical

requirements or preferences or emerging industry standards. This may deterioration of such quality control systems could have a material adverse effect on our business prospects, financial condition, results of operations and cash flows. operating results.

Our products may be subject to recalls.

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Manufacturers of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant number of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have put in place detailed procedures for testing our products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for products and could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada, the U.S. Food and Drug Administration ("FDA") and other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Any product recall affecting the cannabis industry more broadly, whether or not involving us, could also lead consumers to lose confidence in the safety and security of the products sold by entities licensed under the *Cannabis Act* generally, including the cannabis products sold by Pure Sunfarms and Rose LifeScience. our Canadian Cannabis business.

We are subject to face risks related to cyber security attacks and other incidents.

Cyber security has become an increasingly problematic issue for issuers and businesses around the world, including us. Cyber security attacks against organizations of all sizes are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. A cyber incident is considered to be any adverse

event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems. Our primary risk that could directly result from the occurrence of a cyber incident include operational interruption, damage to our reputation, damage to our business relationships, disclosure of confidential information regarding our employees and third parties with whom we interact, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, and litigation. We are also at risk of theft of propriety data for the purposes of extracting payment from for its return (ransomware attack). We maintain cyber security insurance and have implemented processes, procedures, and controls to help mitigate these risks, but these measures, as well as our customers. increased awareness of a risk of a cyber incident, do not guarantee that our financial results will not be negatively impacted by such an incident.

We accept payments using a variety***Our potential international expansion may increase our operational risks.***

Any expansion by us into jurisdictions outside of methods, including credit card, debit card, consumer invoicing, physical bank check Canada and payment upon delivery. As we offer new payment options to consumers, we may be the United States is subject to additional regulations, compliance requirements, fraud risks, including political, economic, legal, and other risks. For certain payment methods, including credit risks and debit cards, we pay interchange uncertainties associated with operating in or exporting to these jurisdictions. These risks and other fees, which uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of cannabis, cannabis-derived products, hemp, or CBD, political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the cannabis, hemp and CBD businesses more generally.

Changes, if any, in the laws, regulations and policies relating to the advertising, production, sale and use of cannabis and cannabis-based products or in the general economic policies in these international jurisdictions, or shifts in political attitude related thereto, may increase over time adversely affect the operations or profitability related to international operations in these countries. Specifically, operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on advertising, production, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment, land and raise our operating costs water use restrictions and lower profitability. We are also subject government policies rewarding contracts to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard ("PCI DSS") and rules governing electronic funds transfers, which could change local competitors or be reinterpreted requiring domestic producers or vendors to make it difficult for us to comply. purchase supplies from a particular jurisdiction. Failure to comply strictly with these rules applicable laws, regulations and local practices could result in additional taxes, costs, civil or requirements, criminal fines or penalties or other expenses being levied, as well as any breach, compromise, or failure to otherwise detect or prevent fraudulent activity involving our data security systems, could result in our being liable for card issuing banks' costs, subject to fines and higher transaction fees, and other potential adverse consequences such as the loss of our ability to accept credit necessary permits or governmental approvals.

Our competitive position may be affected by technological advances.

Rapidly changing markets, technology, emerging industry standards and debit card payments from our customers, process electronic funds transfers, or facilitate other types frequent introduction of online payments, and new products characterize our business, particularly in the cannabis market. The introduction of new products embodying new technologies, including new manufacturing processes, and operating results could be adversely affected.

Furthermore, as the emergence of new industry standards may render our business changes, we may be subject to different rules under existing standards, which may require new assessments which may increase cannabis products obsolete, less competitive, or less marketable. The process of developing our current compliance costs. In the future, as we offer new payment options to consumers, including by way of integrating emerging mobile cannabis products is complex and other payment methods, we may be subject to additional regulations, compliance requirements requires significant continuing costs, development efforts and fraud. third-party commitments. If we fail to comply

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with develop new technologies and products and address the rules obsolescence of existing technologies, our business, prospects, financial condition, results of operations and cash flows may be adversely affected. In addition, it is possible that more economical or efficient greenhouse production technology than what we currently use will be developed, thereby potentially adversely affecting our competitive position.

We may be unable to anticipate changes in our customer requirements of any provider of a payment method we accept or if a data breach occurs relating to for our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, cannabis that could make our existing technology obsolete. Our success will depend, in part, on our ability to accept credit card payments from consumers continue to enhance our existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Although we are committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or facilitate other types that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed. The development of online payments. our proprietary technology entails significant technical and business risks, and may require significant continuing costs, development efforts and third-party commitments. We are also subject may not be successful in using new technologies or exploiting niche markets effectively or adapting our cannabis business to evolving customer or voluntarily comply with other laws and regulations relating to payments, money laundering, international money transfers, privacy, data protection, data security, network security, consumer protection, and electronic fund transfers. If we were found to be in violation of applicable laws medical requirements or regulations, we could be subject to regulatory, civil preferences or criminal penalties, or lose the ability to provide certain services. If any of these events were to occur, emerging industry standards. This may have a material adverse effect on our business, prospects, financial condition, and results of operations could be materially and adversely affected. cash flows.

We face risks related to intellectual property.

The ownership, licensing and protection of trademarks and other intellectual property rights are significant aspects of our future success. It is possible that we will not be able to register, maintain registration for or enforce all of our intellectual property, including trademarks, in all key jurisdictions. The intellectual property registration process can be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner or may obtain intellectual property registrations which are invalid. It is also possible that we will fail to identify patentable aspects of inventions made in the course of their development and commercialization activities before it is too late to obtain patent protection for them. Further, changes in either intellectual property laws or interpretation of intellectual property laws in the U.S,

Canada and other countries may diminish the value of our intellectual property rights or narrow the scope of our intellectual property protection. As a result, our current or future intellectual property portfolio may not provide us with sufficient rights to protect our business, including our products, processes, and brands.

Termination or limitation of the scope of any intellectual property license may restrict or delay or eliminate our ability to develop and commercialize our products, which could adversely affect our business. We cannot guarantee that any third-party technology we license will not be unenforceable or licensed to our competitors or used by others. In the future, we may need to obtain licenses, renew existing license agreements in place at such time or otherwise replace existing technology. We are unable to predict whether these license agreements can be obtained or renewed, or the technology can be replaced on acceptable terms, or at all.

Unauthorized parties may attempt to replicate or otherwise obtain and use our products, brands, and technology. Policing the unauthorized use of our current or future trademarks, patents or other intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors, including parties such as unlicensed dispensaries and black-market participants, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of our trademarks or other intellectual property rights or other proprietary know-how, or those we license from others, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed; may be interpreted narrowly; or could put existing intellectual property applications at risk of not being issued.

In addition, other parties may claim that our products, or those it licenses from others, infringe on their intellectual property, including their proprietary or patent protected rights. Such claims, whether meritorious or not, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders, or require the payment of damages. As well, we may need to obtain licenses from third parties who allege that we have infringed on their lawful rights. Such licenses may not be available on terms acceptable to us, or at all. In addition, we may not be able to obtain or utilize on terms that are favorable to us, or at all, licenses, or other rights with respect to intellectual property that we do not own.

We also rely on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Our trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to, or be independently developed by competitors, which could adversely affect us.

INDUSTRY RISK FACTORS

The legal cannabis and hemp-derived CBD industries are relatively new, and we cannot predict whether they will continue to grow as anticipated.

As federal License Holders under the ***Cannabis Act***, Pure Sunfarms and Rose LifeScience are operating in the relatively new cannabis industry and market in Canada, and Balanced Health is operating in the relatively new hemp-derived cannabinoid industry and market. In addition to being subject to general business risks, we must continue to build brand awareness in these industries and market share through significant investments in our strategy, production capacity, quality assurance and compliance with regulations.

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Research in Canada, the United States and internationally regarding the health benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. Few clinical trials on the benefits of cannabis or isolated cannabinoids have been conducted. Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies currently favored, or could reach different or negative conclusions regarding the health benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for our cannabis and cannabinoid products.

Accordingly, there is no assurance that the cannabis and hemp-derived CBD industries and markets will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Furthermore, we can provide no assurance that cannabis will ever become federally legal in the United States. Any event or circumstance that adversely affects the cannabis and hemp-derived CBD industries could have a material adverse effect on our business, financial condition, and results of operations.

Our success depends on our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. There are many factors which could impact our ability to attract and retain customers, including but not limited to the ability to continually grow and distribute desirable produce and cannabis.

For Pure Sunfarms, Rose LifeScience and Balanced Health, the successful implementation of a customer acquisition plan and the continued growth in the aggregate number of potential customers are critical to the ability to attract and retain customers. Even if the products of our Canadian cannabis companies and Balanced Health achieve initial retail success, our long-term success is significantly dependent upon the ability to develop new and improved product lines. In addition, we can provide no assurance that campaigns to promote the products of Pure Sunfarms, Rose LifeScience and Balanced Health will be successful in attracting customers, and any such campaigns are heavily regulated and can entail significant expense. Our failure to acquire and retain customers and the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets, could have a material adverse effect on our business, operating results and financial condition.

Pure Sunfarms and Rose LifeScience may be affected by cannabis supply and demand fluctuations.

Entities licensed under the *Cannabis Act* have most recently and may continue to produce more cannabis than the current adult use demand. In order to meet the initial adult use demand, Pure Sunfarms, Rose LifeScience and other entities licensed under the *Cannabis Act* built special purpose cultivation facilities with additional production capacity to be licensed. Recently, due to oversupply within the industry, some Licensed Producers are reducing capacity by shuttering cultivation facilities. Adult use demand for cannabis products is dependent on a number of social, political, and economic factors that are beyond our control including the pace of new retail cannabis stores, which could be slowed by the impact of COVID-19. In addition, the initial demand that has been

experienced following legalization in Canada may not continue at comparable levels or may not be sustainable as a portion of such demand may have been a result of the novelty of legalization.

Currently, Pure Sunfarms, Rose LifeScience and other entities licensed under the ***Cannabis Act*** are producing more cannabis than is needed to satisfy the collective demand of the Canadian adult use markets. As a result, the available supply of cannabis exceeds demand, resulting in a significant decline in the market price for cannabis. If this continues, there is no assurance that Pure Sunfarms or Rose LifeScience would be able to generate sufficient revenue from the sale of adult use cannabis to be profitable. Ultimately, Canadian adult use market demand may not be sufficient to support our current or future products or business.

We may be negatively affected by unfavorable publicity, adverse scientific findings and/or negative consumer perception of cannabis.

We believe that the cannabis and CBD industries are highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis or CBD products distributed to consumers. Such categories of products having previously been commonly associated with various other narcotics, violence and criminal activities, there is a risk that our business might attract negative publicity. Perception of the cannabis or CBD industry and products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations or proceedings, regulatory enforcement activities, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in Canada and in other countries relating to the consumption of cannabis or cannabinoid products, including unexpected safety or efficacy concerns arising with respect to cannabis or cannabinoid products or the activities of industry participants.

There can be no assurance that future scientific research, findings, regulatory investigations or proceedings, regulatory enforcement activities, litigation, political statements, media attention or other research findings or publicity will be favorable to the cannabis or CBD markets or any particular cannabis or cannabinoid products or will be consistent with earlier publicity. Adverse future scientific research reports, findings, regulatory investigations or proceedings, and political statements, that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our Canadian cannabis or cannabinoid products. There is little long-term data with respect to unknown side effects and/or interaction with individual human biochemistry of various cannabis products. As a result, the cannabis or cannabinoid products of Pure Sunfarms, Rose LifeScience and Balanced Health could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis or CBD, Pure Sunfarms' current or future products, the use of cannabis or CBD for medical purposes or associating the consumption of cannabis or CBD with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis or cannabinoid products resulted from consumers' failure to use such products legally, appropriately, or as directed.

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There is also a risk that the actions of other entities licensed under the *Cannabis Act* or of companies and service providers in the cannabis or CBD industries may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views regarding our activities and the cannabis or CBD industries in general, whether true or not.

Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we or the cannabis or CBD industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to our overall ability to advance our projects, thereby having a material adverse impact on our financial performance, financial condition, cash flows and growth prospects.

We face significant competition in the cannabis industry.

Pure Sunfarms and Rose LifeScience face significant competition from individuals and business entities who are licensed under the *Cannabis Act* to participate in the adult-use cannabis industry. The *Cannabis Act* has established a licensing regime for the production, testing, packaging, labeling, delivery, transportation, distribution, sale, possession, and disposal of cannabis for adult use. While, pursuant to transitional provisions in the *Cannabis Regulations*, existing holders of licenses relating to medical cannabis under the former ACMPR have, subject to satisfying certain requirements, automatically been deemed licensed under the *Cannabis Act* for corresponding activities, other individuals and corporations are now able to apply for such licenses.

Subject to certain restrictions, the *Cannabis Act* allows adults to cultivate, propagate, harvest, and distribute up to four cannabis plants per household, provided that each plant meets certain requirements. Although there are barriers to personal cultivation, including the start-up costs of obtaining equipment and materials to produce cannabis, depending on the number of consumers who choose to pursue personal cultivation, there could be significant competition from individual growers for our Canadian cannabis segment products. If Pure Sunfarms or Rose LifeScience are unable to effectively compete with other suppliers to the adult use cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our

anticipated addressable market may be reduced, and could adversely affect our ability to meet our business and financial targets, and our results of operations may be adversely affected.

Pure Sunfarms and Rose LifeScience also face competition from existing entities licensed under the *Cannabis Act*. Certain of these competitors have significantly greater financial, production, marketing, research and development and technical and human resources than we do. As a result, our Canadian cannabis competitors may be more successful in gaining market penetration and market share. The commercial opportunity for Pure Sunfarms and Rose LifeScience in the adult use market could be reduced or eliminated if our competitors produce and commercialize products for the adult use market that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our Canadian cannabis products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our Canadian cannabis products and receive more favorable publicity than our Canadian cannabis products. If our Canadian cannabis adult use products do not achieve an adequate level of acceptance by the adult use market, the Company may not generate sufficient revenue from these products, and its adult use business may not sustain our profitability.

If the number of users of cannabis in Canada increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Pure Sunfarms will require a continued level of investment in research and development, marketing, sales, and client support. Pure Sunfarms may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect our business, financial condition, and results of operations.

Pure Sunfarms and Rose LifeScience also face competition from illegal cannabis operations that are continuing to sell cannabis to individuals, despite not having a valid license under the *Cannabis Regulations*. We do not expect the Canadian government to actively enforce current laws against the illegal cannabis operations, but rather over the course of time, the Canadian government expects legal operators to force the closure of the illegal cannabis operations due to economic factors. Furthermore, given the restrictions on regulated retail cannabis, including those related to the COVID-19 pandemic that caused retail shutdowns or restrictions, it is possible that legal cannabis consumers revert to the illicit market as a matter of convenience.

Increasing legalization of cannabis and rapid growth and consolidation in the cannabis and CBD industries may further intensify competition.

The cannabis and CBD industries are undergoing rapid growth and substantial change, and the legal landscape for recreational cannabis and CBD is rapidly changing internationally. An increasing number of jurisdictions globally are passing legislation allowing for the production and distribution of recreational cannabis and CBD in some form or another. Entry into the cannabis and cannabinoid market by international competitors might lower the demand for the products of Pure Sunfarms, Rose LifeScience and Balanced Health on a global scale.

The foregoing legalization and growth trends in the cannabis and CBD industries have resulted in an increase in competitors, consolidation and formation of strategic relationships. Such acquisitions or other consolidating transactions could harm us in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue, and market share, or forcing us to expend greater resources to meet new or additional competitive threats, all of which could harm our operating results. As competitors enter the market and become increasingly sophisticated, competition in the cannabis and CBD industries may intensify and place downward pressure on retail prices for products and services, which could negatively impact profitability.

Third parties with whom we contract may be concerned about their reputational risks in respect of cannabis.

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The parties with whom we do business, or would like to do business with, may perceive that they are exposed to reputational risk as a result of our business activities relating to cannabis, which could hinder our ability to establish or maintain business relationships. These perceptions relating to the cannabis industry may interfere with our relationship with service providers in United States and Canada, as well as other countries, particularly in the financial services and insurance industries.

Pure Sunfarms and Rose LifeScience are subject to cannabis-related security breaches, which could result in significant losses.

Given the nature of the products and the limited legal channels for distribution of Pure Sunfarms and Rose LifeScience, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft and other security breaches. A security breach at one of our facilities could result in a significant loss of available product and could expose us to additional liability under applicable regulations and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the products of Pure Sunfarms or Rose LifeScience, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our revenues may be impacted by fluctuating market prices for our products.

Our revenues will in large part be derived from the production, sale, and distribution of agriculturally based consumer goods – specifically tomatoes, peppers, cucumbers, cannabis and hemp-derived cannabinoids. The price of production, sale and distribution

of these goods will fluctuate widely primarily due to, the natural economic balance of demand versus supply, as well as the impact of numerous factors beyond our control including international, economic, and political trends, expectations of inflation, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effects of these factors on the price of our goods and, therefore, the economic viability of our business, cannot accurately be predicted and may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

The greenhouse vegetable, cannabis and CBD industries are highly competitive and sensitive to changes in demand and supply. The price of our products is affected by many factors including control of the distribution channel by large, big box retailers, quality and general economic conditions, all of which could have a material adverse effect on our results of operations and financial condition. Demand for our products is subject to fluctuations resulting from adverse changes in general economic conditions, evolving consumer preferences, nutritional and health-related concerns and public reaction to food spoilage or food contamination issues. General supply of all our goods is subject to fluctuations relating to weather, insects, plant disease and changes in greenhouse acreage. There can be no assurance that consumption will increase or that present consumption levels will be maintained. If consumer demand for our products decreases, our financial condition and results of operations may be materially adversely affected.

We face risks inherent in an agricultural business.

Our revenues are derived from the growing of agricultural products, including cannabis and produce. As such, we are subject to the risks inherent in an agricultural business, such as weather, insects, plant and seed diseases, shortage of qualified labor and similar agricultural risks, which may include crop losses, for which we are not insured. There can be no assurance that natural elements or labor issues will not have a material adverse effect on any such future production. Although our vegetables and Canadian cannabis products are grown in climate-controlled greenhouses, and we carefully monitor the growing conditions within our greenhouses and retain experienced production personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of these products. Any such agricultural risks could have a material adverse effect on our business, prospects, financial condition, results of operations and our cash flows.

In particular, cannabis plants can be vulnerable to various pathogens including bacteria, fungi, viruses, and other miscellaneous pathogens. Such instances often lead to reduced crop quality, reduced potency, stunted growth and/or death of the plant. Moreover, cannabis is phytoremediative, meaning that it may extract toxins or other undesirable chemicals or compounds from the ground in which it is planted. Various regulatory agencies have established maximum limits for pathogens, toxins, chemicals, and other compounds that may be present in agricultural materials. If the cannabis of Pure Sunfarms or Rose LifeScience is found to have levels of pathogens, toxins, chemicals or other undesirable compounds that exceed established limits, the Canadian cannabis product may not be suitable for commercialization and Pure Sunfarms or Rose LifeScience may have to destroy the applicable portions of our crops. Crops lost due to pathogens, toxins, chemicals, or other undesirable compounds may have a material adverse effect on our business and financial condition.

Our tomato plants are vulnerable to the tomato brown rugose fruit virus ("ToBRFV"). All of our tomato facilities have been negatively impacted by ToBRFV over the past several years. ToBRFV is an identified virus affecting tomatoes, peppers and possibly other plants. The seed is the most critical area to identify the virus as contamination creates the risk of spreading to thousands of plants, if not the entire growing facility. ToBRFV can be transmitted mechanically and spread between plants or on contaminated tools, clothes or hands and may not be able to be eradicated even with a complete facility clean out, including multiple sanitations with disinfectants known to be effective on the ToBRFV. ToBRFV may lead to leads reduced crop quality, quantity, ending a crop cycle early or result in the loss of an entire crop in one of our greenhouse facilities. In addition, delivery of tomato crops across the U.S.-Mexico and U.S.-Canada borders encounters additional inspections due to ToBRFV and those crops may be denied entry. Crops lost to ToBRFV may have a material adverse effect on our business and financial condition. Produce seed companies are in the process of developing tomato varieties that are resistant to ToBRFV; however, they are in the early stages of the development process and we can provide no assurance as to the

timing or effectiveness of such varieties. ToBRFV-resistant varieties will also need to be commercially viable with respect to yields and taste. It is expected that it will be several years before the negative impact of ToBRFV on the tomato industry is resolved and accordingly, our produce business may suffer in the meantime, which may have a material adverse effect on our results of operations.

The legal cannabis and hemp-derived CBD industries are relatively new, and we cannot predict whether they will continue to grow as anticipated.

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As federal License Holders under the Cannabis Act, our Canadian Cannabis business (specifically, Pure Sunfarms and Rose LifeScience) is operating in the relatively new cannabis industry and market in Canada, and our U.S. Cannabis business is operating in the relatively new hemp-derived CBD industry and market. In addition to being subject to general business risks, we must continue to build brand awareness in these industries and market share through significant investments in our strategy, production capacity, quality assurance and compliance with regulations. Research in Canada, the United States and internationally regarding the health benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. Few clinical trials on the benefits of cannabis or isolated cannabinoids have been conducted. Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies currently favored, or could reach different or negative conclusions regarding the health benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for our cannabis and cannabinoid products.

Accordingly, there is no assurance that the cannabis and hemp-derived CBD industries and markets will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Furthermore, we can provide no assurance that high-THC cannabis will ever become federally legal in the United States. Any event or circumstance that adversely affects the cannabis and hemp-derived CBD industries could have a material adverse effect on our business, financial condition, and results of operations.

Our Canadian Cannabis business may be affected by cannabis supply and demand fluctuations.

Entities licensed under the *Cannabis Act* have most recently and may continue to produce more cannabis than the current adult-use demand. In order to meet the initial adult-use demand, Pure Sunfarms, Rose LifeScience and other entities licensed under the *Cannabis Act* built special purpose cultivation facilities with additional production capacity to be licensed. Recently, due to oversupply within the industry, some Licensed Producers are reducing capacity by shuttering cultivation facilities and others are filing under the Companies' Creditors Arrangement Act of Canada. Adult use demand for cannabis products is dependent on a number of social, political, and economic factors that are beyond our control including the pace of new retail cannabis stores, which could be slowed by the impact of COVID-19. In addition, the initial demand that has been experienced following legalization in Canada may not continue at comparable levels or may not be sustainable as a portion of such demand may have been a result of the novelty of legalization.

Currently, Pure Sunfarms, Rose LifeScience and other entities licensed under the Cannabis Act are producing more cannabis than is needed to satisfy the collective demand of the Canadian adult-use markets. As a result, the available supply of cannabis exceeds demand, resulting in a significant decline in the market price for cannabis. If this continues, there is no assurance that Pure Sunfarms or Rose LifeScience would be able to generate sufficient revenue from the sale of adult-use cannabis to be profitable. Ultimately, Canadian adult-use market demand may not be sufficient to support our current or future products or business.

In addition, our Canadian Cannabis business competes against illicit cannabis producers who are not subject to the same tax regime, regulations and costs. Supply, often at lower prices, from non-licensed producers also impact market pricing and overall supply-demand dynamics.

We may be negatively affected by unfavorable publicity, adverse scientific findings and/or negative consumer perception of cannabis.

We believe that the cannabis and CBD industries are highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis or CBD products distributed to consumers. Such categories of products, having previously been commonly associated with various other narcotics, violence and criminal activities, there is a risk that our business might attract negative publicity. Perception of the cannabis or CBD industry and products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations or proceedings, regulatory enforcement activities, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in Canada and in other countries relating to the consumption of cannabis or cannabinoid products, including unexpected safety or efficacy concerns arising with respect to cannabis or cannabinoid products or the activities of industry participants.

There can be no assurance that future scientific research, findings, regulatory investigations or proceedings, regulatory enforcement activities, litigation, political statements, media attention or other research findings or publicity will be favorable to the cannabis or CBD markets or any particular cannabis or cannabinoid products or will be consistent with earlier publicity. Adverse future scientific research reports, findings, regulatory investigations or proceedings, and political statements, that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our Canadian cannabis or

cannabinoid products. There is little long-term data with respect to side effects and/or interaction with individual human biochemistry of various cannabis products. As a result, the cannabis or cannabinoid products of our Canadian and U.S. Cannabis businesses could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis or CBD, our Canadian and U.S. Cannabis business' current or future products, the use of cannabis or CBD for medical purposes or associating the consumption of cannabis or CBD with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis or cannabinoid products resulted from consumers' failure to use such products legally, appropriately, or as directed.

There is also a risk that the actions of other entities licensed under the Cannabis Act or of companies and service providers in the cannabis or CBD industries may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views regarding our activities and the cannabis or CBD industries in general, whether true or not.

Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we or the cannabis or CBD industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in

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developing and maintaining community relations and present an impediment to our overall ability to advance our projects, thereby having a material adverse impact on our financial performance, financial condition, cash flows and growth prospects.

We face significant competition in the cannabis industry.

Our Canadian Cannabis business faces significant competition from business entities and individuals who are licensed under the *Cannabis Act* to participate in the adult-use cannabis industry. The *Cannabis Act* has established a licensing regime for the production, testing, packaging, labeling, delivery, transportation, distribution, sale, possession, and disposal of cannabis for adult-use. Health Canada continues to accept and award new licenses under the *Cannabis Act* for all cannabis activities.

If Pure Sunfarms or Rose LifeScience are unable to effectively compete with other suppliers to the adult-use cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our anticipated addressable market may be reduced, and could adversely affect our ability to meet our business and financial targets, and our results of operations may be adversely affected.

Our Canadian Cannabis business also faces competition from existing entities licensed under the *Cannabis Act*. Certain of these competitors have significantly greater financial, production, marketing, research and development and technical and human resources than we do. As a result, our Canadian cannabis competitors may be more successful in gaining market penetration and market share. The commercial opportunity for our Canadian Cannabis business in the adult-use market could be reduced or eliminated if our competitors produce and commercialize products for the adult-use market that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our Canadian cannabis products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our Canadian cannabis products and receive more favorable publicity than our Canadian cannabis products. If our Canadian cannabis adult-use products do not achieve an adequate level of acceptance by the adult-use market, we may not generate sufficient revenue from these products, and our adult-use business may not sustain its profitability.

If the number of users of cannabis in Canada increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, our Canadian Cannabis business will require a continued level of investment in research and development, marketing, sales, and operations. Our Canadian Cannabis business may not have sufficient resources to maintain research and development, marketing, sales, and operations efforts on a competitive basis which could materially and adversely affect our business, financial condition, and results of operations.

Subject to certain restrictions, the *Cannabis Act* allows adults to cultivate, propagate, harvest, and distribute up to four cannabis plants per household, provided that each plant meets certain requirements. Although there are barriers to personal cultivation, including the start-up costs of obtaining equipment and materials to produce cannabis, depending on the number of consumers who choose to pursue personal cultivation, there could be significant competition from individual growers for our Canadian cannabis segment products.

Our Canadian Cannabis business also faces competition from illegal cannabis operations that are continuing to sell cannabis to individuals, despite not having a valid license under the Cannabis Regulations. We do not expect the Canadian government to actively enforce current laws against the illegal cannabis operations, but rather over the course of time, the Canadian government expects legal operators to force the closure of the illegal cannabis operations due to economic factors. Furthermore, given the restrictions on regulated retail cannabis as well as higher costs and taxes for regulated products, it is possible that legal cannabis consumers revert to the illicit market as a matter of convenience and/or price.

Increasing legalization of cannabis and rapid growth and consolidation in the cannabis and CBD industries may further intensify competition.

The cannabis and CBD industries are undergoing rapid growth and substantial change, and the legal landscape for recreational cannabis and CBD is rapidly changing internationally. An increasing number of jurisdictions globally are passing legislation allowing for the production and distribution of recreational cannabis and other cannabinoid-containing product, such as CBD, in some form. Entry into the cannabis and cannabinoid market in which we participate by international competitors, including that enabled by potential change in existing regulations restricting such entry, might increase competition and lower the demand for the products of Canadian and U.S. Cannabis businesses on a global scale.

The foregoing legalization and growth trends in the cannabis and CBD industries have resulted in an increase in competitors, consolidation and formation of strategic relationships. Such acquisitions or other consolidating transactions could harm us in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue, and market share, or forcing us to expend greater resources to meet new or additional competitive threats, all of which could harm our operating results. As competitors enter the market and become increasingly sophisticated, competition in the cannabis and CBD industries may intensify and place downward pressure on retail prices for products and services, which could negatively impact profitability.

Third parties with whom we contract may be concerned about their reputational risks in respect of cannabis.

The parties with whom we do business, or would like to do business with, may perceive that they are exposed to reputational risk as a result of our business activities relating to cannabis, which could hinder our ability to establish or maintain business relationships. These perceptions relating to the cannabis industry may interfere with our relationship with service providers in the United States and Canada, as well as other countries, particularly in the financial services and insurance industries.

Our Canadian and U.S. Cannabis businesses are subject to cannabis-related security breaches, which could result in significant losses.

Given the nature of the products and the limited legal channels for distribution of our Canadian and U.S. Cannabis business products, as well as the concentration of inventory in our facilities, despite meeting or exceeding regulatory security requirements (including those of Health Canada), there remains a risk of inventory shrinkage due to theft and other security breaches. A security breach at one of our facilities could result in a significant loss of available product and could expose us to additional liability under applicable

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regulations and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the products of Pure Sunfarms or Rose LifeScience, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our revenues may be impacted by fluctuating demand for our products.

Our revenues will in large part be derived from the production, sale, and distribution of agriculturally based consumer goods – specifically tomatoes, peppers, cucumbers, cannabis and hemp-derived cannabinoids. The price of production, sale and distribution of these goods will fluctuate widely primarily due to, the natural economic balance of demand versus supply, as well as the impact of numerous factors beyond our control including international, economic, and political trends, expectations of inflation, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effects of these factors on the price of our goods and, therefore, the economic viability of our business, cannot accurately be predicted and may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

The produce, cannabis and CBD industries are highly competitive and sensitive to changes in demand and supply. The price of our products is affected by many factors including control of the distribution channel by large, big box retailers (for produce), control of the distribution channel by provincial boards (for Canadian cannabis), quality and general economic conditions, all of which could have a material adverse effect on our results of operations and financial condition. Demand for our products is subject to fluctuations resulting from adverse changes in general economic conditions, evolving consumer preferences, nutritional and health-related concerns and public reaction to food spoilage or food contamination issues. General supply of all our goods is subject to fluctuations relating to weather, insects, plant disease and changes in greenhouse acreage. There can be no assurance that consumption will increase or that present consumption levels will be maintained. If consumer demand for our products decreases, our financial condition and results of operations may be materially adversely affected.

We may be negatively affected by the customer and vendor credit risk.

Because of the recent volatility in the nascent cannabis and CBD sector generally, certain customers and vendors of our Canadian and U.S. Cannabis businesses may encounter financial difficulties that could result in those entities being unable to collect some or all of their accounts receivable from their customers and possibly the inability to obtain certain products sourced outside of our own facilities.

Accordingly, we are subject to credit risk in relation to accounts receivable with the spot market, other wholesale or retail customers and LPs. Disputes with customers may arise in the future relating to the non-payment of accounts receivable and may escalate to litigation or other dispute resolution processes, which could be protracted, time consuming and expensive, and there can be no assurance that we will be successful in any such disputes. The foregoing could have a material adverse impact on our business, financial condition, results of operations and prospects.

We face risks associated with cross-border trade.

Our Canadian and U.S. produce is actively sold cross-border. In addition, we utilize third party suppliers to grow and distribute produce from Canada and Mexico. Markets in the United States, Canada and Mexico may be affected from time to time by trade rulings and the imposition of customs, duties, and other tariffs. There can be no assurance that our financial condition and results of operations will not be materially adversely affected by trade rulings and the imposition of customs duties or other tariffs in the future. Furthermore, there is no assurance that further trade actions will not be initiated by U.S. producers of greenhouse or field grown vegetables. Any prolonged disruption in the flow of our product across the U.S.-Canada and U.S-Mexico border could have an adverse effect on our financial condition and results of our produce operations.

Our Canadian Cannabis business exports certain products to international markets (currently Australia and Israel) and may export products to other international markets in the future. International markets are subject to substantially similar regulatory and international demand and supply risks that our Canadian cannabis business is subject to in Canada.

Retail consolidation in the markets in which we participate may negatively affect our operations and profitability.

Our top ten produce customers accounted for approximately 59% 56% and 65% 59% of total produce revenue for the years ended December 31, 2021 December 31, 2022 and 2020, 2021, respectively. As a result of continuing consolidation of the retail consolidation, grocery industry, our U.S. retail customers grow larger and become more sophisticated enabling them to demand lower pricing, special packaging or varieties as well as increased promotional programs. If we are unable to use our scale, marketing expertise and market leadership position to respond to these trends, such retail consolidation may have a material adverse effect on our financial condition and results of operations.

We may Our Canadian cannabis business is focused on recreational (adult-use) sales which are primarily sold through the various Provincial boards who are effectively the sole wholesaler in their respective Provinces. As such, we had a concentration of adult-use branded sales to our three biggest provincial boards for the years ended December 31, 2022 and 2021 of 93% and 94%, respectively. If we are unable to sell to these provincial boards in the future for any reason, we expect that our revenues would decline and our results of operations would be negatively affected, by and the customer credit risk of our customers.

In light of the recent volatility in the cannabis and CBD sector generally, certain customers of Pure Sunfarms, Rose LifeScience or Balanced Health customers may encounter financial difficulties that could result in those entities being unable to collect some or all of its accounts receivable from their customers. Accordingly, we are subject to credit risk in relation to accounts receivable with the spot market, other wholesale or retail customers and LPs. Disputes with customers may arise in the future relating to the non-payment of accounts receivable and may escalate to litigation or other dispute resolution processes, which could be protracted, time consuming and expensive, and there can be no assurance that we will be successful in any such disputes. The foregoing could have a material adverse impact on our business, financial condition, overall results of operations and prospects. could be material.

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LEGAL AND REGULATORY RISK FACTORS

Our cannabis operations in Canada require licenses to grow, store and sell cannabis.

Pure Sunfarms' and Rose LifeScience's ability to grow, store, sell and distribute cannabis in Canada is solely dependent on its ability to maintain licenses to cultivate and sell cannabis under the *Cannabis Act* (a "License") for each of the greenhouses at which it proposes to grow cannabis. Under the *Cannabis Act*, Pure Sunfarms and Rose LifeScience are required to obtain authorization for each licensable activity including cultivation, processing, testing, sale, and distribution. Once obtained, each License is subject to ongoing compliance and reporting requirements. Failure by Pure Sunfarms or Rose LifeScience to comply with the requirements of a License or to maintain such License would have a material adverse impact on our business, prospects, financial condition, results of operations and cash flows. Although we believe Pure Sunfarms and Rose LifeScience will obtain and maintain any required License and meet the requirements for extension of any License, there can be no guarantee that any License will be granted, extended, or renewed, or if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should a License not be granted, extended, or renewed or should it be renewed on different terms, our business, prospects, financial condition, results of the operation and cash flows would be materially adversely affected.

We cannot predict the time required to secure all appropriate regulatory approvals for the products and operations of Pure Sunfarms and Rose LifeScience, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain the necessary regulatory approvals will significantly delay the development of the markets and products for Pure Sunfarms and Rose LifeScience and could have a material adverse effect on our business, results of operations and financial condition.

Our cannabis operations in Canada are subject to laws, regulations and guidelines related to the cannabis industry.

The activities of Pure Sunfarms and Rose LifeScience are our Canadian Cannabis business is subject to various laws, regulations and guidelines by governmental authorities, particularly under the *Cannabis Act*, , relating to the cultivation, processing, manufacture, management, marketing, packaging/labelling, advertising, pricing, sale, distribution, transportation, storage, and disposal of cannabis, but also including laws and regulations relating to drugs, controlled substances, health and safety, insurance coverage, the conduct of operations and the protection of the environment, among other areas. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our Canadian cannabis activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on its products and services. We endeavor to comply with all

relevant laws, regulations, and guidelines. Health Canada inspectors routinely assess the facilities of Pure Sunfarms and Rose LifeScience our Canadian Cannabis business for compliance with applicable regulatory requirements. Furthermore, the import and export of its products from and into any jurisdiction is subject to the regulatory requirements of each such jurisdiction. To the best of our knowledge, we are in material compliance with all such laws, regulations and guidelines; however, any failure by Pure Sunfarms or Rose LifeScience to comply with the applicable regulatory requirements could lead to possible sanctions, including the revocation or imposition of additional conditions on licenses to operate its business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and/or the imposition of additional or more stringent inspection, testing and reporting requirements. Any of the foregoing could require extensive changes to the operations of Pure Sunfarms or Rose LifeScience; result in regulatory or agency proceedings or investigations, increased compliance costs, damage awards, civil or criminal fines or penalties or restrictions on its operations; harm our reputation or give rise to material liabilities or a revocation of the licenses and other permits of Pure Sunfarms or Rose LifeScience. There can be no assurance that any future regulatory or agency proceedings, investigations or audits will not result in substantial costs, a diversion of management's attention and resources or other adverse consequences to us and our business and may have material adverse effect on our results of operations and financial condition.

In addition, changes in regulations, government or judicial interpretation of regulations, or more vigorous enforcement thereof or other unanticipated events could require extensive changes to our Canadian cannabis operations, increase compliance costs or give rise to material liabilities or a revocation of its licenses and other permits, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, governmental authorities may change their administration, application, or enforcement procedures at any time, which may adversely impact our ongoing costs relating to regulatory compliance.

On April 13, 2017, the Government of Canada released Bill C-45, which proposed the enactment of the *Cannabis Act* to regulate the production, distribution, and sale of cannabis for recreational adult use. On November 27, 2017, the House of Commons passed Bill C-45. On June 19, 2018, the Senate approved Bill C-45 and the Act received Royal Assent on June 21, 2018. The

Cannabis Act came into force on October 17, 2018. On December 22, 2018, the Canadian federal government published draft regulations for edible cannabis, cannabis extracts, and cannabis topicals. On October 17, 2019, the *Cannabis Act* and *Cannabis Regulations* were amended to permit the production and sale of these new classes of cannabis.

In addition, the governments of every Canadian province and territory have, to varying degrees, established regulatory regimes for the distribution and sale of cannabis for adult use adult-use purposes within those jurisdictions. There is no guarantee that legislation respecting adult-use retail will remain unchanged or create the growth opportunities that we currently anticipate. As the laws continue to evolve, and the distribution models mature, there is no assurance that provincial and territorial legislation enacted for the purpose of regulating recreational cannabis will continue to allow, or be conducive to, our business model. Differences in provincial and territorial regulatory frameworks could result in, among other things, increased compliance costs, and increased supply costs. Any of the foregoing could result in a material adverse effect on our business, financial condition, and results of operations.

Additionally, although we do not have any federally prohibited cannabis-related operations in the United States, U.S., certain members of our management team and board of directors are located in the United States, U.S., and we may be subject to risks with respect to changes in cannabis regulation and enforcement in the United States. U.S..

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Any changes in the United States U.S. regulatory regime, or the scope and extent of the enforcement thereof, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Our cannabis operations in Canada are subject to marketing restrictions under the Cannabis Act.

The development of our Canadian cannabis business and operating results may be hindered by applicable restrictions on production, sales and marketing activities imposed on Pure Sunfarms, Rose LifeScience and other entities licensed under the *Cannabis Act* by Health Canada. All products distributed by Pure Sunfarms or Rose LifeScience into the Canadian adult use adult-use market need to comply with requirements under Canadian legislation, including with respect to product formats, product packaging and labelling, and marketing activities around such products. Among other restrictions, the *Cannabis Act* prohibits testimonials and endorsements, lifestyle branding, and promotion that is appealing to young persons. As such, the portfolio of brands and products for Pure Sunfarms and Rose LifeScience our Canadian Cannabis business must be specifically adapted, and our marketing activities carefully structured, to enable our Canadian cannabis operations to develop its brands in an effective and compliant manner. If Pure Sunfarms or Rose LifeScience are unable to effectively market cannabis products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for cannabis products, then our sales and operating results could be adversely affected.

Our cannabis operations in Canada are subject to Canadian supplier standards.

Government-run provincial and territorial distributors in Canada require suppliers to meet certain service and business standards, and routinely assess for compliance with such standards. Any failure by Pure Sunfarms or Rose LifeScience to comply with such standards could result in being downgraded, disqualified as a supplier, and could lead to the termination or cessation of orders under existing or future supply contracts. Further, provincial purchasers may terminate or cease ordering under existing contracts at their will. Any of these could severely impede or eliminate the ability of Pure Sunfarms or Rose LifeScience to access certain markets within Canada, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The ability of our Canadian cannabis companies to sell cannabis may be restricted by the Canadian Free Trade Agreement.

Article 1206 of the *Canadian Free Trade Agreement* specifically excludes the application of the agreement to cannabis for non-medical purposes. Article 1206 states that the provinces and territories of Canada shall commence negotiations regarding the application of the *Canada Free Trade Agreement* to cannabis for non-medical purposes following Royal Assent of federal legislation legalizing cannabis for non-medical purposes. There is a risk that the outcome of the negotiations will result in the interprovincial and

interterritorial trade of cannabis for non-medical purposes in Canada being entirely restricted or subject to conditions that will negatively impact the ability of Pure Sunfarms or Rose LifeScience to sell cannabis in other Canadian provinces and territories.

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business, financial condition, and results of operations.

We are subject to general business regulations and laws, as well as regulations and laws specifically governing the Internet and e-commerce. Existing and future regulations and laws could impede the growth of the Internet, e-commerce or mobile commerce, which could in turn adversely affect our growth. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection and Internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet or e-commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We provide no assurance that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities, customers, suppliers or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase

our costs of doing business, decrease the use of our website and mobile applications by consumers and suppliers and may result in the imposition of monetary liabilities. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. As a result, adverse developments with respect to these laws and regulations could substantially harm our business, financial condition, and results of operations.

Restricted access to banking, including anti-money laundering laws and regulations

In February 2014, the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN") issued the FinCEN Memorandum (which is not law) which provides guidance with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the executive branch. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, we may have limited or no access to banking or other financial services in the United States.

In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The FinCEN Memorandum states that in some circumstances, it may not be appropriate to

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prosecute banks that provide services to cannabis-related business for violations of federal money laundering laws. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memorandum. While the United States House of Representatives has passed the Secure and Fair Enforcement ("SAFE") Banking Act, which would permit commercial banks to offer services to cannabis companies that are in compliance with state law, it remains under consideration by the Senate, and if Congress fails to pass the SAFE Banking Act, the Company's inability, or limitations on the Company's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Changes in the laws, regulations and guidelines governing cannabis, U.S. hemp or CBD derived products may adversely impact our business.

Our current operations are subject to various laws, regulations and guidelines administered by governmental authorities in the U.S. and Canada relating to the marketing, acquisition, manufacture, packaging, labeling, management, transportation, storage, sale and disposal of cannabis or U.S. hemp but also including laws and regulations relating to health and safety, conduct of operations and the protection of the environment. Additionally, our growth strategy continues to evolve as regulations governing the cannabis, CBD and U.S. hemp in the jurisdictions in which we operate become more fully developed. Interpretation of these laws, rules and regulations and their application to our operations is ongoing. No assurance can be given that new laws, regulations and guidelines will not be enacted or that existing laws, regulations and guidelines will not be amended, repealed, interpreted or applied in a manner which could require extensive changes to our operations, increase compliance costs, give rise to material liabilities or a revocation of our licenses and other permits, restrict growth opportunities that we currently anticipate or otherwise limit or curtail our operations. Amendments to current laws, regulations and guidelines governing the production, sales and use of cannabis-based and CBD products, more stringent implementation of enforcement thereof or other unanticipated events, including changes in political conditions, regimes or political instability, currency controls, changes in taxation laws, restrictions on foreign exchange and repatriation between U.S. and Canada, governmental regulations relating to foreign investment and changes in the attitudes toward cannabis, are beyond our control

and could require extensive changes to our operations, which in turn may result in a material adverse effect on or business, financial condition and results of operations.

We may be subject to product liability claims.

As the cannabis products of Pure Sunfarms our Canadian and Rose LifeScience and the cannabinoid products of Balanced Health U.S. Cannabis businesses are designed to be ingested by humans, we face a risk of exposure to product liability claims, regulatory action and litigation if these products are alleged to have caused significant loss or injury. In addition, the sale of these products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of our cannabis and cannabinoid products alone or in combination with other medications or substances could occur. As a result, we may be subject to various product liability claims, including, among others, that our products caused injury or illness or that we provided inadequate instructions for use or inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. There can be no assurance that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our potential products.

In addition, as a producer of food products, we are subject to potential product liabilities connected with our operations and the marketing and distribution of these products, including liabilities and expenses associated with contaminated or unsafe products. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of contaminated or unsafety products. There can be no assurance that the insurance against all such potential liabilities we maintain will be adequate in all cases. In addition, even if a product liability claim was not successful or was not fully pursued, the negative publicity surrounding any such assertion could harm our reputation. The consequences of any of the foregoing events may have a material adverse effect on our financial condition and results of operations.

Our greenhouse produce business is subject to certain regulations.

Our greenhouse produce business is subject to extensive laws and regulations with respect to the production, handling, distribution, packaging and labelling of our products. Such laws, rules, regulations, and policies are administered by various federal, state, provincial, regional, and local health agencies and other governmental authorities. Changes to any of these laws and regulations could have a significant impact on us. There can be no assurance that we will be able to cost effectively comply with future laws and regulations. Our failure to comply with applicable laws and regulations may subject us to civil or regulatory proceedings, including fines, injunctions, recalls or seizures, which may have a material adverse effect on our financial condition and results of operations.

In addition, we voluntarily submit to guidelines set by certain private industry associations. Failure to comply with such guidelines or to adopt more stringent guidelines set by such associations in the future may result in lower sales in certain retail markets and may adversely affect our financial condition and results of operations. Among the regulations to which we are subject are those administered by the British Columbia Vegetable Marketing Commission ("BCVMC"). The BCVMC grants each licensed producer that it regulates an annual quota to produce specified products in a given year. The BCVMC also has the authority to set the prices at which a regulated product may be bought or sold in British Columbia. There can be no assurance that the BCVMC will not alter its quota allocation policy or that the BCVMC will not introduce pricing restrictions in a manner that could adversely affect our financial condition and results of operations. There can be no assurance that a modification of the current regulatory schemes will not have an adverse effect on our financial condition or results of operations.

Our marketing programs use customer information and other personal and confidential information as well as digital communications, which may subject us to liability if we misuse this information.

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Our current and future marketing programs may depend on our ability to collect, maintain, and use data and sensitive personal information on individuals, and our ability to do so is subject to evolving laws and enforcement trends in Canada and other jurisdictions. We strive to comply with all applicable laws and other legal obligations relating to privacy, data protection and consumer protection, including those relating to the use of medical information and data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with our practices or fail to be observed by our employees or business partners. If so, we may suffer damage to our reputation and become subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts to defend our practices, distract our management or otherwise have an adverse effect on our business.

Certain of our marketing practices may rely upon e-mail, social media, and other means of digital communication to communicate with consumers on our behalf. We may face risk if our use of e-mail, social media or other means of digital communication is found to violate applicable laws. We intend to post our privacy policy and practices concerning the use and disclosure of user data on our website. Any failure by us to comply with our posted privacy policy, anti-spam legislation or other privacy-related laws and regulations could result in proceedings which could potentially harm our business. In addition, as data privacy and marketing laws change, we may incur additional costs to ensure we remain in compliance. If applicable data privacy and marketing laws become more restrictive at the international, federal, provincial, or state levels, our compliance costs may increase, our ability to effectively engage customers via personalized marketing may decrease, our investment in its e-commerce platform may not be fully realized, our opportunities for growth may be curtailed by our compliance burden and our potential reputational harm or liability for security breaches may increase.

We are subject to environmental, health and safety, and other governmental regulations and we may incur material expenses in order to comply with these regulations.

Our operations are governed by a broad range of federal, state, provincial and local environmental, health and safety laws and regulations, permits, approvals, and common law and other requirements that impose obligations relating to, among other things: worker health and safety; the release of substances into the natural environment; the production, processing, preparation, handling, storage, transportation, disposal, and management of substances (including liquid and solid, non-hazardous and hazardous wastes and hazardous materials); and the prevention and remediation of environmental impacts such as the contamination of soil and water (including groundwater). Government approvals and permits are currently, and may in the future be, required in connection with our operations. To the extent such approvals are required and not obtained, our operations may be curtailed or enjoined, which may be for

an extended period of time, which could result in a reduction in our proposed levels of production or require abandonment or delays in development of our production facilities and otherwise negatively affect our growth. Our failure to comply with applicable laws, rules, regulations, and policies may subject us to civil or regulatory proceedings, including fines, injunctions, administrative orders, or seizures, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which may have a material adverse effect on our financial condition and results of operations. Also, as a result of the above requirements, our operations and ownership, management and control of property carry an inherent risk of environmental liability (including potential civil actions, compliance or remediation orders, fines, and other penalties), including with respect to the disposal

of waste and the ownership, management, control or use of transport vehicles and real estate. Compliance with all such laws and future changes to them may impose material costs on us. We have incurred and expect to continue to incur significant capital and operating expenditures to comply with such laws. Future discovery of previously unknown environmental issues, including contamination of property underlying or in the vicinity of our present or former properties or manufacturing facilities, could require us to incur material unforeseen expenses. All of these risks and related potential expenses may have a material adverse effect on our financial condition and results of operations.

In addition, environmental laws, rules and regulations in Canada and the United States is evolving in a manner which may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our compliance costs, result in future liabilities or otherwise have an adverse effect on our results of operations or financial condition.

We may experience environmental, health and safety incidents.

Our greenhouse facilities could experience incidents, malfunctions or other unplanned events that could result in discharges in excess of permitted levels resulting in personal injury, fines, penalties or other sanctions and property damage. We must maintain a number of environmental and other permits from various governmental authorities in order to operate. Failure to maintain compliance with these requirements could result in operational interruptions, fines or penalties, or the need to install potentially costly pollution control technology. Compliance with current and future environmental laws and regulations, which are likely to become more stringent over time, including those governing greenhouse gas emissions, may impose additional capital costs and financial expenditures, which could adversely affect operational results and profitability.

Our VF Hemp and Balanced Health businesses are U.S. Cannabis business is subject to FDA and USDA regulation.

Cannabinoids derived from hemp as defined in the 2018 Farm Bill are subject to various laws relating to health and safety. Specifically, CBD is governed by the U.S. Food Drug and Cosmetic Act (“FD&C Act”) as a drug. The FD&C Act is intended to assure the consumer that drugs and devices are safe and effective for their intended uses and that all labeling and packaging is truthful, informative, and not deceptive. The FD&C Act and FDA regulations define the term drug by reference to its intended use, as “articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease” and “articles (other than food) intended to affect the structure or any function of the body of man or other animals.” Therefore, almost any ingested or topical or injectable product that, through its label or labeling (including internet website, promotional pamphlets, and other marketing material), is claimed to be beneficial for such uses will be regulated by the FDA as a drug. The definition also includes components of drugs, such as active pharmaceutical ingredients. The FD&C Act defines cosmetics by their intended use, as “articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or

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otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance." See FD&C Act, sec. 201(i). Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, cleansing shampoos, permanent waves, hair colors and deodorants, as well as any substance intended for use as a component of a cosmetic product. Under the FD&C Act, cosmetic products, and ingredients with the exception of color additives do not require FDA approval before they go on the market. Drugs, however, must generally either receive premarket approval by the FDA through the New Drug Application ("NDA") process or conform to a "monograph" for a particular drug category, as established by the FDA's Over the Counter ("OTC") Drug Review.

CBD is an active ingredient in drug products that have been approved or authorized for investigation by the FDA and therefore, under FDA's current position, cannot be used in dietary supplements or as a food additive.

Laws and regulations governing the use of hemp in the U.S. are broad in scope, subject to evolving interpretations, and subject to enforcement by several regulatory agencies and law enforcement entities. Under the 2018 Farm Bill, a state that desires to have primary regulatory authority over the production of hemp in the state must submit a plan to monitor and regulate hemp production to the Secretary of the USDA. The Secretary must then approve the state plan after determining if the plan complies with the requirements set forth in the 2018 Farm Bill. The Secretary may also audit the state's compliance with the federally approved plan. If the Secretary does not approve the state's plan, then the production of hemp in that state will be subject to a plan established by the USDA. The USDA has not yet established such a plan. We believe that many states will seek to have primary regulatory authority over the production of hemp. States that seek such authority may create new laws and regulations that permit the use of hemp in food and beverages.

Federal and state laws and regulations on hemp may address production, monitoring, manufacturing, distribution, and laboratory testing to ensure that the hemp has a THC concentration of not more than 0.3%. Federal laws and regulations may also

address the transportation or shipment of hemp or hemp products, as the 2018 Farm Bill prohibits states from prohibiting the transportation or shipment of hemp or hemp products produced in accordance with that law through the state, as applicable.

Violations of these FDA and USDA regulations, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations, as well as adverse publicity and potential harm to our reputation.

The controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaping products, including vaporizer devices and/or products used within such devices (such as vaping liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaping liquids used with these devices - such as THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaping products. Some states, provinces, territories and municipalities in Canada and the United States have already taken steps to prohibit the sale or distribution of vaping products, restrict the sale and distribution of such products or impose restrictions on flavours or use of such vaporizers. This trend may continue, accelerate and expand.

This controversy could well extend to non-nicotine containing vaping devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaping products is ongoing and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

In Canada, vaping products that contain cannabis are regulated under the Cannabis Act, Cannabis Regulations and other laws and regulations of general application. Negative public sentiment may prompt regulators to decide to further limit or defer the industry's ability to sell cannabis vaporizer products, and may also diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories.

The provincial governments in Quebec, Alberta and Newfoundland and Labrador have imposed certain provincial regulatory restrictions on the sale of cannabis vape products, and Health Canada is seeking to limit the flavours of inhaled cannabis extracts. In June 2021, Health Canada opened a consultation into the use of flavours in inhaled cannabis extracts as it claims that the availability of flavours is one of the factors that contributes to the increase in cannabis vaping in youth and young adults. As part of this consultation, Health Canada released proposed regulations that contemplate prohibiting the production, sale, promotion, packaging and labelling of inhaled cannabis extracts from having a flavour, other than the flavour of cannabis. The proposed amendments would apply equally to inhaled cannabis extracts sold for medical and non-medical purposes. The consultation period closed in September 2021. If new regulations are enacted they would come into force 180 days from the day of registration, a date which has yet to be determined. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in the face of unexpected changes in market conditions.These actions, together with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products.

Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use.

Vaping products including, vaporizers, electronic cigarettes, vaping liquid and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If a consensus were to develop among the scientific or medical community that the use of any or all of these products pose long-term health risks, market demand for these products and their use could materially

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decline. Such a development could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on vaping products could have a material adverse effect on our business, results of operations and financial condition.

Our marketing programs use customer information and other personal and confidential information as well as digital communications, which may subject us to liability if we misuse this information.

Our current and future marketing programs may depend on our ability to collect, maintain, and use data and sensitive personal information on individuals, and our ability to do so is subject to evolving laws and enforcement trends in Canada and other jurisdictions. We strive to comply with all applicable laws and other legal obligations relating to privacy, data protection and consumer protection, including those relating to the use of medical information and data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with our practices or fail to be observed by our employees or business partners. If so, we may suffer damage to our reputation and become subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts to defend our practices, distract our management or otherwise have an adverse effect on our business.

Certain of our marketing practices may rely upon e-mail, social media, and other means of digital communication to communicate with consumers on our behalf. We may face risk if our use of e-mail, social media or other means of digital communication is found to violate applicable laws. We intend to post our privacy policy and practices concerning the use and

disclosure of user data on our website. Any failure by us to comply with our posted privacy policy, anti-spam legislation or other privacy-related laws and regulations could result in proceedings which could potentially harm our business. In addition, as data privacy and marketing laws change, we may incur additional costs to ensure we remain in compliance. If applicable data privacy and marketing laws become more restrictive at the international, federal, provincial, or state levels, our compliance costs may increase, our ability to effectively engage customers via personalized marketing may decrease, our investment in its e-commerce platform may not be fully realized, our opportunities for growth may be curtailed by our compliance burden and our potential reputational harm or liability for security breaches may increase.

LABOR and EMPLOYMENT RISK FACTORS

Our operations are dependent on labor availability.

Our operations are labor intensive, particularly during peak harvest months. In Canada, most of our labor is supplied by contract labor suppliers on short-term contracts and workers hired through the Seasonal Agriculture Workers Program. There can be no assurance that we will be able to source sufficient skilled laborers in the future. Recently, Previously, due to the COVID-19 pandemic, the Canadian government closed its borders to all foreign people, but subsequently, due to the negative impact on the Canadian agricultural industry, decided that foreign worker programs will would continue subject to new rules and regulations such as a mandatory 14-day quarantine period. Any disruption in the Canadian foreign worker program could have a detrimental impact on our ability to cultivate fresh produce.

In the case of the facilities in west Texas, a significant portion of our labor are documented workers residing in Mexico who cross the U.S. border on a daily basis into Texas. Recently, In 2020, as a response to the COVID-19 pandemic, the U.S. government has closed the U.S.-Mexico border but has determined that agricultural workers are essential. were essential, and we have not had any disruption to our Mexican labor force. Section 218 of the *Immigration and Nationality Act* authorizes the lawful admission into the United States of temporary, nonimmigrant workers (H-2A workers) to perform agricultural labor or services of a temporary or seasonal nature. In late 2020, we began utilizing We use H-2A workers to assist in fulfilling some of our labor needs in Texas. The H-2A workers have a mandated state-level minimum wage and we pay for some additional worker costs, such as transportation to/from our facilities, housing and visa expenses. Any disruption in the H2-A foreign worker program could have a detrimental impact on our ability to cultivate fresh produce. There can be no assurance that we would be able to continue our Texas operations without our Mexican workforce, if any decision is made to close the U.S./Mexico border permanently or temporarily.

In addition, we are situated in the Texas oil "oil and gas patch patch" and finding and retaining farm workers at affordable rates is an ongoing challenge. Any shortage of such labor could restrict our ability to operate our greenhouses profitably, or at all.

Efforts by labor unions to organize our employees could divert management attention away from regular day-to-day operations and increase our operating expenses. Labor unions may make attempts to organize our non-unionized employees. We are not aware of any activities relating to union organizations at any of our greenhouse facilities. We cannot predict which, if any, groups of employees may seek union representation in the future or the outcome of any collective bargaining. If we are unable to negotiate acceptable collective bargaining agreements, we may have to wait through "cooling off" periods, which are often followed by union-initiated work stoppages, including strikes. Depending on the type and duration of any work stoppage, our operating expenses could increase significantly, which could have a material adverse effect on our financial condition, results of operations and cash flows.

We may be negatively affected by the use of third-party transportation services for our products.

Due to the perishable and premium nature of our produce products, we depend on fast and efficient road transportation to distribute our products. Any prolonged disruption of this transportation network could have an adverse effect on our financial condition and results of operations. In addition, the use of third-party transportation services can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by us. Any delay by third party transportation services may adversely affect our financial performance. In addition, rising costs associated with third-party transportation services used by our produce business to ship our products may also adversely impact our profitability, and more generally our business, financial condition, results of operations and prospects.

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Canadian adult use adult-use distribution rules take various forms on a province-by-province basis and often require our cannabis business to employ third parties to deliver to central government sites. Any prolonged disruption of third-party transportation services could have a material adverse effect on our Canadian cannabis sales volumes or end- users' satisfaction with the products of Pure Sunfarms or Rose LifeScience. Rising costs associated with third-party transportation services used by Pure Sunfarms or Rose LifeScience to ship our products may also adversely impact our profitability, and more generally our business, financial condition, results of operations and prospects.

Moreover, security of the product during transportation to and from our Canadian cannabis facilities is critical due to the nature of the product. A breach of security during transport could impact our future ability to continue operating under our Licenses or the prospect of renewing our Licenses and could have a material adverse effect on our business and results of operations.

We rely on third-party distributors.

We may rely on third-party distributors for the distribution of our products. We rely on third-party distributors to transport and distribute produce from Texas, Mexico and Canada to our distribution centers and directly to customers. In addition, Pure Sunfarms and Rose LifeScience rely our Canadian Cannabis business relies on Canadian provincial regulatory boards and private retailers and may in the future rely on other third parties, to distribute cannabis products. If these distributors do not successfully carry out their contractual duties, if there is a delay or interruption in the distribution of our products or if these third parties damage our products, it could negatively impact our

revenue from product sales. Any damage to our products, such as product spoilage, could expose us to potential product liability, damage our reputation and otherwise harm our business.

Our operations depend on our key executives.

We depend heavily on each member of our management team and the departure of a member of management could cause our operating results to suffer. We maintain a "key man" person" insurance policies policy on one member of our management team. Our future success will depend on, among other things, our ability to keep the services of these this key executives and to hire other highly qualified employees at all levels. We compete with other potential employers for employees, and we may not be successful in hiring and retaining the services of executives and other employees that we require. The loss of the services of, or our inability to hire, executives or key employees could hinder our business operations and growth.

In addition, our Canadian cannabis segment business is dependent on its ability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of our Canadian cannabis segment, results of operations of the business and could limit our ability to develop and market our cannabis-related products. The loss of any of Canadian cannabis senior management or key employees could materially adversely affect the Company's our ability to execute our business plan and strategy, and our Canadian cannabis businesses may not be able to find adequate replacements on a timely basis, or at all.

Further, each director and officer of a company that holds a license for cultivation, processing or sale under the *Cannabis Regulations* is subject to the requirement to obtain and maintain a security clearance under the *Cannabis Regulations*. Regulations. Certain additional key personnel are also required to obtain and maintain a security clearance. Under the *Cannabis Regulations*, , a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of the existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an individual in a key operational position to maintain or renew his or her security clearance could result in a reduction or complete suspension of Pure Sunfarms' operations.

TAX RISK FACTORS

If we are the Company is classified as a PFIC passive foreign investment company ("PFIC") for U.S. federal income tax purposes, certain generally adverse U.S. federal income tax consequences could apply to U.S. investors.

IfIn general, a non-U.S. corporation will be a PFIC if (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of its assets produce, or are held for the production of, passive income. Based on the Company's current and expected income, assets, and activities, we do not expect the Company is classified as a PFIC for U.S. federal income tax purposes, certain generally adverse U.S. federal income tax consequences could apply to U.S. investors. The Company generally will be classified as a PFIC for any the current taxable year or in the foreseeable future. However, the PFIC determination is made annually at the end of each taxable year and depends on a number of factors, some of which its passive income or are beyond the Company's control, including the value of its assets that produce passive income exceed certain thresholds. If and the Company were a PFIC for any year during the holding period amount and type of a U.S. Holder (as defined below) of Common Shares, then such holder generally would be required to treat any gain realized upon a disposition of Common Shares, or any "excess distribution" received on its Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distribution, unless the holder were to make certain elections, to the extent available, in a timely and effective manner. The Company is not classified as a PFIC in 2021 but we cannot guarantee that the Company will not be classified as a PFIC in future years. PFIC status is determined annually and is based on a corporation's income, assets and activities. Moreover, the determination as to whether any corporation was, or will be, a PFIC for a particular taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations and uncertainty. income. Accordingly, there can be no assurance that the Company will not be classified as a PFIC for any future taxable year. Each year or that the Internal Revenue Service ("IRS") will agree with our belief regarding the Company's PFIC status. If the Company were classified as a PFIC, a U.S. Holder is person who owns Common Shares could be subject to adverse tax consequences, including a greater tax liability than might otherwise apply, an interest charge on certain taxes deemed deferred as a result of the Company's non-U.S. status, and additional U.S. tax filing obligations, regardless of the number of Common

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Shares owned. Certain elections might be available to mitigate the foregoing adverse tax consequences. U.S. investors are urged to consult its their own tax adviser advisers regarding the PFIC status implications of the Company. As used herein, the term "U.S. Holder" means any beneficial owner of PFIC rules for an investment in Common Shares who, for U.S. federal income tax purposes, is: (i) a citizen or individual resident of the United States; (ii) a corporation (or other entity classified as a corporation for U.S. federal tax purposes) organized under the laws of the United States or of any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source, and (iv) a trust (A) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) that has elected to be treated as a U.S. person under applicable Treasury Regulations. Shares.

VF Canada GP and VF Canada LP may be deemed to maintain a U.S. permanent establishment for tax purposes.

Under the Canada U.S. Canada-U.S. Income Tax Convention, a Canadian resident will be subject the United States is permitted to U.S. income taxation with respect to tax the business profits of such a Canadian resident that are attributable to a permanent establishment ("PE") of such that Canadian resident located in the United States. A Canadian resident generally will be treated as maintaining a PE in the United States if, among other situations, an agent of the Canadian resident (other than an independent agent acting in the ordinary course of its business) has, and habitually exercises in the United States, the authority to conclude contracts in the name of the Canadian resident.

Due to the cross-border activity of certain of our employees, the United States may deem VF Canada GP and VF Canada LP to maintain a U.S. PE. In the event that such a U.S. PE is deemed to exist, case, VF Canada GP and VF Canada LP generally will would be required to file U.S. federal income tax

returns and will would be subject to U.S. federal net income tax with respect to the their business profits allocable attributable to such PE. These tax consequences could have a material adverse effect on our business, financial condition, and results of operations.

Changes in tax treatment of companies engaged in e-commerce may adversely could materially affect the commercial use of our website and our financial results. condition and results of operations.

On June 21, 2018, theBecause we engage in e-commerce activity, we may face an increased exposure to tax liability. The U.S. Supreme Court addressed the taxation of the United States overturned a prior decision under which e-commerce retailers had not been required to collect sales tax unless they had a physical presence in the buyer's state. As a result of the South Dakota v. Wayfair Inc. ruling, , holding that a state may now enforce or adopt laws requiring that require an e-commerce retailers retailer to collect and remit sales tax, even if the e-commerce retailer has no physical presence within the taxing state. In response, an increasing number of states have adopted or are considering adopting laws or administrative practices that impose sales or similar value added value-added or consumption taxes on e-commerce activity, as well as taxes on all or a portion of gross revenue or other similar amounts earned by an e-commerce retailer from sales to customers in the state. If any state were to assert liability for sales tax for prior periods and seek to collect such tax in arrears and/or impose penalties for past non-payment of taxes, it could have an adverse effect on us. New legislation or regulations, the application of laws and regulations from by various taxing jurisdictions, including other countries whose laws do not currently apply to our business, or the application of existing laws and regulations to the Internet and commercial online services could similarly result in significant additional taxes on our business. These taxes or tax collection obligations could have an adverse effect on us, including by way of creating additional administrative burdens on us. As a result, our effective income tax rate, as well as the cost and growth of our business could be materially and adversely affected, which could in turn have a material adverse effect on our financial condition and results of operations. Furthermore, there is a possibility that we may be subject to significant fines or other payments for any failures failure to comply with these requirements.

We are also subject to U.S. federal and state laws, regulations, and administrative practices that require us to collect information from our customers, vendors, merchants, and other third parties for tax reporting purposes and report such information to various government agencies. The scope of such requirements continues to expand, requiring us to develop and implement new compliance systems. Failure The failure to comply with such laws and regulations could result in significant penalties. We cannot predict the effect of current attempts to impose sales, income, or other taxes on e-commerce. New or revised modified taxes would likely could increase the cost of doing business online and decrease the attractiveness of selling products over the Internet. New taxes could also create significant increases in internal significantly increase our costs necessary to capture data of capturing date and collect collecting and remit remitting taxes. Any of these events consequences could have a material adverse effect on our business, financial condition, and results of operations.

The IRS may assert that the Advances by VF Opco to U.S. Holdings was equity in the U.S. borrower for income tax purposes.

In connection with the completion of the Combination Transaction, VF Opco loaned approximately C$20,000,000 to U.S. Holdings (the "Advances"). As of December 31, 2021, the Advances stood at US$25,326,186. U.S. Holdings has claimed interest deductions with respect to the interest paid on the Advances in computing its income for U.S. federal income tax purposes. There can be no assurance that the IRS will not assert that any portion of the Advances was equity in the U.S. borrower for U.S. federal income tax purposes. If the IRS were successful in this assertion, payments made by U.S. Holdings on such Advances would be treated as non-deductible distributions paid by U.S. Holdings to VF Opco and subject to U.S. federal withholding taxes. The Company anticipates that the amount of any such withholding taxes, net of positive tax consequences that may arise from related circumstances, will not be material. In addition, the deductibility of interest paid or accrued***We may be subject exposed to various limitations. The Company anticipates that the amount of interest charged on such Advances that might otherwise be claimed as a deduction, will not be material. transfer pricing risks.***

The IRS and the Canada Revenue Agency may challenge our transfer pricing.

Pursuant to an annualUnder sales agreement, agreements, VF Opco has agreed to sell some of its produce inventory to Village Farms, L.P. ("VFLP") for resale in the United States, as well as and VFLP has agreed to sell some of its inventory to VF Opco for resale in Canada. VF Opco and VFLP take the position that We believe the amounts charged by VF Opco and VFLP for such inventory represent pursuant to these sales agreement reflect the fair market value of the goods sold. The However, no assurance can be given in this regard. Based on certain transfer pricing rules, the IRS or and the Canada Revenue Agency have, in the past, and may, in the future, challenge the pricing such

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amounts as differing from those that would have been charged between persons dealing at arm's length. This could result in more tax (and penalties and interest) being in excess due, which could have a material adverse effect on our business, financial condition, and results of fair market value. If the IRS or the Canada Revenue Agency were successful in challenging the pricing, VFLP's U.S. or Canadian taxable income could be increased. The consequences being a higher overall effective tax rate, as well as the potential for higher tax payments. operations.

U.S. Holdings may be considered a treated as U.S. real property holding corporation which may result in income and withholding taxes with respect to a distribution by U.S. Holdings to VF Opco.

If U.S. Holdings is, or has been within the prior five years, a United States real property holding corporation as defined under section 897 of the Internal Revenue Code, any portion of a distribution by U.S. Holdings to VF Opco which is treated as a gain for U.S. federal income tax purpose would purposes, which could cause VF Opco to be subject to United States U.S. federal income tax.

If U.S. Holdings is treated as a "United States real property holding corporation" for U.S. federal income tax purposes, then VF Opco could be subject to U.S. federal net income tax on the portion of a distribution from U.S. Holdings treated as a gain, which could have a material adverse effect on our business, financial condition, and withholding taxes. results of operations.

COMMON SHARES RISK FACTORS

Our market price of our Common Shares has been and is likely to continue to be volatile and an investment in our Common Shares could suffer a decline in value.

You should consider an investment in our Common Shares as risky and invest only if you can withstand a significant loss and wide fluctuations in the market value of your investment. The market price of our Common Shares has been highly volatile and is likely to continue to be volatile. This leads to a heightened risk of securities litigation pertaining to such volatility. Factors affecting our Common Share price include but are not limited to: (i) our ability to operate in the U.S. and Canada under the circumstances of the

ongoing and developing COVID-19 pandemic; (ii) our ability to continue as a going concern; (iii) (ii) general market conditions; (iv) (iii) our ability to raise additional capital and/or secure additional financing; (v) financing on acceptable terms,or at all; (iv) market and/or industry developments in produce, cannabis or hemp that may directly or indirectly affect us; (vi) (v) regulatory and legislative developments, particularly with respect to cannabis and/or CBD, in Canada, the United States or elsewhere to the extent applicable; (vi) our ability to operate in the U.S. and Canada under the circumstances of current economic conditions, including as a result of rising interest rates, inflation and the ongoing and developing COVID-19 pandemic; (vii) potentially unfavorable report published reports by securities analysts;

(viii) public concern as to the safety of the products that we and our competitors develop; and (ix) fluctuations of shareholder interest in our Common Shares.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if the Company's our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company's our operations and the trading price of the Common Shares may be materially adversely affected.

Future issuances or sales of our Common Shares by us or by our shareholders could cause our share price to fall.

The issuance of Common Shares by us could will result in significant dilution in the equity interest of existing shareholders and adversely affect the market price of our Common Shares. For example, in January 2023 we completed the 2023 Equity Offering in which we issued an aggregate of 18,350,000 Common Shares as well as Common Warrants to purchase an additional 18,350,000 Common Shares, each exercisable at $1.65 per Common Warrant and will be exercisable commencing in July 2023. Also, in August 2022, we filed a prospectus supplement providing for an ATM. During 2022 we issued 3,175,000 Common Shares generating equity proceeds of US$6.9 million, and we may continue to issue additional Common Shares under the ATM in the future, up to a maximum of $50 million of Common Shares.

In addition, the issuance of Common Shares by us in connection with acquisitions or strategic alliances, or the perception that such additional issuances or sales could occur, could cause the market price of our Common Shares to decline and could have an undesirable impact on our ability to raise capital in the future.

Additionally, sales by existing shareholders of a large number of our Common Shares in the public market could also disrupt the market price of our Common Shares. For example, in August 2021 June 2022 we filed a prospectus supplement providing for resales from time to time of up to 4,707,113 3,802,055 Common Shares that were issued to the sellers of Balanced Health and we are required to file a similar resale prospectus in respect of up to 2,411,280 Common Shares that were issued to the sellers of Rose LifeScience in November 2021. LifeScience. We cannot predict the timing or volume of sales of Common Shares by the selling shareholders under these prospectuses this prospectus or the impact it such resales may have on our share price.

There is no assurance that we will continue to meet the listing standards of the Nasdaq.

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We must meet continuing listing standards to maintain the listing of our Common Shares on the Nasdaq. If we fail to comply with listing standards and the Nasdaq delists our Common Shares, we and our shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for our Common Shares; (ii) reduced liquidity for our Common Shares; (iii) a determination that our Common Shares are "penny stock", which would require brokers trading in the Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares; (iv) a limited amount of news and analyst coverage of us; and (v) a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future. In particular, if we do not maintain a minimum share price of $1 per share for a period of 30 consecutive trading days, we could receive a notice of delisting from Nasdaq. In such circumstances, we would attempt to regain compliance in accordance with applicable grace periods and/or compliance plans in accordance with Nasdaq's requirements; however, we can provide no assurance that we would not be delisted from Nasdaq in the future.

As a public company, we are subject to evolving corporate governance and public disclosure regulations that may from time to time increase both our compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

Certain Canadian laws could delay or deter a change of control.

Limitations on the ability to acquire and hold our Common Shares may be imposed by the *Competition Act*in Canada. This legislation permits the Commissioner of Competition of Canada to review any acquisition of a significant interest in us. This legislation grants the Commissioner jurisdiction to challenge such an acquisition before the Canadian Competition Tribunal if the Commissioner believes that it would, or would be likely to, result in a substantial lessening or prevention of competition in any market in Canada. The *Investment Canada Act* subjects an acquisition of control of a company by a non-Canadian to government review if the value of our assets, as calculated pursuant to the legislation, exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to result in a net benefit to Canada. Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

The exercise of all or any number of outstanding stock options, the award of any additional options, restricted stock units or other stock-based awards or any issuance of shares to raise funds or acquire a business may dilute your Common Shares.

We have in the past and may in the future grant, to some or all of our directors, officers and employees, options to purchase our Common Shares and other stock-based awards as non-cash incentives to those persons. As of February 25, 2022, March 6, 2023 there were 3,462,558 6,151,854 Common Shares issuable upon exercise of outstanding options at a weighted-average exercise price of US$6.29 $4.14 per share; 189,000 Common Shares issuable upon achievement of employment-related performance goals; 5,201,835 4,161,317 Common Shares reserved and available for issuance upon exercise of additional options and other stock-based awards that may be granted in the future under our equity compensation plans; and 1,509,433 Common Shares issuable upon exercise of outstanding warrants at an exercise price of US$5.80 per share. plans. The issuance of additional Common Shares upon exercise of outstanding options, warrants and other convertible securities will cause our existing shareholders to experience dilution of their ownership interests.

Any additional issuances of Common Shares or a decision to acquire other businesses through the sale or issuance of equity securities may dilute our investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are issued. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of our Common Shares or a change in control.

We do not expect to pay dividends for the foreseeable future.

We have not paid any cash dividends to date, and we do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest future earnings, if any, in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their Common Shares, and shareholders may be unable to sell their shares on favorable terms or at

all. We cannot assure you of a positive return on investment or that you will not lose the entire amount of your investment in our Common Shares. Prospective investors seeking or needing dividend income or liquidity, or who cannot afford to lose the entire amount of their investment in our Common Shares, should not purchase our Common Shares.

GENERAL RISK FACTORS

Inflation may continue to rise and increase our operating costs.

For the year ended December 2022, the US Bureau of Labor and Statistics reported that inflation increased 6.5 percent as against prices from December 2021. Rising inflation affects our cultivation costs, distribution costs and operating expenses. We believe that volatile prices for commodities have impacted our operating results. We maintain strategies to mitigate the impact of higher raw material, energy and commodity costs, which include cost reduction, sourcing, passing along certain cost increases to customers and other actions, which may help to offset a portion of the adverse impact.

Our business may be subject to disruptions as a result of COVID-19 pandemic.

The ongoing COVID-19 pandemic has caused a broad impact globally. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, the pandemic and any resulting recession or economic slowdown (particularly in Canada and/or in the United States) could reduce our productive capacity, labor availability (see "Our operations are dependent on labor availability" above) and operations generally, may reduce demand for our products (see "our Canadian Cannabis business may be affected by cannabis supply and demand fluctuations" above) and could overall affect our ability to return to profitability. In addition, any significant disruption of global financial markets, reducing our ability to access capital or our Credit Facilities (as defined in Liquidity and Capital Resources above), could negatively affect our liquidity. Any

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of the foregoing effects from the COVID-19 pandemic could materially adversely affect our business, prospects and future results of operations, and the value of our Common Shares.

Given the ongoing and dynamic nature of the COVID-19 pandemic, we cannot predict the extent to which COVID-19 will impact our financial results and operations in the future, and our results may be materially adversely affected by COVID-19 in 2022.We continue to closely monitor COVID-19 with a focus on the jurisdictions in which we operate (including our subsidiaries). It is our priority to safeguard the health and safety of our personnel, support and enforce government actions to slow the spread of COVID-19, and continually assess and mitigate the risks to our business operations. As needed, we have taken responsible measures to maximize the safety of staff working at all of our facilities. This includes reorganizing physical layouts, adjusting schedules to improve physical distancing, implementing extra health screening measures for employees, and applying rigorous standards for personal protective equipment. The production and sale of produce and cannabis has been recognized as an essential service throughout the U.S. and Canada. Cannabis sales in Canada are primarily with government bodies, which continue to offer end customers online ordering and home delivery options. Consumer market retail stores are generally permitted to remain open in the U.S. and Canada subject to adhering to the various health and safety measures. All of our facilities in the U.S. and Canada have remained operational and we work closely with local, national, and international governmental authorities to ensure that we are following the required protocols and guidelines related to COVID-19 within each region.

The effect of sanctions and an escalation of the conflict in Ukraine may further disrupt supply chains and adversely impact our business.

As a result of the current conflict between Russia and Ukraine and related geopolitical tensions, there have been, and may continue to be, significant adverse impact on fuel, transportation costs and natural resources. Additionally, the governments of the United States, the European Union, Canada and other jurisdictions have announced the imposition of sanctions on certain industry sectors and parties in Russia as well as enhanced export controls on certain products and industries. These and any additional sanctions and export controls, as well as any counter responses by the governments of Russia, could adversely affect, the global supply chain, and the availability and prices of raw materials, energy prices, as well as the global financial markets and financial services industry.

It may be difficult for non-Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence.

We are a corporation existing under the laws of Canada. Some of our directors and officers named in this Annual Report on Form 10-K are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of our assets, are located outside the United States. Consequently, although we have appointed an agent for service of process in the United States, it may be difficult for holders of our Common Shares who reside in the United States to effect service within the United States upon our directors and officers who are not residents of the United States. It may also be difficult for holders of our Common Shares who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors and officers under the United States federal securities laws. Investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against us or our directors and officers predicated upon the civil liability provisions of the United States federal securities laws or the securities or “blue sky” laws of any state within the United States or (ii) would enforce, in original actions, liabilities against us or our directors and officers predicated upon the United States federal securities laws or any such state securities or “blue sky” laws. In addition, we have been advised by our Canadian counsel that in normal circumstances, only civil judgments and no other rights arising from United States securities legislation are enforceable in Canada and that the protections afforded by Canadian securities laws may not be available to investors in the United States.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There is no assurance the Company will continue to meet the listing standards of the Nasdaq.None

We must meet continuing listing standards to maintain the listing of our Common Shares on the Nasdaq. If we fail to comply with listing standards and the Nasdaq delists our Common Shares, we and our shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for our Common Shares; (ii) reduced liquidity for our Common Shares; (iii) a determination that our Common Shares are “penny stock”, which would require brokers trading in the Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares; (iv) a limited amount of news and analyst coverage of us; and (v) a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.**ITEM 2.PROPERTIES**

As a public company, we are subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company’s compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

ITEM 1B. **UNRESOLVED STAFF COMMENTS**

None

ITEM 2. PROPERTIES

Our headquarters are located at 4700-80th Street Delta, British Columbia, Canada V4K 3N3.

The following table outlines the Company's operating greenhouse facilities.

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Greenhouse Facility	Growing Area				Growing Area			
	Square Feet	Square Meters	Acres	Products Grown	Square Feet	Square Meters	Acres	Products Grown

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Marfa, TX (2 greenhouses)	2,527,312	234,795	60	Tomatoes on-the-vine, beefsteak and specialty tomatoes	2,527,347,312	Tomatoes-on-the-vine, beefsteak and specialty tomatoes

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Fort Davis, TX (1 greenhouse)	1,684,874	156,530	40	Specialty tomatoes	1,684,874	156,530	40	Specialty tomatoes
Monahans, TX (1 greenhouse) (Permian Basin facility)	1,272,294	118,200	30	Tomatoes on-the-vine and specialty tomatoes	1,272,294	118,200	30	Specialty tomatoes

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Delta, BC (1 greenhouse)	2,588,860	240,513	60	Tomatoes on-the-vine, beefsteak and specialty tomatoes	2,588,860	240,513	Tomatoes on-the-vine, beefsteak and specialty tomatoes

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Total produce operations	8,073,340	750,038	190		8,075,303,014,190,800
Delta, BC (1 greenhouse) Leased to Pure Sunfarms	1,075,530	99,920	25	Cannabis	1,079,592,325,005
Delta, BC (1 greenhouse) Owned by Pure SunFarms	1,100,000	100,000	25	Cannabis	1,100,000,250,005
Huntingdon, Quebec (1 indoor controlled growing facility) owned by Rose LifeScience	55,000	2,300	1	Cannabis	552,000,300,001
Total cannabis operations	2,230,530	202,220	51		2,230,230,025,201

We believe that our existing facilities are adequate for our needs. Should we require additional facilities in the future, we believe that such facilities can be acquired or leased on commercially reasonable terms.

LEGAL PROCEEDINGS

ITEM 3.LEGAL PROCEEDINGS

ITEM 3.

We are not currently party to any material legal proceedings.

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ITEM 4.MINE SAFETY DISCLOSURES

ITEM 4.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

ITEM 5.

Our Common Shares are currently traded on The Nasdaq Stock Market LLC under the symbol "VFF".

Holders of Record

As of February 25, 2022 February 28, 2023, there were approximately 13 10 shareholders of record of our Common Shares, which included Cede & Co., a nominee for Depository Trust Company, and CDS & Co., a nominee for The Canadian Depository for Securities Ltd. Common shares that are held by financial institutions as nominees for beneficial owners are deposited into participant accounts at either Depository Trust Company or The Canadian Depository for Securities Ltd and are considered to be held of record by Cede & Co. or CDS & Co., each such depository representing one shareholder of record.

Dividend Policy

We have not paid any cash dividends or distributions on any class of our securities, and we have no current plans to pay dividends as we are growth focused.

Recent Sales of Unregistered Securities

On August 16, 2021, we issued an aggregate of 4,707,113 Common Shares to the sellers of Balanced Health on a private placement basis under Section 4(a)(2) of the U.S. Securities Act of 1933, as amended (the "Securities Act").None.

On November 15, 2021, we issued an aggregate of 2,411,280 Common Shares to the sellers of Rose LifeScience in reliance on Regulation S under the Securities Act.

Securities Authorized for Issuance under Equity Compensation Plans

Information about our equity compensation plan is incorporated herein by reference to Item 12 of Part III of this Annual Report on Form 10-K.

Repurchases of Equity Securities

The Company did not repurchase any of its Common Shares during the three months ended December 31, 2021 December 31, 2022. On May 21, 2021, the Company announced that the Toronto Stock Exchange ("TSX") accepted a notice filed by the Company of its intention to make a Normal Course Issuer Bid ("NCIB"). The NCIB notice provides that Village Farms may, during the period commencing May 26, 2021 and terminating May 25, 2022, purchase up to 4,062,309 of its Common Shares by way of a NCIB over the facilities of The Nasdaq Stock Market LLC and/or through alternative trading systems in Canada and the United States. Daily purchases are limited to 233,243 Common Shares, other than block purchase exceptions. Shareholders may obtain a copy of the NCIB notice, without charge, by contacting Village Farms.

Exchange and Foreign Ownership Controls

We are not aware of any Canadian federal or provincial laws, decrees, or regulations that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest, or other payments to non-Canadian holders of the Common Shares. There are no limitations under the laws of Canada or by the

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charter or our other constituent documents on ownership of our voting shares by non-Canadians, except the *Investment Canada Act* which may require review and approval by the Minister of Innovation (Canada) of certain acquisitions of control of us by non-Canadians. The threshold for acquisitions of control is generally defined as being one-third or more of our voting shares, provided certain financial thresholds are also exceeded. If the investment is potentially injurious to national security, it may be subject to review under the *Investment Canada Act* notwithstanding the percentage interest acquired or amount of the investment. “Non-Canadian” generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust, or joint venture that is ultimately controlled by non-Canadians.

Certain Canadian Federal Income Tax Considerations for U.S. Residents

The following is a summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) (together with the regulations thereto, the “Tax Act”) to a beneficial holder of our Common Shares, Common Warrants and Common Shares issued upon exercise of the Common Warrants (“Common Warrant Shares”) who, for the purposes of the Tax Act and the *Canada-United States Income Tax Convention* (1980) (the “Treaty”), and at all relevant times, (i) is not and is not deemed to be a resident in Canada, (ii) is a resident of the United States for the purposes of the Treaty and is entitled to the full benefits thereunder, (iii) holds all Common Shares, Common Warrants and Common Warrant Shares as capital property, (iv) deals at arm’s length with and is not affiliated with the Company, and (v) does not use or hold and is not deemed to use or hold our Common Shares, Common Warrants and Common Warrant Shares in connection with a business carried on in Canada (each such holder, a “U.S. Resident Holder”).

This summary is not generally applicable to a U.S. Resident HolderHolder: (i) that is: (i) is an insurer carrying on an insurance business in Canada and elsewhere, or (ii) that is an “authorized foreign bank,” each as bank” (as defined in the Tax Act. Act), (iii) that is a “financial institution” (as defined in the Tax Act) for purposes of the “mark-to-market property” rules; (ii) an interest in which is or would constitute a “tax shelter investment” (as defined in the Tax Act); (iii) that is a “specified financial institution” (as defined in the Tax Act); or (iv) that has or will enter into a “synthetic disposition arrangement” or a “derivative forward agreement” (as those terms are defined in the Tax

Act) in respect of our Common Shares, Common Warrants and Common Warrant Shares. Such U.S. Resident Holders should consult their own tax advisors.

Generally, a U.S. Resident Holder’s Common Shares, Common Warrants and Common Warrant Shares will be considered to be capital property of athe U.S. Resident Holder provided the U.S. Resident Holder does not hold such shares and Common Warrants in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act and the Treaty in force on the date hereof, and the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof, and the Treaty. hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative, or judicial action or decision, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder or prospective holder of our Common Shares, Common Warrants and Common Warrant Shares, and no opinion or representation with respect to the tax consequences to any holder or prospective holder of our Common Shares, Common Warrants and Common Warrant Shares is made. Accordingly, holders and prospective holders of our Common Shares, Common Warrants and Common Warrant Shares should consult their own tax advisors with respect to the income tax consequences of purchasing, owning, and disposing of our Common Shares, Common Warrants and Common Warrant Shares in their particular circumstances.

DividendsCurrency

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of our Common Shares, Common Warrants and Common Warrant Shares (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars based on the rate quoted by the Bank of Canada for the applicable day or such other rate of exchange that is acceptable to the Canada Revenue Agency.

Exercise of Common Warrants

No gain or loss will be realized by a U.S. Resident Holder on the exercise of a Common Warrant to acquire a Common Warrant Share. When a Common Warrant is exercised, the U.S. Resident Holder’s cost of the Common Warrant Share acquired thereby will be equal to the aggregate of the U.S. Resident Holder’s adjusted cost base of such Common Warrant and the exercise price paid for the Common Warrant Share. The U.S. Resident Holder’s adjusted cost base of the Common Warrant Share so acquired will be determined by averaging the cost of the Common Warrant Share with the adjusted cost base to the U.S. Resident Holder of all Common Shares of the Company held as capital property immediately before the acquisition of the Common Warrant Share.

Dividends

Dividends paid or credited, or deemed to be paid or credited, on our Common Shares and Common Warrant Shares to a U.S. Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends, subject to reduction under the provisions of the Treaty. Under the Treaty, the rate of Canadian withholding tax applicable to a U.S. Resident Holder that is the beneficial owner of dividends is generally reduced to 15% of the gross amount of the dividends, and, if such U.S. Resident Holder is a company that owns at least 10% of our voting shares at the time of the dividends, the rate of Canadian withholding tax is reduced to 5% of the gross amount of

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the dividends. U.S. Resident Holders who may be eligible for a reduced rate of withholding tax on dividends pursuant to the Treaty should consult with their own tax advisors with respect to taking all appropriate steps in this regard.

Disposition of Common Shares, Common Warrants and Common Warrant Shares

A U.S. Resident Holder who disposes or is deemed to dispose of a Common Share, Common Warrant or Common Warrant Share will not be subject to tax under the Tax Act on any capital gain realized on such disposition, unless the Common Share, Common Warrant or Common Warrant Share, as applicable, constitutes "taxable Canadian property," within the meaning of the Tax Act, of the U.S. Resident Holder at the time of the disposition and the U.S. Resident Holder is not entitled to relief under the Treaty.

Generally, a Common Share, Common Warrant and Common Warrant Share of a particular U.S. Resident Holder will not be "taxable Canadian property" of such U.S. Resident Holder at any time at which such the Common Share is Shares and Common Warrant Shares are listed on a "designated stock exchange," within the meaning of the Tax Act (which includes the Nasdaq) unless, at any particular time during the 60-month period that ends at that time, both of the following conditions are met concurrently: (a) 25% or more of the issued shares of any class of the capital stock of the Company were owned by or belonged to one or any combination of (i) the U.S. Resident Holder, (ii) persons with whom the U.S. Resident Holder did not deal at arm's length for purposes of the Tax Act, and (iii)

partnerships in which the U.S. Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships; and (b) more than 50% of the fair market value of the Common Share and Common Warrant Shares, as applicable, was derived, directly or indirectly, from one or any combination of: (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (b)(i) to (iii), whether or not the property exists. A Notwithstanding the foregoing, a Common Share, Common Warrant and Common Warrant Share may also otherwise be deemed to be "taxable Canadian property" in certain circumstances as set out in the Tax Act.

In the case of a U.S. Resident Holder to whom a Common Share, Common Warrant and Common Warrant Share of the Company represents "taxable Canadian property", under the Treaty, such a U.S. Resident Holder will generally not be subject to tax under the Tax Act on a capital gain realized on the disposition of such share or Common Warrant, as applicable, unless the value of such share or Common Warrant, as applicable, is derived principally from real property situated in Canada (within the meaning of the Treaty).

In the event that a Common Share, Common Warrant and Common Warrant Share is "taxable Canadian property," within the meaning of the Tax Act, to a U.S. Resident Holder, at the time of disposition, such U.S. Resident Holder should consult its their own tax advisor as to the Canadian federal income tax consequences of the disposition.

ITEM RESERVED
6.RESERVED

ITEM 7.
MANAGEMENT'S
DISCUSSION
AND ANALYSIS
OF FINANCIAL
CONDITION
AND RESULTS
OF
OPERATIONS

ITEM 6.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion contains forward-looking statements that involve risks and uncertainties. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that impact our business. In particular, we encourage you to review the risks and uncertainties described in "Risk Factors" in Part I, Item 1A in this Annual Report on Form 10-K. These risks and uncertainties could cause actual results to differ materially from those projected or implied by our forward-looking statements contained in this report. These forward-looking statements are made as of the date of this management's discussion and analysis, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law.

All amounts are expressed in thousands of United States dollars unless otherwise stated.

EXECUTIVE OVERVIEW

Village Farms International, Inc. ("VFF", together with its subsidiaries, the "Company", "Village Farms", "we" "us" or "our") is a corporation existing under the *Canada Business Corporations Act* (Ontario). The Company's principal operating subsidiaries are Village Farms Canada LP, Village Farms LP, VF Clean Energy, Inc., Pure Sunfarms Corp ("Pure Sunfarms"), Balanced Health Botanicals, LLC and ("Balanced Health"), Rose LifeScience Inc. On November 15, 2021, Village Farms acquired 70% ownership of privately-held, Quebec-based ("Rose LifeScience, as described in additional detail in "*Recent Developments LifeScience" or "Rose") and Updates VF Clean Energy, Inc. ("VFCE").*"

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below. VFF also owns a 65% equity interest of a joint venture agreement in respect of the operation and governance of Village Fields Hemp USA LLC, a minority interest in Altum International Pty Ltd and entered into an option agreement on September 28, 2021 to receive the irrevocable right to acquire an 80% ownership interest in Netherlands-based Leli Holland B.V.

The Company's overall strategy is to be recognized as an international leader in consumer products from plants, whereby we produce and market value-added products that are consistently preferred by consumers. To do so, we leverage decades of cultivation expertise, investment, and experience in fresh produce (primarily tomatoes) across other plant-based opportunities. In Canada, we converted two produce facilities to grow cannabis for the Canadian adult use market. Our focus for our Canadian cannabis Cannabis segment is to produce the highest quality cannabis, leveraging our low-cost production to provide products at an "everyday premium price". that address the largest consumer segments in the market. This market position, together with our cultivation expertise, has enabled us to evolve into one of the few consistently profitable Canadian licensed producers under our Pure Sunfarms subsidiary. ("LPs").

Additionally, through organic growth, acquisitions and/or exports, we plan to participate in other international markets where cannabis attains legal status. Upon receipt of an In March 2022, Pure Sunfarms received European Union Good Manufacturing Practice ("EU GMP") certification for its 1.1 million square foot Delta 3 cannabis facility located in Delta, British Columbia ("B.C.") which permits Pure Sunfarms to export EU GMP-certified medical cannabis to importers and distributors in international markets that require EU GMP certification for Pure Sunfarms, we intend to launch our Canadian cannabis brand and export biomass to key markets outside of North America. certification. We expect international expansion should enhance our profitability while expanding our brand and experience into emerging new legal cannabis markets.

Within the U.S., we recently acquired Balanced Health, Botanicals, an our industry-leading cannabinoid business, which extends our portfolio into CBD cannabidiol ("CBD") consumer products. We also operate a large, well-established produce business under the Village Farms Fresh ("VF Fresh") brand which sells into food and mass retail stores. We own and operate produce cultivation assets in both British Columbia Texas and Texas Delta, B.C. and source produce from our growing partners, predominantly in Mexico. Our intention is to use our assets, expertise and experience (across cannabis, CBD and produce) to participate in the U.S. cannabis market when legally permitted to do so.

Our Operating Segments

Canadian Cannabis Segment

Village Farms' Canadian cannabis segment includes Pure Sunfarms and Rose LifeScience.

On November 2, 2020, we completed the acquisition of the remaining 41.3% interest in Pure Sunfarms from Emerald Health Therapeutics, Inc., following which we became the 100% owner of Pure Sunfarms (the "Pure Sunfarms Transaction"). Pure Sunfarms is one of the single largest cannabis growing operations in the world, one of the lowest-cost greenhouse producers and one of the best-selling flower brands in Canada. Pure Sunfarms leverages our 30 years of experience as a vertically integrated greenhouse grower for the rapidly developing high growth cannabis opportunity in Canada with commercial distribution in six ten Canadian provinces: Alberta, British Columbia, Ontario, Manitoba, Quebec provinces and Saskatchewan. territories that represent 98% of total Canadian legal recreational cannabis sales. Our long-term objective for Pure Sunfarms is to be the leading low-cost, high-quality cannabis producer in Canada.

Village Farms acquired 70% ownership of privately-held Rose LifeScience on November 15, 2021. Rose is a leading LP of cannabis in the Province of Quebec as well as a prominent third-party cannabis products commercialization expert in the Province of Quebec, acting as the exclusive, direct-to-retail sales, marketing and distribution entity for some of the best-known brands in Canada as well as Quebec-based micro and craft growers. With decades of regulated-market experience, Rose partners with cannabis companies to assist in commercializing their products, distributing the products throughout Quebec and ensuring a strong presence in the marketplace.

U.S. Cannabis Segment

Village Farms' U.S. cannabis segment includes Balanced Health and VF Hemp. Health.

On August 16, 2021, the Company acquired 100% interest in privately held Colorado-based Balanced Health. Balanced Health is one of the leading cannabinoid brands and e-commerce platforms in the United States. BHB Balanced Health develops and sells high-quality

CBD-based health and wellness products, distributing their diverse portfolio of consumer products through retail storefronts and its top-ranked e-commerce platform, CBDistilleryTM. CBDistilleryTM.

The Company entered the U.S. hemp business in the spring of 2019 after the passing of the 2018 Farm Bill. We established a joint venture with a 65% interest in VF Hemp for multi-state outdoor hemp cultivation and cannabidiol extraction. Currently, VF Hemp is not cultivating hemp as we await FDA clarity on the use of CBD.

Produce Segment

Through our Village Farms Fresh brand, we are growers, marketers and distributors of premium-quality, greenhouse-grown tomatoes in North America. These premium products are grown in sophisticated, highly intensive agricultural greenhouse facilities located in British Columbia and Texas. The Company also markets and distributes premium tomatoes, peppers and cucumbers produced under exclusive arrangements with other greenhouse producers located primarily in Mexico, B.C. and Ontario. The Company primarily markets and distributes under its Village Farms® brand name to retail supermarkets and dedicated fresh food distribution companies throughout the United States and Canada.

Energy Segment

Through our subsidiary VF Clean Energy, Inc., we currently own owned and operate operated a power plant from landfill gas that generates generated electricity and provides provided thermal heat, in colder months, to one of the Company's adjacent British Columbia Delta, B.C. greenhouse facilities and sells sold electricity to the British

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Columbia Hydro and Power Authority. On November 10, 2020 we announced that we will be transitioning this operation As of April 30, 2022, VFCE has shut down its power plant in preparation for the transition to a Renewable Natural Gas operation in conjunction with Mas Energy, LLC, the Delta RNG Project, which we believe will enhance our financial return, as well as provide food-grade CO2 CO^2 that can be used in both our cannabis and produce growing operations in Delta, B.C. For

The Delta RNG Project consists of a partnership with Mas Energy to convert the current landfill gas to electricity business into a state-of-the-art landfill gas to high-demand renewable natural gas facility, which was entered into in November 2020 by VFCE. Mas Energy designed the Delta RNG Project and is in process of building the facility. VFCE renewed and extended the existing contract with the City of Vancouver to capture the landfill gas at its Delta, B.C. site securing future resources for the Delta RNG Project. The 20-year extension, with an option for an additional detail see "*Recent Developments and Updates*" below.

Our Response to five-year extension period, commences upon the Ongoing Coronavirus Pandemic ("COVID-19")

In March 2020, the World Health Organization declared the outbreak start-up of the commercial operations of the Delta RNG Project. Mas Energy intends to sell the renewable natural gas and VFCE will receive a portion of the revenue in the form of a royalty.

When announced in November 2020, we anticipated all regulatory approvals to come in the first half of 2021 with an expected operational start up as early as the first half of 2022. However, COVID-19 virus adversely impacted the bureaucratic approval processes in Canada surrounding permitting and zoning requirements necessary to break ground on the Delta RNG Project. As a global pandemic. This outbreak result, we did not attain all of the regulatory approvals for the Delta RNG Project until the first half of 2022. Accordingly, Mas Energy began construction during the latter part of the second quarter of 2022 and we currently expect an operational start in mid-2023.

Impact of Inflation and the Russia/Ukraine Conflict

Our business has been affected, and we expect will continue to be affected for the foreseeable future, by rising inflation and supply chain issues arising from COVID-19, and indirectly, the Russia/Ukraine conflict which may negatively affect our operating results. Inflation has affected and continues to cause major disruptions to businesses affect, amongst other items, supply chain and markets worldwide as the virus continues to spread. Several countries labor costs as well as certain states and cities within the United States and Canada have enacted temporary closures purchasing decisions of businesses, issued quarantine or shelter-in-place orders and taken other restrictive measures. In response to the COVID-19 pandemic, the Company implemented safety protocols and procedures to protect its employees, its subcontractors, and its customers. These protocols take into consideration guidance from state and local government agencies as well as the Centers consumers which may impact demand for Disease Control and Prevention and other public health authorities. our products.

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") to help Canadian businesses to keep employees on the payroll in response to the challenges posed by the COVID-19 pandemic. During 2021 and 2020, Pure Sunfarms determined that it met the employer eligibility criteria and applied for the CEWS and received C$871 and C$2,470 of wage subsidies during the years ended December 31, 2021 and 2020, respectively.**Ongoing Coronavirus Pandemic**

As of February 25, 2022 March 8, 2023, all of the Company's operations are operating normally, however, the extent to which COVID-19 and the related global economic crisis affect affects the Company's business, results of operations and financial condition, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and any recovery period, future actions taken by

governmental authorities, central banks and other third parties (including new financial regulation and other regulatory reform) in response to the pandemic, and the effects on our produce, clients, vendors and employees. Village Farms continues to service its customers amid uncertainty and disruption linked to COVID-19 and is actively managing its business to respond to the impact.

Recent Developments and Updates

Acquisition of 70% of Rose LifeScience*Leli Holland B.V. Update*

On November 15, 2021 July 7, 2022, Netherlands-based Leli Holland B.V. ("Leli") was awarded the Company acquired 70% ownership of privately-held, Quebec-based Rose LifeScience. Rose is a leading vertically integrated branded cannabis producer, supplier tenth and commercialization expert in final cultivation license for the Province of Quebec. Rose is the Quebec operational unit of Village Farms' Canadian cannabis segment, with Rose's headquarters and operations team located in Huntingdon, Quebec. Rose acts as the exclusive, direct-to-retail sales, marketing and distribution entity throughout Quebec for companies such as Entourage Health, Sundial, Tilray, The Flowr Corporation and several Quebec-based micro and craft growers. With decades of regulated-market experience, Rose partners with cannabis companies to assist in commercializing their products, distributing the products throughout Quebec and ensuring a strong presence in the marketplace. Rose champions Quebec producers by working directly with micro-producers to advance homegrown, craft products in the province and easing the burden of commercial complexities facing smaller, local businesses. From their 55,000 square-foot CEA facility, Rose also creates and distributes their own brands, Tam Tams, DLYS, Pure Laine. Elekt and Promenade.

Under the terms of the Share Purchase Agreement, Closed Cannabis Supply Chain Experiment ("Dutch Supply Chain Experiment"). On July 19, 2022, Village Farms acquired 70% 85% of all outstanding shares Leli under its previously announced purchase option agreement for $4,568 (EUR4,250), which was paid for as described below. As a result of Rose on a debt-free basis for a consideration comprised of cash and a total of 2,411,280 Common Shares of the option exercise, Village Farms being (i) C$19.9 million in cash, and (ii) Common Shares in the total value of C$26.8 million. As part of the consideration, any existing Rose material debt was

paid off in full. The Common Shares issued under the Share Purchase Agreement are subject to lock-up agreements, and subject to compliance with applicable securities laws, 33% of these shares will be released from lock-up agreements in four months from the transaction date, another 33% of these shares to be released after eight months from the

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transaction date and the remaining shares to be released after one year from the transaction date.

The co-founder, President and Chief Executive Officer of Rose and co-founder and Chief Operating Officer of Rose (the "Management Shareholders"), who were among the sellers of Rose in this transaction, have remained in their current roles with Rose post-acquisition and have retained a 30% interest in Rose ("Retained Interest"). In conjunction with the acquisition, Village Farms and the Management Shareholders entered into a unanimous shareholders agreement providing Village Farms with a call option to acquire the Retained Interest between December 31, 2024 and March 31, 2025 (or if earlier, the date of the filing of the statement for Village Farms for the financial year ended December 31, 2024) or upon the occurrence of certain liquidity events with respect to Village Farms (the “Call Option”). As part of the Call Option, Village Farms can also acquire 34% of the Retained Interest between December 31, 2022 and March 31, 2023 (or if earlier, the date of the filing of the statement for Village Farms for the financial year ended December 31, 2022). A put right has also been granted to the Management Shareholders to require Village Farms to complete the acquisition of the Retained Interest upon their death or disability or the occurrence of certain liquidity events with respect to Village Farms (the “Put Option”, and together with the Call Option, the “Put/Call Option”). The price for this Put/Call Option is set at a multiple solely based on Rose's adjusted EBITDA performance of the applicable prior calendar year. If exercised upon a liquidity event, the option price is subject to a minimum amount which varies depending on the year on which it is exercised.

Acquisition of Balanced Health Botanicals, LLC

On August 16, 2021, the Company acquired 100% of privately held Colorado-based Balanced Health Botanicals, LLC with a purchase price of $75 million, satisfied through $30 million in cash and 4,707,113 Common Shares of the Company, which were equal to $42 million based on the volume weighted average trading price on Nasdaq for the ten trading days ending the day prior to the closing date of the acquisition. Balanced Health is now owns one of the leading cannabinoid brands and e-commerce platforms ten licenses in the United States. BHB develops Dutch Supply Chain Experiment. Since the Company exercised the option, the Company will be the majority owner of Leli and sells high-quality CBD-based health and wellness products, distributing their diverse portfolio of consumer products through retail storefronts and its top-ranked e-commerce platform, CBDistillery™. Through its strong, long-term partnerships, we believe that Balanced Health is uniquely positioned to control the entire process from seed-to-shelf, ensuring seamless sourcing, manufacturing and sale of their affordable, high-quality family of cannabinoid brands to target the diverse health and wellness needs and preferences of their consumers.

Pure Sunfarms Recent Developments and Updates

Pure Sunfarms' recent developments and updates include the following:

- On January 13, 2022, Pure Sunfarms received from Health Canada an amendment to their existing sales license for its Delta 2 facility. Pure Sunfarms may now conduct sales activities for provincial customers and retailers out of the Delta 2 facility, including packaging of dried flower, storage of final goods, shipping and receiving.
- In January 2022, Pure Sunfarms introduced pre-ground flower in exclusive blends hand selected for potency, flavor and effect.
- In 2021, Pure Sunfarms introduced high-THC vapes and infused high-THC vapes in 0.5-gram and 1.0-gram cartridges that feature pure cannabis distillate and botanical terpenes as well as larger packs of their pre-rolls.
- Throughout 2021, Pure Sunfarms introduced new strain offerings to its portfolio to address the ever-changing preferences of their customers with a focus on high-THC offerings with distinctive dominant terpenes and effects.
- In 2021, Pure Sunfarms co-founded the Cannabis Cultivators of British Columbia (“CCBC”) with Rubicon Organics Inc. and Tantalus Labs. CCBC is the first association representing licensed growers of all sizes in the province and works with policy makers to promote the economic well-being of the cannabis industry.
- In 2021, Pure Sunfarms began making certificates of analysis (“COAs”) for their whole dried flower products available via Pure Sunfarms’ website. The COAs include key information about each batch of dried flower, including cannabinoid content, potency, terpene levels and the absence of unwanted chemicals and microbials.
- In 2021, Pure Sunfarms launched Marketplace, an e-commerce platform featuring the brand’s collection of Canadian-made apparel, accessories and art created through collaborations with national and international artists.

as such, Village Farms Clean Energy Update

The Delta RNG Project consists of a partnership with Mas Energy to convert the current landfill gas to electricity business into a state-of-the-art landfill gas to high-demand renewable natural gas facility, which was entered into in November 2020 by VFCE. Mas Energy will design, build, finance, own and operate the Delta RNG Project. VFCE renewed and extended the existing contract with the City of Vancouver to capture the landfill gas at its Delta, B.C. site securing future resources is responsible for the Delta RNG Project. The 20-year extension, with an option for an additional five-year extension period, commences upon the start-up development of the commercial operations of project and product commercialization throughout the Delta RNG Project.

When announced in November 2020, we anticipated attaining all regulatory approvals in the first half of 2021 with an expected operational start up as early as the first half of 2022. However, COVID-19 continues to adversely impact the bureaucratic processes in Canada surrounding permitting and zoning requirements necessary to break ground on the Delta RNG Project. We now anticipate attaining all regulatory approvals in the second quarter of 2022 with an expected operational start up in mid-2023. The project was designed to capture the CO2 from the renewable natural gas production process for use in our three Delta, B.C. vegetable and cannabis greenhouse facilities, thereby reducing natural gas requirements and decreasing the total carbon footprint of Village Farms. fully vertically integrated business model.

International

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On September 28, 2021, Village Farms entered paid $58 (EUR50) to enter into an option agreement whereby the Company received the irrevocable right to acquire an 80% ownership interest (the "Option Agreement") in Netherlands-based Leli Holland Leli. On March 18, 2022, the Company loaned $2,715 (EUR2,575) to L.L. Lichtendahl Beheer B.V so that L.L. Lichtendahl Beheer B.V. ("Leli") upon could purchase 100% of Leli. On July 19, 2022, the loan converted to a payment from the Company to L.L. Lichtendahl Beheer B.V. In addition, on July 19, 2022, a payment in the amount of EUR50,000 (the "Option"). The Option Agreement allows Village Farms $1,795 (EUR1,625) was released from escrow and paid to acquire 80% of Leli's shares for EUR3,950,000, of which EUR950,000 is due and payable to Leli's shareholders upon the exercise L.L. Lichtendahl Beheer B.V. as part of the Option and the remainder due in three equal installments subject to the achievement compensation for 85% ownership of certain project development milestones. The Option is exercisable at the sole discretion of Village Farms during the Option exercise period ending September 30, 2026. As of the date of this filing of this Annual Report, we have not exercised the Option. Leli.

Leli is one of ten applicants selected to receive a license (subject to customary government approval) to legally cultivate and distribute cannabis to retailers when the Dutch government implements its Experiment to Investigate Closed Cannabis Supply Chains ("Dutch Supply Chain Experiment"). Experiment. The Dutch Supply Chain Experiment is currently in its preparatory phase of the program which began in July 2020. The Dutch Supply Chain Experiment is specified by the Dutch government to be approximately 65,000 kilograms of dried flower annually from the ten approved producers during the first year. Leli and Village Farms plan plans to construct two indoor CEA production facilities, leveraging Leli's track record managing complex regulatory and approval procedures in the Netherlands at both the federal and local levels 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. If The actual experiment is anticipated to begin by 2024, however, the Option Dutch Supply Chain Experiment continues to experience delays as the program moves from the preparatory phase to the transitioning phase whereby participating coffeeshops will begin selling both regulated and tolerated cannabis.

Canadian Cannabis Recent Developments and Updates

Canadian Cannabis recent developments and updates include the following:

- Continued to expand market share during the fourth quarter. According to independent third party sources (amalgamated to cover all provinces), Village Farm Canadian Cannabis achieved the number two market share position across all product categories in Canada (achieving the top market share position for the r of October) and has maintained the largest market share in dried flower category in Canada. Province of Quebec-focused Rose Lifescience expanded its num two market share position in Quebec within just one year post-acquisition.
- Expanded its brand portfolio by introducing a new brand, Soar, during the fourth quarter, which is exercised, targeted for consumers seeking an elevated cann experience with limited quantity batches of exotic and unique genetics that are hand-harvested, hang-dried, and hand-detailed. This segment, at a price point our other brands, addresses a market segment previously underserved by the Company will be and is complementary to its existing cannabis brands.
- Continued to roll out The Original Fraser Valley Weed Co. brand focused on the majority owner of Leli. Village Farms will then become responsible for the development value segment of the project and product commercialization throughout market during the fully vertically integrated business model.

Exercise of Warrants

fourth quarter, which contributed to market share expansion.

As of Decemb Pure Sunfarms became the September 2020 registered direct offering were exercised and resulted in proceeds first licensed producer to adopt hang dry proce
31, 2021 at scale during the Company of $18,495 and the issuance of 3,188,680 additional Common Shares. There are 1,509,433 remaining warrants fourth quarter. H
warrants drying is a process adapted from the September 2020 registered direct offering as legacy market that helps protect the natural bud structure, contributing to ar
issued as enhanced consumer experience.
part of

- Shipped its initial launch of February 25, 2022. branded flower into the Israeli medicinal market (via Pure Sunfarms) early in the first quarter of 2023. The b flower has cleared testing and is being packaged under the Pure Sunfarms brand name and distributed to Israeli pharmacies. It is now available for purchase scripts.

U.S. Cannabis Recent Developments and Updates

Voluntary Delisting from Toronto Stock ExchangeU.S. Cannabis recent developments and updates include the following:

- Balanced Health continues to launch incremental products under its successful 2022 new Synergy+ line. It was the first CBD company to advertise on Twitter its recent new cannabis policy.

Effective as of the close of trading on December 31, 2021, Village Farms International, Inc. voluntary delisted its Common Shares from the TSX. With Village Farms' Common Shares listed on the Nasdaq, the Company believes the trading volume of its shares on the TSX no longer justifies the expense and administrative burden required to maintain a TSX listing. The Company also believes Nasdaq provides its shareholders with sufficient liquidity and the savings in expenses, time and effort can be redirected to initiatives to generate additional shareholder value.

Presentation of Financial Results

Our consolidated results of operations (prior to net income) for each of the three years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 presented below reflect the operations of our consolidated wholly- owned wholly-owned subsidiaries, which does not include our VFH and AVGGH joint ventures. The income (loss) from those equity method investments is reflected in our net income for each of the three years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 presented below. Due to the acquisition of our joint venture, Pure Sunfarms, on November 2, 2020, the income from our equity method investment, Pure Sunfarms, is reflected in our net

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income for the year ended December 31, 2019 as well as the ten months ended November 1, 2020. For the year years ended December 31, 2021 December 31, 2022 and 2021 and the period of November 2 through December 31, 2020, the results of Pure Sunfarms are presented in the operations of our consolidated wholly-owned subsidiaries. Balanced Health was acquired on August 16, 2021 and their results are presented in the operations of our consolidated wholly-owned subsidiaries for from August 16, 2021 to December 31, 2021. The Company acquired 70% of Rose LifeScience on November 15, 2021 and their its results are presented in the operations of our consolidated wholly-owned subsidiaries and the minority interest is presented in Net Income (Loss) Attributable to Non-controlling Interests, Net of Tax for the period November 15, 2021 through December 31, 2021. The Company acquired 85% of Leli on July 19, 2022. For the period July 19, 2022 through December 31, 2022 its results are presented in the operations of our consolidated wholly-owned subsidiaries and the minority interest is presented in Net Income (Loss) Attributable to December 31, 2021. Non-controlling Interests, Net of Tax. For information regarding the results of operations from our joint ventures, see “Non-GAAP Measures - Reconciliation of GAAP Results to Proportionate Results” below.

Results of Operations

Consolidated Financial Performance

(In thousands of U.S. dollars, except per share amounts)

	For the Year Ended December 31,		
	2022 (1)	**2021 (1)**	**2020 (2)**
Sales	$ 293,572	$ 268,020	$ 170,086
Cost of sales	(266,075)	(222,841)	(159,126)
Gross margin	27,497	45,179	10,960
Selling, general and administrative expenses	(68,278)	(46,384)	(19,086)
Share-based compensation	(3,987)	(7,533)	(6,142)
Interest expense	(3,244)	(2,835)	(2,056)
Interest income	207	126	625
Foreign exchange loss	(2,255)	(476)	(136)
Gain on settlement agreement	—	—	4,681
Gain on acquisition	—	—	23,631
Other (expense) income	(115)	(420)	(873)
Write-off of note receivable	(592)	—	(3,791)
Impairments	(43,299)	—	—
Recovery of income taxes	(4,681)	3,526	2,790
(Loss) income from consolidated entities	(98,747)	(8,817)	10,603
Less: net loss attributable to non-controlling interests, net of tax	269	46	—
(Loss) income from equity method investments	(2,668)	(308)	1,005
Net (loss) income attributable to Village Farms International Inc.	$ (101,146)	$ (9,079)	$ 11,608
Adjusted EBITDA (3)	$ (21,311)	$ 14,012	$ 7,411
Basic (loss) income per share	$ (1.13)	$ (0.11)	$ 0.20
Diluted (loss) income per share	$ (1.13)	$ (0.11)	$ 0.19
Net (loss) income attributable to Village Farms International Inc.	$ (101,146)	$ (9,079)	$ 11,608
Other comprehensive (loss) income:			
Foreign currency translation adjustment	(15,460)	441	6,730
Comprehensive (loss) income	$ (116,606)	$ (8,638)	$ 18,338

	For the Year Ended December 31,		
	2021 (1)	**2020 (2)**	**2019**
Sales	$ 268,020	$ 170,086	$ 144,568
Cost of sales	(222,841)	(159,126)	(151,913)
Gross margin	45,179	10,960	(7,345)
Selling, general and administrative expenses	(46,384)	(19,086)	(16,762)

(1) For the years ended December 31, 2022 and 2021, Pure Sunfarms is fully consolidated in the financial results of the Compar August 16, 2021 to December 31, 2021, Balanced Health is fully consolidated in the financial results of the Company. For the 2021 to December 31,2021, f Rose LifeScience’s financial results are fully consolidated in the financial results of the Compar attributable to non-controlling interests, net of tax. For the period July 19, 2022 to December 31, 2022, Leli’s financial results the minority non-controlling interest presented in net loss attributable to non-controlling interests, net of tax.

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Share-based compensation	(7,533)	(6,142)	(4,714)
Interest expense	(2,835)	(2,056)	(2,614)
Interest income	126	625	1,036
Foreign exchange (loss) gain	(476)	(136)	433
Gain on settlement agreement	—	4,681	—
Gain on acquisition	—	23,631	—
Other (expense) income, net	(161)	49	268
(Loss) gain on disposal of assets	(259)	(922)	13,564
Loss on joint venture loans	—	(3,791)	(1,184)
Recovery of income taxes	3,526	2,790	5,866
(Loss) income from consolidated entities	(8,817)	10,603	(11,452)
Less: net loss attributable to non-controlling interests, net of tax	46	—	—
(Loss) income from equity method investments	(308)	1,005	13,777
Net (loss) income attributable to Village Farms International Inc.	$ (9,079)	$ 11,608	$ 2,325
Adjusted EBITDA (3)	$ 14,012	$ 7,411	$ 851
Basic (loss) income per share	$ (0.11)	$ 0.20	$ 0.05
Diluted (loss) income per share	$ (0.11)	$ 0.19	$ 0.05

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Net (loss) income attributable to Village Farms International Inc.	$ (9,079)	11,608	2,325
Other comprehensive (loss) income:			
Foreign currency translation adjustment	441	6,730	87
Comprehensive (loss) income	$ (8,638)	$ 18,338	$ 2,412

(1) For the year ended December 31, 2021, Pure Sunfarms is fully consolidated in the financial results of the Company. For the period August 16, 2021 to December 31, 2021, Balanced Health is fully consolidated in the financial results of the Company. For the period November 15, 2021 to December 31,2021, Village Farms' share of Rose LifeScience's financial results are fully consolidated in the financial results of the Company with the minority non-controlling interest presented in net loss attributable to non-controlling interests, net of tax.

(2) For the period January 1, 2020 to November 1, 2020, Village Farms' share of Pure Sunfarms earnings are reflected in income from equity method investments. For the period of November 2, 2020 to December 31, 2020, Pure Sunfarms is fully consolidated in the financial results of the Company.

(Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a

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useful supplemental measure in evaluating the performance of the Company because it excludes non-recuring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's majority non-controlling interest in Pure Sunfarms through November 1, 2020 and 100% interest since November 2, 2020, 70% interest in Rose LifeScience since acquisition, 85% interest in Leli since acquisition, and 65% interest in VFH.

(2) For the period January 1, 2020 to November 1, 2020, Village Farms' share of Pure Sunfarms earnings are reflected in income from equity method investments. For the period of November 2, 2020 to December 31, 2020, Pure Sunfarms is fully consolidated in the financial results of the Company.

(3) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed 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 because it excludes non-recuring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's majority non-controlling interest in Pure Sunfarms through November 1, 2020 and 100% interest since November 2, 2020, 70% interest in Rose LifeScience since acquisition, 65% interest in VFH and 60% interest in AVGGH.

We caution that our results of operations for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 may not be indicative of our future performance, particularly in light of the ongoing and developing COVID-19 pandemic. We are currently unable to assess the ultimate impact of the COVID-19 pandemic on our business and our results of operations for future periods. performance.

Discussion of Financial Results

A discussion of our consolidated results for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 is included below. The consolidated results include all four of our operating segments, produce, cannabis-Canada, cannabis-U.S. Produce, Cannabis-Canada, Cannabis-U.S., and clean energy, Energy, along with all public company expenses. The remaining 41.3% interest in Pure Sunfarms was acquired by Village Farms on November 2, 2020; from November 2, 2020 through December 31, 2020 and the year ended December 31, 2021, the operating results of Pure Sunfarms are consolidated in our Consolidated Statements of Income (Loss), and for the period January 1, 2020 to November 1, 2020 and the year ended December 31, 2019, Pure Sunfarms' results are included in income from equity method investments in our Consolidated Statements of Income (Loss). Village Farms acquired 100% of Balanced Health on August 16, 2021 and their operating results are consolidated in our Consolidated Statements of Income (Loss) for August 16, 2021 to December 31, 2021. The Company acquired

70% of Rose LifeScience on November 15, 2021 and their operating results are consolidated in our Consolidated Statements of Income (Loss) and the minority interest is presented in Net Income (Loss) Attributable to Non-controlling Interests, Net of Tax for November 15, 2021 to December 31, 2021.

Under "Cannabis Segment Results - Canada", we also present a discussion of the operating results of Pure Sunfarms, before any allocation to Village Farms, which were not consolidated in our financial results for the period of January 1, 2020 to November 1, 2020 and the year ended December 31, 2019 , and were only consolidated in our results for the year years ended December 31, 2021 December 31, 2022 and 2021 and the period November 2, 2020 to December 31, 2020. As a result of the Pure Sunfarms Acquisition, Pure Sunfarms recognized an increase adjustment in the fair value of its inventory on-hand on the acquisition date, resulting in a $3,972 reduction to cost of sales for the year ended December 31, 2022 and a $980 charge to cost of sales for the year ended December 31, 2021 and a $3,295 charge to cost of sales for the year ended December 31,

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2020. This is a non-cash accounting charge to cost of sales and should be adjusted for when analyzing the actual operational results of Pure Sunfarms. The “Cannabis Segment Results - Canada” also include the operating results of Rose LifeScience, which are consolidated in our financial results and the minority interest is presented in Net Income (Loss) Attributable to Non-controlling Interests, Net of Tax, for the year ended December 31, 2022 and for the period November 15, 2021 to December 31, 2021.

Under “Cannabis Segment Results – U.S.”, we present a discussion of the operating results of Balanced Health for the year ended December 31, 2022 and the period of August 16, 2021 to December 31, 2021, which were consolidated in the Company’s financial results for the year ended December 31, 2021. We also present VF Hemp which is an equity method joint venture and its results are included in “(Losses) Income from Equity Method Investments” for the years ended December 31, 2022, 2021 and 2020.

CONSOLIDATED RESULTS

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Sales

Sales for the year ended December 31, 2022 increased $25,552, or approximately 10% to $293,572 compared to $268,020 for the year ended December 31, 2021. The increase in sales was primarily due to an increase in Canadian cannabis sales of $13,886, U.S. cannabis sales of $11,947, and our own produce revenue of $7,152, an increase in freight revenue of $5,311 offset by a decrease in produce supply partner revenue of $6,896. The year over year increase in Canadian cannabis sales is primarily due to the benefit of a full year of sales in 2022 from Rose LifeScience, which was acquired on November 15, 2021, which resulted in a year on year increase of $12,462. The increase from U.S. cannabis sales in 2022 was due to the benefit of a full year of sales from Balanced Health, which was acquired on August 16, 2021. The increase in the Company’s produce sales was primarily due to a 18% increase in pounds produced in Texas, offset by a (17%) decrease in pounds produced at the Company’s Delta tomato greenhouse facility, due to the Brown Rugose virus, as well as a (9%) decrease in supply partner volume.

CONSOLIDATED RESULTS**Cost of Sales**

Cost of sales for the year ended December 31, 2022 increased $43,234, or 19%, to $266,075 from $222,841 for the year ended December 31, 2021, due primarily to an increase in Canadian cannabis cost of sales of $21,606, an increase in produce cost of sales of $19,329 and an increase in U.S. cannabis cost of sales of $4,195.

The increase from Canadian cannabis cost of sales was primarily due to a fourth quarter inventory impairment charge of $11,038 as well as the inclusion of twelve months of costs for Rose LifeScience, which resulted in $10,536 of the year on year increase. The increase in produce cost of sales was due to higher volumes of tomatoes, peppers and cucumbers which drove higher freight costs, inflationary pressure on both labor, fertilizer, energy and packaging material. The increase in U.S. cannabis cost of sales was due to the inclusion of the cost of sales for a full year versus prior year from its acquisition date of August 16, 2021.

Gross Margin

Gross margin for the year ended December 31, 2022 decreased $17,682, or 39%, to $27,497 from $45,179 for the year ended December 31, 2021. The year on year decrease in gross margin was driven by the Company’s produce division with a year on year decrease of $19,073, the Company’s Canadian cannabis division gross margin decreased by $7,720, which were offset by a year on year increase in the Company’s US cannabis gross margin of $7,752.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2022 increased $21,894, or 23% of sales, from $46,384 or 17% of sales for the year ended December 31, 2021. The year over year increase was primarily due to the inclusion of a full year of selling, general and administrative expenses from Rose Life Sciences and our U.S. cannabis businesses. The Company also experienced an increase in both its produce division, due to incremental legal and settlements costs, as well as its public company costs primarily driven by its first year of Sarbanes-Oxley compliance.

Share-Based Compensation

Share-based compensation expenses for the year ended December 31, 2022 was $3,987 compared to $7,533 for the year ended December 31, 2021. The decrease in share-based compensation is primarily related to the vesting of performance share grants in 2021 that were earned in the Canadian cannabis segment and U.S. cannabis segment.

Interest Expense

Interest expense for the year ended December 31, 2022 increased $409 to $3,244 from $2,835 for the year ended December 31, 2021. The increase was solely due to an increase in the Company's interest rates, on its various debt instruments.

Interest Income

Interest income for the years ended December 31, 2022 and 2021 was $207 and $126, respectively.

(Provision for) Recovery of Income Taxes

The (provision for) recovery of income taxes for the years ended December 31, 2022 and 2021 was $4,681 and $3,526, respectively. For the twelve months ended December 31, 2022, our effective tax rate, including both current and deferred income taxes was 4.8%, and included a $30,419 valuation allowance against our U.S. deferred tax assets.

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(Losses) Income from Equity Method Investments

Our share of losses from our equity method investments for the year ended December 31, 2022 was $2,668 compared to $308 for the year ended December 31, 2021. The increased loss was primarily due to the write-down of inventory at VF Hemp in 2022. For information regarding the results of operations from our joint ventures, see “Non-GAAP Measures - Reconciliation of U.S. GAAP Results to Proportionate Results” below.

Net Loss Attributable to Non-controlling Interests, Net of Tax

For the year ended December 31, 2022, the add back for net loss attributable to non-controlling interests, net of tax was $269, an increase from 46 for the prior year period. The increase is due to a full year of results from our 70% ownership in Rose LifeScience, acquired on November 15, 2021.

Net (Loss) Income Attributable to Village Farms International Inc.

Net (loss) for the years ended December 31, 2022 and 2021 was $101,146 and $9,079, respectively. The increase in net (loss) was driven by a decrease in gross margin from our Fresh Produce business, goodwill and intangible impairment charges, an inventory write- down and a valuation allowance on the Company's existing U.S. deferred tax asset.

Adjusted EBITDA

Adjusted EBITDA for the year ended December 31, 2022 decreased $35,323 to $21,311 from $14,012 for the year ended December 31, 2021, due to lower adjusted EBITDA of VF Fresh of $22,410, as well as its Canadian cannabis division of $10,330 and its U.S. cannabis division of $2,141. See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Sales

Sales for the year ended December 31, 2021 increased $97,934, or 58%, to $268,020 compared to $170,086 for the year ended December 31, 2020. The increase in sales was primarily due to an increase in Canadian cannabis sales of $83,656, produce supply partner revenues revenue of $15,897 and U.S. cannabis sales of $11,345, partially offset by our own produce revenues revenue of ($13,011). $13,011. The increase from Canadian cannabis sales in 2021 as compared to 2020 was primarily due to the inclusion of sales from Pure Sunfarms that was acquired on November 2, 2020 and as such, 2021 includes twelve months of sales and 2020 includes two months of sales. In addition, the sales from Rose LifeScience which was acquired on November 15, 2021 are also included in the Canadian cannabis sales for the year ended December 31, 2021. The sales of Pure Sunfarms and Rose LifeScience were fully consolidated in our financial results from their acquisition dates. The produce supply partner revenue increase in 2021 was mostly due to higher volumes, with a 30% increase in tomato pounds sold, a 12% increase in pepper pounds sold, a 31% increase in cucumber pieces sold and a 79% increase in mini cucumber pounds sold. The increase from U.S. cannabis sales in 2021 was due to the acquisition of Balanced Health on August 16, 2021 which is fully consolidated in our financial results from the date of acquisition. The decrease in our own produce revenues revenue was due primarily to a (19%) decrease in the average selling price of our produced tomatoes as a result of a market supply overage in commodity tomatoes and an overall slowdown of retail purchases for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

The average selling price for all tomato pounds sold decreased (13%) for the year ended December 31, 2021 compared to the year ended December 31, 2020, which was driven by a decrease in the average selling price of commodity items, particularly beefsteak and tomatoes-on-the-vine (“TOV”). Pepper prices decreased (12%), cucumber prices increased 6% and mini cucumber prices decreased (14%) for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

Cost of Sales

Cost of sales for the year ended December 31, 2021 increased $63,715, or 40%, to $222,841 from $159,126 for the year ended December 31, 2020, due primarily to an increase in Canadian cannabis cost of sales of $48,638, produce supply partner costs of $13,288 and U.S. cannabis cost of sales of $3,398, partially offset by a decrease in our own produce production costs of ($2,094). $2,094.

The increase from Canadian cannabis cost of sales was primarily due to the inclusion of twelve months of costs for Pure Sunfarms in 2021 as compared to costs for the period of November 2, 2020 to December 31, 2020, along with the post-acquisition costs from Rose LifeScience from November 15, 2021 through December 31, 2021. The increase in year-over-year produce supply partner costs was due to higher volumes of tomatoes, peppers and cucumbers which also drove higher freight costs and the increase from U.S. cannabis cost of sales was due to the inclusion of the cost of sales of Balanced Health from its acquisition date of August 16, 2021. The reduction in our own produce production costs was driven by lower costs at our Texas facilities, primarily due to a decrease in the cost per pound produced as facility management’s cost saving efforts were realized in 2021 despite supply chain issues that worsened during the pandemic.

Gross Margin

Gross margin for the year ended December 31, 2021 increased $34,219, or 312%, to $45,179 from $10,960 for the year ended December 31, 2020. The positive increase in gross margin for 2021 as compared to 2020 was driven by an increase of $35,018

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from the Canadian cannabis segment, $7,947 from the U.S. cannabis segment and $2,609 from our produce supply partners, partially offset by lower gross margin from our own produce production of ($10,917).$10,917.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2021 increased $27,298, or 143%, to $46,384 or 17% of sales from $19,086 or 11% of sales for the year ended December 31, 2020. The increase between comparable years was primarily due to the inclusion of the selling, general and administrative expenses of the Canadian and U.S. cannabis businesses post-acquisition along with an increase in public company costs such as acquisition fees related to Balanced Health and Rose LifeScience, investor relations, legal and regulatory expenses, listing fees and the costs of Sarbanes-Oxley compliance.

Share-Based Compensation

Share-based compensation expenses for the year ended December 31, 2021 was $7,533 from $6,142 for the year ended December 31, 2020. The incremental increase in share-based compensation is primarily related to the vesting of performance share grants in 2021 that were earned in the Canadian cannabis segment as Pure Sunfarms' management participated in the Company's compensation plan for the entirety of 2021 as compared to two months in 2020.

Interest Expense

Interest expense for the year ended December 31, 2021 increased $779 to $2,835 from $2,056 for the year ended December 31, 2020. The increase was primarily due to an increase in our Canadian cannabis debt balances.

Interest Income

Interest income for the years ended December 31, 2021 and 2020 was $126 and $625, respectively. During 2020 we stopped accruing interest income for the VFH Grid Loan because repayment has been deemed uncertain as evidenced by the write-downs taken to the loan in 2020.

Gain on Settlement Agreement

On March 2, 2020, pursuant to the settlement agreement with Emerald, Emerald transferred to the Company 2.5% of additional equity in Pure Sunfarms. The Company determined the fair value of the equity received from Emerald to be $4,681. The Company recorded this amount as a gain on settlement agreement.

Gain on Acquisition

On November 2, 2020,November 2, 2020, the Company consummated the Pure Sunfarms Acquisition, pursuant to which the Company acquired 36,958,500 Common Shares of Pure Sunfarms owned by Emerald and increased the Company's ownership of Pure Sunfarms to 100%. The shares were acquired for a total aggregate purchase price of C$79.9 million (US$60.0 million), satisfied through a C$60.0 million (US $45.0 million) cash payment and the Promissory Note. The acquisition is a business combination and has been accounted for in accordance with the measurement and recognition provisions of ASC Topic 805, Business Combinations. ASC Topic 805 requires that the purchase consideration be allocated to the assets acquired and liabilities assumed in a business combination based upon their estimated fair values at the date of acquisition. As such, the Company recognized a gain of $23,631 due to the revaluation of its previously held investment in Pure Sunfarms to its fair value at acquisition date.

Loss on Disposal of Assets

The Company recognized a loss on disposal of assets of ($259)$259 and ($922)$922 for the years ended December 31, 2021 and 2020, respectively. The loss in 2021 is primarily due to writing off the DutchCanGrow minority investment and the loss in 2020 is primarily due to shutting down two of the VFCE generators and fully depreciating the assets in 2020.

Loss on Joint Venture Loans

The Company recognized a loss on joint venture loans of ($3,791)$3,791 for the year ended December 31, 2020. The loss in 2020 is due to writing down the inventory of VF Hemp to its net realizable value in the fourth quarter of 2020. As a result of the inventory write-down, the Company recognized an impairment of ($3,791)$3,791 on the outstanding grid loan with VF Hemp.

Recovery of Income Taxes

Income taxes for the year ended December 31, 2021 was a recovery of $3,526 compared to a recovery of $2,790 for the year ended December 31, 2020. For the twelve months ended December 31, 2021, our effective tax rate, including both current and deferred income taxes, was (28.5%). The earnings from our equity method investment, VF Hemp, are all reported post-tax and therefore do not affect our tax calculation. Our share of income for Pure Sunfarms was presented in income from equity method investments for January 1 to November 1, 2020. Village Farms began fully consolidating operating results of Pure Sunfarms on November 2, 2020.

(Losses) Income from Equity Method Investments

Our share of (losses) from our equity method investments for the year ended December 31, 2021 was ($308) compared to income of $1,005 for the year ended December 31, 2020. Our share of income for Pure Sunfarms was presented in income from equity method investments from January 1, 2020 to November 1, 2020. Village Farms began fully consolidating operating results of Pure Sunfarms on November 2, 2020. VF Hemp was presented in (losses) from equity method investments in both years ended December 31, 2021 and 2020. For information regarding the results of operations from our joint ventures, see "Non-GAAP Measures - Reconciliation of U.S. GAAP Results to Proportionate Results" below.

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Net Loss Attributable to Non-controlling Interests, Net of Tax

For the year ended December 31, 2021, the net loss attributable to non-controlling interests, net of tax was $46. Due to the acquisition of 70% of Rose LifeScience on November 15, 2021, the Company fully consolidates the results of Rose LifeScience in the Company's Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). The 30% retained interest is presented as net loss attributable to non-controlling interests, net of tax per GAAP.

Net (Loss) Income Attributable to Village Farms International Inc.

Net (loss) for the year ended December 31, 2021 was ($9,079) in comparison to net income of $11,608 for the year ended December 31, 2020. Net (loss) was driven by a decrease in our operating loss of ($8,738) for the year ended December 31, 2021 as compared to an operating loss of (\$14,268) $14,268 for the year ended December 31, 2020. The 2020 net income was significantly enhanced by the gain in acquisition of Pure Sunfarms of $23,631 and the gain on the settlement agreement with Emerald of $4,681, partially offset by the write-off of (\$3,791) $3,791 of the Company's loan to VF Hemp and loss on disposal of VFCE assets of (\$922). $922.

Adjusted EBITDA

Adjusted EBITDA for the year ended December 31, 2021 increased $6,601 to $14,012 from $7,411 for the year ended December 31, 2020, primarily as a result of improved operating income of the Canadian and U.S. cannabis segments, partially offset by a higher operating loss of the produce segment and an increase in corporate expenses. See the reconciliation of Adjusted EBITDA to net income in "Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA".

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Sales

Sales for the year ended December 31, 2020 increased $25,518, or 18%, to $170,086 compared to $144,568 for the year ended December 31, 2019. Due to the acquisition of Pure Sunfarms on November 2, 2020, Village Farms began fully consolidating operating results of Pure Sunfarms. The increase in sales was primarily due to an increase in produce supply partner revenues of $14,748, Pure Sunfarms November and December sales of $12,778, partially offset by a decrease in VFCE power sales of ($735) and our own produce production revenues of ($1,273). The produce supply partner revenue increase was due to higher volumes, with a 2% increase in tomato pounds sold, a 49% increase in pepper pounds sold, a 35% increase in cucumber pieces and an 83% increase in mini cucumber pounds. The decrease in our own produce production revenues was due primarily to the closure of the Delta 2 facility, which was leased to Pure Sunfarms in order to expand its cannabis production capacity as needed.

The net price for all tomato pounds sold increased 21% for the year ended December 31, 2020 compared to the year ended December 31, 2019 which was driven by an increase in the average selling price of commodity items, particularly beefsteak and TOVs. Pepper prices increased 17% over the comparable period in 2019, cucumber prices were flat and mini cucumber prices decreased 12% for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

Cost of Sales

Cost of sales for the year ended December 31, 2020 increased $7,213, or 5%, to $159,126 from $151,913 for the year ended December 31, 2019, due primarily to an increase in produce supply partner costs of $13,128, two months of Pure Sunfarms cost of sales of $10,585, partially offset by a decrease in our own produce production costs of ($15,940) and lower clean energy costs of ($560). The Pure Sunfarms cost of sales of $10,585 includes a non-cash accounting charge of $3,295, as a result of adjusting inventory to fair value at the acquisition date.

The increase in year over year produce supply partner costs was due to higher volumes of tomatoes, peppers and cucumbers which also drove higher freight costs. The reduction in our own produce production costs were driven by the closure and transition of the Delta 2 facility to Pure Sunfarms, along with lower costs at our Texas facilities, primarily driven by lower pounds sold and a decrease in the cost per pound produced.

Gross Margin

Gross margin for the year ended December 31, 2020 increased $18,305, or 249%, to $10,960 from ($7,345) for the year ended December 31, 2019. Gross margin for 2020 was negatively impacted by the purchase price accounting inventory charge of

$3,295 related to the inventory at the Pure Sunfarms acquisition date. The positive increase in gross margin was driven by an improvement in the produce segment for both our own produce production and our grower partners, driven primarily from higher selling prices of tomatoes and higher volume from our grower partners.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2020 increased $2,324, or 14%, to $19,086 from $16,762 for the year ended December 31, 2019. The increase was primarily due to the inclusion of two months of Pure Sunfarms expenses and an increase in public company costs such as investor relations, legal and regulatory, listing fees and incremental costs of converting to U.S. GAAP and U.S. reporting compliance, partially offset by reductions for company-wide travel-related expenses due to COVID-19.

Share-Based Compensation

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Share-based compensation expenses for the year ended December 31, 2020 was $6,142 from $4,714 for the year ended December 31, 2019. The incremental increase in share-based compensation is primarily related to the vesting of performance share grants in 2020 that were earned in relation to the acquisition of Pure Sunfarms, as well as the incremental cost of issuing higher valued stock options.

Interest Expense

Interest expense, for the year ended December 31, 2020 decreased $558 to $2,056 from $2,614 for the year ended December 31, 2019. The decrease was due to lower interest rates as well as lower debt balances.

Interest Income

Interest income for the years ended December 31, 2020 and 2019 was $625 and $1,036, respectively. During 2020 we stopped accruing interest income for the VFH Grid Loan because repayment has been deemed uncertain as evidenced by the write-downs taken to the loan in 2020.

Gain on Settlement Agreement

On March 2, 2020, pursuant to the settlement agreement with Emerald, Emerald transferred to the Company 2.5% of additional equity in Pure Sunfarms. The Company determined the fair value of the equity received from Emerald to be $4,681. The Company recorded this amount as a gain on settlement agreement.

Gain on Acquisition

On November 2, 2020, the Company consummated the Pure Sunfarms Acquisition, pursuant to which the Company acquired 36,958,500 Common Shares of Pure Sunfarms owned by Emerald and increased the Company's ownership of Pure Sunfarms to 100%. The shares were acquired for a total aggregate purchase price of C$79.9 million (US$60.0 million), satisfied through a C$60.0 million (US $45.0 million) cash payment and the Promissory Note. The acquisition is a business combination and has been accounted for in accordance with the measurement and recognition provisions of ASC Topic 805, Business Combinations. ASC Topic 805 requires that the purchase consideration be allocated to the assets acquired and liabilities assumed in a business combination based upon their estimated fair values at the date of acquisition. As such, the Company recognized a gain of $23,631 due to the revaluation of its previously held investment in Pure Sunfarms to its fair value at acquisition date.

(Loss) Gain on Disposal of Assets

The Company recognized a loss on disposal of assets of ($922) for the year ended December 31, 2020 primarily due to shutting down two of the VFCE generators and fully depreciating the assets in 2020. For the year ended December 31, 2019, the Company recognized a gain on disposal of assets of $13,564 primarily from the contribution of one of our greenhouse facilities in Delta, British Columbia to Pure Sunfarms. The gain represents the difference between book value and C$25,000.

Recovery of Income Taxes

Income taxes for the year ended December 31, 2020 was a recovery of $2,790 compared to a recovery of $5,866 for the year ended December 31, 2019. For the twelve months ended December 31, 2020, our effective tax rate, including both current and deferred income taxes, was (39.4%). Our effective tax rate was impacted by no tax expense as a result of the gain of $23,631 due to the revaluation of our previously held investment in Pure Sunfarms at acquisition date. Excluding the impact of this non-taxable gain, our effective tax rate was 39.5%. The income from our equity method investments, VFH and AVGHH, are all reported post-tax and therefore do not affect our tax calculation. Our share of income for Pure Sunfarms was presented in income from equity method investments for 2019 and January 1 to November1, 2020. Village Farms began fully consolidating operating results of Pure Sunfarms on November 2, 2020.

Income from Equity Method Investments

Our share of income from our equity method investments for the year ended December 31, 2020 was $1,005 compared to $13,777 for the year ended December 31, 2019. Our share of income for Pure Sunfarms was presented in income from equity method investments for 2019 and from January 1, 2020 to November 1, 2020. Village Farms began fully consolidating operating results of Pure Sunfarms on November 2, 2020. Pure Sunfarms earnings in 2020 decreased from 2019 primarily due to a significant change in the mix of cannabis channel sales from the prior year higher margin wholesale channel sales to a higher proportion of more competitive and lower margin retail sales in 2020. For information regarding the results of operations from our joint ventures, see "Non-GAAP Measures - Reconciliation of U.S. GAAP Results to Proportionate Results" below.

Net Income

Net income for the year ended December 31, 2020 was $11,608 in comparison to $2,325 for the year ended December 31, 2019. Net income was driven by a significant change in gross profit of $10,960 for the year ended December 31, 2020 as compared to a gross (loss) of ($7,345) for the year ended December 31, 2019. The gross profit was primarily due to an increase from Pure Sunfarms due to the acquisition on November 2, 2020 and higher produce supply partner gross profit. Net income was also significantly affected by the 2020 gain on acquisition of Pure Sunfarms of $23,631 and the 2020 gain on the settlement agreement with Emerald of $4,681, partially offset by the ($5,163) 2020 write-down of hemp biomass to net realizable value, the Pure Sunfarms inventory purchase price non-cash accounting charge of ($3,295), and the 2020 write-off of ($3,791) of the Company's loan to VF Hemp. The Company's 2019 net income was affected by the gain on the contribution of the Delta 3 greenhouse to Pure Sunfarms of $13,564.

Adjusted EBITDA

Adjusted EBITDA for the year ended December 31, 2020 increased $6,560 to $7,411 from $851 for the year ended December 31, 2019, primarily as a result of improved gross margin of the produce segment and inclusion of the operating results of Pure Sunfarms for November 2 through December 31, 2020. See the reconciliation of

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Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

CANNABIS SEGMENT RESULTS – CANADA

The Canadian cannabis Cannabis segment currently consists of Pure Sunfarms and Rose LifeScience. Pure Sunfarms' The comparative analysis are for Canadian Cannabis is based on the consolidated results of Pure Sunfarms for the years ended December 31, 2021, 2020 December 31, 2022 and 2019, not accounting for the percentage owned by Village Farms. 2021. The Canadian cannabis segment also include includes the operating results of Rose LifeScience from for the year ended December 31, 2022 and for the period November 15, 2021 to December 31, 2021, which and are consolidated in our results for the year years ended December 31, 2021 December 31, 2022 and 2021, with the minority interest presented in Net Income (Loss) Loss Attributable to Non-controlling Interests, Net of Tax. See “Non-GAAP Measures - Reconciliation of U.S. GAAP Results to Proportionate Results” for a presentation of the Canadian cannabis segment’s proportionate results for years ended December 31, 2022 and 2021.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Sales

Canadian cannabis net sales for the years ended December 31, 2022 and 2021 was $109,882 and $96,434, respectively, a year over year increase of 14%, or $13,448. The year over year change is comprised of a 21% increase in sales to provincial boards (branded sales) offset by an (14%) decrease in wholesale sales (non-branded sales). The net sales also include a full year of sales contributed by Rose LifeScience of $13,922, compared to net sales of $1,460 for the prior year period from acquisition date, November 15, 2021 to December 31, 2021. The 25% increase in branded sales was due to an increase in sales in Ontario, British Columbia, Alberta and Quebec, as well as expansion into the provinces and territories of New Brunswick, Yukon, Newfoundland, and Labrador and Northwest Territories. Canadian cannabis branded sales growth was primarily in large and small formats of flower and pre-rolls.

For the year ended December 31, 2022, 73% of the revenue was generated from branded flower and pre-roll sales, with an additional 4% from branded cannabis derivative products. For the year ended December 31, 2021, December 31, 2020 64% of the revenue was generated from branded flower and December 31, 2019. pre-roll sales, with an additional 10% from branded cannabis derivative products. Non-branded sales accounted for 23% of revenue in 2022, as compared to 26% of revenue in 2021. The decrease in non-branded sales was driven by the oversupplied LP market, particularly for lower specification biomass, which drove down prices.

The net average selling price of branded flower and pre-roll formats decreased in 2022 as compared to 2021. Excluding pre-roll formats, the average net selling price of branded flower decreased by (14%) in 2022 due to a higher ratio of large format products to small format products, as well as the introduction of our newly launched Fraser Valley Weed Co. in the later part of the year and lower pricing in Quebec. The net average selling price of bulk non-branded flower and trim decreased by (16%) largely due to an increased volume of trim sales which are sold at a lower selling price relative to non-branded flower.

Cost of Sales

Cost of sales for the years ended December 31, 2022 and 2021 was $80,494 and $58,888, respectively, an increase of 36%, or $21,269. The largest driver of the year on year increase was the Company’s fourth quarter inventory write down of $11,038 (C$15,000), which represented lower potency flower that was over 12 months old. The balance of the increase was due to the full year inclusion of Rose LifeScience, which resulted in incremental cost of sales of $10,536 and the increase in branded kilograms sold which has an incremental cost of production to manufacture and package over bulk product sold in the wholesale channel.

Gross Margin

Gross margin for the year ended December 31, 2022 decreased $7,821, or 21%, to $29,388 from $37,209 for the year ended December 31, 2021. Gross margin as a percentage of net revenue for the periods ended December 31, 2022 and 2021 was 27% and 39%, respectively.

The gross margin decline in 2022 as compared to 2021, was primarily due to the $11,038 inventory write-down. Excluding the impact of the inventory impairment charge of $11,038, adjusted gross margin as a percentage of revenue was 37%, a decrease of

just 2% from the prior year, which is partially due to the launch of the Company's new value brand - Fraser Valley Weed Co. which has a lower margin than the Company's Pure Sunfarms flower products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2022 were $30,235, or 28%, of net sales compared to $20,937, or 22% of net sales for the year ended December 31, 2021. The increase in 2022 was primarily due to higher Health Canada regulatory fees, which are based on cannabis sales, a full year of expenses from Rose LifeSciences, as well as incremental year over year expenses for sales, marketing and headcount to support the growth of the Canadian cannabis segment.

Share-Based Compensation

Share-based compensation for the years ended December 31, 2022 and 2021 was $1,373 and $2,738, respectively. The decrease in 2022, is due to the 2021 vesting of performance share grants that were earned in the Canadian cannabis segment for Pure Sunfarms’ management.

Other (Expense) Income, net

Other (expense) income, net was ($163) for the year ended December 31, 2022 compared to ($295) for the year ended December 31, 2021.

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Net Income

Net income for the years ended December 31, 2022 and 2021 was $117 and $9,165 respectively. The decrease is primarily due to the $11,038 inventory impairment recorded at December 31, 2022.

Adjusted EBITDA

Adjusted EBITDA was $13,085 for the year ended December 31, 2022 and $23,415 for the year ended December 31, 2021. The decrease of $10,330, or 44%, is due to a decrease in gross margin due to incremental volume increases in lower margin products such as pre-rolls and an increase in selling, general and administrative expenses. See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Sales

Canadian cannabis net sales for the years ended December 31, 2021 and 2020 was $96,434 and $56,875, respectively, an increase of 70%. The year over year change is comprised of a 94% increase in sales to provincial boards (branded sales) and a 2% increase in wholesale sales (non-branded sales). The net sales also include the addition of Rose LifeScience net sales of $1,460 from November 15, 2021 to December 31, 2021, which mostly consist of sales of their own products and commission-based sales.

For the year ended December 31, 2021, 64% of revenue was generated from branded flower and pre-roll sales, with an additional 10% from branded cannabis derivative products, which Pure Sunfarms launched in September 2020. For the year ended December 31, 2020, 54% of revenue was generated from branded flower and pre-roll sales, with an additional 5% from branded cannabis derivative products. Non-branded sales accounted for 26% of revenue in 2021 as compared to 41% in 2020, as Pure Sunfarms continued to transition from a predominantly wholesale market supplier in 2019 to a mixed branded and wholesale market supplier in 2020 and 2021.

On a combined basis, the net average selling price of branded flower and pre-roll formats did not change from 2020 to 2021, due primarily to a greater volume of pre-roll sales in 2021 which has a higher selling price than flower. Excluding pre-roll formats, the average net selling price of branded flower decreased by (4%) in 2021 as the retail market experienced general price compression. The net average selling price of bulk non-branded flower and trim decreased by (57%) largely due to an increased volume of trim sales which are sold at a lower selling price relative to non-branded flower.

Cost of Sales

Cost of sales for the years ended December 31, 2021 and 2020 was $59,225 and $37,525, respectively, an increase of 58%. The increase for 2021 as compared to 2020 was primarily driven by a 109% volume increase of branded flower and pre-roll sales which has an incremental cost of production to manufacture over bulk product sold in the wholesale channel and $1,120 in cost of

sales for Rose LifeScience in 2021. During 2020, the cost of sales also includes a $1,069 inventory write down for distillate oil purchased from third party extraction companies for which the market value has dropped since the initial purchase as well as a $3,295 charge in the fourth quarter of 2020 resulting from the revaluation of inventory to fair value at the acquisition date of Pure Sunfarms.

Gross Margin

Gross margin for the year ended December 31, 2021 increased $17,859 or 92% to $37,209 from $19,350 for the year ended December 31, 2020. Gross margin as a percentage of net revenue of 39% in 2021 was higher than gross margin of 34% in 2020. The gross margin improved in 2021 as increased output of production had a favorable impact on cost of production and offset the reduction in the selling price of flower and additional costs associated with the manufacture of branded cannabis derivative products. Gross margin for 2020 was impacted by the $1,069 inventory write down for distillate oil and $3,295 charge resulting from the revaluation of inventory to fair value at the acquisition date of Pure Sunfarms.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2021 increased 87% to $20,937 or 22% of 2021 net sales from $11,268 for the year ended December 31, 2020 or 20% of 2020 net sales. The increase in 2021 was primarily due to higher Health Canada regulatory fees, which are based on cannabis sales, Rose LifeScience expenses of $491, as well as incremental year over year expenses for sales, marketing and additional headcount to support the growth of the Canadian cannabis segment.

Share-Based Compensation

Share-based compensation for the years ended December 31, 2021 and 2020 were $2,738 and $61 respectively. The 2021 increase reflects the vesting of performance share grants in 2021 that were earned in the Canadian cannabis segment as Pure Sunfarms' management participated in the Company's compensation plan for the entirety of 2021 as compared to two months in 2020.

Other (Expense) Income, net

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Other (expense), net was ($295) for the year ended December 31, 2021 and other income, net was $3,446 for the year ended December 31, 2020. During the first quarter of 2020, Pure Sunfarms recognized a $4,330 gain on settlement of net liabilities resulting from the March 2, 2020 Settlement Agreement between Pure Sunfarms, Emerald Health and Village Farms. This gain is derived from Pure Sunfarms' forgiveness of Emerald's shareholder loan, including accrued interest, offset by the extinguishment of the Supply Agreement, and a receivable due from Emerald for sales made in the first quarter of 2020 and the entire year of 2019.

Net Income

Net income for the years ended December 31, 2021 and 2020 was $9,165 and $7,651 respectively. The increase between years is mainly driven by the increase in operating income of the Canadian cannabis segment for the year ended December 31, 2021 as compared to the year ended December 31, 2020, partially offset by the 2020 gain on settlement of net liabilities from the Pure Sunfarms Settlement Agreement.

Adjusted EBITDA

Adjusted EBITDA was $23,415 for the year ended December 31, 2021 and $13,329 for the year ended December 31, 2020. The increase of $10,086, or 76%, is primarily attributable to significant revenue growth while improving gross margin between years partially offset by a slight increase in selling, general and administrative expenses as a percentage of net sales in 2021 as compared to 2020. See the reconciliation of Adjusted EBITDA to net income in "Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA".

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Sales

Canadian cannabis net sales for the years ended December 31, 2020 and 2019 was $56,875 and $62,342, respectively, a decrease of (9%). The year over year change is comprised of a 541% increase in sales to provincial boards (branded sales) offset by a (59%) decrease in the wholesale channel (non-branded) which had been the company's sole source of revenue until September 2019.

For the year ended December 31, 2020, 54% of revenue was generated from branded flower and pre-roll sales, with an additional 5% from branded cannabis oil and vape pens, which Pure Sunfarms launched in September 2020. Non-branded sales accounted for 41% of revenue in 2020 as compared to 92% in 2019, as Pure Sunfarms moved from a predominantly wholesale market supplier in 2019 to a mixed wholesale and retail market supplier in 2020, primarily as a result of receiving its retail sales license in September 2019.

The net average selling price of branded flower and pre-roll formats in 2020 was lower than 2019 by approximately (38%). This reduction in sales price was primarily due to the launch and growth of large format sales of $13,317, which Pure Sunfarms began

selling in 2020. The net average selling price of bulk non-branded flower decreased by (65%) as supply levels in the wholesale channels outpaced the growth of demand.

Cost of Sales

Cost of sales for the years ended December 31, 2020 and 2019 was $37,525 and $15,067, respectively, an increase of 149%. The increase was primarily driven by an 866% volume increase of branded flower and pre-roll sales which has an incremental cost of production to manufacture over bulk product sold in the wholesale channel. During 2020, the company's cost of sales also includes a $1,069 inventory write down for distillate oil purchased from third party extraction companies for which the market value has dropped since the initial purchase as well as a $3,295 charge in the fourth quarter resulting from the revaluation of inventory to fair value at the acquisition date of Pure Sunfarms.

Gross Margin

Gross margin for the years ended December 31, 2020 and 2019 was $19,350 and $47,275, respectively, a decrease of (59%). Gross margin for 2020 was impacted by the reduction in average selling price of flower in 2020, supply exceeding demand in the wholesale channels, the $1,069 inventory write-down for distillate oil for which the net realizable value decreased from the initial purchase and the $3,295 charge from the revaluation of inventory to fair value at the acquisition date of Pure Sunfarms.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended December 31, 2020 and 2019 were $11,268 and $7,883, respectively, an increase of 43%. The increase was primarily due to higher Health Canada regulatory fees, which are based on cannabis sales, as well as incremental year over year expenses for sales, marketing and additional headcount.

Other Income, Net

Other income, net for the years ended December 31, 2020 and 2019 was $3,446 and $26, respectively. During the first quarter of 2020, Pure Sunfarms recognized a $4,330 gain on settlement of net liabilities resulting from the March 2, 2020 Settlement Agreement between Pure Sunfarms, Emerald Health and Village Farms. This gain is derived from Pure Sunfarms' forgiveness of Emerald's shareholder loan, including accrued interest, offset by the extinguishment of the Supply Agreement, and a receivable due from Emerald for sales made in the first quarter of 2020 and the entire year of 2019.

Net Income

Net income for the years ended December 30, 2020 and 2019 was $7,651 and $27,414, respectively, a decrease of (72%). The decrease was primarily due to the decrease in gross margin for the comparable years.

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Adjusted EBITDA

Adjusted EBITDA was $13,329 for the year ended December 31, 2020, a decrease of (67%) from $40,692 for the year ended December 31, 2019. The decrease was primarily due to a lower gross margin from a reduced average selling price and increased costs of sales along with an increase in selling, general and administrative expenses for the year ended December 31, 2020 compared to the same prior year period. See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

CANNABIS SEGMENT RESULTS – UNITED STATES

The U.S. cannabis segment currently consists of Balanced Health and VF Hemp. For the year ended December 31, 2021, U.S. cannabis financial results are based on the consolidated results of Balanced Health from the closing date of the acquisition of August 16, 2021, as the results of Balanced Health from August 16, 2021 through December 31, 2021 are consolidated in the Company’s results. VF Hemp is a joint venture and its results are included in “(Losses) Income from Equity Method Investments” for the year ended December 31, 2021.

Sales***Year Ended December 31, 2022 Compared to Year Ended December 31, 2021***

Sales

U.S. cannabis net sales for the year ended December 31, 2022 were $23,302, an increase of $11,957 or 105%, from the prior partial year net sales of $11,345. While the year on year sales resulted in an increase, the annualized sales for the Company's U.S.

Cannabis division decreased. Over 99% of sales are generated in the United States and gross sales are composed of 80% from e-commerce sales, 14% from retail sales, and 6% from shipping income.

Cost of Sales

U.S. cannabis cost of sales for the year ended December 31, 2022 were $7,643 as compared to $3,398 for the prior year period of August 16, 2021 to December 31, 2021. Cost of sales are attributed directly to e-commerce, retail and bulk cost of sales with all other costs categorized within other manufacturing costs of sales which include warehouse expenses, freight and shipping supplies.

Gross Margin

U.S. cannabis gross margin for the year ended December 31, 2022 was $15,659, or 67%, compared to $7,947, or 70% for the period of August 16, 2021 to December 31, 2021. The slight decrease in the gross margin percentage was driven by the increase in the gummy sales versus tinctures, as tinctures have a higher product gross margin.

Selling, General and Administrative Expenses

U.S. cannabis selling, general and administrative expenses for the year ended December 31, 2022 were $16,000, or 69% of sales compared $5,604, or 49% of sales for the short prior year period of August 16, 2021 to December 31, 2021. The increase relative to sales is primarily due to an increase in eCommerce marketing As the U.S. cannabis business derives a significant number of sales through its online technology platforms, the primary expense categories within selling, general and administrative include sales and marketing, merchant fees, e-commerce support and IT services.

Share-Based Compensation

U.S. cannabis share-based compensation for the year ended December 31, 2022 was $305 compared to $158 for the prior year period of August 16, 2021 to December 31 2021.

Net (Loss) Income

U.S. cannabis net loss for the year ended December 31, 2022 was ($47,452) as compared to the income of $2,200 for the prior year period of August 16, 2021 to December 31, 2021. The decrease was primarily due to the impairment charges to goodwill.

Adjusted EBITDA

U.S. cannabis adjusted EBITDA for the year ended December 31, 2022 was $223 as compared to $2,363 for the prior year period of August 16, 2021 to December 31, 2021. The decrease in the adjusted EBITDA was due to a lower margin as well as a full year of U.S. cannabis selling and administrative expenses. See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

Year Ended December 31, 2021

Sales

U.S. cannabis net sales for the period of August 16, 2021 to December 31, 2021 were $11,345. Over 99% of sales are generated in the United States and gross sales are composed of 79% from e-commerce sales, 15% from retail sales, 3% from shipping income and 1% from bulk sales. The loyalty program impact contributed 2% of net sales as loyalty program customers generate loyalty points that may be used when purchasing Balanced Health products.

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Cost of Sales

U.S. cannabis cost of sales for the period of August 16, 2021 to December 31, 2021 were $3,398. Cost of sales are attributed directly to e-commerce, retail and bulk cost of sales with all other costs categorized within other manufacturing costs of sales which include warehouse expenses, freight and shipping supplies.

Gross Margin

U.S. cannabis gross margin for the period of August 16, 2021 to December 31, 2021 was $7,947 or 70%.

Selling, General and Administrative Expenses

U.S. cannabis selling general and administrative expenses for the period of August 16, 2021 to December 31, 2021 was $5,604 or 49% of sales. As the U.S. cannabis business derives a significant number of sales through its online technology platforms,

the primary expense categories within selling, general and administrative include sales and marketing, merchant fees, e-commerce support and IT services.

Share-Based Compensation

U.S. cannabis share-based compensation for the period of August 16, 2021 to December 31 2021 was $158. The share-based compensation is due to the cost of performance-based stock options for U.S. cannabis management.

Net Income

U.S. cannabis net income for the period of August 16, 2021 to December 31, 2021 was $2,200 due primarily to the gross margin of 70%.

Adjusted EBITDA

U.S. cannabis adjusted EBITDA for the period of August 16, 2021 to December 31, 2021 was $2,363 and was due primarily to the operating profit of Balanced Health offset by the loss from VF Hemp which is presented in (losses) income from equity method investments in the Consolidated Statements of Income (Loss). See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

PRODUCE SEGMENT RESULTS

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

Sales

Sales for the year ended December 31, 2022 of $160,252, were essentially flat with the prior year period sales of $159,996. The slight increase is primarily due to an 18% increase in production at our Texas facilities, a decrease of (17%) in production from our Delta tomato facility as a direct result of the brown rugose tomato virus on essentially flat year on year pricing. The supply partner revenue decrease is due to lower volumes of (8.7%), with a (20%) decrease in tomato pounds sold, a 22% increase in pepper pounds sold, a 23% increase in cucumber pieces and a 12% increase in mini cucumber pounds. The increase in peppers pounds is due to an increase in Mexican grower pounds and a western Canadian pepper grower expanding its growing area, to meet the increase demand for peppers.

The average selling price for all produce sold during the year ended December 31, 2022, as compared to the year ended December 31, 2021 was as follows; tomato prices increased 0.3%, pepper prices decreased (13%), cucumber prices decreased (14%) and mini cucumber prices decreased (13%).

Cost of Sales

Cost of sales increased $19,329, or 12% to $177,634 for the year ended December 31, 2022, from $158,305 for the same period in 2021. The increase is primarily due to a net increase in volume, coupled with increases in many essential inputs such as labor, freight, fertilizer and packaging, which were partially offset by lower payments to supply partners due to lower volumes in 2022 versus 2021. The increase in freight cost is due to driver shortages and an increase in fuel.

While the Company’s Texas operations did partially recover from prior years brown rugose impacts with respect to volume, which drove down its average cost of production year on year – due to the higher volumes, which benefited sales it did incur incremental costs in 2022 versus 2021. Conversely, the Delta B.C tomato facility also incurred higher year on year cost of sales, on much lower year on year volumes, due to inflationary pressure as well as the fixed nature of much of the Company’s agricultural based input costs, which resulted in a net increase in the Company's average cost of production.

The company was unable to pass on its incremental cost increases to its customers.

Gross Margin

Gross margin decreased $19,073, to a gross loss of $17,382, for the year ended December 31, 2022, from a gross profit of $1,691 for the year ended December 31, 2021. Total gross margin percentage was (11%) for the year ended December 31, 2022, compared to nil for the year ended December 31, 2021. The gross profit for VF owned produce sales was (30%) for the year ended December 31, 2022, compared to (4%) for the same period in 2021. The Company's Delta B.C. tomato greenhouse is the primary driver of its produce gross margin in most years. In 2022, the brown rugose virus essentially erased the Delta B.C. greenhouse’s gross margin in its entirety. The gross

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margin percentage for supply partner sales decreased to (9%) for the year ended December 31, 2022, from 12% for the same prior year period due to change in mix and more spot business.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the year ended December 31, 2022 increased $1,024, or 9%, to $12,004 from $10,980 for the year period ended December 31, 2021. The increase was primarily due to legal fees and a legal settlement of $466.

(Provision for) Recovery of Income Taxes

The (provision for) recovery of income taxes for the years ended December 31, 2022 and 2021, was ($9,914) and $2,278, respectively. The decrease was primarily due to the valuation allowance on the Company's existing U.S. deferred tax asset.

Net Loss

Net loss for the year ended December 31, 2022 was $40,487 compared to $7,390 for the year ended December 31, 2021. The increase was primarily due to the higher cost of sales that resulted in lower gross margin in 2022 and the valuation allowance on the Company's existing U.S deferred tax asset.

Adjusted EBITDA

Adjusted EBITDA for the year ended December 31, 2022 decreased to $24,369 from $1,959 for the year ended December 31, 2021, primarily due to lower gross margin as a result of the brown rugose virus at the Company's Delta, B.C. tomato greenhouse and across the board increases in raw material costs, production costs and freight costs. See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

Sales

Sales for the year ended December 31, 2021 increased by $3,106, to $159,996, from $156,890 for the year ended December 31, 2020. The increase in sales is primarily due to an increase in supply partner revenue of $13,170 and freight revenue of $2,775, offset by a decrease in our own production revenue by $12,680. The increase in supply partner revenue is due to higher volumes, with a 30% increase in tomato pounds sold, a 12% increase in pepper pounds sold, a 31% increase in cucumber pieces and a 79% increase in mini cucumber pounds. The increase in tomato pounds is due to the inclusion of additional growing areas in Mexico, and the increase in pepper pounds is due to an increase in procured pounds to meet the increased demand for peppers. The decrease in our own produce revenue is due to a 19% decrease in average selling price. The 19% decrease in the Company’s average selling price of its own production was led by the commodity items of TOV and beef, resulting from market supply overage from increased supply and a slow-down of retail purchases.

The average selling price for all produce sold during the year ended December 31, 2021, as compared to the year ended December 31, 2020 was as follows; tomato prices decreased 13%, pepper prices decreased 12%, cucumber prices increased 6% and mini cucumber prices decreased 14%.

Cost of Sales

Cost of sales increased $11,195 to $158,305 for the year ended December 31, 2021, from $147,110 for the same period in 2020, due to a $10,161 increase in cost of supply partner purchases and an increase in freight expense of $3,242.

The average cost per pound, including freight and distribution center costs, for our own produce pounds sold decreased $0.045 to $1.147 for the year ended December 31, 2021, from $1.190 for the year ended December 31, 2020.

Transportation and handling costs were $0.213 per pound for the years ended December 31, 2021 and 2020. Although there was an increase in freight cost due to an increase in total pounds shipped, it was offset by a lower distribution center cost per pound.

Gross Margin

Gross margin decreased $8,089, to $1,691, for the year ended December 31, 2021, from a gross margin of $9,780 for the year ended December 31, 2020. Gross margin percentage for all produce products was 0% for the year ended December 31, 2021, compared to 6% for the year ended December 31, 2020. The gross margin on our own produce sales was (4%) for the year ended December 31, 2021, compared to 4% for the same period in 2020. The gross margin for supply partner sales increased to 12% for the year ended December 31, 2021, from 10% for the same period in 2020.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $648 to $10,980 for the year ended December 31, 2021, from $10,332 for the same period in 2020. The increase is primarily driven by legal fees and consulting cost. Selling, general and administrative costs as a percentage of sales remained flat at 7% for the years ended December 31, 2021 and 2020.

Interest Expense

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Interest expense decreased $685 to $1,072 for the year ended December 31, 2021, from $1,757 for the same prior year period. The decrease was due to decreases in both interest rates and debt balances.

Income Taxes (Recovery)

Income tax for the year ended December 31, 2021 was a recovery of $2,278 compared to a provision for $548 for the year ended December 31, 2020.

Net Loss

Net loss for the year ended December 31, 2021 was $7,390 compared to a loss of $1,246 for the year ended December 31, 2020. The increase in net loss is primarily due to a lower gross margin from our own production compared to prior year.

Adjusted EBITDA

Adjusted EBITDA for the year ended December 31, 2021 decreased to $1,959 from $5,576 for the year ended December 31, 2020, primarily due to a decrease in selling prices compared to prior year. See the reconciliation of Adjusted EBITDA to net income in “Non-GAAP Measures—Reconciliation of Net Earnings to Adjusted EBITDA”.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at of December 31, 2022, we had $16,676 and $60,769 of cash and working capital, respectively. As of December 31, 2021, we had $53,417 in cash and $111,517 of working capital, and as at December 31, 2020, we had $21,640 in cash and $29,528 of working capital. We believe that cash generated from our operating activities, Credit Facilities and Pure Sunfarms Loans (as defined below), proceeds from our January 2023 registered direct offering, which generated approximately $22 million of net cash proceeds subsequent to December 31, 2022 coupled with our at-the-market equity offering program (as described below), will provide sufficient liquidity to meet our working capital needs, repayments of long-term debt, future contractual obligations and planned capital expenditures for the next 12 months and to fund our recent and announced acquisitions. months. An additional potential source of liquidity is access to capital markets for additional equity or debt financing. We intend to use our cash on hand for daily funding requirements.

(in thousands of U.S. dollars unless otherwise noted)	Maximum		Outstanding December 31, 2021		Maximum	Outstanding December 31, 2022
Operating Loan (1)	C$	10,000	$	—	$ 0	$ 0
FCC Term Loan	$	26,723	$	26,723	$ 5	$ 5
Pure Sunfarms Loans	C$	43,972	C$	43,972	$ 9	$ 9
VFCE Loan	C$	624	C$	624		

(1) The Operating Loan was amended on May 7, 2021 with a maximum line of credit of C$10,000. See “Operating Loan” below.

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The Company's borrowings under the FCC Term Loan the and Operating Loan and the VFCE Borrowings (as defined below) (collectively the "Credit Facilities") are subject to certain positive and negative covenants, including debt ratios, and the Company is required to maintain certain minimum working capital. On December 31, 2021 we were The Company was not in compliance with one financial covenant under our the FCC Term Loan. Subsequent loan. Prior to December 31, 2021 December 31, 2022, we the Company received a waiver from FCC in connection with for the annual testing on December 31, 2020 test for the one its financial covenant. covenants under our FCC Term Loan. FCC measures our financial covenants once a year on the last calendar day of the year and our next annual testing date will be on December 31, 2022 December 31, 2023. We can provide no assurance that we will be in compliance, or receive a waiver, for any non-compliance as of the next annual testing date. See "Risk Factors—We may need additional financing to further develop our business."

Accrued interest payable on the Credit Facilities and Pure Sunfarms Loans as of December 31, 2021 December 31, 2022 and December 31, 2020 2021 was $304 $398 and $189, $304, respectively, and these amounts are included in accrued liabilities in the Consolidated Statements of Financial Position.

FCC Term Loan

The Company has a term loan financing agreement with Farm Credit Canada ("FCC"), a Canadian creditor (the "FCC Term Loan"). The non-revolving variable rate term loan has a maturity date of April 1, 2025 and a balance of $24,755 and $26,723 on December 31, 2021 December 31, 2022 and $28,690 as of December 31, 2020. 2021, respectively. The outstanding balance is repayable by way of monthly installments of principal and interest, with the balance and any accrued interest to be paid in full on April 1, 2025. Effective August 1, 2020, monthly principal payments were reduced to $164 from $257. As of both December 31, 2021 December 31, 2022 and December 31, 2020, 2021, borrowings under the FCC Term Loan agreement were subject to an interest rate of 7.71% and 3.79% per annum, respectively.

As collateral for the FCC Term Loan, the Company has provided promissory notes, a first mortgage on the VFF-owned Delta 1 and Texas greenhouse facilities, and general security agreements over its assets. In addition, the Company has provided

full recourse guarantees and has granted security interests in respect of the FCC Term Loan. The carrying value of the assets and securities pledged as collateral as of December 31, 2021 December 31, 2022 and December 31, 2020 2021 was $113,159 and $233,187, and $86,664, respectively.

Operating Loan

The Company has a revolving line of credit agreement with a Canadian chartered bank (the "Operating Loan"). The Operating Loan has a line of credit of up to C$10,000, as amended on May 7, 2021, less outstanding letters of credit totaling $150 and C$38 and includes with a variable interest rates rate with a maturity date of May 7, 2024 April 1, 2025. The Operating Loan is subject to margin requirements stipulated by the lender.

As of December 31, 2021 December 31, 2022, there was no an outstanding amount of $4,000 drawn on this loan, and as of December 31, 2020 December 31, 2021, the amount drawn on this facility was $2,000. nil.

As collateral for the Operating Loan, the Company has provided promissory notes and a first priority security interest over its accounts receivable and inventory. In addition, the Company has granted full recourse guarantees and security therein. The carrying value of the assets pledged as collateral as of December 31, 2021 December 31, 2022 and December 31, 2020 2021 was $26,666 and $34,741, and $23,443, respectively.

VFCE Loan

VFCE has had a loan agreement with a Canadian chartered bank that includes a non-revolving fixed rate loan (the "VFCE Loan") of C$3,000 with a maturity date of June 2023 and a fixed interest rate of 4.98% per annum. As of December 31, 2021 and December 31, 2020, the balance of the VFCE Loan was C$624 and C$1,103, respectively. The loan agreement also includes an uncommitted credit facility for up to C$700 to support financing of certain capital expenditures (the "VFCE Credit Facility"). The Company paid off repaid the outstanding balance of the VFCE Credit Facility in the second quarter of 2021. As of December 31, 2021 and December 31, 2020, the outstanding borrowings under the VFCE Credit Facility were nil and C$88, respectively (such borrowings, together with the VFCE Loan the "VFCE Borrowings") on March 2, 2022.

Pure Sunfarms Loans

On March 15, 2021, Pure Sunfarms entered into the Third Amended and Restated Credit Agreement (the "Third Amended and Restated PSF Credit Agreement") with FCC and two Canadian chartered banks, which extended the maturity date of each of the PSF Revolving Line of Credit, PSF Non-Revolving Facility and the PSF Term Loan (each as defined below) through February 7, 2024 and included a guarantee by Village Farms. The Third Amended and Restated PSF Credit Agreement amended and updated the previous three loan facilities.

The first loan facility under the Third Amended and Restated PSF Credit Agreement is a revolving line of credit (the "PSF Revolving Line of Credit") with two separate C$7,500 commitments from each of the Canadian chartered banks. Each lender established a revolving line of credit severally and not jointly whereby Pure Sunfarms may receive advances in equal proportionate amounts from each lender. The advances shall be used for working capital purposes, general corporate purposes and capital expenditures, of which capital expenditures may not exceed C$7,500 in aggregate use of the outstanding advances. Interest is payable at the Canadian prime rate plus an applicable margin per annum, payable monthly. The PSF Revolving Line of Credit had an outstanding balance of C$4,745 and C$9,855 as of December 31, 2021 December 31, 2022 and nil as 2021, respectively As of December 31, 2020. On December 31, 2021, December 31, 2022 and 2021, Pure Sunfarms had an outstanding letter of credit of C$5,130 issued to BC Hydro against the revolving line of credit. credit of $C4,145.

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The second loan facility under the Third Amended and Restated PSF Credit Agreement is a credit facility with a Canadian chartered bank, as agent and lead lender, and FCC, as lender, in respect of a C$19,000 secured non-revolver term loan (the "PSF Non-Revolving Facility). The PSF Non-Revolving Facility, which matures on February 7, 2024, is secured by the Delta 2 and Delta 3 greenhouse facilities and contains customary financial and restrictive covenants. The purpose of the PSF Non-Revolving Facility is has been used to refinance our Delta 3 greenhouse and provide funds to upgrade and retrofit the Delta 2 facility. The outstanding amount on the PSF Non-Revolving Facility was C$13,007 and C$15,076 on December 31, 2021 December 31, 2022 and C$17,057 on December 31, 2020. 2021, respectively.

The third loan facility under the Third Amended and Restated PSF Credit Agreement is a C$25,000 term loan (the "PSF Term Loan") at the Canadian prime interest rate plus an applicable margin, repayable in quarterly payments equal to 2.50% of the outstanding principal amount starting June 30, 2021 and maturing February 7, 2024. Advances under the PSF Term Loan are required to be used to finance the upgrade and retrofit of the Delta 2 greenhouse to render it suitable for cannabis cultivation as well as any

funds necessary for capital expenditures on the Delta 3 processing facility. The outstanding amount on the PSF Term Loan was C$20,224 and C$22,614 on December 31, 2021 December 31, 2022 and C$21,072 on December 31, 2020. 2021, respectively.

On December 20, 2020, Pure Sunfarms entered into a C$6,250 non-revolving demand loan at the Canadian prime interest rate plus 3.75% per annum with a Canadian chartered bank with the financial support of the Business Development Bank of Canada (the "BDC Facility"). The BDC Facility, provided as part of COVID-19 government relief, requires interest only payments monthly for the first twelve months and matures on December 31, 2031. Commencing on December 31, 2021, Pure Sunfarms will repay has been repaying the outstanding principal amount in equal monthly installments. The outstanding amount on the BDC Facility was C$5,673 and C$6,282 on December 31, 2021 December 31, 2022 and C$6,250 on December 31, 2020. 2021, respectively.

Pure Sunfarms is required to comply with financial covenants under the Third Amended and Restated PSF Credit Agreement, which are measured quarterly. As of December 31, 2021 December 31, 2022, Pure Sunfarms was in compliance with these financial covenants.

Emerald Promissory Note

The Company hadPure Sunfarms received a note payable due waiver for its inventory write-down, prior to Emerald of C$19,900, plus accrued interest December 31, 2022, from its bank syndicate such that the Company originally issued inventory write-down up to Emerald as partial consideration for a maximum of $15,000 would be excluded from its 2022 financial covenants. On February 3,

2023, Pure Sunfarms entered into a formal Amendment to its existing PSF Credit Agreement stipulating the November 2, 2020 acquisition conditions of Pure Sunfarms. The note and accrued interest were repaid to Emerald in full on February 8, 2021. the inventory write-down.

Equity Offerings

TheSubsequent to December 31, 2022, on January 30, 2023, the Company closed equity offerings on March 24, 2020, September 10, 2020, issued and January 20, 2021. The March 24, 2020 public offering raised gross proceeds of C$11,500 through the issuance of 3,593,750 sold 18,350,000 Common Shares under a registered direct equity offering, at a price of C$3.20 $1.35 per share, resulting in net proceeds for approximately $22,000 after deducting commissions and offering expenses. As part of the equity offering the Company also issued 18,350,000 Common Share. The September 10, 2020 offering raised gross proceeds of $49,800 through the issuance of 9,396,226 Units with each Unit consisting of one Common Share at a price of $5.30 per Common Share and one-half of a Warrant Warrants at an exercise price of $5.80, $1.65 per share. The Common Warrants cannot be exercised until after July 30, 2023, and expire on June 30, 2028.

On August 9, 2022, Village Farms entered into a Controlled Equity Offering Sales Agreement ("Sales Agreement") pursuant to which the Company may offer and sell Common Shares having an aggregate offering price up to $50 million from time to time to or through Cantor Fitzgerald & Co. and A.G.P./Alliance Global Partners. Under the Sales Agreement, the Company may offer and sell Common Shares through Cantor Fitzgerald & Co. and A.G.P./Alliance Global Partners by any method deemed to be an "at the market offering" as of December 31, 2021, 3,188,680 defined in Rule 415 of the warrants have been exercised. Securities Act of 1933, as amended, including sales made directly on The Nasdaq Capital Market.

As of December 31, 2022, the Company had issued and sold 3,175,000 Common Shares under the Sales Agreement, resulting in net proceeds of approximately $6,692 after deducting commissions and offering expenses. As of December 31, 2022, $43,101 remained available for sale under the Sales Agreement.

On January 20, 2021, Village Farms completed a registered direct offering for the purchase and sale of an aggregate of 10,887,097 Common Shares at a purchase price of $12.40 per Common Share for gross proceeds of approximately $135,000.

Summary of Cash Flows

	For the Year Ended December 31,	
(in Thousands)	**2021**	**2020**

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(in thousands)			For the Year Ended December 31, 2022	2021
Cash beginning of year	$ 25,679	$ 11,989	$ 58,667	$ 25,679
Net cash flow provided by/(used in):				
Net cash flow provided by (used in):				
Operating activities	(39,567)	5,678	(139,589)	(86,897)
Investing activities	(63,470)	(51,230)	(203,489)	(94,701)
Financing activities	135,883	58,608	494,196	345,883
Net cash increase (decrease) for the year	32,846	13,056		
Net cash (decrease) increase for the year			(32,846)	32,846
Effect of exchange rate changes on cash	142	634	(1,649)	142
Cash, end of the year	$ 58,667	$ 25,679	$ 21,676	$ 58,667

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Operating Activities

For the year years ended December 31, 2021, December 31, 2022 and 2021, cash flows used in operating activities were ($39,567) $19,889 and for the year ended December 31, 2020, cash flows provided by $39,567, respectively. The operating activities were $5,678. The for 2022 consisted of $1,113 in changes of non-cash working capital items and $18,776 in changes before working capital items, while the operating activities for 2021 consisted of ($46,631) $47,149 in changes in non-cash working capital items and $7,958 in changes before non-cash working capital items, while operating activities for 2020 consisted of $13,072 in changes items. The improvement in non-cash working capital items was primarily due to increases in accrued expenses and ($7,394) in changes before non-cash working capital items. accrued taxes payable driven by the Canadian cannabis segment. The increase decrease in changes before non-cash working capital items between periods was primarily due to declines in the inclusion of the Canadian and U.S. cannabis operating results in 2021, partially offset by the lower operating results performance of the produce business for the year ended December 31, 2021 as compared to the year ended December 31, 2020. The decrease in non-cash working capital items in 2021 as compared to 2020 was primarily due to the increase in produce inventory as a result of the 2021 timing of the tomato planting segment and harvesting cycle for the Texas facilities, the growth of the Canadian cannabis segment and its corresponding increase in inventory and net receivable balance 2022 as well as the inclusion of U.S. cannabis non-cash working capital items in compared to 2021.

Investing Activities

For the years ended December 31, 2021 December 31, 2022 and 2020, 2021, cash flows used in investing activities were ($63,470) $20,899 and ($51,230), $63,470, respectively. The investing activities for the year ended December 31, 2022 primarily consisted of $14,292 in capital expenditures for Pure Sunfarms' conversion of its Delta 2 facility and the addition of hang drying rooms at its Delta 3 facility, and $4,693 invested in an additional 85% ownership in Leli. The investing activities for the year ended December 31, 2021 consisted primarily of ($40,685) $40,685 in net acquisition costs for Balanced Health and Rose LifeScience, ($21,656) $21,656 in purchases primarily for Pure Sunfarms' conversion of its Delta 2 facility and maintenance of VF Fresh property, plant and equipment and ($1,109) $1,109 in minority investments in Altum. The investing activities for the year ended December 31, 2020 consist primarily of ($34,603) in net acquisition costs for Pure Sunfarms, ($11,713) invested in Pure Sunfarms for its Delta 2 facility conversion prior to 100% acquisition by VFF, purchases by Pure Sunfarms' for its Delta 3

facility operations and maintenance of VF Fresh property, plant and equipment of ($3,419) and minority interest investments in Altum and DutchCanGrow Inc. totaling ($1,226).

Financing Activities

For the years ended December 31, 2021 December 31, 2022 and 2020, 2021, cash flows provided by financing activities were $135,883 $4,496 and $58,608, $135,883, respectively. The year over year increase was primarily due to 2021 financing activities that for the year ended December 31, 2022 consisted primarily of net repayments on borrowings of $2,388 offset by the proceeds from the issuance of common stock and warrants.

The financing activities for the year ended December 31, 2021 consisted of net proceeds from the issuance of Common Shares of $127,489, proceeds from the exercise of warrants of $18,495 and net proceeds of borrowings of $10,215, partially offset by the payment of the note payable to Emerald of ($15,498) $15,498 and share repurchases of ($5,000). $5,000. For the year ended December 31, 2020, the financing activities primarily consisted of net proceeds from the issuance of Common Shares and warrants of $53,919, predominately used to finance the acquisition of the remaining shares of Pure Sunfarms, and net proceeds from borrowings of $4,327.

Contractual Obligations and Commitments

We expect to meet our contractual obligations and commitments through the use of our working capital. We currently do not have any material obligations identified in the near future, however, as noted in "Recent Developments and Updates – International", we entered into an option agreement to receive the irrevocable right to acquire 80% ownership of Leli. This potential investment is being evaluated by the Company and may require a material contractual obligation in the event that we exercise the Option. future.

In addition, we currently have material long-term debt and lines of credit that we rely on to meet financing needs of the Company. The long-term debt and lines of credit have interest rate terms whereas the possibility of rising interest rates may impact the cost of capital for the Company. See " *Item 7A – Qualitative and Quantitative Disclosures About Market Risk – Interest Rate Risk*" Risk" below for additional information.

Non-GAAP Measures

References in this MD&A to "Adjusted EBITDA" are to earnings (including the equity earnings of the our joint ventures, Pure Sunfarms and VFH) ventures) before interest, taxes, depreciation, and amortization ("EBITDA"), as further adjusted to exclude foreign currency exchange gains and losses on translation of long-term debt, unrealized gains on the changes in the value of derivative instruments, share-based compensation, gains and losses on asset sales and the other adjustments set forth in the table below. Adjusted EBITDA is a measure of operating performance that is not recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of our performance. Management believes that Adjusted EBITDA is an important measure in evaluating the historical performance of the Company because it excludes non-recurring and other items that do not reflect our business performance.

We also present Adjusted EBITDA, earnings per share and diluted earnings per share on a proportionate segment basis. Each of the components of Adjusted EBITDA, on a proportionate segment basis (which include our proportionate share of the joint ventures, Pure Sunfarms and VF Hemp, which were accounted for as equity method investments, as well as the proportionate share of Rose LifeScience, in respect of which we have a 70% interest and the remaining 30% is accounted for as a non-controlling interest), are presented in the table "Reconciliation of U.S. GAAP Results to Proportionate Results" below. We believe that the ability of investors to assess our

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overall performance may be improved by the disclosure of proportionate segment Adjusted EBITDA, income (loss) per share and diluted income (loss) per share by providing disclosure of our results that relate specifically to our share of our investments, given that our equity-accounted joint ventures represented a significant percentage of our net income in 2020 and 2019. 2020. We have presented a similar measure in 2021, which accounts for VF Hemp and Rose LifeScience on a proportionate basis, for comparability purposes purposes.

Reconciliation of Net Income to Adjusted EBITDA

The following table reflects a reconciliation of net income to Adjusted EBITDA, as presented by the Company:

(in thousands of U.S. dollars)	For the Year Ended December 31,		
	2022 (1)	**2021 (1)**	**2020 (2)**
Net (loss) income	$ (101,146)	$ (9,079)	$ 11,608
Add:			
Amortization	10,260	13,004	6,527
Foreign currency exchange loss	2,268	329	136
Interest expense, net	3,038	2,709	1,431
Provision for (recovery of) income taxes	7,136	(3,526)	(2,790)
Share-based compensation	3,808	7,533	6,142
Interest expense for JVs	38	53	774
Amortization for JVs	1,554	71	1,503
Foreign currency exchange loss (gain) for JVs	1	—	120
(Recovery of) provision for income taxes for JV's	(1,718)	—	1,600
Share-based compensation for JV's	124		
Other expense, net for JV's	(26)		
Deferred financing fees	214	300	—
Incremental utility costs due to storm	—	1,400	—
Impairments	43,299	—	—
Gain on acquisition (3)	—	—	(23,631)
Gain on settlement agreement (4)	—	—	(4,681)
Loss on inventory write-down to net realizable value	11,038	—	3,275
Purchase price adjustment (5)	(4,268)	980	3,295
Gain on settlement of net liabilities from JV	—	—	(2,496)
(Gain) loss on disposal of assets	(7)	254	819
Share of loss on JV inventory impairment	2,284	—	—
Write-off of note receivable	592	—	3,791
Other expense, net	200	(16)	—
Adjustment to reflect true economic value for Pure Sunfarms (6)	—	—	(12)
Adjusted EBITDA (7)	$ (21,311)	$ 14,012	$ 7,411
Adjusted EBITDA for JV's	$ (327)	$ (260)	$ 5,663
Adjusted EBITDA excluding JV's	$ (20,984)	$ 14,272	$ 1,748

Notes:

(in thousands of U.S. dollars)	For the Year Ended December 31,		
	2021 (1)	**2020 (2)**	**2019**
Net income (loss)	$ (9,079)	$ 11,608	$ 2,325
Add:			
Amortization	13,004	6,527	7,442

(1) For the year ended December 31, 2022 and 2021, Pure Sunfarms is fully consolidated in the financial results of the Company. For the 16, 2021 to December 31, 2021, Balanced Health is fully consolidated in the financial results of the Company. For the year ended Dec December 31,2021, Rose LifeScience's financial results are fully consolidated in the financial results of the Company with the minority non-controlling interests, net of tax. For the period July 19, 2022 to December 31, 2022, Leli's financial results are fully consolidated in controlling interest presented in net loss attributable to non-controlling interests, net of tax.

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Foreign currency exchange loss (gain)	329	136	(433)
Interest expense, net	2,709	1,431	1,578
Recovery of income taxes	(3,526)	(2,790)	(5,866)
Share-based compensation	7,533	6,142	4,714
Interest expense for JVs	53	774	811
Amortization for JVs	71	1,503	1,227
Foreign currency exchange loss (gain) for JVs	—	120	(2)
Provision for income taxes for JV's	—	1,600	6,575
Deferred financing fees	300	—	—
Incremental utility costs due to storm	1,400	—	—
Gain on acquisition (3)	—	(23,631)	—
Gain on settlement agreement (4)	—	(4,681)	—
Loss on inventory write-down to net realizable value	—	3,275	—
Purchase price adjustment (5)	980	3,295	—
Gain on settlement of net liabilities from JV	—	(2,496)	—
Loss (gain) on disposal of assets	254	819	(13,564)
Loss on joint ventures	—	3,791	—
Other expense	(16)	—	—

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Adjustment to reflect true economic value for Pure Sunfarms (6)	—	(12)	(3,956)
Adjusted EBITDA (7)	$14,012	$ 7,411	$ 851
Adjusted EBITDA for JV's (See table below)	$ (260)	$ 5,663	$ 18,432
Adjusted EBITDA excluding JV's	$14,272	$ 1,748	$(17,581)

(2) For the period January 1, 2020 to November 1, 2020, Village Farms' share of Pure Sunfarms earnings is reflected in income from equity method investments. For the period of November 2, 2
to December 31, 2020, Pure Sunfarms is fully consolidated in the financial results of the Company.

(3) See "Results of Operations – Consolidated Results – Gain on Acquisition" above.

(4) See "Results of Operations – Consolidated Results – Gain on Settlement Agreement" above.

(5) The purchase price adjustment primarily reflects the non-cash accounting charge resulting from the revaluation of Pure Sunfarms' inventory to fair value at the acquisition date.

(6) The GAAP treatment of our equity earnings of Pure Sunfarms is different than under IFRS. Under GAAP, the Emerald shares that were held in escrow were not considered issued until paid fo
pursuant to the GAAP concept of 'hypothetical liquidation'. As a result, under GAAP, our ownership percentage for March through November of 2019 was higher than its economic interest of 5
Accordingly, for those periods with a higher deemed ownership percentage, we received a higher allocation of profits and losses during the periods in which there

Notes:

were outstanding escrow shares that were not yet paid for by Emerald. The effective profit and loss allocation – on a weighted average basis in 2020 was 64.8%.

For the year ended December 31, 2021, Pure Sunfarms is fully consolidated in the financial results of the Company. For the period August 16, 2021 to December 31, 2021, Balanced Health is fully consolidated in the financial results of the Company. For the period November 15, 2021 to December 31,2021, Village Farms' share of Rose LifeScience's financial results are fully consolidated in the financial results of the Company.

(Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a

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useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's majority non-controlling interest in Pure Sunfarms through November 1, 2020 and 100% interest since November 2, 2020, 70% interest in Rose LifeScience since acquisition, 65% interest in VFH and 60% interest in AVGGH.

(1)

(2) For the period January 1, 2020 to November 1, 2020, Village Farms' share of Pure Sunfarms earnings is reflected in income from equity method investments. For the period of November 2, 2020 to December 31, 2020, Pure Sunfarms is fully consolidated in the financial results of the Company.

(3) See "Results of Operations – Consolidated Results – Gain on Acquisition" above.

(4) See "Results of Operations – Consolidated Results – Gain on Settlement Agreement" above.

(5) The purchase price adjustment primarily reflects the non-cash accounting charge resulting from the revaluation of Pure Sunfarms' inventory to fair value at the acquisition date.

(6) The GAAP treatment of our equity earnings of Pure Sunfarms is different than under IFRS. Under GAAP, the Emerald shares that were held in escrow were not considered issued until paid for pursuant to the GAAP concept of 'hypothetical liquidation'. As a result, under GAAP, our ownership percentage for March through November of 2019 was higher than its economic interest of 50%. Accordingly, for those periods with a higher deemed ownership percentage, we received a higher allocation of profits and losses during the periods in which there were outstanding escrow shares that were not yet paid for by Emerald. The effective profit and loss allocation – on a weighted average basis in 2020 was 64.8%, and in 2019 was 57.9%.

(7) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed 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 because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's majority non-controlling interest in Pure Sunfarms through November 1, 2020 and 100% interest since November 2, 2020, 70% interest in Rose LifeScience since acquisition, 65% interest in VFH and 60% interest in AVGGH.

Breakout of JV Adjusted EBITDA	**For the Year Ended December 31,**		
(in thousands of U.S. dollars)	**2021**	**2020**	**2019**
Pure Sunfarms Adjusted EBITDA	$ —	$ 6,078	20,558
VFH Adjusted EBITDA	(260)	(415)	(2,106)
AVGGH Adjusted EBITDA	—	—	(20)
Total JV Adjusted EBITDA	$ (260)	$ 5,663	$ 18,432

Reconciliation of U.S. GAAP Results to Proportionate Results

The following tables are a reconciliation of the GAAP results to the proportionate results (which include our proportionate share of the equity method joint ventures of Pure Sunfarms and VF Hemp and AVGGH and 70% ownership of Rose LifeScience, in respect of which we have a 70% interest and the remaining 30% is accounted for as a non-controlling interest). Pure Sunfarms was a joint venture until the Company acquired 100% ownership on November 2, 2020. The Company acquired 70% of Rose LifeScience on November 15, 2021. The tables reflect the full statements of income for Pure Sunfarms VFH and AVGGH VF Hemp multiplied by the ownership percentage of the Company (versus presenting the results of these equity method joint ventures in (Losses) Income from Equity Method Investments) and the full statements of (loss)income

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for Rose LifeScience for the year ended December 31, 2022 and the period November 15, 2021 through December 31, 2021 multiplied by the 70% ownership of the Company (versus presenting 100% of the results in the consolidated statement of income and the minority interest in in Net (Loss) Income (Loss) Attributable to Non-controlling Interests, Net of Tax):

	For the Year Ended December 31, 2022					
	VF Fresh (Produce)	Cannabis - Canada (1)	Cannabis- U.S. (1)	Clean Energy	Corporate	Total
Sales	$ 160,252	$ 109,882	$ 23,302	$ 136	$ —	$ 293,572
Cost of sales	(177,634)	(80,494)	(7,643)	(304)	—	(266,075)
Selling, general and administrative expenses	(12,004)	(30,235)	(16,000)	(58)	(9,981)	(68,278)
Share-based compensation	—	(1,373)	(305)	—	(2,309)	(3,987)
Other expense, net	(1,187)	(2,023)	(247)	(43)	(1,907)	(5,407)
Write-off of note receivable	—	—	(592)	—	—	(592)
Impairments (2)	—	—	(43,299)	—	—	(43,299)
(Provision for) recovery of income taxes	(9,914)	4,091	—	—	1,142	(4,681)
Loss from consolidated entities	(40,487)	(152)	(44,784)	(269)	(13,055)	(98,747)
Less: net loss attributable to non-controlling interests, net of tax	—	269	—	—	—	269
Loss from equity method investments	—	—	(2,668)	—	—	(2,668)
Net (loss) income	$ (40,487)	$ 117	$ (47,452)	$ (269)	$ (13,055)	$ (101,146)
Adjusted EBITDA (2)	$ (24,369)	$ 13,085	$ 223	$ (263)	$ (9,987)	$ (21,311)
Basic (loss) income per share	$ (0.45)	$ 0.00	$ (0.52)	$ 0.00	$ (0.16)	$ (1.13)
Diluted (loss) income per share	$ (0.45)	$ 0.00	$ (0.52)	$ 0.00	$ (0.16)	$ (1.13)

	For the Year Ended December 31, 2021					
	Produce	Cannabis - Canada (1)	Cannabis- U.S. (1)	Clean Energy	Corporate	Total
Sales	$ 159,996	$ 95,996	$ 11,355	$ 245	$ —	$ 267,592
Cost of sales	(158,305)	(58,888)	(3,448)	(1,914)	—	(222,555)
Selling, general and administrative expenses	(10,980)	(20,791)	(5,824)	(188)	(8,674)	(46,457)
Share-based compensation	—	(2,738)	(158)	—	(4,637)	(7,533)
Gain (loss) on disposal of assets	7	(40)	5	—	(226)	(254)
Other expense, net	(386)	(2,642)	(38)	(36)	(296)	(3,398)
Recovery of (provision for) income taxes	2,278	(1,688)	—	—	2,936	3,526
Net (loss) income	$ (7,390)	$ 9,209	$ 1,892	$ (1,893)	$ (10,897)	$ (9,079)
Adjusted EBITDA (2)	$ (1,959)	$ 23,415	$ 2,364	$ (343)	$ (9,465)	$ 14,012
Basic (loss) income per share	$ (0.09)	$ 0.11	$ 0.02	$ (0.02)	$ (0.13)	$ (0.11)
Diluted (loss) income per share	$ (0.09)	$ 0.11	$ 0.02	$ (0.02)	$ (0.13)	$ (0.11)

	For the Year Ended December 31, 2020					
	Produce	Cannabis - Canada (1)	Cannabis- U.S. (1)	Clean Energy	Corporate	Total
Sales	$ 156,890	$ 38,398	$ 226	$ 417	$ —	$ 195,931
Cost of sales	(147,110)	(26,343)	(472)	(1,430)	—	(175,355)
Selling, general and administrative expenses	(10,332)	(7,435)	(410)	(210)	(6,146)	(24,533)
Share-based compensation	—	(61)	—	—	(6,081)	(6,142)
Gain on acquisition	—	—	—	—	23,631	23,631
Gain on settlement agreement	—	—	—	—	4,681	4,681
Gain on settlement of net liabilities	—	2,496	—	—	—	2,496
Loss on inventory write-down to net realizable value	—	—	(3,275)	—	—	(3,275)
Loss on joint venture sales	—	—	—	—	(3,791)	(3,791)
(Loss) gain on disposal of assets	(6)	5	99	(916)	—	(818)
Other expense, net	(140)	(1,861)	(143)	(57)	(206)	(2,407)

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(Provision for) recovery of income taxes	(548)	(1,199)	—	—	2,937	1,190
Net (loss) income	$ (1,246)	$ 4,000	$ (3,975)	$ (2,196)	$ 15,025	$ 11,608
Adjusted EBITDA (2)	$ 5,576	$ 8,821	$ (415)	$ (418)	$ (6,153)	$ 7,411
Basic (loss) income per share	$ (0.02)	$ 0.07	$ (0.07)	$ (0.04)	$ 0.26	$ 0.20
Diluted (loss) income per share	$ (0.02)	$ 0.07	$ (0.07)	$ (0.04)	$ 0.25	$ 0.19

Notes:

	For the Year Ended December 31, 2021					
	Produce	Cannabis - Canada (1)	Cannabis- U.S. (1)	Clean Energy	Corporate	Total
Sales	$ 159,996	$ 95,996	$ 11,355	$ 245	$ —	$ 267,592
Cost of sales	(158,305)	(58,888)	(3,448)	(1,914)	—	(222,555)
Selling, general and administrative expenses	(10,980)	(20,791)	(5,824)	(188)	(8,674)	(46,457)
Share-based compensation	—	(2,738)	(158)	—	(4,641)	(7,533)
Gain (loss) on disposal of assets	7	(40)	5	—	(226)	(254)
Other expense net	(386)	(2,642)	(38)	(36)	(296)	(3,398)
Recovery of (provision for) income taxes	2,278	(1,688)	—	—	2,936	3,526
Net (loss) income	$ (7,390)	$ 9,209	$ 1,892	$ (1,893)	$ (10,897)	$ (9,079)
Adjusted EBITDA (2)	$ (1,959)	$ 23,415	$ 2,364	$ (343)	$ (9,465)	$ 14,012
Basic (loss) income per share	$ (0.09)	$ 0.11	$ 0.02	$ (0.02)	$ (0.13)	$ (0.11)
Diluted (loss) income per share	$ (0.09)	$ 0.11	$ 0.02	$ (0.02)	$ (0.13)	$ (0.11)

(1) The adjusted consolidated financial results have been adjusted to include our share of r
accounting basis, on which management bases its operating decisions and performanc
a proportionate basis. These results include additional non-GAAP measures such as Ad

	For the Year Ended December 31, 2020					
	Produce	Cannabis - Canada (1)	Cannabis- U.S. (1)	Clean Energy	Corporate	Total
Sales	$ 156,890	$ 38,398	$ 226	$ 417	$ —	$ 195,931
Cost of sales	(147,110)	(26,343)	(472)	(1,430)	—	(175,355)
Selling, general and administrative expenses	(10,332)	(7,435)	(410)	(210)	(6,146)	(24,533)
Share-based compensation	—	(61)	—	—	(6,081)	(6,142)
Gain on acquisition	—	—	—	—	23,631	23,631
Gain on settlement agreement	—	—	—	—	4,681	4,681
Gain on settlement of net liabilities	—	2,496	—	—	—	2,496
Loss on inventory write-down to net realizable value	—	—	(3,275)	—	—	(3,275)
Loss on joint venture sales	—	—	—	—	(3,791)	(3,791)
(Loss) gain on disposal of assets	(6)	5	99	(916)	—	(818)
Other expense net	(140)	(1,861)	(143)	(57)	(206)	(2,407)
(Provision for) recovery of income taxes	(548)	(1,199)	—	—	2,937	1,190
Net (loss) income	$ (1,246)	$ 4,000	$ (3,975)	$ (2,196)	$ 15,025	$ 11,608

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Adjusted EBITDA (2)	$ 5,576	$ 8,821	$ (415)	$ (418)	$ (6,153)	$ 7,411
Basic (loss) income per share	$ (0.02)	$ 0.07	$ (0.07)	$ (0.04)	$ 0.26	$ 0.20
Diluted (loss) income per share	$ (0.02)	$ 0.07	$ (0.07)	$ (0.04)	$ 0.25	$ 0.19

	For the Year Ended December 31, 2019					
	Produce	Cannabis - Canada (1)	Cannabis- U.S. (1)	Clean Energy	Corporate	Total
Sales	$ 143,419	$ 37,000	$ 69	$ 1,149	$ —	$ 181,637
Cost of sales	(149,922)	(9,009)	(1,682)	(1,991)	—	(162,604)
Selling, general and administrative expenses	(10,387)	(4,568)	(591)	(218)	(6,157)	(21,921)
Share-based compensation	—	—	—	—	(4,714)	(4,714)
Loss on joint venture loans	—	—	—	—	(1,184)	(1,184)
Gain (loss) on disposal of assets	13,512	(78)	—	52	—	13,486
Other income (expense) net	285	(497)	(298)	(72)	(1,090)	(1,672)
Recovery of (provision for) income taxes	2,711	(6,572)	3	—	3,155	(703)
Net (loss) income	$ (382)	$ 16,276	$ (2,499)	$ (1,080)	$ (9,990)	2,325
Adjusted EBITDA (2)	$ (11,432)	$ 20,558	$ (2,126)	$ 8	$ (6,157)	851
Basic (loss) income per share	$ (0.01)	$ 0.33	$ (0.05)	$ (0.02)	$ (0.20)	$ 0.05
Diluted (loss) income per share	$ (0.01)	$ 0.32	$ (0.05)	$ (0.02)	$ (0.19)	$ 0.05

Notes:

(1) The adjusted consolidated financial results have been adjusted to include our share of revenues and expenses from Pure Sunfarms, Rose LifeScience and VF Hemp on a proportionate accounting basis, on which management bases its operating decisions and performance evaluation of the underlying businesses. GAAP does not allow for the inclusion of the joint ventures on a proportionate basis. These results include additional non-GAAP measures such as Adjusted EBITDA.

The adjusted results are not generally accepted measures of financial performance under GAAP. Our method of calculating these financial performance measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies.

(2)Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed 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 because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's majority non-controlling interest in Pure Sunfarms through November 1, 2020 and 100% interest since November 2, 2020, 70% interest in Rose LifeScience since acquisition, 65% interest in VFH and 60% interest in AVGGH.

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Company because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's majority non-controlling interest in Pure Sunfarms through November 1, 2020 and 100% interest since November 2, 2020, 70% interest in Rose LifeScience since acquisition, 65% interest in VFH and 60% interest in AVGGH.

(2)

Recent Accounting Pronouncements Not Yet Adopted

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). ASU 2020-04 provides optional expedients and exceptions for applying GAAP to debt instruments, derivatives, and other contracts that reference LIBOR or other reference rates expected to be discontinued as a result of reference rate reform. This guidance is optional and may be elected through December 31, 2022 using a prospective application on all eligible contract modifications. The Company has a line of credit that incorporates LIBOR as a referenced interest rate. It is difficult to predict what effect, if any, the phase-out of LIBOR and the use of alternative benchmarks may have on the Company's business or on the overall financial markets. The Company has not adopted any of the optional expedients or exceptions through December 31, 2021 but will continue to evaluate the possible adoption of any such expedients or exceptions. December 31, 2022.

Critical Accounting Policies

We believe the following accounting policies are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, or expense being reported.

Business Combinations

The Company recognizes and measures the assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition. Any excess of the purchase consideration over the net fair value of tangible and identified intangible assets acquired less liabilities assumed is recorded as goodwill. The costs of business acquisitions, including fees for accounting, legal, professional consulting and valuation specialists, are expensed as incurred. Purchase price allocations may be preliminary and, during the measurement period not to exceed one year from the date of acquisition, changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

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For business combinations achieved in stages, the Company's previously held interest in the acquiree is remeasured at its acquisition date fair value, with the resulting gain or loss recorded in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). For a pre-existing relationship between the Company and the acquiree, that is not extinguished on the business combination, such a relationship is considered effectively settled as part of the business combination even if it is not legally cancelled. At the acquisition date, it becomes an intercompany relationship and is eliminated upon consolidation.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates in effect at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate in effect when the fair value was determined. Foreign currency differences are generally recognized in net income. Non-monetary items that are measured based on historical cost in a foreign currency are translated to the functional currency using the exchange rate in effect at the date of the transaction giving rise to the item.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business acquisition. Goodwill is allocated to reporting units and tested for impairment annually as of December 31 each year and when events or changes in circumstances indicate that the carrying value of a reporting unit exceeds its fair value. The Company generally elects to utilize the optional qualitative assessment for goodwill to determine whether it is more likely than not that the carrying value of a reporting unit is higher than its fair value. If it is determined that the fair value is more likely than not to be lower than the carrying value, a quantitative goodwill impairment test is performed by determining the fair value of the reporting unit. The fair value of a reporting unit is determined using either the income approach utilizing estimates of discounted future cash flows or the market approach utilizing recent transaction activity for comparable properties. These approaches are considered level 3 fair value measurements. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Temporary differences arising between the tax basis of an asset or liability and its carrying amount on the Consolidated Statement of Financial Position are used to calculate future income tax assets and liabilities. This method also requires the recognition of deferred tax benefits, such as net operating loss carryforwards. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income (losses) in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment of the change. A tax benefit from an uncertain tax position is recognized only if we believe it is more likely than not that the position will be sustained on its technical merits. If the recognition threshold for the tax position is met, only the portion of the tax benefit that we believe is greater than 50 percent likely to be realized is recorded.

Intangible Assets

The Company's intangible assets are purchased and acquired through business combinations and have both finite and infinite useful lives. They are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated based on the cost of the intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted when necessary.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventory includes capitalized production costs, including labor, materials, post-harvest costs and depreciation. Inventoriable costs are expensed to cost of goods sold on the Consolidated Statement of Income (Loss) in the same period as finished products are sold. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period when the write-down or loss occurs.

Redeemable Non-Controlling Interest

Non-controlling interest ("NCI") in subsidiaries that are redeemable for cash or other assets outside of our control are classified as temporary mezzanine equity, outside of equity and liabilities. Initial measurement is at acquisition date fair value and subsequent measurement is at the greater of the carrying value or the redemption value. Changes in the redemption value are recognized immediately as they occur and the carrying amount of the redeemable NCI is adjusted to equal the redemption value at the

end of each reporting period. This method views the end of the reporting period as if it were also the redemption date for the instrument. Increases or decreases in the estimated redemption amount are recorded with corresponding adjustments against equity

and are reflected in the computation of earnings per share. However, the amount presented in temporary equity should be no less than the initial amount reported in temporary equity for the instrument.

Revenue Recognition

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The Company's produce revenue transactions consist of single performance obligations to transfer promised goods at a fixed price. Quantities to be delivered to the customer are determined at a point near the date of delivery through purchase orders they receive from the customer. The Company recognizes revenue when it has fulfilled a performance obligation, which is typically when the customer receives the goods and their performance obligation is complete. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring product. The amount of revenue recognized is reduced for estimated returns and other customer credits, such as discounts and rebates, based on the expected value to be realized. Payment terms are consistent with terms standard to the markets the Company serves.

Revenue from the sale of cannabis inventories in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and excise duty. The Company recognizes revenue when it has fulfilled the performance obligation to the customer through the delivery and transfer of control of the promised goods.

Under bill-and-hold arrangements, whereby the Company bills a customer for a product to be delivered at a later date, control typically transfers when the product is still in the Company's physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met. The Company sells electricity to British Columbia Hydro and Power Authority. Revenues are recognized as the electricity is delivered to/consumed by the customer and is based on contractual usage rates and meter readings that measure electricity consumption. The Company has elected to exclude taxes collected from its customers assessed by government authorities that are both imposed on and concurrent with a specific revenue-producing transaction from our determination of transaction price.

Direct-to-consumer product sales for loyalty members contain two distinct performance obligations for which the Company allocates the transaction price based on the relative stand-alone value of each performance obligation, such that both revenue related to the delivery of the underlying purchased goods and deferred revenue for loyalty points issued to the customer are recognized based on the allocated consideration of value, after giving consideration to loyalty point breakage. The loyalty liability represents a performance obligation to provide goods for free or at a discount to loyalty members in exchange for the redemptions of points earned from past activities.

Judgment is required in determining whether the Company is the principal or agent in certain transactions. We evaluate the presentation of revenue on a gross or net basis based on whether we control the service provided to the end-user and are the principal (i.e. "gross"), or we arrange for other parties to provide the service to the end-user and are an agent (i.e. "net").

Revenue received from shipping and handling fees is reflected in net sales. Shipping and handling costs are included in cost of sales as incurred or at the time revenue is recognized for the related goods, whichever comes first.

ITEM 7A.QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its long-term debt, for which the interest rates charged fluctuate based on the 90-day LIBOR rate. The Company has a line of credit that incorporates LIBOR as a referenced interest rate. It is difficult to predict what effect, if any, the phase-out of LIBOR and the use of alternative benchmarks may have on the Company's business or on the overall financial markets. If interest rates had been 50 basis points higher, the net income during the years ended December 31, 2021 December 31, 2022 and 2020 2021 would have been lower by $315 $288) and $241, $315, respectively. This represents $315 $288 and $241 $315 in increased interest expense for the years ended December 31, 2021 December 31, 2022 and 2020, 2021, respectively.

While we cannot predict our ability to refinance existing debt or the significance of the impact that interest rate movements will have on our existing debt, management evaluates our financial position on an ongoing basis.

Foreign Exchange Risk

As of December 31, 2021 December 31, 2022 and 2020, 2021, the Canadian/U.S. foreign exchange rate was C$1.00 = US$0.7874 0.7380 and C$1.00 = US$0.7847, 0.7874, respectively. Assuming that all other variables remain constant, an increase of $0.10 in the Canadian dollar would have the following impact on the ending balances of certain statements of financial position items at December 31, 2021 December 31, 2022 and 2020 2021 with the net foreign exchange gain or loss directly impacting net income (loss).

	December 31, 2021	December 31, 2020	December 31, 2022	December 31, 2021
Financial assets				

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Cash and cash equivalents	$ 1,131	$ 2,650	$ 1,973
Trade receivables	2,887	1,988	2,887
JV notes receivable	—	—	
Inventories	5,145	4,122	5,645
Prepaid and deposits	1,069	622	1,069
Financial liabilities			
Trade payables and accrued liabilities	(2,715)	(3,596)	(2,715)
Loan payable	(4,460)	(4,510)	(4,460)
Deferred Tax Liability	(2,571)	(2,103)	(2,571)
Net foreign exchange gain	$ 486	$ (827)	$ 2,483

Our exposure to foreign exchange risk and the impact of foreign exchange rates are monitored by the Company's management but generally the Company tries to match its sales (trade receivables) and vendor payments (trade payables) such that the net impact is not material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ITEM 8.

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The financial statements required by this item are included beginning on page 70 of this Annual Report on Form 10-K. See also Item 15, “Exhibits, Financial Statement Schedules.”

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

ITEM 9.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures are not effective at a reasonable assurance level due to the material weakness described in Management’s management’s report on internal control over financial Reporting. reporting.

Changes in Internal Control over Financial Reporting

There were have been no changes in to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act), other than the material weakness and the remediation of the previously reported material weakness, both described in management's management’s report on over internal control over financial reporting, that occurred during our the fourth quarter for the fiscal quarter year ended December 31, 2021 December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Report on Internal Control over Financial Reporting

Management’s report on internal control over financial reporting is included on page 70 of this Annual Report on Form 10-K.

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has made an independent assessment of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2021 December 31, 2022 and their report is included on page 71 of this Annual Report on Form 10-K.

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ITEM 9B. OTHER OTHER INFORMATION
INFORMATION

None.

ITEM 9C.
DISCLOSURE
REGARDING
FOREIGN
JURISDICTIONS
THAT
PREVENT
INSPECTIONS

None.

ITEM 9B.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10.DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

ITEM 10.

The information required to be furnished by this Item 10 is incorporated herein by reference to the definitive proxy statement for our annual meeting of shareholders (the "2022 "2023 Proxy Statement") to be filed within 120 days of December 31, 2021 December 31, 2022 (subject to any applicable extension period to the extent such 120th date is not a business day).

The information required by this item regarding delinquent filers pursuant to Item 405 of Regulation S-K will be included under the caption "Delinquent Section 16(a) Reports" in the 2022 Proxy Statement and is incorporated herein by reference.

The Company adopted a code of ethics that applies to all our employees, officers, and directors, including our Chief Executive Officer and Chief Financial Officer. The Code of Ethics and Whistleblowing Policy ("Code") is available on our Company website at http://www.villagefarms.com under the Governance section of our Investors page. The Code covers whistle blowing and provides an anonymous means for employees and officers to report violations of the Code and other corporate policies. The Company has also developed the Disclosure and Insider Trading Policy to provide guidelines on employee trading in the Company's securities. Any amendments to the Code, or information about any waivers granted to directors or executive officers with respect to the Code, will be posted on the Company's website.

ITEM 11.EXECUTIVE COMPENSATION

ITEM 11.EXECUTIVE COMPENSATION

ITEM 11.

The information required to be furnished by this Item 11 is incorporated herein by reference to the 2022 2023 Proxy Statement to be filed within 120 days of December 31, 2021 December 31, 2022 (subject to any applicable extension period to the extent such 120th date is not a business day).

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

ITEM 12.

The information required to be furnished by this Item 12 is incorporated herein by reference to the 2022 2023 Proxy Statement to be filed within 120 days of December 31, 2021 December 31, 2022 (subject to any applicable extension period to the extent such 120th date is not a business day).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

ITEM 13.

The information required to be furnished by this Item 13 is incorporated herein by reference to the 2022 2023 Proxy Statement to be filed within 120 days of December 31, 2021 December 31, 2022 (subject to any applicable extension period to the extent such 120th date is not a business day).

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

ITEM 14.

The information required to be furnished by this Item 14 is incorporated herein by reference to the 2022 2023 Proxy Statement to be filed within 120 days of December 31, 2021 December 31, 2022 (subject to any applicable extension period to the extent such 120th date is not a business day).

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

ITEM 15.

(a) Documents filed as part of this report.

1. Financial Statements. We have included the following financial statements as part of this Annual Report, including the financial statements of Pure Sunfarms, as required by Rule 3-09 of Regulation S-X.

Village Farms:

	Page
Management's Report on Internal Controls Over Financial Controls	7074

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Report of Independent Registered Public Accounting Firm 71
Consolidated Statements of Financial Position 73
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) 74
Consolidated Statements of Changes in Shareholders' Equity and Mezzanine Equity 75
Consolidated Statements of Cash Flows 76
Notes to Financial Statements 77

2. Financial Statement Schedules.

All schedules are omitted because they are not applicable, or the required information is shown in the Financial Statements or notes thereto.

(b) Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this report:

3.1	Articles of Amalgamation Continuance.
3.2	By-Law No. 4 of Village Farms International, Inc. (incorporated by reference to Exhibit 4.1 to Appendix D of the Company's Registration Company's Proxy Statement, on Form S-8 (File No. 333-230298) filed on March 15, 2019 April 19, 2022)
3.2	By-laws (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 (File No. 333-230298) filed on March 15, 2019)
4.1	
3.3	By-laws amendment (incorporated by reference to Exhibit 99.1 to the Company's Report on Form 6-K filed on December 20, 2019)
3.4	By-law amendment (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 25, 2020).
4.1	Specimen Common Share Certificate (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (File No. 333-230298) filed on March 15, 2019)
4.2	Description of Common Shares (incorporated by reference to Exhibit 4.2 of the Company's Annual Report on Form 10-K filed on April 1, 2020).
4.3 4.2	Securityholders' Agreement, as amended and restated on December 31, 2009 (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K filed on April 1, 2020)
4.4 4.3	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 10, 2020).
10.1 4.4	Village Farms International, Inc. Share-Based Compensation Plan adopted on December 31, 2009 Form of Warrant (incorporated by reference to Exhibit 10.1 of 4.1 to the Company's Annual Company's Current Report on Form 10-K 8-K filed on April 1, 2020) + January 30, 2023).
10.210.1	Controlled Equity OfferingSM Sales Agreement, dated August 9, 2022, between Village Farms International, Inc. and Cantor Fitzgerald & Co. and A.G.P./Alliance Global Partners (incorporated by reference to Exhibit 1.1 of the Company's Current Report on Form 8-K filed on August 9, 2022).
10.2	Credit Facility Agreement by and between Village Farms Canada Limited Partnership and Farm Credit Canada, dated March 28, 2013 (incorporated by reference to Exhibit 10.2 of the Company's Annual Report on Form 10-K filed on April 1, 2020)
10.3	Credit Agreement by and between Village Farms Canada Limited Partnership and Village Farms, L.P. and Bank of Montreal, dated August 29, 2013 (incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K filed on April 1, 2020)
10.4	Amendment to Credit Agreement by and between Village Farms Canada Limited Partnership and Village Farms, L.P. and Farm Credit Canada, dated March 24, 2016 (incorporated by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K filed on April 1, 2020)
10.5	Second Amendment to Credit Agreement by and between Village Farms Canada Limited Partnership and Village Farms, L.P. and Bank of Montreal, dated May 31, 2016 (incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K filed on April 1, 2020)
10.6	Employment Agreement by and between Bret Wiley and the Company (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K filed on April 1, 2020) +
10.6	
10.7	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 22, 2020). + ^
10.810.7	Employment Agreement, dated as of June 1, 2020, by and between Stephen C. Ruffini and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 4, 2020). +
10.9	Employment Agreement, dated as of July 13, 2020, by and between Michael A. DeGiglio and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 14, 2020). +
10.10	Credit Agreement, dated as of February 7, 2019, by and between Pure Sun Farms Corp., Bank of Montreal and Farm Credit Canada. (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K filed on March 16, 2021).
10.11	

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10.8	First Amended and Restated Credit Agreement, dated as of March 30, 2020, by and between Pure Sun Farms Corp., Bank of Montreal, Farm Credit Canada and Canada Imperial Bank of Commerce. (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K filed on March 16, 2021).
10.1210.9	Second Amendment and Restated Credit Agreement, dated as of June 30, 2020, by and between Pure Sunfarms Corp., Bank of Montreal, Farm Credit Canada and Canada Imperial Bank of Commerce. (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K filed on March 16, 2021).
10.1310.10	Third Amended and Restated Credit Agreement, dated as of March 15, 2021, by and between Pure Sunfarms Corp., Bank of Montreal, Farm Credit Canada and Canadian Imperial Bank of Commerce. (Incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K/A on March 18, 2021).

10.11	First Supplemental Credit Agreement, dated May 30, 2020, by and between Pure Sunfarms Corp., Bank of Montreal and Farm Credit Canada. (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K filed on March 16, 2021).
10.1410.12	First Supplemental Credit Agreement, dated October 30, 2020, by and between Pure Sunfarms Corp., Bank of Montreal and Farm Credit Canada. (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K filed on March 16, 2021).
10.1510.13	BDC Loan Agreement, dated December 30, 2020, by and between Pure Sunfarms Corp. and Bank of Montreal. (incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K filed on March 16, 2021).
10.1610.14	Amended and Restated Employment Agreement, dated as of November 5, 2020, by and between Mandesh Dosanjh and the Pure Sunfarms. (incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K filed on March 16, 2021).+
10.1710.15	Membership Interest Purchase Agreement by and among Village Farms International, Inc. Balanced Health Botanicals, LLC and the Members of Balanced Health Botanicals, LLC, dated August 16, 2021. ^ (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K/A filed on March 13, 2022).
10.1810.16	Share Purchase Agreement by and among Village Farms International, Inc., ROSE LifeScience Inc. and the shareholders of ROSE LifeScience, dated November 15, 2021 (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on November 19, 2021) ^
10.1910.17	Unanimous Shareholder Agreement by and among Village Farms International, Inc., ROSE LifeScience Inc. and the shareholders of ROSE LifeScience, dated November 15, 2021 (incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K filed on November 19, 2021) ^
10.18	First Amendment to Unanimous Shareholder Agreement by and among Village Farms International, Inc., ROSE LifeScience Inc. and the shareholders of ROSE LifeScience, dated November 15, 2021.
21.1	
10.19	Amended and Restated Share-based Compensation Plan dated March 15, 2021 and adopted June 10, 2021 (incorporated by reference to Appendix D of the Company's Proxy Statement filed on May 7, 2021).
10.20	Village Farms International, Inc. Share-based Compensation Plan adopted on December 31, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K filed on April 1, 2020).+
10.21	Employment Agreement, dated as of June 1, 2020, by and between Stephen C. Ruffini and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 4, 2020).+
10.22	Employment Agreement, dated as of July 13, 2020, by and between Michael A. DeGiglio and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 14, 2020).+
10.23	Employment Agreement by and between Bret Wiley and the Company (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K filed on April 1, 2020).+
10.24	Employment Agreement, dated as of May 1, 2021, by and between Orville Bovenschen and Village Farms L.P. (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on May 10, 2022).+
21.1	List of Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm PricewaterhouseCoopers LLP
24.1	Powers of Attorney (included on signature page).
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.1*	The following financial statements from the Village Farms International, Inc. Annual Report on Form 10-K for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, formatted as Inline eXtensible Business Reporting Language (XBRL): (i) statements of operations and comprehensive income, (ii) balance sheets, (iii) statements of shareholders' equity, (iv) statements of cash flows, and (v) the notes to the financial statements.

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104.1*	The following financial statements from the Village Farms International, Inc. Annual Report on Form 10-K for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019, 2020, Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101.1): (i) statements of operations and comprehensive income, (ii) balance sheets, (iii) statements of shareholders' equity, (iv) statements of cash flows, and (v) the notes to the financial statements.

+ Indicates management contract or compensatory plan.

Indicates management contract or compensatory plan.

^ Certain confidential portions of this exhibit have been redacted pursuant to Item 601(b)(10) of Regulation S-K. The Company agrees to furnish to the Securities and Exchange Commission a copy of any omitted portions of the exhibit upon request.

ITEM 16.FORM 10-K SUMMARY

None.

SIGNATURES

+

^ Certain confidential portions of this exhibit have been redacted pursuant to Item 601(b)(10) of Regulation S-K. The Company agrees to furnish to the Securities and Exchange Commission a copy of any omitted portions of the exhibit upon request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 1st 9th day of March 2022. 2023.

Village Farms International, Inc.

By: /s/ Michael A. DeGiglio

Name: Michael A. DeGiglio

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Title: Chief Executive Officer and Director

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael A. DeGiglio and Stephen C. Ruffini, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on March 1, 2022 March 9, 2023.

Signature	Title
/s/ Michael A. DeGiglio Michael A. DeGiglio	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Stephen C. Ruffini Stephen C. Ruffini	Chief Financial Officer and Director (Principal Financial and Accounting Officer)
/s/ John R. McLernon John R. McLernon	Director, Chair
/s/ John P. Henry John P. Henry	Director
/s/ Dave Holewinski David Holewinski	Director
/s/ Christopher C. Woodward Christopher C. Woodward	Director

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

As of December 31, 2022, our management assessed the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013). Based on this assessment, our management concluded that, as of December 31, 2022, our internal control over financial reporting was not effective due to errors in the calculation of the recoverable amount of its goodwill and intangible assets, which was subsequently modified, resulting in no change in management's determination of the recoverable amount of its goodwill and intangible assets, but based on the criteria is deemed to be a material weakness in internal control over financial reporting.

A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in the annual or interim financial statements will not be prevented or detected on a timely basis.

The Company did not effectively operate an effective control over the determination of the recoverable amount of its goodwill and intangible assets. Specifically, the Company's controls related to the review of the calculations, and significant assumptions relevant to the determination of the recoverable amount of its reporting units, did not prevent or detect potential material errors in valuation of goodwill or indefinite lived intangibles and the related disclosures. No adjustments were required to the annual financial statements as a result of this material weakness. The Company will implement remediation measures improving the operation of its controls over the review of the determination of the recoverable amount of its goodwill and intangible assets in 2023. The material weakness will be fully remediated when, in the opinion of the company's management, the revised control procedures are appropriately operated for a sufficient period of time to provide reasonable assurance as to their effectiveness.

As of December 31, 2021, our management assessed the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control – Integrated Framework* (2013). Based on this assessment, our management concluded that, as of December 31, 2021, our internal control over financial reporting was not effective based on those criteria because a material weakness in internal control over financial reporting existed as of that date, as described below.

date. The Company did not operate effective controls over the calculation of one of its debt covenants. The Company's controls related to the review of debt covenant calculations failed to identify a violation of a debt covenant as at December 31, 2021 in a timely manner. The lender subsequently waived the debt covenant prior to filing and therefore there was no impact on the Company's December 31, 2021 financial statements. The Company will implement remediation measures improving During the year-ended December 31, 2022, in response to the material weakness noted above, we effectively monitored and operated existing controls over the review of the calculation of its debt

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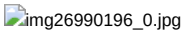
covenants, by implementing additional independent review including the hiring of a corporate treasurer. As a result of the calculations. In addition, the Company is working with its lender group to modify Company's enhanced controls and synchronize its loan covenants such procedures, management has determined that definitions of loan covenants are aligned going forward to avoid conflicting covenants between the Company and one of its subsidiaries. this material weakness has been remediated.

In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management's evaluation of internal control over financial reporting excluded the internal control activities of Balanced Health, which we acquired on August 16, 2021, and ROSE LifeScience which we acquired 70% ownership on November 15, 2021, as discussed in Note 7 – BHB Acquisition and Note 8 – ROSE Acquisition, of the notes to the consolidated financial statements. We have included the financial results of these acquired companies in the consolidated financial statements from the date of acquisition. Balanced Health and ROSE LifeScience constituted approximately 15% and 10% of total assets, respectively, and 4% and 1% of sales, respectively, as reported in our consolidated financial statements as of and for the year ended December 31, 2021.74



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Village Farms International, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Village Farms International, Inc. and its subsidiaries (the "Company") (together, the Company) as of December 31, 2021 December 31, 2022 and December 31, 2020, 2021, and the related consolidated statements of income (loss) and comprehensive income (loss), of changes in shareholders' equity and mezzanine equity, and of cash flows for each of the three years in the period ended December 31, 2021 December 31, 2022, including the related notes (collectively referred to as the "consolidated consolidated financial statements") statements). We also have audited the Company's Company's internal control over financial reporting as of December 31, 2021 December 31, 2022, based on criteria established in *Internal Control - – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 December 31, 2022 and 2020, 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2021 December 31, 2022, based on criteria established in *Internal Control - – Integrated Framework* (2013) issued by the COSO because a material weakness in internal control over financial reporting existed as of that date related to the operation of effective controls over the calculation determination of debt covenants. the recoverable amount of the Company's goodwill and intangible assets.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in the accompanying Management's Report on Internal Control over Financial Reporting. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the December 31, 2021 2022 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in management's management's report referred to above. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Balanced Health Botanicals, LLC and Rose Lifescience Inc. from its assessment of internal control over financial reporting as of December 31, 2021 because they were acquired by the Company during 2021. We have also excluded Balanced Health

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Botanicals, LLC and Rose Lifescience Inc. from our audit of internal control over financial reporting. Balanced Health Botanicals, LLC and Rose Lifescience Inc. are consolidated subsidiaries whose total assets and total revenues excluded from management's assessment and our audit of

internal control over financial reporting represent approximately 15% and 10% of total assets, respectively and approximately 4% and 1% of total revenues, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2021.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter matters communicated below is a matter are matters arising from the current period audit of the consolidated financial statements that was were communicated or required to be communicated to the audit committee and that (i) relates relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter matters below, providing a separate opinion opinions on the critical audit matter matters or on the accounts or disclosures to which it relates. they relate.

Valuation of the intangible asset acquired Intangible Asset Acquired in the acquisition Acquisition of Balanced Health Botanicals, LLC ("BHB") Rose LifeScience Inc. (Rose)

As described in Note 7 8 to the consolidated financial statements, the Company completed the acquisition of 100% 70% of BHB Rose in August November 2021 for total consideration of $71.75 million $38.7 million. The acquisition of BHB Rose resulted in an intangible asset related to the brand a customer relationship of $9.25 million $14.2 million. The fair value of the intangible asset was based on the relief from royalty multi-period excess earnings method. This measure of fair value requires significant judgment about the value a market participant would be willing to pay to achieve the benefits associated with the brand. customer relationship. The method requires management to estimate future revenues for the related brand, the appropriate royalty rate, cash flows and an asset specific discount rate.

The principal considerations for our determination that performing procedures relating to the valuation of the intangible asset acquired in the acquisition of BHB Rose is a critical audit matter are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to the fair value of the intangible asset acquired due to the significant judgment by management when developing the estimate; (ii) the significant audit effort in evaluating management's estimates related to the future revenues for the related brand, the appropriate royalty rate, cash flows and an asset specific discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the intangible asset and controls over management's estimation process. These procedures also included, among others, (i) reading the purchase agreement and (ii) testing management's process for estimating the fair value of the intangible asset. Testing management's process included evaluating the appropriateness of the valuation method, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of management's estimates related to future revenues for the related brand, the appropriate royalty rate, cash flows and an asset specific discount rate. Evaluating the reasonableness of the future revenues for the related brand cash flows involved considering the past performance of the acquired business, as well as economic and industry forecasts. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's valuation method as well as management's estimates related to the appropriate asset specific discount rate.

Impairment Assessments of Goodwill and the Indefinite-lived Intangible Asset for the Cannabis – U.S. Reporting Unit

As described in Note 11 to the consolidated financial statements, the Company's goodwill and indefinite-lived intangible asset balances for the Cannabis – U.S. reporting unit were $21.3 million and $4.6 million, respectively, as of December 31, 2022. Management conducts an impairment assessment annually as of December 31, or more frequently if events or changes in circumstances indicate that the carrying value of a reporting unit exceeds its fair value. Any impairment charges are determined by comparing the fair value of the reporting unit to its carrying value. The recoverable amount of a reporting unit is determined by management based on discounted cash flow projections. Management's cash flow projections for the reporting unit included significant judgments and assumptions relating to a transaction multiple, future cash flows, a terminal growth rate, and a post-tax discount rate for goodwill, and future revenues, royalty rates, and post-tax discount rates for the indefinite-lived intangible asset. Based on the results of the impairment assessments, management recorded impairment at both June 30, 2022 and December 31, 2022 on the Cannabis – U.S. reporting unit. During the year ended December 31, 2022, impairment charges of $38.7 million and $4.6 million were recognized on goodwill and the indefinite-lived intangible asset, respectively.

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The principal considerations for our determination that performing procedures relating to the impairment assessments of goodwill and the indefinite-lived intangible asset for the Cannabis – U.S. reporting unit is a critical audit matter are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to the fair value of the reporting unit due to the significant judgment by management when developing the estimate; (ii) the significant audit effort in evaluating management's significant assumptions related to the transaction multiple, future cash flows, terminal growth rate, and post-tax discount rate for goodwill, and the future revenues, royalty rates, and post-tax discount rates for the indefinite-lived intangible asset; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge. As described in the "Opinions on the Financial Statements and Internal Control over Financial Reporting" section, a material weakness was identified related to this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the fair value estimates of the reporting unit; (ii) evaluating the appropriateness of the underlying discounted cash flow projections; (iii) testing the completeness and accuracy of underlying data used in the projections; and (iv) evaluating the reasonableness of the significant assumptions used by management, including the transaction multiple, future cash flows, terminal growth rate, and post-tax discount rate for goodwill, and future revenues, royalty rates, and post-tax discount rates for the indefinite-lived intangible asset. Evaluating management's significant assumptions related to the transaction multiple, future cash flows, terminal growth rate, and post-tax discount rate for goodwill, and future revenues, royalty rates, and post-tax discount rates for the indefinite-lived intangible asset involved evaluating whether the significant assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; (iii) sensitivities over significant inputs and significant assumptions; and (iv) whether these significant assumptions were consistent with evidence obtained in other areas of the audit, as applicable. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's use of discounted cash flow projections as well as management's significant assumptions related to the royalty rates and post-tax discount rates.

Impairment Assessment of Goodwill and the Indefinite-lived Intangible Asset for the Cannabis – Canada Reporting Unit

As described in Note 11 to the consolidated financial statements, the Company's goodwill and indefinite-lived intangible asset balances for the Cannabis – Canada reporting unit were $44.9 million and $3.4 million, respectively, as of December 31, 2022. Management conducts an impairment assessment annually as of December 31 each year, or more frequently if events or changes in circumstances indicate that the carrying value of a reporting unit exceeds its fair value. Any impairment charges are determined by comparing the fair value of the reporting unit to its carrying value. The recoverable amount of a reporting unit is determined by management based on discounted cash flow projections. Management's cash flow projections for the reporting unit included significant judgments and assumptions relating to future cash flows, a terminal growth rate, and a post-tax discount rate for goodwill, and future revenues, a royalty rate, and an a post-tax discount rate for the indefinite-lived intangible asset. Based on the results of the impairment assessment, no impairment charge was recognized for the Cannabis – Canada reporting unit for the year ended December 31, 2022.

The principal considerations for our determination that performing procedures relating to the impairment assessment of goodwill and the indefinite-lived intangible asset specific for the Cannabis – Canada reporting unit is a critical audit matter are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to the fair value of the reporting unit due to the significant judgment by management when developing the estimate; (ii) the significant audit effort in evaluating management's significant assumptions related to the future cash flows, terminal growth rate, and post-tax discount rate. rate for goodwill, and future revenues, royalty rate, and post-rate discount rate for the indefinite-lived intangible asset; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge. As described in the "Opinions on the Financial Statements and Internal Control over Financial Reporting" section, a material weakness was identified related to this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the fair value estimates of the reporting unit; (ii) evaluating the appropriateness of the underlying discounted cash flow projections; (iii) testing the completeness and accuracy of underlying data used in the projections; and (iv) evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, terminal growth rate, and post-tax discount rate for goodwill, and future revenues, royalty rate, and post-tax discount rate for the indefinite-lived intangible asset. Evaluating management's significant assumptions related to the future cash flows, terminal growth rate, and post-tax discount rate for goodwill, and future revenues, royalty rate, and post-tax discount rate for the indefinite-lived intangible asset involved evaluating whether the significant assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; (iii) sensitivities over significant inputs and significant assumptions; and (iv) whether these significant assumptions were consistent with evidence obtained in other areas of the audit, as applicable. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's use of discounted cash flow projections as well as management's significant assumptions related to the royalty rate and post-tax discount rates.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, Canada

March 1, 2022 9, 2023

We have served as the Company's auditor since 2006.

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Village Farms International, Inc.
Consolidated Statements of Financial Position
(In thousands of United States dollars)

	December 31, 2021	December 31, 2020	December 31, 2022	December 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents	$ 53,417	$ 21,640	$ 16,634	$ 15,347
Restricted cash (note 3)	5,250	4,039		
Trade receivables, less allowance for doubtful accounts of $39 and $13, respectively	34,360	23,222		
Inventories (note 4)	68,677	46,599		
Restricted cash			5,050	5,025
Trade receivables, less allowance for doubtful accounts of $0 and $39, respectively			27,455	34,536
Inventories			70,876	68,587
Other receivables	616	145	3,601	1,096
Income tax receivable	2,430	18	6,294	2,430
Prepaid expenses and deposits	10,209	6,145	5,092	10,209

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Total current assets			1 1 3 7 2, 4, 9 9 8 5 4 9
	174,959	101,808	
Non-current assets			
Property, plant and equipment (note 5)	215,704	187,020	
Investment in minority interests (note 9)	2,109	1,226	
Note receivable - joint venture (note 16)	3,256	3,545	
Goodwill (notes 6, 7 and 8)	117,533	24,027	
Intangibles (notes 6, 7, 8 and 10)	26,394	17,311	
Deferred tax asset (note 17)	16,766	13,312	
Right-of-use assets (note 13)	7,609	3,832	
Property, plant and equipment			2 2 0 1 7, 5, 7 7 0 0 1 4
Investments			2, 2, 1 1 0 0 9 9
Note receivable - joint venture			3, 2 5 — 6
Goodwill			1 6 1 6, 7, 2 5 2 3 5 3
Intangibles			3 2 7, 6, 1 3 5 9 7 4
Deferred tax asset			1 4, 6, 2 7 0 6 1 6
Right-of-use assets			9, 7, 1 6 3 0 2 9
Other assets			5, 2, 7 5 7 8
	2,581	1,950	6 1

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Total assets	$ 566,911	$ 354,031	$ 5,6,2,8 $ 1,6,9,1
LIABILITIES			
Current liabilities			
Line of credit	$ 7,760	$ 2,000	$ 7,5,2 $ 7,7,6,0
Trade payables	22,597	15,064	2,4,8,9,4 2,2,5,9,7
Current maturities of long-term debt (note 11)	11,416	10,166	
Note payable (note 11)	—	15,314	
Current maturities of long-term debt			1,9,6,4,6 1,1,4,6
Accrued sales taxes	3,899	12,071	1,1,5,9,4 3,8,9,9,9
Accrued loyalty program	2,098	—	2,0,6,0 2,0,9,8
Accrued liabilities (note 12)	14,168	10,367	
Lease liabilities - current (note 13)	962	1,134	
Income tax payable	—	4,523	
Accrued liabilities			1,3,0,6,4 1,4,1,6,8
Lease liabilities - current			1,9,7,0 1,9,6,2
Other current liabilities	1,413	1,641	1,4,5,8 1,4,1,3

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Total current liabilities	64,313	72,280	7,426,231
Non-current liabilities			
Long-term debt (note 11)	50,419	53,913	
Deferred tax liability (note 17)	18,657	18,059	
Lease liabilities - non-current (note 13)	6,711	2,863	
Long-term debt			4,503,084,215
Deferred tax liability			1,987,765,556
Lease liabilities - non-current			7,677,715,781
Other liabilities	1,973	1,633	1,917,434
Total liabilities	142,073	148,748	11,402,925,013
Commitments and contingencies (note 15)			
Commitments and contingencies (note 14)			
MEZZANINE EQUITY			
Redeemable non-controlling interests (note 8)	16,433	—	
Redeemable non-controlling interests			16,614,163
SHAREHOLDERS' EQUITY			
Common stock, no par value per share - unlimited shares authorized; 88,233,929 and 66,911,811 shares issued and outstanding at December 31, 2021 and 2020, respectively.	365,561	145,668	
Common stock, no par value per share - unlimited shares authorized; 91,788,929 shares issued and outstanding at December 31, 2022 and 88,233,929 shares issued and outstanding at December 31, 2021.			3,767,245,945

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Additional paid in capital			1	
			3,	9,
			3	3
			7	6
	9,369	17,502	2	9
Accumulated other comprehensive loss	6,696	6,255		
Accumulated other comprehensive (loss) income			(8	6,
			,3	6
			7	9
			1)	6
Retained earnings			(7	2
			4,	6,
			3	7
			6	7
	26,779	35,858	7)	9
Total shareholders' equity	408,405	205,283		
Total Village Farms International, Inc. shareholders' equity			3	4
			0	0
			3,	8,
			0	4
			6	0
			3	5
Non-controlling interest			7	
			6	
			7	—
Total shareholders' equity			3	4
			0	0
			3,	8,
			8	4
			3	0
			0	5
Total liabilities, mezzanine equity and shareholders' equity			4	5
			6	6
			5,	6,
			2	9
			8	1
	$ 566,911	$ 354,031	$ 5	$ 1

The accompanying notes are an integral part of these consolidated financial statements.

Village Farms International, Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the Years Ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020

(In thousands of United States dollars)

	2021	2020	2019			
Sales (note 18)	$ 268,020	$ 170,086	$ 144,568			
				202	202	202
				2	1	0

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Sales				2,293,505	$ 2,206,508	$ 1,670,078
Cost of sales				(2,166,076)	(2,062,829)	(1,529,162)
	(222,841)	(159,126)	(151,913)			
Gross margin (note 18)	45,179	10,960	(7,345)			
Gross margin				227,429	143,679	140,916
Selling, general and administrative expenses				(68,223)	(46,623)	(19,302)
	(46,384)	(19,086)	(16,762)			
Share-based compensation				(3,978)	(7,513)	(6,142)
	(7,533)	(6,142)	(4,714)			
Interest expense (note 18)	(2,835)	(2,056)	(2,614)			
Interest income (note 18)	126	625	1,036			
Foreign exchange (loss) gain	(476)	(136)	433			
Gain on settlement agreement (note 6)	—	4,681	—			
Gain on acquisition (note 6)	—	23,631	—			
Interest expense				(3,244)	(2,843)	(2,056)
Interest income				20,227	16,265	
Foreign exchange loss				(2,255)	(4,763)	(1,366)
Gain on settlement agreement						4,681
Gain on acquisition						23,631
Other (expense) income				(115)	(420)	(873)
	(161)	49	268			

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(Loss) gain on disposal of assets	(259)	(922)	13,564			
Loss on joint venture loans (note 9)	—	(3,791)	(1,184)			
Write-off of note receivable						(3,791)
Impairments				(59,292)	—	(1)
				(43,229)	—	—
(Loss) income before taxes and (loss) income from equity method investments	(12,343)	7,813	(17,318)	(94,036)	(12,743)	7,813
Recovery of income taxes	3,526	2,790	5,866			
(Provision for) recovery of income taxes				(4,658)	3,527	2,790
(Loss) income from equity method investments				(2,668)	(308)	1,005
	(308)	1,005	13,777			
(Loss) income including non-controlling interests				(101,412)	(9,124)	11,608
Less: net loss attributable to non-controlling interests, net of tax				246		
	46	—	—	96	—	—
Net (loss) income attributable to Village Farms International, Inc.				(101,414)	(9,079)	11,608
	$ (9,079)	$ 11,608	$ 2,325	$ (96)	$ (9)	$ 8
Basic (loss) income per share attributable to Village Farms International, Inc. shareholders (note 19)	$ (0.11)	$ 0.20	$ 0.05			
Diluted (loss) income per share attributable to Village Farms International, Inc. shareholders (note 19)	$ (0.11)	$ 0.19	$ 0.05			
Basic (loss) income per share attributable to Village Farms International, Inc. shareholders				($ 3.1)	($ 1.1)	$ 0.2
Diluted (loss) income per share attributable to Village Farms International, Inc. shareholders				($ 3.1)	($ 1.1)	$ 0.1
Weighted average number of common shares used in the computation of net (loss) income per share (in thousands):						

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Basic	82,161	58,526	49,418	89,211,526	82,856,162	58,495,418
Diluted	82,161	61,490	51,179	89,211,526	82,856,162	61,491,049
(Loss) income including non-controlling interests	$ (9,125)	$ 11,608	$ 2,325	$ (10,141,674)	$ (9,156,012)	$ 1,162,370
Less: net loss attributable to non-controlling interests, net of tax (note 6)	46	$ —	$ —			
Less: net loss attributable to non-controlling interests, net of tax				26,455	4,006	
				$ 9,455	$ 6,006	$ —
Net (loss) income attributable to Village Farms International, Inc.	(9,079)	11,608	2,325	(10,141,674)	(9,156,012)	1,162,370
Other comprehensive (loss) income:						
Foreign currency translation adjustment	441	6,730	87	(15,446,730)	6,744,310	1,030
Comprehensive (loss) income attributable to Village Farms International, Inc. shareholders	$ (8,638)	$ 18,338	$ 2,412	$ (16,141,676)	$ (8,156,036)	$ 1,163,400

The accompanying notes are an integral part of these consolidated financial statements.

Village Farms International, Inc.

Consolidated Statements of Changes in Shareholders' Equity and Mezzanine Equity

For the Years Ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020

(In thousands of United States dollars)

	Number of Common Shares	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Permanent Shareholders' Equity	Mezzanine Equity
Balance at January 1, 2019	47,643	$ 60,872	$ 2,198	$ (562)	$ 21,925	$ 84,433	$ —

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	Number of Common Shares	Common Stock	Additional Paid In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Non-controlling Interest	Total Permanent Shareholders' Equity	Mezzanine Equity
Balance at January 1, 2020	152,662,435	$ 389,583	$ 14,243	$ (475)	$ 21,925	$ —	$ 425,276	$ —
Shares issued in public offering, net of issuance costs	4,059,900	34,226,950	—	—	—	—	34,226,950	—
Shares issued on exercise of stock options (note 20)	212,324	324,116	(116,947)	—	—	—	207,169	—
Share-based compensation (note 20)	443,297	2,297,417	—	—	—	—	4,714,834	—
Shares issued on exercise of warrants	300,614	614,148	(148,466)	—	—	—	465,682	—
Cumulative translation adjustment	—	—	—	87	—	—	87	—
Net income	—	—	—	—	2,325	—	2,325	—
Balance at December 31, 2019	52,657,590	$ 98,333,450	$ 4,351,417	$ (475)	$ 24,250,000	$ —	$ 126,459,392	—
Shares issued in public offering, net of issuance costs	12,990,000	42,550,000	—	—	—	—	42,550,000	—
Shares issued on exercise of stock options	1,265,975	6,927,665	(2,706,257)	—	—	—	4,221,408	—
Share-based compensation	—	4,093,403	2,900,419	—	—	—	6,993,822	—
Warrants issued in public offering	—	—	11,369,000	—	—	—	11,369,000	—

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Shares issued on exercise of stock options (note 20)	1,265	692	(267)	—	—	425	—											
Share-based compensation (note 20)	—	4,093	2,049	—	—	6,142	—											
Cumulative translation adjustment	—	—	—	6,730	—	6,730	—	—	—	—	6,730	—	—	6,730	—
Net income	—	—	—	—	11,608	11,608	—	—	—	—	—	11,608	—	11,608	—
Balance at December 31, 2020	66,912	$ 145,668	$ 17,502	$ 6,255	$ 35,858	$ 205,283	$ —	$ 2	$ 8	$ 2	$ 5	$ 8	$ —	$ 3	$ —
Shares issued in public offering, net of issuance costs	10,887	127,489	—	—	—	127,489	—	7	9	—	—	—	—	9	—
Shares issued in acquisition	7,118	63,044	—	—	—	63,044	—	8	4	—	—	—	—	4	—
Shares issued on exercise of warrants (note 20)	3,188	29,050	(10,555)	—	—	18,495	—								
Shares issued on exercise of stock options (note 20)	177	310	(111)	—	—	199	—								
Share re-purchases (note 20)	(535)	—	(5,000)	—	—	(5,000)	—								
Share-based compensation (note 20)	487	—	7,533	—	—	7,533	—								
Shares issued on exercise of warrants								3,189,085	18,505	—				18,505	—
Shares issued on exercise of stock options								177,113	1,199	—				1,199	—
Share re-purchases								(535,000)	(5,030)	—				(5,030)	—
Share-based compensation									7,485	—				7,485	—

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Recognition of non-controlling interest on acquisition	—	—	—	—	—	—	16,479	—	—	—	—	—	—	—	16,479
Cumulative translation adjustment	—	—	—	441	—	441	—	—	—	—	1	—	—	1	—
Net loss	—	—	—	—	(9,079)	(9,079)	(46)	—	—	—	—	(9,079)	—	(9,079)	(46)
Balance at December 31, 2021	88,234	$ 365,561	$ 9,369	$ 6,696	$ 26,779	$ 408,405	$ 16,433	4	$ 1	$ 9	$ 6	$ 9	$ —	$ 5	$ 3
Net proceeds from issuance of common stock								3,1 7 5	6,1 6 9 2		3 9 —			7,0 8 5	—
Shares issued on exercise of stock options								1 8 0	1 7 6	1 6	—	—	—	1 9 2	—
Share-based compensation								2 0 0		3,9 8 7	—	—	—	3,9 8 7	—
Recognition of non-controlling interest on acquisition								—	—	—	—	—	7 6 7	7 6 7	—
Cumulative translation adjustment								—	—	—	(1 5,4 6 0)	—	—	(1 5,4 6 0)	—
Net loss								—	—	—	—	(1 0 1,1 4 6)	—	(1 0 1,1 4 6)	(2 6 9)
Balance at December 31, 2022								9 1,7 8 9	$ 9 2,7 4 2	$ 2 1 3,3 7 7	$ 1) (8 ,3 7	$ 7) (7 4,3 6	$ 7 7 6	$ 0 3,8 3 3	$ 4 6,1 6 4

The accompanying notes are an integral part of these consolidated financial statements.

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Village Farms International, Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020

(In thousands of United States dollars)

	2021	2020	2019	2022	2021	2020
Cash flows (used in) provided by operating activities:						
Net (loss) income attributable to Village Farms International, Inc. shareholders	$ (9,079)	$ 11,608	$ 2,325	$ (60)	$ (91)	$ 80
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:						
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:						
Depreciation and amortization	12,709	6,825	7,366	14,950	12,709	6,825
Amortization of deferred charges	300	115	76	40	300	115
Share of loss (income) from joint venture (notes 6 and 9)	308	(1,005)	(13,777)			
Loss on joint venture loans (note 9)	—	3,791	1,184			
Share of loss (income) from joint venture				2,660	3,006	(1,005)
Net loss attributable to non-controlling interest				(269)	—	—
Interest expense	2,835	2,056	2,614	4,456	2,835	2,056
Interest income	(126)	(625)	(1,036)	(70)	(126)	(625)
Interest paid on long-term debt	(3,306)	(1,295)	(2,635)	(40)	(3,306)	(1,295)
Unrealized foreign exchange loss				83		
Impairments				43,249	—	—

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Inventory impairment				1,103	—	—
Write-off of note receivable				5,959	—	1,957
Gain on settlement agreement	—	(4,681)	—	—	—	(4,681)
(Gain) loss on disposal of assets	259	922	(13,564)			
Loss on disposal of assets				(792)	259	922
Gain on acquisition of Pure Sunfarms	—	(23,631)	—	—	—	(23,631)
Non-cash lease expense	(1,351)	(1,150)	(1,043)	(6,054)	(1,351)	(1,150)
Other	366	—	—	—	366	—
Interest paid on finance lease	—	(4)	—	—	—	(4)
Share-based compensation	7,533	6,142	4,714	37,839	7,533	6,142
Deferred income taxes	(2,866)	(6,462)	(5,855)	19,316	(2,866)	(6,462)
Changes in non-cash working capital items (note 21)	(47,149)	13,072	5,244			
Changes in non-cash working capital items				(24,206)	(47,149)	13,072
Net cash (used in) provided by operating activities	(39,567)	5,678	(14,387)	(19,958)	(39,567)	5,678
Cash flows used in investing activities:						
Purchases of property, plant and equipment, net of rebate	(21,656)	(3,419)	(2,287)			

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Purchases of property, plant and equipment				(14,292)	(21,653)	(36,945)	
Purchases of intangibles	—	(92)	—	—	—	(92)	
Advances to joint ventures	(20)	(177)	(14,507)	—	(207)	(907)	
Proceeds from sale of assets	—	—	52				
Acquisitions, net	(40,685)	(34,603)	—	(53,805)	(85,603)	(33,603)	
Investment in minority interests	(1,109)	(1,226)	—	—	(92)	(6,102)	
Investment in joint ventures	—	(11,713)	(96)	—	—	(13,717)	
Notes receivable				(734)	—	—	
Net cash used in investing activities	(63,470)	(51,230)	(16,838)	(209,849)	(63,497)	(51,270)	
Cash flows provided by financing activities:							
Proceeds from borrowings	19,669	10,619	4,000	17,369,626	19,610,619	10,619,661	
Repayments on borrowings	(9,454)	(6,292)	(7,423)	(9,702,459)	(9,604,292)	(6,292,423)	
Proceeds from issuance of common stock	135,000	57,212	35,030				
Proceeds from issuance of common stock and warrants				6,650,600	5,700,212	7,135,030	

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Issuance costs	(7,511)	(3,293)	(338)	—	(7,519)	(3,293)
Note payable paid to Emerald Health	(15,498)	—	—			
Proceeds from exercise of stock options	199	425	208	2	199	425
Proceeds from exercise of warrants	18,495	—	—	—	18,495	—
Share re-purchases	(5,000)	—	—	—	(5,000)	—
Payments on capital lease obligations	(17)	(63)	(90)	—	(17)	(63)
Payment of note payable related to acquisition				—	(15,498)	—
Net cash provided by financing activities	135,883	58,608	31,387	6	135,883	58,608
Effect of exchange rate changes on cash and cash equivalents	142	634	(93)	9)	142	634
Net increase in cash, cash equivalents and restricted cash	32,988	13,690	69			
Net (decrease) increase in cash, cash equivalents and restricted cash				(36,919)	32,988	13,690
Cash, cash equivalents and restricted cash, beginning of period	25,679	11,989	11,920	7	25,679	11,989
Cash, cash equivalents and restricted cash, end of period	$ 58,667	$ 25,679	$ 11,989	$ 6	$ 58,667	$ 25,679
Supplemental disclosure of non-cash activities:						

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Shares issued for acquisitions	$ 63,044	$ —	$ —	$ —	$ 4	$ —
Supplemental cash flow information:						
Income taxes paid	$ 1,801	$ 158	$ 904	$ —	$ 1	$ 8

The accompanying notes are an integral part of these consolidated financial statements.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

1. NATURE OF OPERATIONS

DESCRIPTION OF BUSINESS

Village Farms International, Inc. ("VFF" and, together with its subsidiaries, the "Company", "we", "us", or "our") is incorporated a corporation existing under the Canada Ontario Business Corporations Act. VFF's principal operating subsidiaries as of December 31, 2021 December 31, 2022 are Village Farms Canada Limited Partnership, Village Farms, L.P., Pure Sunfarms Corp. ("Pure Sunfarms" or "PSF"), and Balanced Health Botanicals, LLC ("Balanced Health" or "BHB"). VFF also owns a 70% equity 70% interest in Rose LifeScience Inc. ("Rose") and an 85% interest in Leli Holland B.V. ("Leli").

The address of the registered office of VFF is 4700-80th Street, Delta, British Columbia, Canada, V4K 3N3.

During 2021 through December 31, 2021, the The Company's shares were are listed on both Toronto Stock Exchange ("TSX") and the Nasdaq Capital Market ("Nasdaq"), in each case, under the symbol "VFF". On December 14, 2021, the Company received approval to voluntarily delist from the TSX. Effective at the close of markets on December 31, 2021, the Company's shares are no longer listed or traded on the TSX.

Village Farms owns and operates sophisticated, highly intensive agricultural greenhouse facilities in British Columbia and Texas, where it produces, markets and sells premium-quality tomatoes, bell peppers and cucumbers. It's wholly-owned wholly owned subsidiary, Pure Sunfarms, is a vertically-integrated vertically integrated licensed producer and supplier of cannabis products to be sold to other licensed providers and provincial governments across Canada and internationally. The Company's wholly owned subsidiary, Balanced Health, develops and sells high-quality, cannabidiol ("CBD") based products including ingestible, edible and topical applications. Through its recent 70% acquisition 70% ownership of Rose, the Company adds has a substantial presence in the Province of Quebec as a cannabis supplier, producer and commercialization expert. The Company's wholly-owned subsidiary, BHB, develops and sells high-quality, cannabidiol ("CBD") based products including ingestible, edible and topical applications.

Coronavirus Pandemic ("COVID-19")

In March 2020, the World Health Organization declared the outbreak of the COVID-19 virus a global pandemic. This outbreak continues to cause major disruptions to businesses and markets worldwide as the virus continues to spread. Several countries as well as certain states and cities within the United States and Canada have enacted temporary closures of businesses, issued quarantine or shelter-in-place orders and taken other restrictive measures. **In response to the COVID-19 pandemic, the Company implemented safety protocols and procedures to protect its employees, its subcontractors, and its customers. These protocols include complying with social distancing and other health and safety standards as mandated by state and local government agencies, taking into consideration guidance from the Centers for Disease Control and Prevention and other public health authorities.** **2. BASIS OF PRESENTATION**

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") to help Canadian businesses to keep employees on the payroll in response to the challenges posed by the COVID-19 pandemic. During 2021 and 2020, Pure Sunfarms determined that it met the employer eligibility criteria and applied for the CEWS and received C$871 and C$2,470 of wage subsidies during the years ended December 31, 2021 and 2020, respectively.

Currently, all of the Company's operations are not impacted by COVID-19, however, the extent to which COVID-19 and the related global economic crisis affect the Company's business, results of operations and financial condition, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and any recovery period, future actions taken by governmental authorities, central banks and other third parties (including new financial regulation and other regulatory reform) in response to the pandemic, and the effects on our produce, clients, vendors and employees. Village Farms continues to service its customers amid uncertainty and disruption linked to COVID-19 and is actively managing its business to respond to the impact.

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2 BASIS OF PRESENTATION

The Consolidated Financial Statements reflect the accounts of the Company and our majority-owned and controlled subsidiaries. All intercompany accounts and transactions between our consolidated operations have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures regarding contingent assets and liabilities at period end and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

33. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue Recognition

The Company's produce revenue transactions consist of single performance obligations to transfer promised goods at a fixed price. Quantities to be delivered to the customer are determined at a point near the date of delivery through purchase orders they receive received from the customer. The Company recognizes revenue when it has fulfilled a performance obligation, which is typically when the customer receives the goods and their performance obligation is complete. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring product. The amount of revenue recognized is reduced for estimated returns and other customer credits, such as discounts and rebates, based on the expected value to be realized. Payment terms are consistent with terms standard to the markets the Company serves.

Revenue from the sale of cannabis inventories in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and excise duty. The Company recognizes revenue when it has fulfilled the performance obligation to the customer through the delivery and transfer of control of the promised goods.

Under bill-and-hold arrangements, whereby the Company bills a customer for product to be delivered at a later date, control typically transfers when the product is still in the Company's physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met. The Company sells electricity to British Columbia Hydro and Power Authority. Revenues are recognized as the electricity is delivered to/consumed by the customer and is based on contractual usage rates and meter readings that measure electricity consumption. The Company has elected to exclude taxes collected from its customers assessed by government authorities that are both imposed on and concurrent with a specific revenue-producing transaction from our determination of transaction price.

Direct-to-consumer product sales for loyalty members contain two distinct performance obligations for which the Company allocates the transaction price based on the relative stand-alone value of each performance obligation, such that both revenue related to the delivery of the underlying purchased goods and deferred revenue for loyalty points issued to the customer are recognized based on the allocated consideration of value, after giving consideration to loyalty point breakage. The loyalty liability represents a performance obligation to provide goods for free or at a discount to loyalty members in exchange for the redemptions of points earned from past activities. Judgment is required in determining whether the Company is the principal or agent in certain transactions. We evaluate the presentation of revenue on a gross or net basis based on whether we control the service provided to the end-user and are the principal (i.e. "gross"), or we arrange for other parties to provide the service to the end-user and are an agent (i.e. "net").

Revenue received from shipping and handling fees is reflected in net sales. Shipping and handling costs are included in cost of sales as incurred or at the time revenue is recognized for the related goods, whichever comes first.

Redeemable Non-Controlling Interest

Non-controlling interest ("NCI") in subsidiaries that are redeemable for cash or other assets outside of our control are classified as temporary mezzanine equity, outside of equity and liabilities. Initial measurement is at acquisition date fair value and subsequent measurement is at the greater of the carrying value or the redemption value. Changes in the redemption value are recognized immediately as they occur and the carrying amount of the redeemable NCI is adjusted to equal the redemption value at the end of each reporting period. This method views the end of the reporting period as if it were also the redemption date for the instrument. Increases or decreases in the estimated redemption amount are recorded with corresponding adjustments against equity and are reflected in the computation of earnings per share. However, the amount presented in temporary equity should be no less than the initial amount reported in temporary equity for the instrument.

Foreign Currency Translation

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Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates in effect at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate in effect when the fair value was determined. Foreign currency differences are generally recognized in net income. Non-monetary items that are measured based on historical cost in a foreign currency are translated to the functional currency using the exchange rate in effect at the date of the transaction giving rise to the item.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Temporary differences arising between the tax basis of an asset or liability and its carrying amount on the Consolidated Statement of Financial Position are used to calculate future income tax assets and liabilities. This method also requires the recognition of deferred tax benefits, such as net operating loss carryforwards. Valuation allowances are recorded as appropriate to reduce deferred tax assets to the amount considered likely to be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income (losses) in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment of the change. A tax benefit from an uncertain tax position is recognized only if we believe it is more likely than not that the position will be sustained on its technical merits. If the recognition threshold for the tax position is met, only the portion of the tax benefit that we believe is greater than 50 percent likely to be realized is recorded.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits held with banks, and other highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

Restricted Cash

Restricted cash, as of December 31, 2021, December 31, 2022 and 2021 includes a cash deposit required by the Company's directors' and officers' insurance policy which is managed by an insurer and held as a cell captive within a Bahamas-based financial institution. Restricted cash, as of December 31, 2020, includes a deposit reserved as a guarantee to support a letter of credit.

T**rade Receivables**

Trade receivables, net of the allowance for doubtful accounts, represent their estimated net realizable value, which approximates fair value. Provisions for doubtful accounts are recorded based on historical collection experience and the age of the receivables. Receivables are written off when they are deemed uncollectible.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventory includes capitalized production costs, including labor, materials, post-harvest costs and depreciation. Inventoriable costs are expensed to cost of goods sold on the Consolidated Statement of (Loss) Income in the same period as finished products are sold. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period when the write-down or loss occurs.

Intangible Assets

The Company's intangible assets are purchased and acquired through business combinations and have both finite and infinite useful lives. They are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated based on the cost of the intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted when necessary.

Classification	Estimated Useful Lives
Licenses	5-22 years
Brand and trademarks	Indefinite
Computer softwareCustomer relationships	3-510 years
Computer software	3-5 years

Business Combinations

The Company recognizes and measures the assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition. Any excess of the purchase consideration over the net fair value of tangible and identified intangible assets acquired less liabilities assumed is recorded as goodwill. The costs of business acquisitions, including fees for accounting, legal, professional consulting and valuation specialists, are expensed as incurred. Purchase price allocations may be preliminary and, during the measurement period not to exceed one year from the date of

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acquisition, changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

For business combinations achieved in stages, the Company's previously held interest in the acquiree is remeasured at its acquisition date fair value, with the resulting gain or loss recorded in the Statements of Net (Loss) Income. For a pre-existing relationship between the Company and the acquiree, that is not extinguished on the business combination, such a relationship is considered effectively settled as part of the business combination even if it is not legally cancelled. At the acquisition date, it becomes an intercompany relationship and is eliminated upon consolidation.

Goodwill

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business acquisition. Goodwill is allocated to reporting units and tested for impairment annually as of December 31 each year and when events or changes in circumstances indicate that the carrying value of a reporting unit exceeds its fair value. The Company generally elects to utilize the optional qualitative assessment for goodwill to determine whether it is more likely than not that the carrying value of a reporting unit is higher than its fair value. If it is determined that the fair value is more likely than not to be lower than the carrying value, a quantitative goodwill impairment test is performed by determining the fair value of the reporting unit. The fair value of a reporting unit is determined using either the income approach utilizing estimates of discounted future cash flows or the market approach utilizing recent transaction activity for comparable properties. These approaches are considered level 3 fair value measurements. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost. Depreciation of plant and equipment is determined on the straight-line method over the following useful lives of the assets:

Classification	Estimated Useful Lives
Leasehold and land improvements	5-205-20 years
Buildings	4-304-30 years
Machinery and equipment	3-303-30 years

Impairments of Long-Lived Assets

Long-lived assets, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Long-lived assets are grouped with other assets to the lowest level to which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. Management assesses the recoverability of the carrying cost of the assets based on a review of projected undiscounted cash flows. If an asset is held for sale, management reviews its estimated fair value less cost to sell. Fair value is determined using pertinent market information, including appraisals or broker's estimates, and/or projected discounted cash flows. In the event an impairment loss is identified, it is recognized based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset.

Segment Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO"). The Company has identified four operating segments – Produce, Cannabis-Canada, Cannabis-U.S. and Energy.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

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Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in markets that are not active.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

Level 3: Unobservable inputs that reflect our own assumptions.

Share-Based Compensation

The Company grants stock options and performance-based restricted stock ("RS") to certain employees and directors.

Compensation costs for awards of stock-based compensation settled in shares are determined based on the fair value of the share-based instrument at the time of grant and are recognized as expense over the vesting period of the share-based instrument. The Company recognizes forfeitures as they occur.

Stock options generally vest over three years (33% (33% per year following the grant date) and expire after ten years. years. Each tranche in an award is considered a separate award with its own vesting period. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing additional paid-in capital based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact recognized immediately.

RS grants will be settled using the Company's own equity and issued from treasury if the performance standard is met. The equity-settled share-based compensation is measured at the fair value of the Company's Common Shares as at the grant date in accordance with the terms of the Company's Stock Compensation Plan. The fair value determined at the grant date is charged to income when performance-based vesting conditions are met, based on the number of RS that will eventually be converted to Common Shares, with a corresponding increase in equity.

Advertising

Advertising

Advertising costs are presented within selling, general and administrative costs in the Consolidated Statements of Operations. The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing teams. Advertising costs for the years ended December 31, 2021 December 31, 2022 and 2020 2021 were $3,473 $6,122 and $918, $3,473, respectively.

New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (*"("ASU 2020-04"). ASU 2020-04 provides optional expedients and exceptions for applying GAAP to debt instruments, derivatives, and other contracts that reference LIBOR or other reference rates expected to be discontinued as a result of reference rate reform. This guidance is optional and may be elected through December 31, 2022 using a prospective application on all eligible contract modifications. The Company has a line of credit that incorporates LIBOR as a referenced interest rate. It is difficult to predict what effect, if any, the phase-out of LIBOR and the use of alternative benchmarks may have on the Company's business or on the overall financial markets. The Company has not adopted any of the optional expedients or exceptions through December 31, 2021 December 31, 2022 but will continue to evaluate the possible adoption of any such expedients or exceptions.

4

INVENTORIES

Inventories consisted of the following:

Classification	December 31, 2021	December 31, 2020
Cannabis:		
Raw materials	$ 2,071	$ 615
Work-in-process	5,056	2,971
Finished goods	32,161	26,275
Packaging	5,877	2,360
Produce and Energy:		
Crop inventory	19,475	12,156
Purchased produce inventory	2,485	810

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Spare parts inventory and packaging	1,552	1,412
Inventory	$ 68,677	$ 46,599

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

4. INVENTORIES

Inventories consisted of the following:

For

Classification	December 31, 2022	December 31, 2021
Cannabis:		
Raw materials	$ 1,089	$ 2,071
Work-in-process	10,872	5,056
Finished goods	36,094	32,161
Packaging	6,909	5,877
Produce and Energy:		
Crop inventory	14,886	19,475
Purchased produce inventory	599	2,485
Spare parts inventory and packaging	133	1,552
Inventory	$ 70,582	$ 68,677

During the fourth quarter of 2022, the Company recognized $11,038 of inventory impairments relative to its net realizable value. There were no inventory impairments recognized for the years ended December 31, 2021 and 2020, there were no impairments of inventory relative to its net realizable value. 2020.

5. PROPERTY, PLANT AND EQUIPMENT

5

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

Classification	December 31, 2021	December 31, 2020	D ec e m be r 31 , 20 22	D ec e m be r 31 , 20 21
Land	$ 14,095	$ 10,447	$ 1 3 , 4 1	$ 1 4 , 0 9
Leasehold and land improvements	5,224	4,154	5 , 3 7 2	5 , 2 2 4

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Buildings	184,444	142,060	214,144,464
Machinery and equipment	79,070	69,390	87,293,097
Construction in progress	39,206	52,960	30,936
Less: Accumulated depreciation	(106,335)	(91,991)	(115,107,653)
Property, plant and equipment, net	$ 215,704	$ 187,020	$ 215,720,844

Depreciation expense on property, plant and equipment, was $12,709, $6,825 $10,795, $12,709 and $7,366 $6,825 for the years ending December 31, 2021 December 31, 2022, 2021 and 2020, and 2019, respectively.

6. PURE SUNFARMS ACQUISITION **PURE SUNFARMS ACQUISITION**

6

On November 2, 2020November 2, 2020, Village Farms consummated a definitive purchase and sale agreement with Emerald Health Therapeutics Inc. (“Emerald”), acquiring 36,958,500 Common Shares in the capital of Pure Sunfarms owned by Emerald, and increasing Village Farms’ ownership of Pure Sunfarms to 100%100%. The shares were acquired for a total purchase price of C$79.9 million (US$60.0 million), satisfied through an initial C$60.0 million (US$45.0 million) cash payment and a C$19.9 million (US$15.0 million) secured promissory note payable to Emerald,which was repaid in full on February 8, 2021.

The acquisition was deemed a business combination and the purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. The Company used information available to make fair value determinations and engaged independent valuation specialists to assist in the fair value determination of acquired intangible assets. The estimated fair value of licenses was determined using a multi-period excess earnings method. This earnings-based method considers the net present value of the licenses’ cash flows discounted at an asset specific discount rate. The net present value attributable to the licenses deducts the contributory asset charges used in connection with the licenses. The estimated fair value of the brand was determined using the relief-from-royalty method. This method assumes that the brand has value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires the Company to estimate the future revenues for the related brand, the appropriate royalty rate, and an asset specific discount rate. This measure of fair value requires significant judgment about the value a market participant would be willing to pay to achieve the benefits associated with the brand. Acquired property, plant and equipment and software were valued using the replacement cost method, which requires the Company to estimate the costs to construct an asset of

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VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

equivalent utility at prices available at the time of the valuation analysis, with adjustments in value for physical deterioration and functional and economic obsolescence. Upon the acquisition of Pure Sunfarms, the Company identified goodwill of C$30,618 (US$24,108)22,596). This goodwill was calculated as the difference between the fair value of the consideration issued for the acquisition of Pure Sunfarms and the fair value of all assets and liabilities acquired. The goodwill is attributable to the acquired workforce and potential for growth through the conversion of the Delta 1 greenhouse facility and future accretive acquisitions. The Company is required to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed. None of the goodwill is deductible for tax purposes. As a result of the acquisition, the Company also recognized a gain of $23.6 million $23.6 million due to the revaluation of its previously held investment in Pure Sunfarms to its fair value at the acquisition date. The accounting for the business combination was considered complete for the year ended December 31, 2020.

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

The following table shows the allocation of the purchase price to assets acquired and liabilities assumed, based on estimates of fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration paid	Shares	Share Price	Amount
Cash			$ 45,259
Promissory note			15,011
Shareholder loan			4,529
Promissory note owed to PSF from Emerald			439
Due to related party			61
Fair value of previously held investment shares held by Village Farms	52,569,197	$ 1.767	92,881
Total fair value of consideration			$ 158,180

	November 2, 2020
ASSETS	
Cash and cash equivalents	$ 10,860
Trade receivables, net	10,553
Inventories	32,393
Prepaid expenses and deposits	3,572
Property, plant and equipment	122,831
Goodwill	23,095
Intangibles	16,670
Total assets	219,974
LIABILITIES	
Trade payables	$ 3,849
Accrued liabilities	13,062
Income taxes payable	2,173
Current maturities of long-term debt	2,306
Deferred revenue	77
Long-term debt	23,903
Deferred tax liabilities	16,424
Total liabilities	61,794
Net assets acquired	158,180

The change in goodwill between November 2, 2020 and December 31, 2021 December 31, 2022 is due to the effect of foreign currency translation.

Prior to its acquisition on November 2, 2020, the Company accounted for its investment in Pure Sunfarms, using the equity method. The Company determined that Pure Sunfarms was a variable interest entity (“VIE”), however the Company did not consolidate Pure Sunfarms because the Company was not the primary beneficiary. Although the Company was able to exercise significant influence over the operating and financial policies of Pure Sunfarms through its then 58.7%58.7% majority interest, the Company shared joint control of the board of directors and therefore was not the primary beneficiary. For the three and nine

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VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

months ended September 30, 2020, the Company's equity earnings from Pure Sunfarms were $1,443 $1,443 and $5,437, $5,437, respectively.

On March 2, 2020, pursuant to the Settlement Agreement, Emerald transferred to the Company 2.5%2.5% of additional equity in Pure Sunfarms. The Company determined the fair value of the equity received from Emerald to be C$6.5 million (US$4.7 million). The Company recorded this amount as a gain and included it as a gain on settlement agreement on the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) for the year ended December 31, 2020.

For the period January 1, 2020 to November 1, 2020, the Company's Company's share of the joint venture consisted of the following:

Balance, January 1, 2020	$ 41,334
Investments in joint venture	16,393
Share of net income for the year	4,980
Balance, November 1, 2020	$ 62,707

Balance, January 1, 2020	$ 41,334
Investments in joint venture	16,393
Share of net income for the year	4,980
Balance, November 1, 2020	$ 62,707

VILLAGE FARMS INTERNATIONAL, INC.**7. BHB ACQUISITION**

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

7 BHB ACQUISITION

On August 16, 2021August 16, 2021, the Company entered into a Membership Interest Purchase Agreement (the "Purchase Agreement"), by and among Village Farms, Balanced Health and the other parties thereto, including the members of Balanced Health (collectively, the "BHB Sellers"). The Purchase Agreement provided for the acquisition of a 100%100% interest in Balanced Health (the "Balanced Health Acquisition"), for a total purchase price comprised of a cash purchase price of approximately $30 million, $30 million, and an aggregate of 4,707,113 of our Common Shares, with a fair value of approximately $42 million, $42 million, issued to the BHB Sellers on the closing date of the Balanced Health Acquisition (the "Closing Date").

In connection with the Balanced Health Acquisition, each of the BHB Sellers entered into a lock-up agreement with us, pursuant to which each such BHB Seller has agreed not to resell the Village Farms Common Shares received as consideration in the Balanced Health Acquisition until such Common Shares cease to be "Restricted Shares" (as defined in the Purchase Agreement) ("Restricted Shares"). Under the terms of the Purchase Agreement and the lock-up agreements, such Common Shares cease to be Restricted Shares, as follows: (i) with respect to one-fourth (1/4) of such Common Shares, on the Closing Date; (ii) with respect to an additional one-fourth (1/4) of such Common Shares, on the last day of the four (4) month period following the Closing Date; (iii) with respect to an additional one-fourth (1/4) of such Common Shares, on the last day of the eight (8) month period following the Closing Date; and (iv) with respect to an additional one-fourth (1/4) of such Common Shares, on the last day of the twelve (12) month period following the Closing Date.

The acquisition was deemed a business combination and the purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. The Company used information available to make fair value determinations of acquired intangible assets. The estimated fair value of the brand was determined using the relief-from-royalty method. This method assumes that the brand has value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires the Company to estimate the future revenues for the related brand, the appropriate royalty rate, and an asset specific discount rate. This measure of fair value requires significant judgment about the value a market participant would be willing to pay to achieve the benefits associated with the brand.

Based upon estimates, the Company identified goodwill of $60,008 $60,008 and a brand intangible of $9,250. $9,250. This goodwill was calculated as the difference between the fair value of the consideration issued for the acquisition of Balanced Health and the estimated fair value of all assets and liabilities acquired. The goodwill has been allocated to the U.S. Cannabis reporting segment. The accounting for the business combination was complete as of December 31, 2021.

The following table shows the allocation of the purchase price to assets acquired and liabilities assumed, based on estimates of fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

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Consideration paid	Shares	Share Price	Amount
Cash			$ 30,000
Village Farms common shares issued	4,707,113	$ 8.87	41,752
Working capital adjustment			$ (2)
Total fair value of consideration			$ 71,750

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

	August 16, 2021
ASSETS	
Cash and cash equivalents	$ 4,056
Trade and other receivables, net	1,030
Inventories	1,796
Prepaid expenses and deposits	667
Property, plant and equipment	1,900
Right-of-use asset	5,099
Goodwill	60,008
Intangibles	9,394
Other assets	362
Total assets	84,312
LIABILITIES	
Trade payables	688
Accrued liabilities	6,659
Other current liabilities	192
Lease liability	5,023
Total liabilities	12,562

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Net assets acquired	71,750

8. ROSE ACQUISITION

	August 16, 2021
ASSETS	
Cash and cash equivalents	$ 4,056
Trade and other receivables, net	1,030
Inventories	1,796
Prepaid expenses and deposits	667
Property, plant and equipment	1,900
Right-of-use asset	5,099
Goodwill	60,008
Intangibles	9,394
Other assets	362
Total assets	84,312
LIABILITIES	
Trade payables	688
Accrued liabilities	6,659
Other current liabilities	192
Lease liability	5,023
Total liabilities	12,562
Net assets acquired	71,750

Pro Forma Financial Information (unaudited)

The following unaudited pro forma information presents the Company's consolidated results assuming the Balanced Health Acquisition occurred on January 1, 2020.

	Year ended December 31,	
	2021	2020
Sales	$ 287,378	$ 206,901
Net income	$ (7,564)	$ 3,263

8 **ROSE ACQUISITION**

On November 15, 2021November 15, 2021, the Company entered into a Share Purchase Agreement (the "Purchase Agreement"), with Rose and other parties, including the shareholders of Rose (collectively, the "Rose Sellers"), for the acquisition of a 70%70% interest in Rose pursuant to the terms of the Purchase Agreement (the "Acquisition"), for a total purchase price (the "Purchase Price") of C$46.7 million, comprised of a cash purchase price of C$19.9 million and a total of 2,411,280 Common Shares of Village Farms ("Village Farms Shares"), subject to customary purchase price adjustments. The Village Farms Shares issued under the Purchase Agreement are subject to lock-up agreements, and subject to compliance with applicable securities laws, 33%33% of these shares will be were released from lock-up restrictions four (4) months following the Closing Date, another 33%33% of these shares will were be released from lock-up restrictions eight (8) months after the Closing Date and the remaining shares will were be released from lock-up restrictions one (1) year after the Closing Date.

Under the terms of the Purchase Agreement, we agreed to file the Company filed a prospectus supplement under our existing shelf registration statement on or before the date that is four (4) months following the Closing Date, March 15, 2022 to register for resale all of the Village Farms Shares issued to the Rose Sellers on the Closing Date. Date.

Put/Call Option

Two of the co-founders of Rose (the "Management Shareholders"), who were among the Rose Sellers of Rose in the Acquisition, have remained in their current roles with Rose post-Acquisition and have retained a non-voting 30%30% interest in Rose (the "Retained Interest"). In conjunction with the Acquisition, Village Farms and the Management Shareholders have entered into a unanimous shareholders agreement (the "USA") providing Village Farms with a call option to acquire the Retained Interest between December 31, 2024 and March 31, 2025 or upon the occurrence of certain liquidity events with respect to Village Farms (the "Call Option"). As part of the Call Option, Village Farms can also acquire 34%34% of the Retained Interest between December 31, 2022

and March 31, 2023 March 31, 2024. A put right has also been granted to the Management Shareholders to require Village Farms to complete the acquisition of the Retained Interest upon their death or disability or the occurrence of certain liquidity events with respect to Village Farms (the "Put Option", and together with the Call Option, the

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"Put/Call Option"). The price for the Put/Call Option was set at a multiple solely based on Rose's adjusted EBITDA performance of the applicable prior calendar year. If exercised upon a liquidity event, the Option Price is subject to a minimum amount which varies depending on the year on which it is exercised.

The consideration for the acquisition of the Retained Interest may, at Village Farms' sole discretion, be payable solely in cash or in a pre-determined combination of cash and Village Farms Shares shares based on a formula similar to that used for the issuance of the Village Farms Shares shares comprising part of the Purchase Price.

Based upon preliminary estimates, the Company identified goodwill of $34,548 and a redeemable NCI classified as temporary mezzanine equity of $16,479. The goodwill was calculated as the difference between the fair value of the consideration issued for the acquisition of Rose and the estimated fair value of all assets and liabilities acquired. The goodwill has been allocated to the Canadian Cannabis reporting segment. The Company expects to recognize intangible assets but is still in the process of identifying and valuing them as well as the fair value of the Put Option identified and classified as redeemable non-controlling interest. The Company expects the accounting for the business combination to be complete by March 31, 2022.92

The change in goodwill between November 15, 2021, and December 31, 2021 is due to the effect of foreign currency translation.

Consideration paid	Shares	Share Price	Amount
Cash			$ 15,859
Village Farms common shares issued	2,411,280	$ 9.04	21,798
Working capital adjustment			1,055
Total fair value of consideration			$ 38,712

	November 15, 2021
ASSETS	
Cash and cash equivalents	$ 1,118
Trade and other receivables, net	1,595
Inventories	3,586
Prepaid expenses and deposits	498
Property, plant and equipment	16,423
Goodwill	34,548
Total assets	57,768
LIABILITIES	
Trade payables	774
Accrued liabilities	1,803
Total liabilities	2,577
Mezzanine equity	16,479
Total liabilities and mezzanine equity	19,056
Net assets acquired	$ 38,712

Pro Forma Financial Information (unaudited)

The following unaudited pro forma information presents the Company's consolidated results assuming the Rose Acquisition occurred on January 1, 2020.

	Year ended December 31,	
	2021	2020
Sales	$ 279,756	$ 173,214
Net income	$ (15,972)	$ (608)

The Company finalized the accounting for this business combination on September 30, 2022 which resulted in the Company recognizing goodwill of C$30,673 (US$24,133) and a customer relationship intangible asset of C$18,010 (US$14,170), which is amortizable over 10 years. The Company recognized amortization of $1,500 during the year ended December 31, 2022.

The estimated fair value of the customer relationship was determined using a multi-period excess earnings method (MEEM"), which is an income approach that is based on the principal that the value of an intangible asset is equal to the net present value of the incremental after-tax cash flows attributable to the customer relationship specific cash flows. The MEEM utilizes current cash flow projections and seeks to isolate the excess stream of earnings that can be attributed to the particular intangible asset. This method requires the Company to estimate the future cash flows for the related customer relationship and an asset specific discount rate. This measure of fair value requires significant judgment about the value a market participant would be willing to pay to achieve the benefits associated with the customer relationship.

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9 INVESTMENTS IN JOINT VENTURES AND MINORITY INTERESTS

The Company also recognized a redeemable non-controlling interest classified as temporary mezzanine equity of $16,479. The goodwill and intangible asset have been allocated to the Canadian Cannabis reporting segment.

Village Fields Hemp USA

The net assets of VF Hemp were negative $10,369 and $9,895 as of December 31, 2021 and 2020, respectively. The net loss for the years ending December 31, 2021 and 2020 was $474 and $6,114.

Consideration paid	Shares	Share Price	Amount
Cash			$ 15,859
Village Farms common shares issued	2,411,280	$ 9.04	21,798
Working capital adjustment			$ 1,055
Total fair value of consideration			$ 38,712

	November 15, 2021
ASSETS	
Cash and cash equivalents	$ 1,118
Trade and other receivables, net	1,595
Inventories	3,586
Prepaid expenses and deposits	498
Property, plant and equipment	16,423
Goodwill	24,133
Intangible assets	14,170
Total assets	61,523
LIABILITIES	
Trade payables	774
Accrued liabilities	1,803
Deferred tax liability	3,755
Total liabilities	6,332

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Mezzanine equity	16,479
Total liabilities and mezzanine equity	22,811
Net assets acquired	$ 38,712

Minority Interest

In **July 2020, the Company invested $226, for an approximate 16% minority interest ownership in DutchCanGrow Inc. ("DCG"), a Netherlands-based cannabis enterprise. The Company wrote off its investment in DCG in December 2021.** **9. ASSET ACQUISITION**

In August 2020, the Company invested $1,000 for a 6.6% minority interest ownership in Australia-based Altum International Pty Ltd ("Altum"**Leli Holland B.V. ("Leli"), with an option to increase its ownership in Altum on similar terms. During the year ended December 31, 2021, the Company exercised its option and purchased additional shares in Australia-based Altum International Pty Ltd ("Altum"), bringing the Company's total investment in Altum to 11.9%.**

In September 2021, the Company entered into an option agreement whereby the Company received the irrevocable right to acquire an 80%80% ownership interest (the "Option Agreement") in Netherlands-based Leli Holland B.V. ("Leli") upon payment of EUR50,000 EUR50,000 (the "Option"). The Option Agreement allows allowed for the Company to acquire 80%80% of Leli's shares for EUR3,950,000, EUR3,950,000, of which EUR950,000 is EUR950,000 was due and payable to Leli's shareholders upon the exercise of the Option and the remainder due in three equal installments subject to the achievement of certain project development milestones. The option is was exercisable at the sole discretion of the Company for a period of 5 years. Company.

On July 7, 2022, Leli is one of ten applicants selected to receive received a license (subject to customary government approval) to cultivate cannabis legally cultivate and distribute cannabis to retailers when in the Netherlands under the Dutch government implements its Experiment to Investigate Closed Cannabis Supply Chains ("Dutch Supply Chain Experiment" Experiment program ("the Program"). On July 19, 2022, the Company exercised the Option to purchase 80% of Leli, plus an additional 5% interest, for total cash consideration of $4,693.

10

INTANGIBLES

Intangibles consisted of the following:

Classification	December 31, 2021	December 31, 2020
Licenses	$ 12,835	$ 12,870
Brand and trademarks*	12,951	3,688
Computer software	2,014	945
Other*	144	—
Less: Accumulated amortization	(1,550)	(192)
Intangibles, net	$ 26,394	$ 17,311

*Indefinite-lived intangible assets.

The expected future amortization expense for definite-lived intangible assets as of December 31, 2021 is as follows:

Fiscal period	
2022	$ 1,130
2023	901
2024	767
2025	676
2026	606
Thereafter	9,219
Intangibles, net	$ 13,299

Amortization expense for intangibles was $916 and $122 for the years ending December 31, 2021 and 2020, respectively.

11 DEBT

	Balance outstanding as of December 31,	
	2021	2020

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Term Loan - ("FCC Loan") - repayable by monthly principle of payments of $164 and accrued interest at a rate of 3.79%; matures April 1, 2025	$ 26,723	$ 28,690
Term Loan - VFCE: CA$3.0M - non-revolving fixed rate loan with fixed interest rate of 4.98%; matures June 2023	491	797
Advance on term loan - VFCE: CA$250 - repayable in monthly installments of principle plus interest rate of CA$ prime rate plus 200 basis points - paid in full June 2021	—	69
Term Loan - Pure Sunfarms - CA$19.0M - Canadian prime interest rate plus an applicable margin, repayable in quarterly payments equal to 2.50% of the outstanding principal amount, interest rate of 4.45%; matures February 2024	11,870	13,385
Term loan - Pure Sunfarms - CA$25.0 - Canadian prime interest rate plus an applicable margin, repayable in quarterly payments equal to 2.50% of the outstanding principal amount starting June 30, 2021, interest rate of 4.45%; matures February 2024	17,806	16,535
BDC Facility - Pure Sunfarms - non-revolving demand loan at prime interest plus 3.75%, matures December 31, 2031	4,946	4,905
Unamortized deferred financing fees	—	(302)
Total	$ 61,836	$ 64,079

Village Farms' line of credit had no amount drawn on the facility as of December 31, 2021, while there was $2,000 drawn as of December 31, 2020.

The carrying value acquisition has been accounted for as an asset acquisition and the full consideration paid has been allocated to the license and accounted for as an intangible asset that will be amortized over a period of 5 years which is consistent with the term of the program. There were no other assets and securities pledged as collateral for or liabilities acquired in the FCC Loan as of December 31, 2021 and 2020 was $233,187 and $86,664, respectively. acquisition.

10. INVESTMENTS

The carrying value of the assets pledged as collateral for the Operating Loan as of December 31, 2021 and 2020 was $34,741 and $23,443, respectively.**Altum**

The Company was not in compliance with one financial covenant under the FCC Loan. Subsequent to December 31, 2021On February 10, 2022, the Company received entered into an AUD 1 million (US$719) convertible promissory note with Altum (the "Note"). Interest accrues at a waiver from FCC rate of 12% per annum, calculated monthly. Unless earlier repaid, or converted into ordinary shares of Altum, the principal and accrued interest of the Note will be due and payable on August 10, 2023. As of December 31, 2022, the balance of the Note including accrued interest was $791.

Village Fields Hemp USA LLC

The net assets of VF Hemp were $0 and ($10,369) as of December 31, 2022 and 2021, respectively. The net loss for the annual test on December 31, 2021 for years ending December 31, 2022 and 2021 was $2,668 and $474. Included in the one financial covenant. The covenant will be reinstated for fiscal year 2022. FCC measures the Company's financial covenants once a year on the last day of the year. As of December 31, 2021, Village Farms was in compliance with all of its remaining covenants under its other credit facilities. In December 2020, Village Farms amended the terms of its covenants with respect to its FCC Loan. The amended covenants were waived losses for the year ending December 31, 2020 and were reinstated for fiscal year 2021.

On March 15, 2021 ended December 31, 2022, Pure Sunfarms entered into is a loss of $2,284 which represents the Third Amended and Restated Credit Agreement (the "Third Amended and Restated PSF Credit Agreement) Company's share of losses from the impairment of inventory at VF Hemp. In conjunction with Farm Credit Canada and two Canadian chartered banks, which extended the maturity date of each of the PSF Revolving Line of Credit, PSF Non-Revolving Facility and the PSF Term Loan through February 7, 2024, included an unlimited guarantee from Village Farms and changed certain financial covenants. The Third Amended and Restated PSF Credit Agreement amended and updated the previous three loan facilities. The PSF Revolving Line of Credit had $7,760 balance as of December 31, 2021. On December 31, 2020, inventory write-off, the Company had outstanding a $4,039 letter also wrote-off the remaining balance of credit issued its loan to BC Hydro against VF Hemp in the revolving line of credit.

The term loan held by the Company's subsidiary Pure Sunfarms with an outstanding loan amount of C$15.0 million (US$11.8 million) was entered $into 592, which has been recorded as a loss on February 7, 2019 joint venture loan in the condensed consolidated statement of loss and amended on March 15, 2021 and is secured by a first-ranking security interest in respect of all present and future property, assets and undertakings of comprehensive loss for the Company. year ended December 31, 2022.

11. GOODWILL AND INTANGIBLES ASSETS

At the end of each reporting period, the Company assesses whether events or changes in circumstances have occurred that would indicate an impairment. The term loan held by the Company's subsidiary Pure Sunfarms with an outstanding loan amount of C$22.5 million (US$17.7 million) was entered into on April 2, 2020 Company considers

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external and amended on March 15, 2021 internal factors, including overall financial performance and is secured by a first-ranking security interest in respect of all present and future property, assets and undertakings of the Company.

On December 20, 2020 Pure Sunfarms entered into a C$6,250 non-revolving demand loan at prime interest plus 3.75% with a Canadian Chartered Bank with the financial support of the Business Development Bank of Canada (the "BDC Facility"). The BDC Facility, provided relevant entity-specific factors, as part of COVID-19 relief, requires interest only payments monthly for this assessment. Throughout 2022, the first twelve months, Company recognized macroeconomic challenges, decreases in market capitalization, decreases in transaction multiples, and commencing December 31, 2021 and maturing December 31, 2031, Pure Sunfarms will repay continued ambiguity in federal regulations with respect to the outstanding principal amount in equal monthly installments. The outstanding amount on the loan was US$4,905 on December 31, 2021. U.S. CBD market.

Pure Sunfarms is required to comply with financial covenants, measured quarterly and annually.As of December 31, 2021 June 30, 2022, Pure Sunfarms when the Company considered these qualitative factors in assessing impairment indicators it concluded that the Company's U.S. - Cannabis segment more likely than not was in compliance with its financial covenants.

impaired. The Company had tested that segment's assets, including goodwill and intangible assets for impairment.

Cannabis - U.S. - Goodwill

The recoverable amount of the reporting unit was determined based on a note payable due transaction multiple of somewhat similar CBD-based companies. Management concluded that as of June 30, 2022, the recoverable amount was lower than its carrying amount and as a result, an impairment charge to Emerald Health goodwill of C$19.9 million (US$15.2 million), plus accrued interest $25,169 was allocated to the reporting unit.

The significant assumptions applied to the determination of the recoverable amount are described below:

- Transaction multiples: A market-based revenue multiple of 1.6x was utilized to determine the recoverable amount. A decrease in the statement multiple of financial position.25x, would increase the impairment to goodwill by $7,000.

Cannabis - U.S. - Brand

The recoverable amount of the brand was determined based on a discounted cash flow projection. Specifically, the Company utilized a relief from royalty valuation technique to arrive at the recoverable amount of the brand. Management concluded that it originally issued to Emerald as partial consideration for the November 2, 2020 acquisition of Pure Sunfarms. The note and accrued interest were repaid to Emerald Health in full on February 8, 2021.

The weighted average interest rate on short-term borrowings as of December 31, 2021 June 30, 2022, the recoverable amount was lower than its carrying value of $9,250 and 2020 as a result, an impairment charge to the brand intangible of $4,630 was 5.15% allocated to the reporting unit.

The significant assumptions applied to the determination of the recoverable amount are described below:

- Post-tax discount rate: A market participant post-tax discount rate applied to the after-tax forecast cash flows was 11%. An increase of 1% to the discount rate, would increase the impairment by approximately $530.
- Royalty rate: An incremental royalty rate of 4.0% of revenues was applied to brand-specific revenues. A decrease to the incremental royalty rate by 0.5% would increase the impairment to brand by $1,490.
- Future revenues: A decrease in future revenues by 10% would increase the impairment by approximately $470.

As of December 31, 2022, the Company performed its annual impairment test using a quantitative test to assess the recoverability of goodwill and 5.11%, respectively. intangible assets for its Cannabis – U.S. and Cannabis – Canada reporting units.

Cannabis - Canada - Goodwill

The recoverable amount of the reporting unit was determined based on a discounted cash flow projection from budgets approved by senior management covering a three-year period. Management concluded that the recoverable amount was higher than its carrying amount by approximately $17,196 as of December 31, 2022 and therefore no impairment to goodwill was required.

The significant assumptions applied to the determination of the recoverable amount are described below:

- Post-tax discount rate: An increase in 0.5% in the discount rate would result in the recoverable amount being equal to the carrying value, and each additional 1% increase would result in an additional impairment of approximately $29,299.
- Terminal growth rate: A decrease in 0.7% in the terminal growth rate would result in the recoverable amount being equal to the carrying value, and each additional 1% decrease would result in an additional impairment of approximately $18,229.
- Future cash flows: A decrease in the future cash flows by 5.5% would result in the recoverable amount being equal to the carrying value, and each additional 5.0% decrease would result in an additional impairment of approximately $15,126.

Cannabis - Canada - Brand

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Accrued interest payable on the credit facilities and loans as of December 31, 2021 and 2020 was $304 and $189, respectively, and these amounts are included in accrued liabilities in the statements of financial position.

The aggregate annual principal maturities of long-term debt for the next five years and thereafter are as follows:

2022	$ 7,890
2023	7,540
2024	26,072
2025	22,282
2026	689
Thereafter	2,805
	$ 67,278

12 ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Accrued payroll	$ 3,552	$ 2,865
Accrued grower partner payables	2,248	882
Other	8,368	6,620
	$ 14,168	$ 10,367

The recoverable amount of the brand was determined based on a discounted cash flow projection, covering a three-year period Specifically, the Company utilized a relief from royalty valuation technique to arrive at the recoverable amount of the brand. Management concluded that the recoverable amount was higher than its carrying value of $3,420 by approximately $1,033 as of December 31, 2022 and therefore, no impairment to brand was allocated to the reporting unit.

The significant assumptions applied to the determination of the recoverable amount are described below:

- Royalty rate: An incremental royalty rate of 3.50% of revenues was applied to brand-specific revenues. A decrease to the incremental royalty rate by 0.50% would result in an impairment of approximately $3,469.
- Post-tax discount rate: An increase in the discount rate by 2% would result in the recoverable amount being equal to the carrying value, and each additional 1% increase in the discount rate would result in an impairment of approximately $308.
- Future revenues: A decrease in future revenues by 20% would result in the recoverable amount being equal to the carrying value. Any further decreases to the future revenues would result in the value of the brand written down to $nil.

Cannabis - Canada - Definite-Lived Intangible

At December 31, 2022, the Company also evaluated the recoverability of its definite-lived intangible assets which includes customer relationship and license intangibles. The Company concluded the undiscounted cash flows of the asset group exceeded its carrying value of $24,969 at December 31, 2022 and therefore no impairment to the definite-lived intangibles was required.

Cannabis - U.S.- Goodwill

The recoverable amount of the reporting unit was determined based on a discounted cash flow projection from budgets approved by senior management covering a three-year period. Management concluded that as of December 31, 2022, the recoverable amount was lower than its carrying amount and as a result, an impairment charge to goodwill of $13,500 was allocated to the reporting unit.

The significant assumptions applied to the determination of the recoverable amount are described below:

- Post-tax discount rate: A market participant post-tax discount rate applied to the after-tax forecast cash flows was 10%, which reflects market participant assumptions. An increase of 1% to the discount rate, would increase the impairment to goodwill by $4,100.
- Terminal growth rate: The forecast cash flows beyond a three-year period are extrapolated using a 4.1% growth rate. A decline of 1% in the terminal growth rate, would increase the impairment to goodwill by $2,900.
- Future cash flows: A decrease in future cash flows by 10% would increase the impairment by approximately $2,500.

U.S. Cannabis - Brand

The recoverable amount of the brand was determined based on a discounted cash flow projection. Specifically, the Company utilized a relief from royalty valuation technique to arrive at the recoverable amount of the brand. Management concluded the recoverable amount was higher than its carrying value of $4,620 by approximately $380 as of December 31, 2022, and therefore, no impairment charge to the brand was allocated to the reporting unit.

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The significant assumptions applied to the determination of the recoverable amount are described below:

- Royalty rate: An increase to the incremental royalty rate of 0.05% would result in the recoverable amount being equal to the carrying value, and each additional 0.5% decrease would result in an additional impairment of approximately $3,320.
- Future revenues: A decrease in future revenues by 8% would result in the recoverable amount being equal to the carrying value, and each additional decrease of 5% would result in an impairment of $220.
- Post-tax discount rate: An increase in the discount rate of 0.5% would result in the recoverable amount being equal to the carrying value, and each increase of 0.5% would result in an additional impairment of $420.

Goodwill

The following table presents the changes in the carrying value of goodwill by reportable segment:

	Cannabis - Canada	Cannabis - United States	Total
Balance as of December 31, 2021	$ 57,525	$ 60,008	$ 117,533
Purchase price adjustment	3,755	—	3,755
Reclassification to intangible assets	(14,170)	—	(14,170)
Foreign currency translation adjustment	(2,224)	—	(2,224)
Impairments	—	(38,669)	(38,669)
Balance as of December 31, 2022	$ 44,886	$ 21,339	$ 66,225

Intangible Assets

Intangibles consisted of the following:

Classification	December 31, 2022	December 31, 2021
Licenses	$ 17,691	$ 12,835
Brand and trademarks*	12,719	12,951
Customer relationships	13,291	—
Computer software	1,955	2,014
Other*	144	144
Less: Accumulated amortization	(4,013)	(1,550)
Less: Impairments	(4,630)	—
Intangibles, net	$ 37,157	$ 26,394

*Indefinite-lived intangible assets.

The expected future amortization expense for definite-lived intangible assets as of December 31, 2022 is as follows:

Fiscal period	
2023	$ 3,320
2024	3,186
2025	3,100
2026	3,012
2027	3,012
Thereafter	13,294
Intangibles, net	$ 28,924

Amortization expense for intangibles was $2,259, $916 and $122 for the years ended December 31, 2022, 2021 and 2020, respectively.

12. ACCRUED LIABILITIES

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LEASES

	December 31, 2022	December 31, 2021
Received not invoiced	$ 25,263	$ 36,470
Accrued payroll	7,666	3,552

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Accrued growper partnerpayables	82,248
Other	34,898
	$ 113,064	$ 81,146

13.

LEASES

13

The Company leases a parcel of land in Marfa, Texas that one of its greenhouses resides on as well as two distribution centers located in Fort Worth, Texas and Surrey, British Columbia. The Company leases production-related equipment at its greenhouses in Texas and British Columbia. The Company also leases an office building located in Lake Mary, Florida for its corporate headquarters, and office and manufacturing space in Denver, Colorado for BHB's headquarters and operations. Rose owns land and leases a building for headquarters and operations in Montreal, Quebec.

The components of lease related expenses are as follows:

	Year ended December 31,	
	2022	2021
Operating lease expense (a)	$ 4,434	$ 2,926
Finance lease expense:		
Amortization of right-of-use assets	—	25

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Total finance lease expense	$ —	$ 25

	Year ended December 31,	
	2021	2020
Operating lease expense (a)	$ 2,926	$ 2,244
Finance lease expense:		
Amortization of right-of-use assets	25	63
Interest on lease liabilities	—	4
Total finance lease expense	$ 25	$ 67

(a) Includes short-term lease costs of $999and $680 for the year ended December 31, 2022 and 2021.

(a) Includes short-term lease costs of $680and $461 for the year ended December 31, 2021 and 2020.

Cash paid for amounts included in the measurement of lease liabilities:

	Year ended December 31,	
	2021	2020
Operating cash flows from operating leases	$ 1,351	$ 1,150
Operating cash flows from finance leases	$ —	$ 4
Financing cash flows from finance leases	$ 17	$ 63

	Year ended December 31,	
	2022	2021
Operating cash flows from operating leases and finance leases	$ 604	$ 1,351
Financing cash flows from finance leases	$ —	$ 17

	December 31, 2021 2022
Weighted average remaining lease term:	
Operating leases	6 y e a r s 5 . 5 0
Finance leases	**1 year**
Weighted average discount rate:	
Operating leases	8.487.47 %
Finance leases	6.25 %

Maturities of lease liabilities are as follows:98

	Operating leases	Finance leases
2022	$ 2,137	$ 9
2023	1,900	—
2024	1,386	—
2025	1,145	—
2026	1,166	—
Thereafter	3,183	—
Undiscounted lease cash flow commitments	10,917	9
Reconciling impact from discounting	(3,253)	
Lease liabilities on consolidated statement of financial position as of December 31, 2021	$ 7,664	$ 9

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

Maturities of lease liabilities are as follows:

	Operating leases

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2023	$	2,616
2024		2,126
2025		1,911
2026		1,958
2027		1,350
Thereafter		2,168
Undiscounted lease cash flow commitments		12,129
Reconciling impact from discounting		(2,374)
Lease liabilities on consolidated statement of financial position as of December 31, 2022	$	9,755

14. LINE OF CREDIT AND LONG-TERM DEBT

	Balance outstanding as of December 31,	
	2022	2021
Term Loan - ("FCC Loan") - repayable by monthly principle of payments of $164 and accrued interest at a rate of 7.71%; matures April 1, 2025	$ 24,752	$ 26,772

FINANCIAL INSTRUMENTS

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Term Loan - VFCE: CA$3.0M - non-revolving fixed rate loan with fixed interest rate of 4.98%; matures June 2023	—	491

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Term Loan - Pure Sunfarms - CA$19.0M - Canadian prime interest rate plus an applicable margin, repayable in quarterly payments equal to 2.50% of the outstanding principal amount, interest rate of 8.7%; matures February 2024	9,664	11,870

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Term loan - Pure Sunfarms - CA$25.0 - Canadian prime interest rate plus an applicable margin, repayable in quarterly payments equal to 2.50% of the outstanding principal amount starting June 30, 2021, interest rate of 8.7%; matures February 2024	14,867	17,806

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BDC Facility - Pure Sunfarms - non-revolving demand loan at prime interest plus 3.75%, matures December 31, 2031	4,181	4,946
	53,466	61,883
Total	$ 7	$ 6

The Company's line of credit ("Operating Loan") had $4,000 amount drawn on the facility as of December 31, 2022, while there was no amount drawn as of December 31, 2021.

The carrying value of the assets and securities pledged as collateral for the FCC Loan as of December 31, 2022 and 2021 was $113,159

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and $233,187, respectively.

The carrying value of the assets pledged as collateral for the Operating Loan as of December 31, 2022 and 2021 was $26,666 and $34,741, respectively.

On March 2, 2022, the Company repaid the outstanding balance of the VFCE Term Loan and related advance balance on the term loan.

The Pure Sunfarms line of credit had $3,529 and $7,760 outstanding as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022 and December 31, 2021, Pure Sunfarms had an outstanding letter of credit issued to BC Hydro against the revolving line of credit of $C4,145.

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(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

The Company is required to comply with financial covenants, measured either quarterly or annually depending on the covenant. The Company was not in compliance with one financial covenant under the FCC Loan. Prior to December 31, 2022, the Company received a waiver from FCC for the annual test on December 31, 2022 for the one financial covenant. The covenant will be reinstated for fiscal year 2023. FCC measures the Company's financial covenants once a year on the last day of the year. Prior to December 31, 2022, Pure Sunfarms also received a waiver allowing Pure Sunfarms' fourth quarter inventory write-down, of approximately $11.0 million, to be excluded from its December 31,

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2022 loan covenant calculations. The waiver was issued pursuant to an amended Term Loan agreement by the bank syndicate.

Village Farms was in compliance with all of its remaining covenants under its other credit facilities.

The weighted average interest rate on short-term borrowings as of December 31, 2022 and 2021 was 9.12% and 5.15%, respectively.

Accrued interest payable on the Credit Facilities and loans as of December 31, 2022 and 2021 was $398 and $304, respectively, and these amounts are included in accrued liabilities in the statements of financial position.

The aggregate annual principal maturities of long-term debt for the next five years and thereafter are as follows:

2023	8,3 0 $ 9

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2024	2,035
2025	2,319
2026	718
2027	671
Thereafter	2,213
	6,956
	$ 6,956

15. FINANCIAL INSTRUMENTS

14

Financial assets and liabilities are recognized on the consolidated statements of financial position at fair value in a hierarchy for those assets and liabilities measured at fair value on a recurring basis.

At December 31, 2021 December 31, 2022 and 2020, 2021, the Company's financial instruments included cash and cash equivalents, trade receivables, minority investments, trade payables, accrued liabilities, lease liabilities, note payables and debt. The carrying value of cash and cash equivalents, trade receivables, trade payables, and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of lease liabilities, notes payable, and debt approximate their fair values due to insignificant changes in credit risk.

There were no financial instruments categorized as Level 3 at December 31, 2021 December 31, 2022 and December 31, 2020 December 31, 2021, other than the minority investments discussed below. There were no transfers of assets or liabilities between levels during the years ended December 31, 2021 December 31, 2022 and 2020, 2021, respectively.

For its minority investments, the Company has elected the practicability election to fair value measurement, under which the investment is measured at cost, less impairment, plus or minus any observable price changes of an identical or similar investment.

15 COMMITMENTS AND CONTINGENCIES

16. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company and its subsidiaries may become defendants in certain employment claims and other litigation. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. The Company is not involved in any legal proceedings other than routine litigation arising in the normal course of business, none of which the Company believes will have a material adverse effect on the Company's business, financial condition or results of operations.

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17. RELATED PARTY TRANSACTIONS AND BALANCES

RELATED PARTY TRANSACTIONS AND BALANCES

16

On March 25, 2019, the Company entered into a Grid Loan Agreement (the "Grid Loan") with VF Hemp. The Grid Loan has a maturity date of March 25, 2022 and bears simple interest at the rate of 8% per annum, calculated monthly. As of December 31, 2021 December 31, 2022, and December 31, 2020 December 31, 2021 the Grid Loan balance was $3,256 $0 and $3,545, $3,256, respectively.

One of the Company's employees is related to a member of the Company's executive management team and received approximately $114, $118 $115, $114 and $110 $118 in salary and benefits during the years ended December 31, 2021 December 31, 2022, 2021 and 2020, and 2019, respectively.

During 2020, the Company advanced to an employee in connection with a relocation at the request of the Company, which was included in other assets on the Consolidated Statement of Financial Position. In January 2021, the employee repaid $124 of the outstanding loan balance. The remaining balance was forgiven following one year of service with the Company on July 7, 2021.

18. INCOME TAXES

17 **INCOME TAXES**

The components of the provision for (recovery of) income tax for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 are as follows:

	2022		
	Current	Deferred	Total
US Federal	$ —	$ 14,650	$ 14,650
US State	72	(2,085)	(2,013)
Canadian	(5,222)	(2,734)	(7,956)
	$ (5,150)	$ 9,831	$ 4,681

	2021		
	Current	Deferred	Total
US Federal	$ —	$ (3,278)	$ (3,278)
US State	135	(176)	(41)
Canadian	(795)	588	(207)
	$ (660)	$ (2,866)	$ (3,526)

	2020		
	Current	Deferred	Total
US Federal	$ —	$ (4,879)	$ (4,879)
US State	260	(434)	(174)
Canadian	3,412	(1,149)	2,263
	$ 3,672	$ (6,462)	$ (2,790)

	2021		
	Current	Deferred	Total
US Federal	$ —	$ (3,278)	$ (3,278)
US State	135	(176)	(41)
Canadian	(795)	588	(207)
	$ (660)	$ (2,866)	$ (3,526)

The (recovery of) provision for income taxes reflected in the consolidated statements of (loss) income for the years ended December 31, 2022, 2021 and 2020 differs from the amounts computed at the federal statutory tax rates. The principal

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	2020		
	Current	Deferred	Total
US Federal	$ —	$ (4,879)	$ (4,879)
US State	260	(434)	(174)
Canadian	3,412	(1,149)	2,263
	$ 3,672	$ (6,462)	$ (2,790)

	2019		
	Current	Deferred	Total
US Federal	$ —	$ (5,922)	$ (5,922)
US State	8	(751)	(743)
Canadian	(19)	818	799
	$ (11)	$ (5,855)	$ (5,866)

The provision for (recovery of) income taxes reflected in the consolidated statements of (loss) income for the years ended December 31, 2021, 2020 and 2019 differs from the amounts computed at the federal statutory tax rates. The principal differences between the statutory income tax (recovery) and the effective provision for (recovery of) income taxes are summarized as follows:

	Year Ended December 31,			Year Ended December 31,		
	2021	2020	2019	2022	2021	2020
(Loss) income before income taxes	$ (12,651)	$ 8,818	$ (3,541)	$ (96,734)	$ (12,651)	$ 8,818
Tax (recovery) calculated at US domestic tax rates	(2,592)	1,869	(744)	(20,339)	(2,592)	1,869
State tax adjustments	(230)	(310)	(350)	(1,799)	(230)	(310)
Non-deductible items	1,516	(6,531)	1,304	8,216	1,516	(6,531)
True up of prior year income tax estimates	(648)	(181)	207	—	(648)	(181)
Capitalized debt amortization costs	—	—	(631)			
Share of income from joint venture	—	(228)	(4,367)	—	—	(228)
Unrealized foreign exchange	—	—	(276)			
Deferred adjustment	(2,429)	343	(1,920)	(3,324)	(2,429)	343

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Differences attributed to joint venture capital transactions	—	—	(487)			
Tax rate differences on deferred items				3	3	
				0	9	4
	397	49	(42)	8	7	9
Differences in Canadian tax rates	—	1,643	1,472			
Foreign rate differentials						1
						,
						6
				8	8	4
				8	6	3
Change in tax rates						3
	5	37	—	5	5	7
Change in valuation allowance				2		
				8,		
				6		
				8	5	
	57	3	(144)	4	7	3
Other				1	3	5
				3	1	1
	398	516	112	0	2	6
Recovery of income taxes						(
						2
				4,	(3	,
				6	,5	7
				8	2	9
	$ (3,526)	$ (2,790)	$ (5,866)	$ 1	$ 6)	$ 0)

The statutory tax rate in effect in Canada and the United States for the year ended December 31, 2021 December 31, 2022, 2021 and 2020 was 27.0% and 2019 was 27.0% and 21.0%21.0%, respectively.

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

The blended effective tax rate for 2021 2022 was 27.9% (4.8%) compared to (31.4%27.9% and (31.4%) in 2021 and 165.6% in 2020, and 2019, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The deferred tax assets and liabilities presented on the consolidated statements of financial position are net amounts corresponding to their reporting jurisdiction. The deferred tax assets and liabilities presented in the note disclosure are grouped based on asset and liability classification without consideration of their corresponding reporting jurisdiction.

Significant components of the Company's net deferred income taxes at December 31, 2021 December 31, 2022 and 2020 2021 are as follows:

	2021	2020	20 22	20 21
Deferred tax assets:				
Other assets			5	5
			,	,
			5	1
			3	4
	$ 5,140	$ 4,935	$ 6	$ 0
Long-term debt			9	8
			4	3
	832	897	3	2

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Tax losses: Non-capital and farm losses			3 2 3 2 , , 5 8 7 6 9 0
	22,860	14,336	
Provisions: Debt and unit issuance costs			1 2 , , 6 1 8 9 3 4
	2,194	1,355	
Tax losses: Valuation allowance			(3 (0 1 , , 4 7 1 0 9) 8)
	(1,708)	(35)	
			1 2 1 9 , , 3 3 2 1 2 8
	29,318	21,488	
Deferred tax liabilities:			
Joint venture shares			((2 2 , , 4 6 0 6 6) 2)
	(2,662)	(2,651)	
Cash adjustment			((1 1 2 1 , , 8 5 6 1 1) 4)
	(11,514)	(7,604)	
Property, plant and equipment			((1 1 1 7 , , 6 0 1 3 0) 3)
	(17,033)	(15,980)	
			((2 3 6 1 , , 8 2 7 0 7) 9)
	(31,209)	(26,235)	

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Net tax assets	$ (1,891)	$ (4,747)	$ (15,589) $ (1)

In assessing the ability to realize deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon available positive and negative evidence and future taxable income, the Company has

recorded a $1,708 $30,419 valuation allowance on its deferred tax assets for the year ended December 31, 2021 December 31, 2022. The valuation allowance reflected on the consolidated balance sheets sheet is approximately $35 $1,708 at December 31, 2020 December 31, 2021.

Included in the schedule of deferred tax assets and liabilities above are US federal net operating loss carryforwards of approximately $74,607 $106,428 and $58,780 $74,607 as of December 31, 2021 December 31, 2022 and 2020, 2021, respectively, which will begin to expire in 2031.2031. At the state level, the Company has a combined state net operating loss carry forwards of approximately $28,189 $42,768 and $21,108 $28,189 as of December 31, 2021 December 31, 2022 and 2020, 2021, respectively, which started to expire in 2021.2022. The Canadian Federal Non-Capital Loss carry forwards are $26,916 $43,829 and $3,345 $26,916 as of December 31, 2021 December 31, 2022 and 2020, 2021, respectively. The Canadian Provincial Non-Capital Loss carry forwards are $13,409 $15,974 and $0, $13,409, as of December 31, 2021 December 31, 2022 and 2020, 2021, respectively.

At December 31, 2021 December 31, 2022 and 2020, 2021, the balance of uncertain tax benefits is zero.zero. The Company does not anticipate that the amount of the uncertain tax benefit will significantly increase within the next 12 months. The Company recognizes accrued interest related to uncertain tax benefits and penalties as income tax expense. As of December 31, 2021 December 31, 2022 and 2020, 2021, there are no recognized liabilities for interest or penalties.

The Company is subject to taxation in the U.S. and various states, as well as Canada and its provinces. As of December 31, 2021 December 31, 2022, the Company's tax years for 2018, 2019, 2020 and 2020 2021 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2022, the Company is no longer subject to U.S. federal, state or local examinations by tax authorities for years before 2019.

19. SEGMENT SEGMENT AND GEOGRAPHIC INFORMATION
AND
GEOGRAPHIC
INFORMATION

18

Segment reporting is prepared on the same basis that the Company's Chief Executive Officer, who is the Company's Chief Operating Decision Maker, manages the business, makes operating decisions and assesses performance. Management has determined that the Company operates in four segments. The Company's four segments include Produce, Cannabis-Canada, Cannabis-U.S. and Energy. The Produce segment produces, markets and sells premium quality tomatoes, bell peppers and cucumbers. The Cannabis-Canada segment produces and supplies cannabis products to be sold to other licensed providers and provincial governments across Canada and internationally. The Cannabis-U.S. segment develops and sells high-quality, CBD-based health and wellness products including ingestible, edible and topical applications. The Energy business produces power that it sells pursuant to a long-term contract to its one customer.

For years ended December 31, 2022, 2021 and 2020, approximately 51%, 48% and 79%, respectively, of the Company's total sales were in the United States. In 2022, the Company had one customer that individually represented more than 10% of total sales, comprising of 14.6%. In 2021, the Company had two customers that individually represented more than 10% of its sales, comprising of 20.1% and 10.6%of sales, respectively. In 2020, the Company had two customers that individually represented more than 10% of its sales, comprising of 12.7% and 12.5%of sales, respectively.

As of December 31, 2022, the Company's trade receivables had one customer that represented more than 10% of the balance of trade receivables, representing 19.1% of the balance. As of December 31, 2021, the Company's trade receivables had one customer that represented more than 10% of the balance of trade receivables,

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representing 29.0% of the balance. As of December 31, 2020, the Company's trade receivables had two customers that represented more than 10% of the balance of trade receivables, representing 26.3% of the balance.

For years ended December 31, 2021 and 2020, approximately 48% and 79%, respectively, of the Company's total sales were in the United States. In 2021 the Company had two customers that individually represented more than 10% of total sales, comprising of 20.1% and 10.6% of sales, respectively. In 2020, the Company had two customers that individually represented more than 10% of its sales, comprising of 12.7% and 12.5% of sales, respectively.

As of December 31, 2021, the Company's trade receivables had one customer that represented more than 10% of the balance of trade receivables, representing 29.0% of the balance. As of December 31, 2020, the Company's trade receivables had two customers that represented more than 10% of the balance of trade receivables, representing 26.3% of the balance.

The Company's primary operations are in the United States and Canada. Segment information as of and for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019: 2020:

	2021	2020	2019	2022	2021	2020
Sales						
Produce	$ 159,778	$ 156,891	$ 143,419	$ 211,696,027	$ 158,927	$ 161,789
Cannabis – Canada	96,434	12,778	—	24,837	41,837	29,706
Cannabis – United States	11,345	—	—	25,412	21,033	—
Energy	463	417	1,149	637	463	417
	$ 268,020	$ 170,086	$ 144,568	$ 262,187,503	$ 222,260	$ 191,912
Interest expense						
Produce	$ 561	$ 1,759	$ 2,543	$ 1,457,567	$ 1,561	$ 1,759

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Cannabis – Canada						
	2,236	243	—	1,782,368	2,243	2,234
Cannabis – United States	1	—	—	—	1	—
Energy						
	37	54	71	4	7	4
	$ 2,835	$ 2,056	$ 2,614	$ 4,153,205	$ 5,802,345	$ 6,234
Interest income						
Corporate						
	$ 117	$ 623	$ 1,036	$ 6,919	$ 7,121	$ 3,962
Cannabis – Canada						
	9	2	—	1,119	9,202	2,165
	$ 126	$ 625	$ 1,036	$ 7,020	$ 6,202	$ 5,127
Depreciation and amortization						
Produce						
	$ 5,238	$ 5,356	$ 6,462	$ 4,035,043	$ 8,535,463	$ 6,356,234
Cannabis – Canada						
	5,875	822	—	5,552,847	5,822,165	2,234,567
Cannabis – United States						
	299	—	—	5,269,965	—	—
Energy						
	1,297	647	904	—	7,129,647	1,234,567
	$ 12,709	$ 6,825	$ 7,366	$ 14,857,025	$ 9,702,508	$ 5,234,567
Gross margin						
Produce						
	$ 1,474	$ 9,621	$ (6,667)	$ (2,017,438)	$ 4,169,726	$ 1,234,567

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Cannabis – Canada	37,209	2,193	—	39,402	21,985	23,093
Cannabis – United States	7,947	—	—	7,947	—	—
Energy	(1,451)	(854)	(678)	(2,983)	(1,145)	(854)
	$ 45,179	$ 10,960	$ (7,345)	$ 44,366	$ 20,840	$ 22,239

Total assets	2022	2021
United States	$ 113,497	$ 116,654
Canada	346,126	450,257
Netherlands	5,662	—
	$ 465,285	$ 566,911

Property, plant and equipment, net	2022	2021
United States	$ 37,780	$ 39,583
Canada	169,921	176,121
	$ 207,701	$ 215,704

Total assets	2021	2020
United States	$ 116,654	$ 110,107
Canada	450,257	243,924
	$ 566,911	$ 354,031

Property, plant and equipment, net	2021	2020
United States	$ 39,583	$ 56,011
Canada	176,121	131,009
	$ 215,704	$ 187,020

20. (LOSS)INCOME PER SHARE

19 **(LOSS)INCOME PER SHARE**

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Basic net (loss) income per share is computed using the weighted average number of Common Shares outstanding for the period. Basic and diluted net income per ordinary share is calculated as follows:

(shares in thousands)	For the Years Ended December 31, 2022	2021	2020
Numerator:			
Net (loss) income including non-controlling interests	$ (101,415)	$ (9,125)	$ 11,608
Less: Net loss attributable to non-controlling interests	$ 269	$ 46	$ —
Net (loss) income attributable to Village Farms International, Inc. shareholders	$ (101,146)	$ (9,079)	$ 11,608
Denominator:			
Weighted average number of common shares – basic	89,127	82,161	58,526
Effect of dilutive securities – share-based employee options and awards	—	—	2,964
Weighted average number of common shares – diluted	89,127	82,161	61,490
Anti-dilutive options and awards (1)	4,089	3,822	500
Net (loss) income per ordinary share:			
Basic	$ (1.13)	$ (0.11)	$ 0.20
Diluted	$ (1.13)	$ (0.11)	$ 0.19

	For the Years Ended December 31,		
	2021	2020	2019
Numerator:			
Net (loss) income including non-controlling interests	$ (9,125)	$ 11,608	$ 2,325
Less: Net loss attributable to non-controlling interests	46	—	—

(1) Options to purchase shares of common stock and unvested RSUs are not included in the calculation of net (loss) incom anti-dilutive.

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Net (loss) income attributable to Village Farms International, Inc. shareholders	$ (9,079)	$11,608	$ 2,325
Denominator:			
Weighted average number of common shares – basic	82,161	58,526	49,418
Effect of dilutive securities – share-based employee options and awards	—	2,964	1,761
Weighted average number of common shares – diluted	82,161	61,490	51,179
Antidilutive options and awards (1)	3,822	500	310
Net (loss) income per ordinary share:			
Basic	$ (0.11)	$ 0.20	$ 0.05
Diluted	$ (0.11)	$ 0.19	$ 0.05

21. SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

20

On November 15, 2021 August 9, 2022, Village Farms entered into a Controlled Equity Offering Sales Agreement ("Sales Agreement") pursuant to which the Company may offer and sell Common Shares having an aggregate offering price up to $50 million from time to time to or through Cantor Fitzgerald & Co. and A.G.P./Alliance Global Partners. Under the Sales Agreement, the Company may offer and sell Common Shares through Cantor Fitzgerald & Co. and A.G.P./Alliance Global Partners by any method deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act of 1933, as amended, including sales made directly on The Nasdaq Capital Market. As of December 31, 2022, the Company acquired a 70% interest in Rose. Under the terms of the agreement, 2,411,280 had issued and sold 3,175,000 Common Shares of under the Company were issued to the owners of Rose as part of the consideration.

On August 16, 2021, the Company acquired Balanced Health. Under the terms of the Acquisition Sales Agreement, 4,707,113 Common Shares of the Company were issued to the owners of Balanced Health as part of the consideration.

On January 20, 2021, the Company closed a registered direct offering with certain institutional investors for the purchase and sale of an aggregate of 10,887,097 Common Shares at a purchase price of $12.40 per common share for gross resulting in net proceeds of approximately $135 million before placement agent fees $6,692 after deducting commissions and other offering expenses.

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On September 10, 2020, the Company sold 9,396,226 units through a registered direct offering. Each unit that was sold consisted of one common share of the Company and one-half (0.5) of a warrant to purchase a common share of the Company at a price of $5.80. $5.80. On March 10, 2021March 10, 2021, the warrants became exercisable and will expire on September 10, 2025September 10, 2025. As of December, 2021, December 31, 2022, 3,188,680 of the warrants have been exercised. ASC 480, *Distinguishing Liabilities from Equity*, requires that these warrants are classified as equity. The fair value of these warrants was determined using the Black-Sholes Merton Black-Scholes-Merton valuation model.

The Company's Share-Based Compensation Plan (the "Plan") dated January 1, 2010, was most recently approved by Shareholders on June 10, 2021. The Plan provides that the number of Common Shares reserved for issuance upon the exercise or redemption of awards granted under the Plan is a rolling maximum of ten percent (10% (10%) of the outstanding Common Shares at any point in time. Approximately 4,970,8355,069 shares remain available for issuance at December 31, 2021 of December 31, 2022.

Stock options have been granted with an exercise price equal to the fair market value of the common stock on the date of grants and have a ten-year contractual term. The stock options vest ratably over a 3-3- year period. Compensation expense is recognized on a straight-line basis.

The fair market value of stock options is estimated using the Black-Scholes-Merton valuation model and the Company uses the following methods to determine its underlying assumptions: expected volatilities are based on the historical volatilities of the weekly closing price of the Company's common stock; the expected term of options granted is based historical exercises and

forfeitures; the risk-free interest rate is based on Canadian Treasury bonds issued with similar life terms to the expected life of the grant; and the expected dividend yield is based on the current annual dividend amount divided by the stock price on the date of grant. Forfeitures are recorded when incurred.

The following key assumptions were used in the valuation model to value stock option grants for each respective period:

	2022	2021	2020
Expected volatility	84.0% - 89.9%	68.3% - 75.7%	71.1%
Dividend	$nil	$nil	$nil
Risk-free interest rate	1.41% - 3.28%	1.07% - 1.54%	0.52%
Expected life	6.5 years	4.5 years - 6.9 years	7.1 years
Fair value	$0.93 - $4.33	$4.29 - $7.31	$ 4.65

	2021	2020	2019
Expected volatility	68.3% - 75.7%	71.1%	60.7%
Dividend	$nil	$nil	$nil
Risk-free interest rate	1.07% - 1.54%	0.52%	1.86%
Expected life	4.5 years - 6.9 years	7.1 years	5.7 years
Fair value	CA$5.45 - CA$9.28	CA$5.83	CA$9.73

Stock option transactions under the Company's plan for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2019	2,164,999	CA$2.10	5.69	$ 5,553
Granted during 2019	510,000	CA$16.32	9.19	
Exercised during 2019	(212,332)	CA$1.29	4.85	
Forfeited/expired during 2019	(10,001)	CA$2.20		
Outstanding at December 31, 2019	2,452,666	CA$5.12	5.60	$ 11,435
Exercisable at December 31, 2019	1,707,337	CA$1.78	4.18	$ 10,736

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	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2020	2,452,666	$34.96	5.60	$4,878,000

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Granted during 2020	1,081,488	CA$8.77	9.75		1,081,694.58
Exercised during 2020	(425,166)	CA$1.36	1.62		(425,166)
Forfeited during 2020	(41,666)	CA$6.93			
Forfeited/expired during 2020					(41,666)
Outstanding at December 31, 2020	3,067,322	CA$6.91	6.82	$ 20,051	3,067,322
Exercisable at December 31, 2020	1,618,168	CA$3.91	4.58	$ 15,119	1,618,168
Granted during 2021	792,236	CA$10.62	9.78		792,236

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Exercised during 2021	(177,000)	CA$1.34	1.14		(177,000) $1.14
Forfeited during 2021	(60,000)	CA$13.41			(60,000) $0
Outstanding at December 31, 2021	3,622,558	CA$7.88	7.89	$ 8,293	3,622,558 $10.89	$6,675,583
Exercisable at December 31, 2021	2,042,663	CA$6.09	5.14	$ 7,621	2,042,663 $10.41	$6,645,106
Granted during 2022					725,293 $16.70
Exercised during 2022					(180,700) $10.75
Forfeited during 2022					(78,500) $15.40

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Outstanding at December 31, 2022	4,089,418	$ 6.56	$ 1.15
Exercisable at December 31, 2022	2,549,401	$ 6.55	$ 1.13

The weighted-average grant-date fair value of options granted during the years 2022, 2021 and 2020 and 2019 was $7.52 $3.31, , $5.83 $6.00 and $9.58, $4.65, respectively. The total intrinsic value of options exercised during the years ended December 31, 2021 December 31, 2022, 2021 and 2020, and 2019, was $2,273, $772, $2,732 2,273 and $1,999, $2,732, respectively.

A summary of the status of the Company's non-vested stock options, and the changes during the year ended December 31, 2021 December 31, 2022 is presented below:

	Number of Options	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested at January 1, 2022	1,579,895	$ 5.28	
Granted	725,360	$ 2.06	
Vested	(696,238)	$ 5.35	
Forfeited	(69,000)	$ 5.75	
Non-vested at December 31, 2022	1,540,017	$ 3.72	$ 19

	Number of Options	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested at January 1, 2021	1,449,154	CA$6.52	
Granted	792,236	CA$7.52	
Vested	(628,161)	CA$6.65	
Forfeited	(33,334)	CA$8.58	
Non-vested at December 31, 2021	1,579,895	CA$6.93	CA$671

As of December 31, 2021 December 31, 2022, there was $10,941 approximately $5,692 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the stock option plan; that cost is expected to be recognized over a period of three years. years.

The Company has also issued performance-based restricted share units to Village Farms employees involved with future developments of the Company. Once a performance target is met and the share units are deemed earned and vested, compensation expense is recognized, based on the fair value of the share units on the grant date.

Performance-based restricted share unit activity for the years ended December 31, 2021 December 31, 2022, 2020 2021 and 2019 2020 is as follows:

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	Number of Performance-based Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2020	739,000	$ 6.08
Granted	1,068,000	$ 4.75
Issued	(840,000)	$ 4.83
Forfeited/expired	(98,000)	$ 7.16
Outstanding at December 31, 2020	869,000	$ 5.89
Exercisable at December 31, 2020	75,000	$ 4.79
Granted	158,000	$ 7.72
Exercised	(487,000)	$ 5.70
Forfeited	(310,000)	$ 6.66
Outstanding at December 31, 2021	230,000	$ 6.83
Exercisable at December 31, 2021	200,000	$ 6.49
Granted	—	—
Exercised	(200,000)	$ 6.41
Forfeited/expired	—	—
Outstanding at December 31, 2022	30,000	$ 8.31
Exercisable at December 31, 2022	30,000	$ 8.31

	Number of Performance-based Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2019	1,056,666	CA$5.56
Granted	355,000	CA$14.94
Received	(442,666)	CA$7.82
Forfeited/expired	(230,000)	CA$12.90
Outstanding at December 31, 2019	739,000	CA$7.92
Exercisable at December 31, 2019	30,000	CA$12.87
Granted	1,068,000	CA$6.36
Issued	(840,000)	CA$6.47
Forfeited	(98,000)	CA$9.59
Outstanding at December 31, 2020	869,000	CA$7.51
Exercisable at December 31, 2020	75,000	CA$6.10
Granted	158,000	CA$9.68
Exercised	(487,000)	CA$7.14
Forfeited/expired	(310,000)	CA$8.35
Outstanding at December 31, 2021	230,000	CA$8.67
Exercisable at December 31, 2021	200,000	CA$8.24

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except share and per share amounts and unless otherwise noted)

A summary of the status of the Company's non-vested performance-based restricted share units, and the changes during the year ended December 31, 2021 December 31, 2022, is presented below:

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	Number of Performance-based Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2022	30,000	$ 8.24
Vested	(30,000)	$ 8.31
Non-vested at December 31, 2022	—	—

	Number of Performance-based Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2021	794,000	C$7.33
Granted	158,000	C$9.69
Vested	(612,000)	C$7.68
Forfeited	(310,000)	C$8.34
Non-vested at December 31, 2021	30,000	C$10.46

Total share-based compensation expense for the years ended December 31, 2021 December 31, 2022, 2021 and 2020 and 2019 of $7,533, $3,987, $6,1427,533 and $4,714, $6,142, respectively, was recorded in selling, general and administrative expenses and the corresponding amount credited to additional paid in capital.

22. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

21 CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	For the Years Ended December 31,		
	2022	21	2020
Trade receivables	$ 3,310	$ (9,914)	$ (3,196)
Inventories	(14,583)	(16,761)	2,997
Note receivable	—	—	765
Due from joint ventures	—	4	4,363
Other receivables	(4)	(399)	199
Prepaid expenses and deposits	3,815	(3,201)	(1,245)

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Trade payables	6,697	6,327	(1),665
Accrued liabilities	7,805	(10,389)	6,565
Other assets, net of other liabilities	(9,286)	(12,816)	4,289
	(2,246)	(47,149)	13,072

23. SUBSEQUENT EVENT

On January 20, 2023, the Company closed a registered direct offering with certain institutional investors for the purchase and sale of an aggregate of 18,350,000 Common Shares at $1.35 per common share, together with accompanying warrants to purchase up to 18,350,000 common shares at an exercise price of $1.65. The proceeds from the sale of Common Shares are approximately $25 million before placement agent fees and other offering expenses. The warrants will be exercisable beginning on July 30, 2023 and will expire on July 30, 2028. ASC 480, *Distinguishing Liabilities from Equity,* requires that these warrants are classified as equity. The fair value of these warrants was determined using the Black-Scholes-Merton valuation model.

Exhibit 3.1

Ministry of Government and Consumer Services

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Ministère des Services gouvernementaux et des Services aux consommateurs

Certificate of Continuance Certificat de maintien

Business Corporations Act Loi sur les sociétés par actions

VILLAGE FARMS INTERNATIONAL, INC.

Corporation Name / Dénomination sociale

1000358270

Ontario Corporation Number / Numéro de société de l'Ontario

This is to certify that these articles are effective on La présente vise à attester que ces statuts entreront en vigueur le

November 09, 2022 / 09 novembre 2022

Director / Directeur

Business Corporations Act / Loi sur les sociétés par actions

The Certificate of Continuance is not complete without the Articles of Continuance

Certified a true copy of the record of the Ministry of Government and Consumer Services.

Director/Registrar

Le certificat de maintien n'est pas complet s'il ne contient pas les statuts de maintien

Copie certifiée conforme du dossier du ministère des Services gouvernementaux et des Services aux consommateurs.

Directeur ou registrateur

BCA - Articles of Continuance - VILLAGE FARMS

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INTERNATIONAL, INC. -
OCN:1000358270 - November
09, 2022

Ministry of Government and Consumer Services

Articles of Continuance

Business Corporations Act

	For the Years Ended December 31,		
	2021	2020	2019
Trade receivables	$ (9,914)	$ (3,196)	$ 2,301
Inventories	(16,761)	2,997	9,042
Note receivable	—	765	—
Due from joint ventures	4	4,363	(3,530)
Other receivables	(399)	199	(448)
Prepaid expenses and deposits	(3,201)	(1,245)	(370)
Trade payables	6,327	(1,665)	(1,953)
Accrued liabilities	(10,389)	6,565	(369)
Other assets, net of other liabilities	(12,816)	4,289	571
	$ (47,149)	$ 13,072	$ 5,244

1. Corporation Name

VILLAGE FARMS INTERNATIONAL, INC.

2. Date of Incorporation/Amalgamation

December 23, 2003

3. Name of jurisdiction the corporation is leaving

Canada - Federal

4. The continuance was authorized by home jurisdiction on

October 12, 2022

5. The corporation is continued in Ontario under the name

VILLAGE FARMS INTERNATIONAL, INC.

6. Registered Office Address

79 Wellington Street West, 3000, Toronto, Ontario, Canada, M5K 1N2

7. Number of Directors

Minimum/Maximum Min 3 / Max 10

98

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EXECUTION VERSION

Director/Registrar, Ministry of Government and Consumer Services

8. The director(s) is/are:

Full Name Michael DEGIGLIO

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90 Colonial Center Parkway 100, Heathrow, Florida, United

Address for Service States, 32746

Full Name John P. HENRY

Address for Service 609 Armada Road South, Venice, Florida, United States, 34285

Full Name David HOLEWINSKI

16964 Lochmoor Circle, Northville, Michigan, United States,

Address for Service48168

Full Name John R. MCLERNON

3443 Osler Street, Vancouver, British Columbia, Canada, V6H

Address for Service 2W4

Full Name Stephen C. RUFFINI

90 Colonial Center Parkway 100, Heathrow, Florida, United

Address for Service States, 32746

Full Name Christopher C. WOODWARD

1912 Whyte Avenue, Vancouver, British Columbia, Canada, V6J

Address for Service 1B4

9. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. If none, enter "None":

None

10. The classes and any maximum number of shares that the corporation is authorized to issue:

The Corporation is authorized to issue an unlimited number of Preferred Shares, issuable in series, and an unlimited number of Common Shares.

11. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors' authority with respect to any class of shares which may be issued in series. If there is only one class of shares, enter "Not Applicable": RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO PREFERRED SHARES The Corporation is authorized to issue an unlimited number of Preferred Shares, which shall have attached thereto the following rights, privileges, restrictions and conditions. 1. DIRECTORS' RIGHT TO ISSUE IN ONE OR MORE SERIES 1.1 The Preferred Shares may be issued at any time or from time to time in one or more series. Before any shares of a series are issued, the board of directors of the Corporation shall fix the number of shares that will form such series and shall, subject to the limitations set out in the Articles, determine the designation,

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Director/Registrar, Ministry of Government and Consumer Services

MEMBERSHIP INTEREST PURCHASE AGREEMENT rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series, the whole subject to the filing with the Director (as defined in the Business Corporations Act (Ontario) (the “Act”)) of Articles of Amendment containing a de- scription of such series including the rights, privileges, restrictions and conditions determined by the board of directors of the Corporation. 2. RANKING OF THE PREFERRED SHARES 2.1 The Preferred Shares of each series shall rank on a parity with the Pre- ferred Shares of every other series with respect to dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Corporation, and shall be entitled to a preference over the Common Shares of the Corporation and over

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any other shares ranking junior to the Preferred Shares with respect to priority in payment of dividends and in the distribution of as- sets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Corporation are not paid in full in respect of any series of the Preferred Shares, the Preferred Shares of all series shall participate rateably in respect of such dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of such return of capital in accordance with the sums that would be payable on such return of capital if all sums so payable were paid in full; provided, however; that if there are insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Pre- ferred Shares with respect to return of capital shall be paid and satisfied first and any assets remaining thereafter shall be ap- plied towards the payment and satisfaction of claims in respect of dividends. The Preferred Shares of any series may also be given such other preference not inconsistent with the rights, privileges, restrictions and conditions attached to the Preferred Shares as a class over the Common Shares of the Corporation and over any other shares ranking junior to the Preferred Shares as may be determined in the case of such series of Preferred Shares. 3. VOTING RIGHTS 3.1 Except as hereinafter referred to or as required by law or unless provision is made in the Articles relating to any series of Preferred Shares that such series is entitled to vote, the holders of the Preferred Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation. Except as hereinafter provided or as required by law or as provided in the Art- icles relating to any series of Preferred Shares, the holders of the Preferred Shares shall not be entitled as such to receive notice of; to attend or to vote at any meeting of the shareholders of the Corporation until such time as dividends on any Preferred Shares in an aggregate amount equal to the dividends payable thereon over a two year period have not been paid, whether or not such dividends in arrears are consecutive, whether or not such dividends have been declared and whether or not there are or were any moneys of the Corporation properly applicable to the payment of dividends, and thereafter and so long as any di- vidends on any of the Preferred Shares remain in arrears, the holders of the Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation at which directors are to be elected, other than separate meet- ings of the holders of another class or series of shares, and to elect, voting separately as a class; two directors of the Corpora- tion. Nothing contained in these provisions shall be deemed or construed to limit the ability of the Corporation from time to time to increase or decrease the number of its directors. Notwithstanding the foregoing, the holders of the Preferred Shares shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of the business of the Corporation. 4. AMENDMENT WITH APPROVAL OF HOLDERS OF THE PREFERRED SHARES 4.1 The rights, privileges, restric- tions and conditions attached to the Preferred Shares as a class may be added to, changed or removed but only with the ap- proval of the holders of the Preferred Shares given as hereinafter specified. 5. APPROVAL OF HOLDERS OF THE PREFERRED SHARES 5.1 The approval of the holders of the Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Preferred Shares as a class or in respect of any other matter requiring the consent of the holders of the Preferred Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of the Preferred Shares or passed by the affirmative vote of at least 2/3 of the votes cast at a meeting of the holders of the Preferred Shares duly called for that purpose. 5.2 The formalities to be ob- served with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of share- holders, or if not so prescribed, as required by the Act as in force at the time of the meeting. On every poll taken at every meet- ing of the holders of the Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Preferred Shares, each holder of Preferred Shares entitled to vote thereat shall have one vote in respect of each $1.00 of the issue price of each Preferred Share held. RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS ATTACHING TO COMMON SHARES The Corpor-

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Government and among Consumer Services.

Dated August 16, 2021

Exhibit 10.17

TABLE OF CONTENTS

Page

MEMBERSHIP INTEREST PURCHASE AGREEMENT 1

PRELIMINARY STATEMENT 1

ARTICLE 1 PURCHASE AND SALE OF TARGET SECURITIES 1

1.1 BasicTransaction1
1.2 PurchasePrice1
1.3 EstimatedCashPayment2
1.4 PaymentsandBuyerShares.2
1.5 CashPaymentDetermination3
1.6 Calculations4
1.7 Closing.4
1.8 Withholding4
1.9 Allocation.4

ARTICLE 2 REPRESENTATIONS AND WARRANTIES OF SELLERS AND BUYER 5

2.1 RepresentationsandWarrantiesofSeller5
2.2 RepresentationsandWarrantiesofBuyer8

ARTICLE3REPRESENTATIONSANDWARRANTIESCONCERNINGTHECOMPANIES 11

3.1 Organization,Qualification,andPower11
3.2 AuthorizationofContemplatedTransactions11
3.3 CapitalizationandSubsidiaries.12
3.4 Non-contravention.12
3.5 Brokers'Fees13
3.6 Assets.13
3.7 FinancialStatements.13
3.8 UndisclosedLiabilities.15
3.9 LegalCompliance.16
3.10 TaxMatters.17
3.11 RealProperty.20
3.12 IntellectualProperty21

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REFINITIV

3.13 Contracts.24
3.14 Insurance25
3.15 Litigation26
3.16 Employees26
3.17 EmployeeBenefits28
3.18 Debt30
3.19 Environmental,Health,andSafetyMatters30
3.20 BusinessContinuity31

TABLE OF CONTENTS
(continued)

Page

3.21 CertainBusiness Relationships withtheCompany31
3.22 Customersand Suppliers32
3.23 Warranty;Labeling; Recall.32
3.24 ProductLiability33
3.25 InformationPrivacy andData Security.33
3.26 Solvency34
3.27 StimulusFunds, Etc34
3.28 COVID-19 Precautions34
3.29 Disclosure34

ARTICLE 4 POST-CLOSING COVENANTS 35

4.1 FurtherAssurances35
4.2 Confidentiality.35
4.3 Restrictionson Transfer.35
4.4 Release.36
4.5 RegistrationStatement.36
4.6 TerminationPayments40

ARTICLE 5 CLOSING DELIVERIES 40

5.1 ClosingDeliveries of Sellers andtheCompany40
5.2 ClosingDeliveries of Buyer42

ARTICLE 6 REMEDIES FOR BREACHES OF THIS AGREEMENT 43

6.1 Indemnificationby Sellers43
6.2 Indemnificationby Buyer43
6.3 SurvivalandTime Limitations44
6.4 Limitationson Indemnification by Seller.45
6.5 Limitationson Indemnification by Buyer45
6.6 Third-PartyClaims; Direct Claims46
6.7 OtherIndemnification Matters48
6.8 Setoff48
6.9 Orderof Recovery.48
6.10 ExclusiveRemedy48
6.11 Releaseof Indemnity Holdback.49

ARTICLE 7 TAX MATTERS 49

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REFINITIV

7.1 TaxIndemnification.49
7.2 TaxPeriodsEnding on or BeforetheClosingDate50
7.3 TaxPeriodsBeginning Beforeand Ending Afterthe ClosingDate50
7.4 Cooperationon Tax Matters51
7.5 TaxControversies51

TABLE OF CONTENTS
(continued)

Page

ARTICLE 8 [RESERVED] 51

ARTICLE 9 DEFINITIONS 51

ARTICLE 10 MISCELLANEOUS 66

10.1 SellerRepresentative66
10.2 PressReleases and Public Announcements67
10.3 NoThird-Party Beneficiaries.68
10.4 EntireAgreement.68
10.5 Successionand Assignment68
10.6 Counterpartsand Delivery68
10.7 Headings68
10.8 Notices68
10.9 GoverningLaw69
10.10 Amendmentsand Waivers69
10.11 InjunctiveRelief69
10.12 Severability70
10.13 Expenses70
10.14 Construction.70
10.15 Incorporationof Exhibits and Schedules70
10.16 Confidentiality70
10.17 Waiverof Jury Trial71
10.18 ExclusiveVenue71
10.19 Privilege.71
Schedule A Schedule B
Schedule C Schedule D
Schedule 5.1(g)
Schedule 6.1(a)(v) Special Indemnity Matters Schedule 9 Pro Rata
Shares
Disclosure Schedules

MEMBERSHIPINTERESTPURCHASEAGREEMENT

This Membership Interest Purchase Agreement (this "Agreement") is entered into on August 16, 2021, by and among Village Farms International, Inc. a Canadian federal corporation ("Buyer"), Balanced Health Botanicals, LLC, a Colorado limited liability company (the "BHB"), and the members BCA - Articles of BHB as set forth on Schedule A hereto (each a "Seller" and, collectively, the "Sellers"). Buyer, BHB, and each Seller

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are referred to collectively herein as the "Parties" and individually as a "Party". Unless otherwise expressly set forth herein, the capitalized terms used herein shall have the definitions set forth in ARTICLE 9.

PRELIMINARY STATEMENT

Sellers collectively own all of the outstanding equity interests of BHB (collectively, the "Target Securities"). BHB owns all of the outstanding equity interests in each of the Subsidiaries of BHB as set forth on Schedule B (each a "Company", collectively the "Companies" or the "Company Group"). Sellers desire to sell to Buyer the Target Securities and Buyer desires to purchase from Sellers all (but not less than all) of the Target Securities, upon the terms and subject to the conditions set forth in this Agreement. The acquisition of the Target Securities shall be effected through the purchase thereof by Buyer, with cash funded by Buyer and Buyer Shares issued by Buyer.

AGREEMENT

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

ARTICLE 1

PURCHASE AND SALE OF TARGET SECURITIES

1.1Basic Transaction.In accordance with the terms and upon the conditions of thisAgreement, at the Closing, Sellers shall (a) sell to Buyer and transfer, assign, convey and delivertoBuyerallright,titleandinterestinandtoalloftheTargetSecurities,freeandclearofallLiens,and (b) Buyer shall purchase, and shall accept delivery of and acquire from Sellers, all right, titleandinterestin andto allofthe Target Securities,freeand clear ofall Liens.

1.2PurchasePrice.Thepurchaseprice(the"PurchasePrice")fortheTargetSecuritiesshallconsistof:

(a)Cash in an amount equal to (i) Thirty Million Dollars ($30,000,000.00USD), minus (iv) the Debt Amount, minus (v) the Transaction Expenses Balance, minus (vi) theWorking Capital Deficit, if any, and minus (viii) the Representative Expense Fund Amount(collectively, the "Cash Payment"), all as subject to adjustment as provided in this ARTICLE 1;and

(b)4,707,113BuyerShares(the"EquityConsideration"),whichthePartiesacknowledgetobeanamountofBuyerSharesequaltoForty-FiveMillionDollars

($45,000,000.00 USD) divided by the price per Buyer Share calculated based on the volume weighted average trading price of the Buyer Shares on Nasdaq for the ten (10) trading days ending one Business Day prior to the Closing Date.

1.3Estimated Cash Payment.Seller Representative has delivered to Buyer (a) acertificate signed by the Seller Representative setting forth Sellers' best estimate of the DebtAmount, Transaction Expenses Balance, Working Capital as of the Closing Date, the WorkingCapital Deficit, if any, the Representative Expense Fund Amount in each case as of the ClosingDate and, based on such estimates, a calculation of the Cash Payment (the "Estimated CashPayment") and (b) all records and work papers necessary to compute and verify the informationsetforthin such certificate.

1.4 PaymentsandBuyerShares.

(a) ClosingCashPayments.AttheClosing,Buyershall:

(i)paytheEstimatedCashPaymenttoSellerspursuanttoSection1.4(d),less the IndemnityHoldback and the AdjustmentHoldback.

(ii)paytheDebtAmount,ifany,pursuanttothepayoffletttersdeliveredbySeller Representativeto Buyer pursuantto Section 5.1(i);

(iii)paytheTransactionExpensesBalancepursuanttothedirectionofSellerRepresentative;

(iv)depositttheIndemnityHoldbackbywiretransferofimmediatelyavailablefundsintoanaccountdesignatedbytheEscrowAger

(v)depositttheRepresentativeExpenseFundAmountbywiretransferofimmediately availablefunds intothe RepresentativeExpense Fund; and

(vi) retaintheAdjustmentHoldback.

(b)Payment of Equity Consideration.At the Closing, Buyer shall issue theEquity Consideration to Sellers according to their respective Pro Rata Shares evidenced byrestrictedDRSadvicestatementsfromBuyer'stransferagent(orBuyershallalternativelyprovideevidencetoSellersofasignedanddeliveredirrevocabletreasu to promptly issue such restricted DRS advice statements to Sellers) and such Buyer Sharesshall remain Restricted Shares with the applicable legend(s) (as specified in Sections 2.1(g)and2.1(h))andastoporderplacedthereonuntilthelaterofthedateonwhich(i)thelegend(s)thereonhave been removed (or have expired) in accordance with the terms thereof (including, for theavoidance of doubt, in connection with an effective Registration Statement) and (ii) they are nolongerRestricted Shares.

(c)Cash Payment Adjustment.Within five (5) Business Days after the CashPaymentbecomes finaland bindinginaccordance with Section 1.5;

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(i)iftheCashPaymentexceedstheEstimatedCashPayment,thensuchexcess shall be paid by Buyer to Sellers in cash, and the Adjustment Holdback shall bereleasedto Sellers pursuant to Section1.4(d); or

(ii)iftheEstimatedCashPaymentexceedstheCashPayment,thensuchexcess shall be paid by Sellers, first from the Adjustment Holdback and then, if theAdjustment Holdback is not sufficient to cover such difference, then directly from Sellersto Buyer in cash pursuant to their respective Pro Rata Shares.In the event that a portionof the Adjustment Holdback remains subsequent to an adjustment pursuant to this Section1.4(c)(ii), then any remaining amounts of the Adjustment Holdback shall be paid in cashtoSellers pursuantto Section1.4(d).

(d)Payments.All payments to Sellers pursuant to this Section 1.4shall bemade by wire transfer of immediately available funds to an account or accounts designated bySellerRepresentativeinwritinginaccordancewithsuchSeller'sProRataShare.SellerRepresentativeshallberesponsibleforensuringtheaccuracyofallapplic instructions for the Members.All payments, if any, to Buyer pursuant to this Section 1.4shall be made by wire transfer of immediately available funds to an account designated by Buyerinwriting.

1.5CashPaymentDetermination.Withinsixty(60)daysaftertheClosingDate,Buyermay, but shall not be required to, prepare and deliver to Seller Representative (a) a statementsetting forth Buyer's calculation of the Working Capital as of the Closing Date, the WorkingCapital Deficit, if any, and Debt Amount, Transaction Expenses Balance, the RepresentativeExpense Fund Amount, and the Cash Payment (the "Closing Statement"), and (b) all records andwork papers reasonably necessary, in the determination of Buyer, to compute and verify theinformation set forth in the Closing Statement to the extent such records and work papers differfrom the ones previously delivered to Buyer.If Seller Representative, on behalf of Sellers, hasanyobjectionstotheClosingStatementpreparedbyBuyer,thenSellerRepresentativewilldelivera detailed written statement (the "Objections Statement") describing (a) which items on theClosing Statement have not been prepared in accordance with this Agreement, (b) the basis forSellers' disagreement with the calculation of such items, and (c) Sellers' proposed dollar amountfor each item in dispute, to Buyer within thirty (30) days after delivery of the Closing Statement.IfSellerRepresentativefailstodeliveranObjectionsStatementwithinsuchthirty(30)dayperiod,then the Closing Statement shall become final and binding on all Parties. Sellers shall be deemedto have agreed with all amounts and items contained or reflected in the Closing Statement to theextentsuchamountsoritemsarenotdisputedintheObjectionsStatement.IfSellerRepresentativedelivers an Objections Statement within such thirty (30) day period, then Sellers and Buyer willuse commercially reasonable efforts to resolve any such disputes, but if a final resolution is notobtainedwithinthirty(30)daysafterSellerRepresentativehassubmittedanyObjectionsStatements, any remaining matters which are in dispute will be resolved by RSM US LLP (the"Accountants").The Accountants will prepare and deliver a written report to Buyer and SellerRepresentativeandwillsubmitaproposedresolutionofsuchunresolveddisputespromptly,butinanyeventwithinthirty(30)daysafterthedisputeissubmitted however, that no such determination shall be any more favorable to Buyer than is setforthintheClosingStatementoranymorefavorabletoSellersthanisproposedintheObjections

Statement. The costs, expenses and fees of the Accountants shall be borne by the Party whose calculation of the Cash Payment has the greatest difference from the final Cash Payment as determined by the Accountants under this Section 1.5; otherwise, such costs, fees and expenses shall be borne equally by Buyer, on the one hand, and Sellers, pursuant to their Pro Rata Shares, on the other hand. The final Closing Statement, however determined pursuant to this Section 1.5,willproduce the Working Capital Deficit, if any, Debt Amount, and Transaction Expenses Balance to be used to determine the final Cash Payment. If Buyer does not prepare a Closing Statement within sixty (60) days of the Closing Date, then the certificate provided by the Seller Representative pursuant to Section1.3 shall be determinative of the final Cash Payment calculation.

1.6Calculations.All calculations of Working Capital under this Agreement, whetherestimates or otherwise, shall be determined in accordance with GAAP, consistently applied,specificallyincludinganycalculationsoradjustmentsrequiredbyASC842fora"publicbusinessentity"as definedtherein.

1.7Closing.The closing of the transactions contemplated by this Agreement (the"Closing") shall occur via electronic exchange of executed documents on the date hereof (the"ClosingDate").Alltransactionscontemplatedhereintooccuronandasoftheclosingdateshallbe deemed to have occurred simultaneously and to be effective as of 12:00 a.m. eastern time onsuch date (the "Effective Time").At the Closing, the Parties shall make all of the deliveries setforthin ARTICLE5.

1.8Withholding.The Parties and any other applicable withholding agent will beentitled to deduct and withhold from any amounts payable pursuant to or as contemplated by thisAgreement any Taxes or other amounts required under the Code or any applicable Law to bededucted and withheld, and, to the extent that any amounts are so deducted or withheld, suchamounts will be treated for all purposes of this Agreement as having been paid to the Person inrespectof which such deduction andwithholdingwas made.

1.9Allocation.The Parties agree that the Purchase Price (as adjusted herein), asincreased by the liabilities of the Companies as of the Closing Date (to the extent properly takenintoaccountpursuant totheprovisionsofSection1060 oftheCode,andanyotheritemsconstituting consideration (to the extent known at such time) for applicable income Tax purposespursuanttotheprovisionsofSection1060oftheCode),shallbeallocatedforincomeTaxpurposesamongtheassetsoftheCompaniesinaccordancewitht

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ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLERS AND BUYER

2.1 Representations and Warranties of Seller. Each Seller, severally, and not jointly, represents and warrants to Buyer that the statements contained in this Section 2.1 are correct and complete as of the Closing Date as to such Seller (each, as applicable, a "Seller Party"):

(a) Organization, Qualification, and Power. Seller is a limited liability company, duly incorporated or organized, validly existing, and in good standing under the Laws of jurisdiction of its formation. Seller has full limited liability company power and authority and all Permits necessary to carry on the business in which Seller is engaged and to own, lease and use the properties owned, leased and used by Seller. Seller has deli of Seller's Organizational Documents. Seller is not in default under or in violation of any provision of its Organizational Documents.

(b) Authorization of Contemplated Transactions. Seller Party, has full power, authority and legal capacity to execute and deliver this Agreement and each Ancillary Agreement to which such Seller Party is a party and to perform such Seller Party's obligations hereunder and thereunder. This Agreement constitutes the valid and legally binding obligation of such Seller Party, enforceable against it in accordance with the terms of this Agreement, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting the rights of creditors generally and the availability of equitable remedies. Upon the execution and delivery by Seller Party of each Ancillary Agreement to which such Seller Party is a party, such Ancillary Agreement will constitute the valid and legally binding obligation of such Seller Party, enforceable against such Seller Party in accordance with the terms of such Ancillary Agreement, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting the rights of creditors generally and the availability of equitable remedies. Seller Party is not required to give any notice to, make any filing with, or obtain any Consent of any Governmental Body or any other Person in order to consummate the transactions contemplated by this Agreement or the Ancillary Agreements to which such Seller Party is a party.

(c) Non-contravention. Neither the execution and the delivery of this Agreement nor the Ancillary Agreements to which Seller Party is a party, nor the consummation of the transactions contemplated hereby and thereby, will (i) violate any provision of the Organizational Documents of Seller, (ii) violate or conflict with any Law or Order to which Seller Party is subject, (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any Contract to which Seller Party is a party or by which he is bound or to which any of his assets is subject, or (iv) result in the imposition or creati Target Securities.

(d) Brokers' Fees. Except as listed in Section 3.5 of the Disclosure Schedule, Seller Party has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement or any Ancillary Agreement.

(e) Target Securities. Seller holds of record and owns beneficially all of the Target Securities set forth next to such Seller's name on Schedule A free and clear of any Liens. Seller is not a party to any option, warrant, purchase right, or other Contract or commitment that could require Seller to sell, transfer, or otherwise dispose of any Target Securities (other than this Agreement). Seller is not a party to any voting trust, proxy, or other Contract with respect to the voting of any Target Securities. On the Closing Date, upon payment of the Estimated Cash Payment (less the Indemnity Holdback and the Adjustment Holdback) and delivery of the Equity Consideration in accordance with Section 1.4(a) and Section 1.4(b), the Target Securities of such Seller will be acquired by Buyer free and clear of all Liens, and Buyer will have good, valid and marketable title to the Target Securities of such Seller.

(f) Ancillary Agreements. Seller Party has reviewed all Ancillary Agreements and had the opportunity to ask questions and receive answers concerning the terms, conditions and provisions of such Ancillary Agreements. Seller Pa concerning Buyer as Seller Party has requested. Buyer has answered all inquiries that Seller Party has made to Buyer relating to Buyer, or the sale of the Buyer Shares under this Agreement and the Ancillary Agreements.

(g) U.S. Securities Regulation. Seller Party is acquiring the Buyer Shares to be issued to Seller Party in connection with this Agreement for Seller Party's own account, and such Buyer Shares are being and will be acquired by Seller Party for the purpose of investment and not with a view to resale in connection with a distribution thereof in violation of the Securities Act. Seller Party has had an opportunity to ask questions of and receive answers from the authorized representatives of Buyer and to review relevant documents and records concerning the business of Buyer and the terms and conditions of this investmen that it has been called to Seller Party's attention that this investment may involve a high degree of risk. Seller Party acknowledges that Seller Party can bear the economic risks of Seller Party's investment in the Buyer Shares and that Seller Party has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of this investment in the Buyer Shares and protecting Seller Party's own interests in connection with this investment. Seller Party hereby represents and warrants to Buyer that Seller Party is an "accredited investor" as such term is defined under Section 501(a) of Regulation D promulgated under the Securities Act. Seller Party understands that the Buyer Shares to be issued in connection with the transactions contemplated hereby

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may not be transferred or sold except pursuant to theregistrationprovisionsoftheSecuritiesActorpursuanttoanapplicableexemptiontherefrom.Allcertificates issued in respect of or exchange for the Buyer Shares that may be issued hereundershallbearalegend(andBuyerwillmakeanotationonitstransferbookstosucheffect)prominentlystampedorprintedthereonreadingsubstantiallyasfoll book-entryshares:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIESACT")ORANYU.S. STATE SECURITIES LAWS. THE HOLDER HEREOF AGREES FOR THE BENEFIT OF Continuance - VILLAGE FARMS INTERNATIONAL, INC. (THE

"CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT,(B)INACCORDANCE WITH (1) RULE 144A OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE,OR(C)PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, AND IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE U.S. STATE SECURITIES LAWS; PROVIDED THAT TRANSFERS UNDER CLAUSE (B)(2) OR (C) SHALL BE PERMITTED ONLY AFTER THE HOLDER HAS FURNISHED TO THE CORPORATION (AND IF APPLICABLE, THE CORPORATION'S TRANSFER AGENT) AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION THAT SUCH EXEMPTION(S) FROM REGISTRATION ARE AVAILABLE."

(h) CanadianSecuritiesRegulation.

(i)SellerParty(A)acknowledgesthattheEquityConsiderationhasnotbeen qualified for distribution to the public in Canada, (B) represents and warrants that itis not a resident of Canada nor acting for the account or benefit of a Canadian resident orPerson in Canada, (C) acknowledges that the Equity Consideration was not offered toSeller Party in Canada, (D) represents and warrants that Seller Party was, at the time ofagreeing to purchase the Equity Consideration, and will be at Closing, located outside ofCanada,and(E)representsandwarrantsthatSellerPartyispurchasingtheEquityConsiderationhereunderas principal;

(ii)During the Canadian Restricted Period, all certificates issued inrespect of or exchange for the Equity Consideration that may be issued hereunder shallbear a legend (and Buyer will make a notation on its transfer books to such effect)prominently stamped or printed thereon reading substantially as follows, or the substanceof which will otherwise be reflected on the books and records of the transfer agent of theBuyer Shares with respect to book-entry shares:

"UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE December 17, 2021.";

(iii)SellerPartyacknowledges,agreesandcovenantswiththeBuyerandalso in favor of Buyer that once the resale of the Equity Consideration is registered withthe SEC and the related registration statement of Buyer (including, but not limited to, theRegistrationStatementascontemplatedinSection4.5)hasbecomeeffectivewiththeSEC,Seller Party will only distribute the Equity Consideration during the period that is fourmonthsfromtheClosingDateeither(i)toapurchaserthatisnotresidentinCanada,or(ii)

on or through the facilities of an exchange or market outside Canada where the Seller Party has no reason to believe that the purchaser is resident in Canada; and

(iv)SellerPartyacknowledgesthatBuyerwillberequiredtofileareportofexemptdistributionwithapplicableCanadiansecuritiesre and other specified information, including the aggregate price per share, may besharedanddisclosedamongallCanadiansecuritiesregulatoryauthoritiesandmaybecomeavailable to the public in accordance with the requirements of applicable legislation andSeller Partyconsents to the disclosure of such information.

2.2Representations and Warranties of Buyer.Buyer represents and warrants to eachSeller that the statements contained in this Section 2.2are correct and complete as of the ClosingDate.

(a)Organization of Buyer.Buyer is duly organized, validly existing and ingood standing under the Laws of the jurisdiction of its formation, and has all requisite power andauthority to own, lease and operate its assets, properties and business and to carry on its businessas

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now being conducted.Buyer is duly qualified or otherwise authorized as a foreign entity totransactbusinessineachjurisdictioninwhichitsownershipofpropertyortheconductofbusinessasnowconductedthereinrequiresittosoqualify,exceptwhereth materially impact its business. Complete and correct copies of the Organizational Documentsof Buyer and all amendments thereto have been made available to the Sellers.Buyer is not inmaterialviolation ofanyofthe provisionsof itsOrganizational Documents.

(b)Authorization of Contemplated Transactions.Buyer has full power andauthoritytoexecuteanddeliverthisAgreementandtheAncillaryAgreementstowhichitisapartyandtoperformitsobligationshereunderandthereunder.ThisA binding obligation of Buyer, enforceable against it in accordance with the terms of thisAgreement,exceptasenforcementmaybelimitedbyapplicablebankruptcy,insolvency,reorganization, moratorium and other similar Laws affecting the rights of creditors generally andtheavailabilityofequitableremedies.Upontheexecutionanddeliverybyeach Buyer of each Ancillary Agreement to which it is a party, such Ancillary Agreement will constitute the valid and legallybindingobligationofBuyer,enforceableagainstitinaccordancewiththetermsofsuchAncillaryAgreement,exceptasenforcementmaybelimitedbyapplica moratorium and other similar Laws affecting the rights of creditors generally andthe availability of equitable remedies.Except as required to comply with applicable federal andstate securities Laws and as set forth in this Agreement, Buyer is not required to give any noticeto,makeanyfilingwith,orobtainanyConsentofanyGovernmentalBodyinordertoconsummatethetransactionscontemplatedbythisAgreementortheAnci The execution, delivery and performance of this Agreement and each Ancillary Agreementtowhich Buyer is a party havebeenduly authorized by Buyer.

(c)Non-contravention.NeithertheexecutionandthedeliveryofthisAgreement nor the Ancillary Agreements to which Buyer is a party, nor the consummation of thetransactionscontemplatedherebyandthereby,will(i)violateanyprovisionoftheOrganizationalDocumentsofBuyer, (ii)violateorconflictwithanyLaworOrdertowhichBuyerissubject,or

(iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any Contract to which Buyer is a party or by which it is bound or to which any of its assets is subject.

(d)SECReports.Buyerhastimelyfiledallforms,reports,schedules,statementsandotherdocumentsrequiredtobefiledbyBuyerwiththeS the "Buyer SEC Reports") under the Securities Exchange Act, together with anyamendments, restatements or supplements thereto. As of the time it was filed with the SEC (or, ifamended or superseded by a filing prior to the date of this Agreement, then on the date of suchfiling), each of the Buyer SEC Reports complied in all material respects with the applicablerequirements of the Securities Exchange Act, including the rules and regulations promulgatedthereunder, and none of the Buyer SEC Reports at the time they were filed, or if amended orsuperseded by a filing prior to the date of this Agreement, on the date of the last such amendmentor superseding filing prior to the date of this Agreement, contained any untrue statement of amaterial fact or omitted to state a material fact required to be stated therein or necessary in ordertomakethestatementstherein,inthelightofthecircumstancesunderwhichtheyweremade,notmisleading.Thecertificationsandstatementsrequiredby(A) 14or15d-14promulgatedunder the Securities Exchange Act and (B) 18 U.S.C. §1350 (Section 906 of the Sarbanes-OxleyAct) relating to any Buyer SEC Reports (collectively, the "Certifications") are accurate andcompleteandcomplyastoformandcontentwithallapplicablelegalrequirements,andnocurrentor former executive officer of Buyer has failed to make the Certifications required of him or her.Buyer has made available to the Company true and complete copies of all correspondence, otherthantransmittalcorrespondence,betweentheSEC,ontheonehand,andBuyer,ontheother,sinceJanuary 1, 2021, including all SEC comment letters and responses to such comment letters andresponses to such comment letters by or on behalf of Buyer. As of the date of this Agreement,there are no outstanding or unresolved comments in comment letters received from the SEC orNasdaq with respect to Buyer SEC Reports. To the Knowledge of Buyer, none of Buyer SECReports are the subject of ongoing SEC review and there are no inquiries or investigations by theSECoranyinternalinvestigationspendingorthreatened,includingwithregardstoanyaccountingpractices of Buyer. As used in this Section 2.2(d), the term "file" shall be broadly construed toinclude any manner in which a document or information is furnished, supplied or otherwise madeavailabletothe SEC.

(e)FinancialStatements.Thefinancialstatements(includinganyrelatednotes) contained or incorporated by reference in the Buyer SEC Reports: (i) complied as to formin all material respects with the published rules and regulations of the SEC applicable thereto; (ii)werepreparedinaccordancewithGAAP(exceptasmaybeindicatedinthenotestosuchfinancialstatementsor,inthecaseofunauditedfinancialstatements,asp QoftheSEC,and except that the unaudited financial statements may not contain footnotes and are subject tonormal and recurring year-end adjustments that are not reasonably expected to be material inamount) applied on a consistent basis unless otherwise noted therein throughout the periodsindicated; and (iii) fairly present the consolidated financial position of Buyer and the Buyer'sSubsidiariesasoftherespectivedatesthereofandtheresultsofoperationsandcashflowsofBuyerfortheperiodscoveredthereby.Otherthanasexpresslyd to the date hereof, there has been no material change in Buyer's accounting methods orprinciplesthatwouldberequiredtobedisclosedinBuyer'sfinancialstatementsinaccordance

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with GAAP. The books of account and other financial records of Buyer and Buyer's Subsidiaries are true and complete in all material respects. Buyer has designed and maintains a system of internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act, sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

(f)Accounting Practices.Since January 1, 2018, neither Buyer nor, to theKnowledgeofBuyer,anymanager,director,officeroremployeeofBuyerhasreceivedanywrittencomplaint, allegation, assertion or claim from any Governmental Body regarding the accountingor auditing practices, procedures, methodologies or methods of Buyer or its internal accountingcontrols,including any complaint, allegation, assertionorclaim that Buyerhas engagedinquestionableaccountingor auditing practices.

(g)AbsenceofUndisclosedLiabilities.Exceptasandtotheextentreflectedorreserved against in the Buyer Financials, to the Knowledge of Buyer, Buyer has not incurred anymaterial liabilities or obligations of the type required to be reflected on a balance sheet inaccordancewithGAAPthatisnotadequatelyreflectedorreservedonorprovidedforintheBuyerFinancials,otherthanliabilitiesofthetyperequiredtobereflected

(h)Litigation.ThereisnoProceedingpending,or,totheKnowledgeofBuyer,threatened against Buyer or any of its subsidiaries or any of their respective properties, rights orassets or, any of their respective officers, directors, partners, managers or members (in theircapacitiesassuch)thatcouldadverselyaffectBuyer'sbusinessorresultsofoperationinamaterialmanner.ThereisnoOrderbindingagainstBuyer,anyofitssu rights or assets or any of their respective officers, directors, partners, managers ormembers(intheircapacitiesassuch)thatwouldprohibit,prevent,enjoin,restrictoralterordelayanyofthetransactionscontemplatedbythisAgreementorcoulda ofoperation ina materialmanner.

(i)Legal Compliance.Buyer and each of its Subsidiaries, predecessors andother Affiliates, and each of their respective current and former directors, officers, managers, andemployees, in the course of their respective duties, have at all times materially complied and arein material compliance with all applicable Laws and Orders as are applicable to Buyer and eachsuch entities' business, affairs and operations, including Laws and Orders applicable to thecultivation of hemp and cannabis, the extraction of CBD and tetrahydrocannabinol, and themanufacturing,transportation,distribution,advertisement,andsaleofCBDProductsandproductscontaininganytetrahydrocannabinol,andnoProceedingha or, to the Knowledge of Buyer, is threatened alleging any failure so to comply.To theKnowledge of Buyer, neither Buyer nor any of its Subsidiaries, predecessors and other Affiliateshas received any notice or communication from any Governmental Body alleging any non-complianceof the foregoing.

(j)Nasdaq Listing.The Buyer Shares are listed for trading on the Nasdaq.ExceptassetforthintheBuyerSECReports,thereisnoactionorproceedingpendingor,tothe

Knowledge of Buyer, threatened against Buyer by the Nasdaq with respect to any intention by such entity to prohibit or terminate the listing of the Buyer Shares on the Nasdaq.

(k)Brokers' Fees.Buyer does not have any liability or obligation to pay anyfees or commissions to any broker, finder, or agent with respect to the transactions contemplatedbythis Agreementforwhich any Seller couldbecome liableor obligated.

(l)Investment.Buyer is not acquiring the Target Securities with a view to orforsaleinconnectionwithanydistributionthereofwithinthemeaningoftheSecuritiesAct.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANIES

The Sellers, jointly and severally, represent and warrant to Buyer that the statements contained in this ARTICLE3are correct and complete as of the Closing Date.

3.1Organization, Qualification, and Power. Section 3.1(a) of the Disclosure Schedulesets forth the jurisdiction of incorporation or formation of each Company and each state or otherjurisdiction in which such Person is licensed or qualified to do business.Each Company is dulyorganized,validlyexisting,andingoodstandingundertheLawsofitsjurisdictionofincorporationorformation.EachCompanyisdulyauthorizedtoconducttheir the Laws of each jurisdiction where such qualification is required.Each Company has fullcorporate power and authority and all Permits necessary to carry on the businesses in which it isengaged and to own, lease and use the properties owned, leased and used by them. Section 3.1(b)oftheDisclosureScheduleliststheboardofdirectors,managers,managementboardandofficers,asthecasemaybe,ofeachCompany.Sellershavedeliver the Organizational Documents, the minute book and equity record books for each Company,each of which is correct and complete.No Company is in default under or in violation of anyprovision of their Organizational Documents. All actions of each Company have been dulyauthorized,approved,andtakeninaccordancewiththeOrganizationalDocumentsofsuchCompany.

3.2Authorization of Contemplated Transactions.BHB has full power, authority andlegal capacity to execute and deliver this Agreement and the Ancillary Agreements to which it isa party and to perform its obligations hereunder and thereunder.The execution and delivery byBHB of this Agreement and the Ancillary Agreements to which it is a party and the performanceby BHB of the transactions contemplated hereby and thereby have been duly approved by allrequisite limited liability company action of BHB.This Agreement constitutes the valid andlegally binding

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obligation of BHB, enforceable against it in accordance with the terms of thisAgreement,exceptasenforcementmaybelimitedbyapplicablebankruptcy,insolvency,reorganization, moratorium and other similar Laws affecting the rights of creditors generally andtheavailabilityofequitableremedies.UpontheexecutionanddeliverybyBHBofeachAncillaryAgreement to which it is a party, such Ancillary Agreement will constitute the valid and legallybinding obligation of BHB, enforceable against it in accordance with the terms of such AncillaryAgreement,exceptasenforcementmaybelimitedbyapplicablebankruptcy,insolvency,

reorganization, moratorium and other similar Laws affecting the rights of creditors generally and the availability of equitable remedies.

3.3 CapitalizationandSubsidiaries.

(a)AlloftheTargetSecuritiesareownedbeneficiallyandofrecordbySellersin proportion to the Pro Rata Shares.The Target Securities represent 100% of the outstandingequityorotherownershipinterestsinBHB.AlloftheTargetSecuritieshavebeendulyauthorized,arevalidlyissued,fullypaid,andhavenorequiremento indefeasible title to all of the Target Securities free and clear of all Liens.There are no otherequity or other ownership interests in any Company, or outstanding securities convertible orexchangeable into equity or other ownership interests of any Company, and there are no options,warrants,purchaserights,subscriptionrights,conversionrights,exchangerights,calls,puts,rightsoffirstrefusalorotherContractsthatcouldrequireanyC become outstanding or to acquire, repurchase or redeem equity or other ownership interests inany Company.Section 3.3(b) of the Disclosure Schedule sets forth all of the outstanding orauthorized equity appreciation, phantom equity, profit participation, payments triggered by achange of control of any Company or the occurrence of the transactions contemplated by thisAgreement, or similar rights with respect to any Company in effect immediately prior to theClosing, all of which will be terminated and of no further force or effect as of the Closing.Thereare no voting trusts, proxies, or other Contracts with respect to the voting of the stock or otherownership interests of any Company.Upon consummation of the transactions contemplatedhereby, Buyer will be the sole owner, beneficially and of record, of 100% of the issued andoutstandingequityinterests of BHB, freeand clear of any Liens.

(b)All of the Subsidiaries, direct and indirect, of BHB are listed in Section3.3(b) of the Disclosure Schedule.Section 3.3(b) of the Disclosure Schedule lists the entireauthorizedstockorotherownershipinterestsofeachsuchSubsidiaryandtherecordandbeneficialowner of such stock or other ownership interests, all of which have been duly authorized, arevalidly issued, fully paid and non-assessable and have been issued without violation of anypreemptive right or other right to purchase.BHB owns, directly or indirectly, all of the stock orother ownership interests of the Subsidiaries listed in Section 3.3(b) of the Disclosure Schedule,free and clear of all Liens.No Company or Subsidiary of any Company owns any other stock orother ownership interests in any Person other than as listed on Section 3.3(b) of the DisclosureSchedule, and there are no outstanding securities convertible or exchangeable into stock or otherownership interests of any Subsidiary of any Company, and there are no options, warrants,purchase rights, subscription rights, conversion rights, exchange rights, calls, puts, rights of firstrefusal or other Contracts that could require any such Subsidiary to issue, sell or otherwise causeto become outstanding or to acquire, repurchase or redeem stock or other ownership interests inany such Subsidiary.There are no outstanding or authorized equity appreciation, phantomappreciation,profitparticipation,orsimilarrightswithrespecttoanySubsidiarylistedonSection3.3(b) of the Disclosure Schedule.There are no voting trusts, proxies, or other Contracts withrespecttothevoting ofthe stockorother ownershipinterests ofany suchSubsidiary.

3.4Non-contravention.ExceptaslistedinSection3.4oftheDisclosureSchedule,neithertheexecutionandthedeliveryofthisAgreementnortheAncillaryAgreementstowh

BHB is a party, nor the consummation of the transactions contemplated hereby or thereby, will (a) violate or conflict with any Law or Order to which any Company or any of the assets used by the Business is subject, (b) violate or conflict with any provision of the Organizational Documents of any Company, or (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice or payment under any Contract, Permit, instrument, or other arrangement to which any Company is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets). Section 3.4 of the Disclosure Schedule sets forth each notice, filing, Consent, or Permit to or from any Governmental Body or other Person that BHB or any other Company is required to give, make, or obtain in order to consummate the transactions contemplated by this Agreement or the Ancillary Agreements to which BHB is a party.

3.5Brokers' Fees.Except as listed in Section 3.5 of the Disclosure Schedule, noCompany has any liability or obligation to pay any fees or commissions to any broker, finder, oragentwithrespectto thetransactionscontemplated by this Agreement.

3.6 Assets.

(a)The Company Group has good and marketable title to, or a valid leaseholdinterest or license in, the properties and assets (tangible and intangible) used by them, located ontheirpremises,orshownontheMostRecentBalanceSheetoracquiredafterthedatethereof,otherthan

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inventory sold in the Ordinary Course of Business, free and clear of all Liens, except forPermittedLiens.

(b)The buildings, machinery, equipment, and other tangible assets that theCompany Group owns and leases are free from material defects (patent and latent), have beenmaintained in accordance with normal industry practice, and are in good operating condition andrepair (subject to normal wear and tear) and are suitable for the purposes for which they arepresently used.The inventory of the Company Group (i) does not include any items that areobsoleteorofaquantityorqualitynotusableorsalableintheOrdinaryCourseofBusinessand (ii) includes only items sold by the Company Group in the Ordinary Course of Business in the conduct of the Business. The inventory disposed of subsequent to the date of the Most Recent Fiscal Year End has been disposed of only in the Ordinary Course of Business. The assets, properties and rights owned by the Company Group are all the assets, properties and rights used by the Company Group in the operation of the Business or necessary to operate the Business (both actual and intended), consistent with past practice, and prior to or at the Closing, all of the assets of the Company Group will be owned by a Company, free and clear of all Liens, except for Permitted Liens.

3.7 FinancialStatements.

(a) Attached to Section 3.7(a) of the Disclosure Schedule are correct andcompletecopiesofthefollowingfinancialstatementsofBHB(collectively,the"FinancialStatements"): (i) audited consolidated balance sheets, statements of income, stockholders' equity,and cash flows as of and for the fiscal years ended December 31, 2019 and December 31, 2020(the"MostRecentFiscalYearEnd");and(ii)unauditedconsolidatedbalancesheets,statements

of income, stockholders' equity, and cash flows (the "Most Recent Financial Statements") as of and for the six (6) month period ended June 30, 2021 (the "MostRecentFiscalMonthEnd"). The Financial Statements are correct and complete and consistent with the books and records of each Company (which are in turn correct and complete), have been prepared in accordance with GAAP consistently applied, and presented fairly in all material respects the financial condition, results of operation, changes in equity and cash flow of the Company Group as of and for their respective dates and for the periods then ending; provided, however, that the Most Recent Financial Statements are subject to normal, recurring year-end adjustments (none of which will be material individually or in the aggregate).

(b)SincetheMostRecentFiscalYearEnd,thebusinessoftheCompanyGrouphas been conducted in the Ordinary Course of Business, and there has not been any MaterialAdverse Change and no event has occurred which could reasonably be expected to result in aMaterialAdverseChange.Withoutlimitingthegeneralityoftheforegoing,sincetheMostRecentFiscalYearEnd,exceptaslistedinSection 3.7(b)oftheDisclosureScheduleno Company has:

(i)sold,leased,transferredorassignedanyassetsorproperty(tangibleor intangible) with a value in excess of One Hundred Thousand Dollars ($100,000.00USD),other than salesof inventory inthe Ordinary CourseofBusiness;

(ii)experiencedanydamage,destructionorloss(whetherornotcoveredby insurance) to its assets or property (tangible or intangible) in excess of One HundredThousandDollars ($100,000.00 USD);

(iii)receivednoticefromanyPersonregardingtheacceleration,termination, modification or cancelation of a Contract, which, if in existence on the datehereof,would be a Material Contract;

(iv) issued,created,incurredorassumedanyDebt;

(v)forgave,canceled,compromised,waivedorreleasedanyDebtowedtoit or any right orclaimthereto;

(vi)issued, sold or otherwise disposed of any of its equity or otherownership interests, or granted any options, warrants or other rights to acquire (includingupon conversion, exchange or exercise) any of its equity or other ownership interests ordeclared, set aside, made or paid any dividend or distribution with respect to its equity orotherownershipinterestsorredeemed,purchasedorotherwiseacquiredanystockorotherownershipinterestoramendedormadeanychangetoan

(vii)granted any increase in salary or bonus or otherwise increased thecompensation or benefits payable or provided to any director, officer, partner, manager,employee,consultant, advisor oragent;

(viii)engaged in any promotional, sales or discount or other activity thathas or could reasonably be expected to have the effect of accelerating sales prior to theClosingthatwouldotherwise beexpectedtooccur subsequentto the Closing;

(ix)made any commitment outside of the Ordinary Course of Businessor in excess of One Hundred Thousand Dollars ($100,000.00 USD) in the aggregate forcapital expenditures to be paid after the Closing or failed to incur capital expenditures inaccordancewith itscapital expensebudget;

(x)instituted any material change in the conduct of its business or anymaterial change in its accounting practices or methods, cash management practices ormethodof purchase,sale, lease,management,marketing, oroperation;

(xi)made or revised any material Tax election, adopted or changed anymaterial Tax accounting method, waived any statute of limitation in respect of Taxes oragreed to any extension of time with respect to a Tax assessment or deficiency, or

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settledorcompromised any Taxliability;

(xii)collected its accounts receivable or paid any accrued liabilities oraccounts payable or prepaid any expenses or other items, in each case other than in theOrdinaryCourseofBusiness,ortakenanyotheraction,oromittedtotakeanyotheraction,notintheOrdinaryCourseofBusiness,whichwouldmateri the Closing Date;

(xiii) dissolvedorsoldanySubsidiary;or

(xiv) agreedorcommittedtoanyoftheforegoing.

(c)All notes and accounts receivable reflected on the Most Recent FinancialStatements, and all accounts receivable of the Company Group generated since the Most RecentFiscal Month End (the "Receivables"), constitute bona fide receivables resulting from the sale ofinventory,servicesorotherobligationsinfavoroftheCompanyGroupastowhichfullperformance has been fully rendered, and are valid and enforceable claims.The Receivables arenot subject to any pending or, to the Knowledge of BHB, threatened defense, counterclaim, rightof offset, returns, allowances or credits, except to the extent reserved in the final calculation ofWorkingCapital.Thereservesagainsttheaccountsreceivableforreturns,allowances,chargebacks and bad debts are commercially reasonable and have been determined in accordancewithGAAP,consistentlyapplied.

(d)The accounts payable of the Company Group reflected on the Most RecentFinancial Statements arose from bona fide transactions in the Ordinary Course of Business, andallsuchaccountspayablehaveeitherbeenpaid,arenotyetdueandpayableintheOrdinaryCourseofBusiness,orarebeingcontestedbytheapplicablembe

3.8Undisclosed Liabilities.No Company has any, and there is no basis for any,liability(whetherknownorunknown,whetherassertedorunasserted,whetherabsoluteorcontingent,whetheraccruedorunaccrued,whetherliquidatedorun

Financial Statements, (b) were incurred subsequent to the Most Recent Fiscal Month End in the Ordinary Course of Business, (c) result from the obligations of the Companies under this Agreement or the Ancillary Agreements or (d) liabilities and obligations pursuant to any Material Contract which arose in the Ordinary Course of Business and did not result from any default, tort, breach of contract or breach of warranty.

3.9 LegalCompliance.

(a)Each Company, their respective predecessors and Affiliates, and each oftheir respective current and former directors, officers, managers, and employees, in the course oftheir respective duties, have at all times complied and are in compliance with all applicable Lawsand Orders as are applicable to each such Company's business, affairs and operations, and noProceeding has been filed or commenced or, to the Knowledge of BHB, threatened alleging anyfailure so to comply.Neither any member of the Company Group nor Seller has received anynoticeor communicationalleging any non-complianceof the foregoing.

(b)Section 3.9(b) of the Disclosure Schedule sets forth a correct and completelist of all Permits held by the Company Group or used in the business, affairs and operations ofany member of the Company Group and all Consents obtained with respect to such Permits inconnection with the transactions contemplated by this Agreement and the Ancillary Agreements.Such Permits (i) constitute all Permits currently required for the conduct of the business, affairsandoperationsoftheCompanyGroupand(ii)arevalidandinfullforceandeffect.SuchConsentsconstituteallConsentsrequiredwithrespecttosuchPermitst managers, partners, officers or employees (A) is in violation of any term of any suchPermit, (B)hasreceivednoticeofanypendingorthreatenedProceedingallegingthatanyoperationoractivityofanyCompanyoranyoftheirdirectors,managers,officersore any applicable Laws or Permits and has no knowledge that any Governmental Body or thirdparty is considering any such Proceeding, (C) has received notice that any Governmental Bodyhas taken, is taking, or intends to take action to limit, suspend, modify or revoke or to not renewany Permit, and has no knowledge that any such Governmental Body is considering taking orwould have reasonable grounds to take such action, (D) has, or has had on its behalf, filed,declared, obtained, maintained or submitted all reports, documents, forms, notices, applications,records,claims,submissionsandsupplementsoramendmentsasrequiredbyanyapplicableLawsor Permits and to keep the Permits in good standing and that all such reports, documents, forms,notices,applications,records,claims,submissionsandsupplementsoramendmentswerecompleteand correct in all material respects on the date filed (or were corrected or supplemented by asubsequentsubmission).

(c)Immediately following the Closing, each Permit set forth on Section 3.9(b)of the Disclosure Schedule or that should be set for in Section 3.9(b) of the Disclosure Schedulewill be available for full use and exploitation by a Company. All Consents set forth on Section3.9(b) of the Disclosure Schedule or that should be set for in Section 3.9(b) of the DisclosureScheduleare validand in fullforce in effectimmediately followingthe Closing.

(d)Each product sold by any Company or in their inventory: (i) meets theapplicablespecificationsfortheproduct; (ii)isfitforthepurposeforwhichitisintended,andis

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of merchantable quality; (iii) has been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance with the Permits and all applicable Laws; (iv) is not adulterated, tainted or contaminated and does not contain any substance not permitted by applicable Laws; and (v) has been cultivated, processed, packaged, labelled, imported, tested, storedandtransported in facilities authorized by the applicable Permit in accordance with the terms of such Permit. Any marketing and promotion activities of each Company relating to its products complies with all applicable Laws in all material respects.

(e)No Company, nor any of their officers, managers, equityholders, partners,members, directors, agents, employees or any other Persons acting on their behalf has (i) madeanyillegalpaymentorprovidedanyunlawfulcompensationorgiftstoanyofficeroremployeeofanyGovernmentalBody,oranyemployee,customerorsupplie received any unlawful contributions, payments, expenditures or gifts; and no Proceeding hasbeenfiled orcommencedalleging anysuch payments, contributionsor gifts.

(f)The Company Group has implemented, maintains, regularly audits andcompliesinallmaterialrespectswithinternalcomplianceprogramsdesignedtodetectandpreventviolations of any applicable Laws related to the Hemp and Hemp-derived-product industry,periodically reviews and updates such internal compliance programs to account for any changesinLawsapplicabletoCompany'sbusiness,affairsandoperations,asneeded,employsorengagesinternal personnel and third party consultants to perform routine audits to test the effectiveness ofeach Company's internal compliance programs and processes and controls related thereto.Alldirectors, officers, internal personnel and third party consultants of each Company have, whereereasonablyapplicabletothepositionandservicesrenderedbysuchPersons,sufficientknowledgeofLawsrelatingtoHempandproductsderivedfromHemp Agricultural Act of 2014, the Agricultural Improvement Act of 2018, the Federal Food, Drug,andCosmeticAct,theControlledSubstancesAct,andallotherLawsapplicabletoeachCompany's business, affairs and operations and the Hemp and Hemp-derived-product industry)andallsuchPersonshaveallqualifications,includingsecurityclearances,training,experienceandtechnicalknowledgerequiredbyapplicableLaws.Eac employees responsible for such Person's internal compliance programs, including, withoutlimitation,ensuringthat,whereereasonablyapplicabletothepositionandservicesrenderedbysuchPersons,theyareadequatelyinformed(i)totheextentap Agricultural Improvement Act of 2018, the Federal Food, Drug, and Cosmetic Act, theControlled Substances Act and all other Laws applicable to each Company's business, operationsand affairs and the Hemp and Hemp-derived-product industry, and any changes thereto; and (ii)ofeachCompany'sinternalcomplianceprogramsandcontrolsrelatedthereto.Eachofthecurrentandformeremployeesandthird-partyconsultantsofeachCompanyhasagreed,inwriting,toabidebyeachoftheinternalcompliancepoliciesapplicabletosuchcurrentorformeremployeesorthird-partyconsultants.

3.10 TaxMatters.

(a)The Company Group has filed with the appropriate taxing authorities allTax Returns that they were required to file.All such Tax Returns are correct and complete in allmaterialrespects.Exceptassetforthin3.10(a)oftheDisclosureSchedule,allTaxesdueand

owing by each Company (whether or not shown on any Tax Return) have been paid or are reflected as reserves on the Most Recent Financial Statements. For each matter set forth in 3.10(a) of theDisclosureSchedule the Company Group has established adequate reserves to pay such Taxes. No Company is currently the beneficiary of any extension of time within which to file any Tax Return or pay any Tax. There are no Liens for Taxes (other than Taxes not yet due and payable) upon the Target Securities or any of the assets of any member of the Company Group.

(b)EachCompanyhaswithheldorcollectedandpaidtotheproperGovernmentalBodyorotherPersonallTaxesrequiredtobewithheld,colle employees, clients, independent contractors, creditors, shareholders and any other applicablepayees in material compliance with applicable Law.All forms and other filings required withrespect to any such payments (including, without limitation, Forms W-2 and 1099) have beenproperly completed and filed taking into account all available extensions.All Persons treated asindependentcontractorsofthe Company Groupare properly classifiedas such.

(c)Adequate reserves and accruals have been established on the Most RecentFinancial Statements to provide for the payment of all Taxes which are not yet due and payablewithrespectto the Company Group.

(d)No deficiency or proposed adjustment for any amount of Tax has beenproposed, asserted or assessed by any taxing authority against any Company that has not beenpaid, settled or otherwise resolved.There is no Proceeding or audit now pending, proposed or, totheKnowledgeofBHB,threatenedagainstanyCompanyorconcerningtheCompanyGroupwithrespecttoanyTaxes.NoCompanybeennotifiedbyanytaxingau with respect to any Tax Return. There has not been, within the past five (5) calendar years,an examination or written notice of potential examination of the Tax Returns filed with respect totheCompany Group by any taxingauthority.

(e)All Taxes that are required to be withheld or collected by the CompanyGroup, including Taxes arising as a result of payments (or amounts allocable) to foreign personsor to employees, agents, contractors or equityholders of the Company Group, have been dulywithheldandcollectedand,totheextentrequired,havebeenproperlypaidordepositedasrequiredbyapplicable Laws.

(f)NoclaimhaseverbeenmadebyanytaxingauthorityinajurisdictionwhereCompanydoesnotfileTaxReturnsthattheyareormaybesubje

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(g)NoCompanyisapartytoanyTaxallocation,sharing,indemnity,orreimbursement agreement or arrangement, and are not liable for the Taxes of any other Person asatransfereeor successor, by Contract orotherwise.

(h)NoCompany:(i)isorhaseverbeenamemberofanaffiliatedgroup(withinthe meaning of Section 1504(a) of the Code or similar group defined under any similar provisionof state, local or non-U.S. Tax law) filing a consolidated, combined, unitary or aggregate groupTax return for any taxable period; or (ii) has any liability for the Taxes of any Person underTreasuryRegulation1.1502-6(oranycorrespondingorsimilarprovisionofstate,localornon-
U.S. Tax law) as a transferee or successor, by Contract (other than a Contract entered into in the

ordinary course of business, the principal subject matter of which is not the allocation, sharing or indemnification of Taxes), operation of law or otherwise.

(i)No member of the Company Group will be required as a result of (i) achange in method of accounting for a taxable period ending on or prior to the Closing Date, (ii)use of an improper method of accounting for a taxable period ending on or prior to the ClosingDate, (iii)any"closingagreement,"asdescribedinSection7121oftheCode(oranycorrespondingprovisionofstate,localorforeignLaw), (iv)anyinstallmentsaleoropentransactiondispositionpriortotheClosingDate,(v)thereceiptofanyprepaidrevenuepriortotheClosing Date, or (vi) election under Section 108(i) of the Code, to include any item of income orexclude any item of deduction for any taxable period (or portion thereof) beginning after theClosingDatethat wouldnot haveotherwise sobeen includedor excludedas thecasemaybe.

(j)Except as set forth in Schedule 3.10(j) of the Disclosure Schedule, noCompany owns an interest in any controlled foreign corporation (as defined in Section 957 of theCode), passive foreign investment company (as defined in Section 1297 of the Code), or otherentity the income of which is or could be required to be included in the income of any member oftheCompany Group.

(k)No member of the Company Group and no Seller is a "United States realpropertyholding corporation"withinthemeaningofSection 897(c)(2)oftheCode.

(l)Section3.10(l)oftheDisclosureSchedulelistsallTaxReturnsfiledbytheCompanyGroupforTaxperiodsendedonorafterDecember31,2 have been audited, and indicates those Tax Returns that currently are the subject of audit. NomemberoftheCompanyGrouphaswaivedanystatuteoflimitationsinrespectofTaxesoragreedto any extension of time with respect to the payment of any Tax or any Tax assessment ordeficiency.

(m)ThereisnoContracttowhichanyCompanyisapartythatwill,individuallyor collectively, result in the payment of any amount that would not be deductible by reason ofSection280G(asdeterminedwithoutregardtoSection 280G(b)(4)),162or404oftheCode.

(n)Except as set forth in Section 3.10(n) of the Disclosure Schedule, eachCompany is, and at all times since formation has been, validly treated as a either a partnership ora "disregarded entity" (within the meaning of Treasury Regulations Section 301.7701-3(b)(1)(ii))forfederalincomeTaxpurposes(and,whereapplicable,stateandlocalincomeTaxpurposes).

(o)Exceptassetforthin Section3.10(o)ofthe Disclosure Schedule, nomemberoftheCompanyGrouphasengagedinatradeorbusiness,hadapermanentestablishment(withinthemeaningofanapplicableTaxtreatyorconventionb totaxationin anyothercountryother thantheUnited States.

(p)No member of the Company Group has been a party to any "ReportableTransaction"withinthemeaning ofTreasuryResolution Sections1.6011-4(b).

(q)No Company has deferred (i) any "applicable employment taxes" underSection 2302 of the CARES Act (or any corresponding or similar provision of state or local Taxlaw), or (ii) any payroll Tax obligations (including those imposed by Sections 3101(a) and 3201of the Code) pursuant to or in connection with the Memorandum on Deferring Payroll TaxObligations in Light of the Ongoing COVID-19 Disaster, dated August 8, 2020 or Notice 2020-22.

3.11 RealProperty.

(a) ThereisnoOwnedRealProperty.

(b)Section 3.11(b) of the Disclosure Schedule sets forth the address of eachparcelofLeasedRealProperty,andatrueandcompletelistofallLeasesforeachparcelofLeasedReal Property. Sellers have made available to Buyer a true and complete copy of each Lease, andinthe caseof anyoral Lease,a written summaryof thematerialtermsofsuch Lease.

(c)Subject to the respective terms and conditions in the Leases, a Company isthe sole legal and equitable owner of the leasehold interest in the Leased Real Property andpossesses good and enforceable title thereto, free and clear of all Liens (other than PermittedLiens).

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(d)With respect to each parcel of Real Property: (i) there are no pending or, tothe Knowledge of BHB, threatened condemnation Proceedings, suits or administrative actionsrelatingtoanysuchparcelorothermattersadverselyaffectingthecurrentuse,occupancyorvaluethereof; (ii) the use, ownership, occupancy and operation of the Real Property in the manner inwhich it is now used, owned, occupied and operated comply with all zoning, building, use, safetyor other similar Laws; (iii) all Improvements on any such parcel are in good operating condition,ordinary wear and tear excepted, are supplied with utilities and other services necessary for theoperation of the Business as currently conducted at such Real Property and safe for their currentoccupancy and use; (iv) neither any member of the Company Group nor Seller has received anynotice of any special Tax, levy or assessment for benefits or betterments that affect any parcel ofReal Property and, to the Knowledge of BHB, no such special Taxes, levies or assessments arependingorcontemplated;(v)therearenoContractsgrantingtoanythirdpartyorpartiestherightof use or occupancy of any such Real Property, and there are no third parties (other than theCompany and its Subsidiaries) in possession of any such Real Property; (vi) each such RealPropertyabutsonandhasadequatedirectvehicularaccesstoapublicroadandthereisnopendingor, to the Knowledge of BHB, threatened termination of such access, (vii) all water, oil, gas,electrical, steam, compressed air, telecommunications, sewer, storm and waste water systems andotherutilityservicesorsystemsforsuchRealPropertyhavebeeninstalledandareoperationalandsufficientfortheoperationoftheCompanyGroup'sbusinessa any Company nor any Seller has received any notice of discontinuance of or reduction insuchservices,and(viii)suchRealPropertyisinmaterialcompliancewithallapplicableLawsandPermits, including, but not limited to, building, zoning, subdivision, health and safety and otherlanduseandbuildingcodes,ordinances,statutesorlaws,includingtheAmericanswithDisabilitiesActof1990,asamended,andallinsurancerequirementsaf Company nor any Seller has received notice of violation of any such Laws which have notheretoforebeencuredorcorrected.TheRealPropertycomprisesallofthereal propertyowned,

leased, subleased, licensed or otherwise occupied or used or intended to be used by the Company Group, and the Company Group is not a party to any Contract or option to purchase or lease any real property or any portion thereof or interest therein.

(e)With respect to each Lease, (i) no member of the Company Group, asapplicable, is in default thereunder, and, to the Knowledge of BHB, no event has occurred whichwith the giving of notice or passage of time, or both, would constitute a breach or defaultthereunder by any member of the Company Group (as applicable) or any other party thereto, (ii)the applicable member of the Company Group's possession and quiet enjoyment of the LeasedReal Property under such Lease has never been disturbed, and there are no current disputes withrespect to such Lease, (iii) no security deposit or portion thereof deposited with respect to suchLease has been applied in respect of a breach or default under such Lease which has not beenredeposited in full, (iv) no member of the Company Group owes, nor will owe in the future, anybrokeragecommissionsorfinder'sfeeswithrespecttosuchLease,(v)nomemberoftheCompanyGroup has subleased, licensed or otherwise granted any other Person the right to use or occupysuch Leased Real Property or any portion thereof and there are no Persons other than member oftheCompanyGroupinpossessionofsuchLeasedRealProperty,(vi)nomemberoftheCompanyGroup has collaterally assigned or granted any security interest in such Lease or any interesttherein, (vii) such Leased Real Property, including without limitation, the mechanical systems,HVAC systems, plumbing, electrical, security, utility and sprinkler systems, are in reasonable,working condition, subject only to normal, scheduled maintenance, are reasonably sufficient forthe operation thereof for its current use, and to the Knowledge of BHB, there are no materialstructural or other physical defects or deficiencies in the condition of such improvements, andthere are no facts or conditions that would, individually or in the aggregate, interfere in anymaterial respect with the use or occupancy of such improvements or any portion thereof in theoperationofthebusinessoftheCompanyGroupascurrentlyconductedthereon,and(viii)neithersuch Leased Real Property nor the use or occupancy thereof violates in any way any applicablePermits, covenants, conditions or restrictions, whether federal, state, local or private, and theLeased Real Property or the applicable member of the Company Group has received all requiredcertificates,licenses,Permits,authorizationsandapprovalsinconnectionwiththeuseandoccupancy thereof.

3.12 IntellectualProperty.

(a)TheCompanyGroupownsandpossessesorhastherighttousepursuanttoa valid and enforceable written Contract, all Intellectual Property necessary for the operation ofthebusinessof the Company Group, includingtheBusiness.

(b) No member of the Company Group has interfered with, infringed upon,misappropriated,orviolatedanyIntellectualPropertyrightsofthirdpartiesinanyrespect,andnomember of the Company Group, nor any of their directors, managers, members, partners andofficers,hasreceivedanycharge,complaint,claim,demand,ornoticealleginganysuchinterference, infringement, misappropriation, or violation (including any claim that any memberof the Company Group must license or refrain from using any Intellectual Property rights of anythird party).Except as set forth in Section 3.12(b) of the Disclosure Schedule, no third party hasinterfered with, challenged, or, to the Knowledge of BHB, infringed upon, misappropriated, orviolatedanyIntellectualPropertyrightsof the Company Group.

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(c)Sections 3.12(c)(i)-(iii) of the Disclosure Schedule identify the followingIntellectual Property that is owned by the Company Group or currently used in the conduct of thebusiness of the Company Group (indicting which member of the Company Group owns suchIntellectual Property), whether registered or unregistered: (i) inventions, invention disclosures,discoveriesandimprovements(whetherornotpatentable),issuedpatentsandpatentapplications,and counterparts claiming priority therefrom, and all related continuations, continuations-in-part,divisionals,reissues,re-examinations,substitutions,andextensionsthereof(together,the"Patents"); (ii) trademarks, service marks, certification marks, collective marks, logos, slogans,trade dress, trade names (including social media user account names), other source or businessidentifiers,andrespectiveapplications(together,the"Trademarks");and(iii)worksofauthorshipand other copyrightable subject matter, whether or not published, including copyrights, softwarecode,anddatabases(andalltranslations,derivativeworks,adaptations,compilations,andcombinationsoftheforegoing) (together,the"Copyrights").Section3.12(c) (iv)oftheDisclosureScheduleidentifieseachlicense,sublicense,agreement,orotherpermissionpursuanttowhichanymember of the Company Group have granted any rights to any third party with respect to any ofitsIntellectualProperty(togetherwithanyexceptions)andanyagreementsthataffecttheCompany Group's rights to any Intellectual Property.Seller has delivered to Buyer correct andcomplete copies of all such applications and registrations for the Intellectual Property listed inSections3.12(c)(i) OCN:1000358270 -(iii)oftheDisclosureScheduleandalldocuments(includingallamendments)listed in Section 3.12(c)(iv) of the Disclosure Schedule.The Company Group has, and upon theClosing a member of the Company Group will have, all right, title and interest in and to, free andclear of any Lien, license, or other restriction or limitation regarding use, and have the sole andexclusive right to use (and Seller, its equityholders, and their Affiliates do not have and do notclaim to have any individual right to use) all the Intellectual Property required to be disclosed onSections3.12(c)(i)-(iii)oftheDisclosureSchedule(the"DesignatedIntellectualProperty")(subject to the applicable license agreements listed in Section 3.12(c)(iv) of the DisclosureSchedule), and such Intellectual Property is not subject to any outstanding Order restricting theuse or licensing thereof by the Company Group, and no member of the Company Group hasreceived any written claim challenging the validity or effectiveness of such Intellectual Property,andsuch Intellectual Propertyis valid and enforceable.

(d)The Company Group has made all necessary filings and paid all necessaryregistration,maintenanceandrenewalfeestomaintaintheDesignatedIntellectualProperty.Therearenooutstandingdeadlinesofanypatent,copyrigh registry anywhere in the world) in relation to such Designated Intellectual Property that willexpirewithin six (6)months of theClosing Date.

(e)Each item of Intellectual Property owned or used by the Company GroupimmediatelypriortotheClosingwillbeownedoravailableforuse,respectively,bytheCompanyand its Subsidiaries immediately subsequent to the Closing on identical terms and conditions asownedor used bythe Company Groupimmediately prior totheClosing.

(f)The Company Group has not infringed any Intellectual Property rights orotherrightsofanyotherPerson,andthecontinuedoperationoftheBusinessbytheCompanyandits Subsidiaries consistent with past practices of the Company Group will not infringe anyIntellectual Property rights or other rights of any other Person. Except as listed in Section 3.12(f),sinceJanuary1,2016,noclaimsofanykindhavebeenmadeorassertedbyanyotherPerson

against any member of the Company Group or against any of their employees, agents or contractors, customers, vendors, suppliers, or distributors, claiming or alleging that the Company Group or any of their products (including Software and products currently under development), services or methods of operation infringe, have infringed, contribute to infringement or induce the infringement of, or misappropriate the Intellectual Property rights or other rights of any other Person, violate any right of any other Person (including rights to privacy or publicity) or constitute unfair competition, nor is any member of the Company Group aware of or on written notice of any such infringement, misappropriation or violation.

(g)Section3.12(g)(i)oftheDisclosureScheduleidentifies allthirdpartySoftwareusedbytheCompanyGroupintheoperationoftheBusiness(exceptfor"off-the-shelf,"commercially-availablesoftware),andSection3.12(g)(ii)oftheDisclosureScheduleidentifiesallSoftware developed by or for the Company Group and the location of such Software.TheCompany Group owns and possesses or has the right to use pursuant to a valid and enforceablewritten Contract, all Software used by the Company Group in the operation of its business.AftertheClosing,allSoftwarewillbeownedoravailableforuse,respectively,bytheCompanyanditsSubsidiariesimmediatelysubsequenttotheClosing theCompany Group immediatelyprior to the Closing.

(h)TheCompanyGrouphasadoptedpoliciesandprocedurestocontroltheuseof third-party Intellectual Property, including Software available for download without charge onthe internet or any other Software not introduced into the development environment through aformal procurement process and pursuant to a license agreement determined to be appropriate forestablishingCompanyGroup'srightsandobligationswithrespecttosuchIntellectualProperty.

(i)The Company Group has taken all necessary steps to protect and preservetheconfidentialityofalltradesecrets,know-how,sourcecode,databases,customerlists,schematics, ideas, algorithms and processes and all use, disclosure or appropriation thereof by orto any Person has been pursuant to the terms of a written agreement between such third party

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andtheCompanyGroup.EachmemberoftheCompanyGrouphascompliedwithallofitsconfidentialityobligations undereachContracttowhich suchPersonis aparty.

(j)Section3.12(j)oftheDisclosureSchedulecontainsacompleteandaccuratelistandsummarydescriptionofallrightsininternetdomainna the Business.The Company Group owns or has the right to use all internet domain names,subdomains,URLs,websitenames,socialmediasitenames,usernames,handles,emailaddresses,log-innames,passwords,pinnumbers,customernumbers,andthelike,orotheraccountinformation necessary to access, transfer, use and update all of the foregoing presently used orowned by the Company Group (collectively "Net Names").All Net Names have been registeredin the name of a member of the Company Group and are, and have been, in compliance with allLaws. Except as set forth in Section 3.12(j) of the Disclosure Schedule, no Net Name has been oris now involved in any dispute, opposition, invalidation or cancellation Proceeding and no suchaction is threatened with respect to any Net Name.In addition, to the Knowledge of BHB: (i) noNet Name has been challenged, interfered with or threatened in any way and (ii) no Net Nameinfringes,interfereswithorisallegedtointerferewithorinfringethetrademark,copyrightor

domain name of any other Person. Upon the Closing, all Net Names will be available for use by the Company or one of its Subsidiaries.

3.13 Contracts.

(a)Section 3.13(a) of the Disclosure Schedule lists the following Contracts towhichanymemberoftheCompanyGroupisapartyorwhicharebindingonanyassetsoftheanymemberofthe CompanyGroup used in the Business:

(i) eachContractwithanyMaterialCustomerorMaterialSupplier;

(ii)eachContractthatrequiresaCompanytopay,orentitlesaCompanytoreceive,orcouldresultin obligationsofaCompanyintheamountof,in theaggregate, $50,000 or more in any twenty-four (24) month period;

(iii)each Contract containing a "most-favored-nation" provision or anyprovisionsof similar effect;

(iv)eachContractthatmaynotbeunilaterallyterminatedbyaCompany,withoutpenaltyorfee,uponnomorethansixty(60)days'p

(v)each Contract that requires the consent of any Person prior to achangeof ownership orcontrol of any Company;

(vi)each joint venture, partnership or Contract involving a sharing ofprofits,losses, costs or liabilities withany otherPerson;

(vii)each Contract containing any covenant that purports to restrict thebusiness activity of the Company Group or limit the freedom of the Company Group toengagein any line of business orto compete withany Person;

(viii) eachpowerofattorney;

(ix) eachContractforDebt;

(x)eachContractprovidingforthepaymentofanycashorothercompensationorbenefitsupontheconsummationofthetransacti

(xi)eachContractwithanylaborunion,labororganizationortrustfundoranybonus,pension,profitsharing,retirementoranyothe

(xii)eachContractunderwhichtheCompanyGrouphasadvancedorloanedtoany other Person;

(xiii)eachContractwithanySeller,anyequityholderorotherbeneficialownerof Seller,oranyother Affiliateof anymember ofthe Company Group;

(xiv) anysettlementorsimilaragreement;

(xv)eachemploymentorconsultingContractorotherContractwithanyoftheCompany Group'sofficers,managers,partners, directorsoremployees;

(xvi) eachIntellectualPropertyAgreement;

(xvii) eachconfidentialityagreementandnon-disclosureagreementstillin effect;

(xviii) eachContractwhichpurportstobe(orwillaftertheClosingbe) binding on Affiliate of any Company other than an Affiliate that is another Company; and

(xix)anyotheragreementmaterialtotheCompanyGroupwhetherornotenteredintoin the Ordinary Course of Business.

(b)Seller has delivered to Buyer a correct and complete copy of each writtenMaterial Contract, together with all amendments, exhibits, attachments, waivers or other changesthereto.Section3.13(b)oftheDisclosureSchedulecontainsanaccurateandcompletedescriptionofall material terms of alloral Material Contracts.

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(c)EachMaterialContractislegal,valid,binding,enforceable,infullforceandeffect and will continue to be legal, valid, binding and enforceable on identical terms followingthe Closing Date.Except as specifically disclosed and described in Section 3.13(c) of theDisclosure Schedule, (i) no Material Contract has been breached or canceled by the applicablemember of the Company Group or, to the Knowledge of BHB, any other party thereto, (ii) theapplicable member of the Company Group has performed all obligations under such MaterialContracts required to be performed by it, (iii) to the Knowledge of BHB, there is no event which,upongivingofnoticeorlapseoftimeorboth,wouldconstituteabreachordefaultunderanysuchMaterial Contract or would permit the termination, modification or acceleration of such MaterialContract, (iv) except to make the statements in clause (v) of this Section 3.13(c) accurate, nomemberoftheCompanyGrouphasassigned,delegatedorotherwisetransferredtoanyPersonanyof its rights, title or interest under any such Material Contract, and (v) following the Closing, allMaterialContractswillbeavailabletotheapplicablememberoftheCompanyGrouponidenticaltermsassuch MaterialContractswere availabletothe CompanyGroupprior totheClosing.

3.14Insurance.Section 3.14(a) of the Disclosure Schedule sets forth the followinginformationwithrespecttoeachinsurancepolicy(includingpoliciesprovidingproperty,casualty,liability,director&officer,andworkers'compensationcov with respect to which any member of the Company Group is a party or a namedinsured or with respect to which any member of the Company Group (including by virtue ofcoverageoftheassetsthereof)isotherwisethebeneficiaryofcoverage(collectively,the"CompanyInsurance Agreements"):

(a)thenameoftheinsurer,thenameofthepolicyholder,andthenameofeachcoveredinsured;

(b) thepolicynumberandtheperiodofcoverage;and

(c)adescriptionofanyretroactivepremiumadjustmentsorothermaterialloss-sharingarrangements; and

(d)a description of any and all claims by any Company or any other Personpending under any Company Insurance Agreement as to which coverage has been questioned,denied,or disputed.

All premiums payable under the Company Insurance Agreements have been paid. There are no threatened terminations of, or material premium increases with respect to, any Company Insurance Agreements. Section 3.14(b) of the Disclosure Schedule sets forth a list of all claims made under the Company Insurance Agreements, or under any other insurance policy, bond or agreement covering the any member of the Company Group or any their operations since January 1, 2016. The Company Group and their operations have been covered during the past (5) years by insurance in scope and amount customary and reasonable for the business in which they have engaged during such period and as required by any Material Contracts.

3.15Litigation.ExceptassetforthinSection3.15oftheDisclosureSchedule,thereareno (and during the last two (2) years preceding the date hereof, there have not been any)Proceedings, Orders, or, except as did not or would not have, directly or indirectly, a MaterialAdverse Effect, complaints, charges, grievances, or investigations pending or, to the Knowledgeof BHB, threatened or anticipated relating to or affecting the Company Group.There is nooutstanding Order to which the Company Group is subject.The Company Group is fully insuredwithrespecttoeachofthematterssetforthonSection3.15oftheDisclosureSchedule.NoSelleris engaged in or a party to or, to the Knowledge of BHB, threatened with any complaint, charge,Proceeding,Order,investigationorotherprocessorprocedureforsettlingdisputesordisagreements with respect to the Company Group or the transactions contemplated by thisAgreement or any Ancillary Agreement, and no Seller nor any member of the Company Grouphas received written notice of a claim or dispute that is reasonably likely to result in any suchcomplaint, charge, Proceeding, Order, investigation or other process or procedure for settlingdisputesordisagreementswithrespecttotheCompanyGrouporthetransactionscontemplatedbythisAgreement or any Ancillary Agreement.

3.16 Employees.

(a)Section3.16(a)oftheDisclosureSchedulesetsforthacompleteandcorrectlistofallemployeesandindependentcontractorsoftheCom and sets forth for each such individual the following: (i) name; (ii) title or position(includingwhetherfullorparttime);(iii)hiredate; (iv)currentannualbasecompensationrate;(v)current target commission, bonus or other incentive-based compensation amounts; (vi) whethersuch individual is on short-term disability leave (and if so, expected date of return to work); (vii)whethersuchindividualisonlong-termdisabilityleave(andifso,expecteddateofreturntowork);

(viii) classification as exempt versus non-exempt under the Fair Labor Standards Act and similar

state Laws; (ix) the amount of accrued and unused vacation time; (x) the identity of the labor organization or union representing the individual if the individual is a member of a bargaining unit represented by a labor organization or union; and (xi) indicating whether there has been any increase in compensation, bonus, incentive, or service award or any grant of any severance or termination pay or any other increase in benefits or any commitment to do any of the foregoing since the Most Recent Fiscal Year End. No Company has any employees in the State of California or any employee that would cause any Company to be subject to any Laws regarding employment in the State of California.

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(b)Sellers have provided Buyer with complete and correct copies of (i) allexisting severance, accrued vacation or other leave agreement, policies or retiree benefits of anysuchofficer,employeeorconsultant,(ii)allemployeetradesecret,non-compete,non-solicit,non-disclosure and/or invention assignment agreements, (iii) all payments to be made to employeesand contractors of the Company Group in connection with the transactions contemplated by thisAgreementandtheAncillaryAgreement,includingseverancepayments,BonusPoolAgreements,accrued and unused vacation for all employees, and incentive payments, and (iv) all policies,manuals and handbooks applicable to any current or former director, manager, officer, employee,consultant or independent contractor of the Company Group.The employment, consulting orindependentcontractorarrangementofeachofficer,employee,consultantorindependentcontractor of the Company Group is terminable at will (without the imposition of back pay,severance pay, penalties or damages) by the Company Group as the case may be.Except as setforth in Section 3.16(b) of the Disclosure Schedule, Seller is not aware that any executive or keyemployeeoftheCompanyGrouporanygroupofemployeesoftheCompanyGrouphasanyplanstoterminateemploymentwith the Company Group.

(c)NoneoftheemployeesoftheCompanyGrouparerepresentedbyanylaborunion, works council, or other labor organization or representative with respect to his or heremploymentwiththeCompanyGroup;(ii)therearenolabor,collectivebargainingagreementsorsimilar arrangements binding on the Company Group with respect to any employees, consultantsor contractors; and (iii) for the prior three (3) years, to the Knowledge of BHB, no petition hasbeenfilednorhasanyproceedingbeeninstitutedbyanyemployeeorgroupofemployeeswiththeNationalLaborRelationsBoardorsimilarGovernmentalBody agreement, demands for representation, and no union organizing effort regarding theCompanyGroup's employees occurred or is underway.

(d) The Company Group has not experienced (nor, to the Knowledge of BHB,has it been threatened with) any strike, slow down, work stoppage or material grievance, claim ofunfair labor practices, or other collective bargaining dispute within the past three years.TheCompany Group has not committed any material unfair labor practice. Except as set forth inSection3.16(d)oftheDisclosureSchedule,theCompanyGrouphaspaidinfulltoallofitsactiveand terminated employees and contractors all wages, salaries, commissions, bonuses, benefits,severanceand othercompensationdueand payabletosuchemployees andcontractors.

(e)All individuals who have performed services for the Company Group orwho otherwise have claims for compensation from the Company Group have been properlyclassified as exempt or non-exempt and an employee or an independent contractor pursuant to allapplicableLaws, including the Codeand ERISA.

(f)Totheextentsubjecttothefederal,stateandlocallawsoftheUnitedStates,withinthepastten(10)yearsnomemberoftheCompanyGroup a "mass layoff" or other event that would require the giving of notice under the United StatesWorkerAdjustmentandRetrainingNotificationAct,oranysimilarfederal,stateorlocallaw(the"WARNAct")affectinganysiteofemploymentoroneormorefa U.S.jurisdictionunderwhichany Company operates.

(g)The Company Group has properly completed, retained and, as applicable,updated a Form I-9 for each employee of the Company Group, as applicable, in accordance withapplicableLawandregulations.TheCompanyGrouphasbeenandcontinuestobeincompliancewith all legal requirements governing work authorization and other immigration issues in theUnited States including Section H-2A of the Immigration and Nationality Act. The Companieshave complied with all similar Laws of any non-U.S. jurisdiction under which any Companyoperates.

(h)TheCompanyGrouphasproperlyidentifiedanyandallworkerswhicharecommon law or statutory employees and have issued and filed on a timely basis Forms W-2 forthe workers so identified.All common law or statutory employee wages have been reported onthe Forms W-2 and properly withheld upon for state, local, and federal income Tax purposestogether with timely deposits of such withheld taxes pursuant to applicable law and regulations.Allinformationreporting,includingCodeZforSection409Afailureshasbeencorrectlyreportedonthe applicable FormsW-2.

(i)Without limiting any other representation or warranty contained herein,each termination of those certain individuals executing Termination Agreements pursuant toSection5.1(g)hasbeenperformedincompliancewithallapplicableLaws,noCompanyshallhaveanyliabilitytosuchterminatedindividualssubsequenttotheClo in the Termination Agreements or as set forth Schedule 5.1(g), and the transactionscontemplated by this Agreement and the Termination Agreement will not cause or give rise to abreachofanysuch individuals'respectiveemploymentagreements withanyCompany.

3.17 EmployeeBenefits.

(a)Section3.17(a)oftheDisclosureSchedulelistseachEmployeeBenefitPlanthat the Company Group maintains or to which the Company Group contributes or has anyobligationtocontribute orwith respecttowhichtheCompanyGrouphasany liabilities.

(i)EachsuchEmployeeBenefitPlan(andeachrelatedtrust,insuranceContract, or fund) has been maintained, funded and administered in accordance with thetermsofsuchEmployeeBenefitPlanandcompliesinformandinoperationinallrespectswiththeapplicablerequirementsofERISA,theCode,andot

(ii)All required reports and descriptions (including Form 5500 annualreports,summaryannualreports,andsummaryplandescriptions)havebeentimelyfiled

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and/or distributed in accordance with the applicable requirements of ERISA and the Code with respect to each such Employee Benefit Plan. The requirements of COBRA have been met in all material respects with respect to each such Employee Benefit Plan and each Employee Benefit Plan maintained by an ERISA Affiliate that is an Employee Welfare Benefit Plan subject to COBRA.

(iii)Allcontributions(includingallemployercontributionsandemployee salary reduction contributions) that are due have been made within the timeperiods prescribed by ERISA and the Code to each such Employee Benefit Plan and allcontributions for any period ending on or before the Closing Date which are not yet duehavebeenmadetoeachsuchEmployeeBenefitPlanoraccruedinaccordancewithGAAP.Allpremiumsorotherpaymentsforallperiodsendingonc paid with respect to each such Employee Benefit Plan that is an Employee WelfareBenefitPlan.

(iv)Each such Employee Benefit Plan which is intended to meet therequirementsofa"qualifiedplan"underSection401(a)oftheCodeissoqualifiedandhasreceived a determination from the Internal Revenue Service that such Employee BenefitPlan is so qualified, and nothing has occurred since the date of such determination thatcouldadverselyaffect thequalifiedstatusof anysuch EmployeeBenefitPlan.

(v)TherehavebeennoProhibitedTransactionswithrespecttoanysuchEmployee Benefit Plan or any Employee Benefit Plan maintained by an ERISA Affiliate.No Fiduciary has any liability for material breach of fiduciary duty or any other failure toactorcomplyinconnectionwiththeadministrationorinvestmentoftheassetsofanysuchEmployeeBenefitPlan.NoProceedingwithrespecttothead of the assets of any such Employee Benefit Plan (other than routine claims forbenefits)ispending or,to the Knowledgeof BHB, threatened.

(vi)Seller has made available to Buyer correct and complete copies ofthe plan documents and summary plan descriptions, the most recent determination letterreceived from the Internal Revenue Service, the three (3) most recent annual report (Form5500,withallapplicableattachments),andallrelatedtrustagreements,insuranceContracts, and other funding arrangements which implement each such Employee BenefitPlan.

(b)Neither any member of the Company Group nor any ERISA Affiliatecontributesto,hasanyobligationtocontributeto,orhasanyliabilityunderorwithrespecttoanyEmployee Pension Benefit Plan that is a "defined benefit plan" (as defined in Section 3(35) ofERISA), any Multiemployer Plan, a multiple employer plan or a multiple employer welfarearrangement.No member of the Company Group provides nor are they obligated to provide anycurrent or former employee, officer, manager, partner or director with post-termination health orwelfare-typebenefits other thanin accordance with anyapplicable Law.

(c) NoEmployeeBenefitPlanisaMultiemployerPlan.

(d)Section 3.17(d) of the Disclosure Schedule lists each written agreement,contract,ororotherarrangement—whetherornotanEmployeeBenefitPlan(collectivelya"Plan")—to which the Company Group is a party that is a "nonqualified deferred compensationplan" subject to Section 409A of the Code.Each such Plan complies in all material respects withtherequirementsofSection409A(a)(2),(3),and(4)oftheCodeandanyInternalRevenueServiceguidanceissuedthereunder.The CompanyGrouphasnoactualorpotentialobligationtoreimburse or otherwise "gross-up" any Person for the interest or additional tax set forth underSection409A(a)(1)(B)of the Code.

(e)Theexecution,delivery,andperformanceoftheAncillaryAgreementsandtheconsummationofthetransactionscontemplatedthereby other event) result in or give rise to the acceleration of vesting or payment of benefits orcompensationunder anyEmployee Benefit Plan.

3.18Debt.Except as set forth on Section 3.18 of the Disclosure Schedule, no memberof the Company Group has any Debt or is liable for any Debt (whether pursuant to a guaranty,surety, assumption, or any other manner or form of agreement) of any other Person (including,withrespecttoanymemberoftheCompanyGroup,anyliabilityforanyDebtofanySeller).UponBuyer's payment of the Debt Amount in accordance with Section 1.4(a)(ii), the Company Groupshallhave satisfied all ofits obligations pursuanttoand underthe Debt.

3.19 Environmental,Health,andSafetyMatters.

(a)The Company Group has complied and are in compliance, in each case inallmaterial respects,with allEnvironmental, Health,and SafetyRequirements.

(b)Without limiting the generality of the foregoing, the Company Group hasobtained, have complied, and are in compliance with all Permits and other authorizations that arerequired pursuant to Environmental, Health, and Safety Requirements for the occupation of thefacilities of the Company Group and the operation of the business of the Company Group(including the Business). A list of all such Permits and other authorizations is set forth on Section3.19(b) of the Disclosure Schedule.Such Permits will be available to the Company GroupfollowingtheClosingonidenticaltermsassuchPermitsareavailabletotheCompanyGroupriortothe Closing.

(c)NoCompanyhasreceivedanywrittenororalnotice,reportorotherinformation regarding any actualoralleged violation of Environmental, Health, and SafetyRequirements, or any liabilities or potential liabilities (whether accrued, absolute, contingent,unliquidatedorotherwise),includinganyinvestigatory,remedialorcorrectiveobligations,relatingtoanyofthem,theircurrentorformerfacilitiesortheRe Requirements.

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(d)No property or facility owned, leased or operated by the Company Groupcontains any underground storage tanks currently, nor, to the Knowledge of BHB, has containedanyunderground storage tanksin the past.

(e)NomemberoftheCompanyGrouphastreated,stored,disposedof,arrangedfororpermittedthedisposalof,transported,handled,orrele

any Hazardous Substance, or owned or operated any property or facility (and no such property or facility is contaminated by any such substance) in a manner that has given or would give rise to material liabilities, including any material liability for investigation costs, response costs, remedial costs, corrective action costs, personal injury, property damage, natural resources damages or attorney and consultant fees and costs, pursuant to CERCLA or the Solid Waste Disposal Act, as amended, or any other Environmental, Health, and Safety Requirements.

(f)TherearenoenvironmentalconditionsorcircumstancesontheRealProperty that pose an unreasonable risk to the environment or the health or safety of Persons orHazardous Substances present at, on or under the Real Property in violation of Environmental,Health,andSafety Requirements.

(g)Neither this Agreement nor the consummation of the transaction that is thesubject of this Agreement will result in any obligations for site investigation or cleanup, ornotification to or Consent of Governmental Bodies or third parties, pursuant to any of theEnvironmental,Health, and Safety Requirements.

(h)There are no written environmental audit, health and safety audit, Phase Ienvironmentalsiteassessment,PhaseIIenvironmentalsiteassessmentorinvestigation,soiland/orgroundwater report, environmental compliance assessment prepared within the past five (5) yearsby or on behalf of any member of the Company Group or, to the Knowledge of BHB, anyGovernmental Body under the Environmental, Health, and Safety Requirements relating to anypropertycurrentlyorformerlyownedor operatedbytheCompanyGroupor theirAffiliates.

3.20Business Continuity.None of the Software, computer hardware (whether generalorspecialpurpose),telecommunicationscapabilities(includingallvoice,dataandvideonetworks)and other similar or related items of automated, computerized, and/or software systems and anyothernetworksorsystemsandrelatedservicesthatareusedbyorreliedonbytheCompanyGroupin the conduct of their businesses (collectively, the "Systems") have experienced bugs, failures,breakdowns,orcontinuedsubstandardperformanceinthepasttwelve(12)monthsthathascausedorreasonablycouldbeexpectedtocauseanysubstant suchSystems bythe CompanyGroup.

3.21Certain Business Relationships with the Company.Except as set forth on Section3.21 of the Disclosure Schedule, neither any Seller, nor any officer, manager, partner or directorof any Company, nor any equityholder or other beneficial owner of any Seller, nor any of theAffiliatesofany of theforegoing (otherthantheCompanies):

(a)owns,directlyorindirectly,anystockorotherownershipinterestorinvestment in any Person that is engaged in the Business or is a competitor, supplier, customer,lessoror lessee of the Company Group;

(b)has any claim against or owes any amount to, or is owed any amount by,theCompany Group;

(c)has any interest in or owns any assets, properties or rights used in theconductofthe businessof the Company Group;

(d)isapartytoanyContracttowhichanymemberoftheCompanyGroupisapartyor which otherwisebenefits thebusiness ofthe Company Group; or

(e)has received from or furnished to the Company or any of its Subsidiariesany goods or services since the Most Recent Fiscal Year End, or is involved in any businessrelationshipwith the Company Group.

Section3.21oftheDisclosureSchedule sets forth which of the exceptions set forth thereon will continue following the Closing.

3.22 CustomersandSuppliers.

(a)Section 3.22 of the Disclosure Schedule sets forth a correct and completelist of the twenty (20) largest suppliers (by dollar volume) of products or services to the Business(the "Material Suppliers"), and the twenty (20) largest customers (by dollar volume) of theBusiness (the "Material Customers") each during calendar years 2019 and 2020 and the six (6)months ended June 30, 2021,Section 3.22 of the Disclosure Schedule also sets forth, for eachMaterial Supplier and Material Customer, the aggregate payments from such Person to theCompany Group or to such Person by the Company Group.There are no outstanding disputeswithany ofMaterial Suppliers or Material Customers.

(b)SinceDecember31,2019,noneoftheMaterialSuppliershasindicatedthatit shall stop, or materially decrease the rate of, supplying materials, products or services to theCompany Group, or otherwise materially change the terms of its relationship with the CompanyGroup. No Company has any reason to believe that any Material Supplier will stop, or materiallydecreaseetherateof,supplyingproductsorservicestotheCompanyGrouporotherwisemateriallychange the terms of its relationship (including the pricing) with the Company Group after, or as aresult of, the consummation of any transactions contemplated by this Agreement or that any suchsupplieristhreatened with bankruptcy or insolvency.

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(c)SinceDecember31,2020noneoftheMaterialCustomershasindicatedthatit shall stop, or materially decrease the rate of, buying products or services from the CompanyGroup or otherwise materially change the terms of its relationship with the Company Group.NoCompany has any reason to believe that any Material Customer will stop, or materially decreasethe rate of, buying products or services from the Company Group or otherwise materially changethetermsofitsrelationshipwiththeCompanyGroupafter,orasaresultof,theconsummationofany transactions contemplated by this Agreement or that any such customer is threatened withbankruptcyor insolvency.

3.23 Warranty;Labeling;Recall.

(a)Eachproductorservice,manufactured,formulated,sold,leased,ordelivered by the Company Group is and has been manufactured, formulated, sold, leased, ordelivered in conformity with all applicable Law, contractual commitments and all express andimpliedwarranties,andnomemberoftheCompanyGrouphasanyliability(andthereisnobasisforanypresentorfutureaction,suit,proceeding,hearing,investi demand against any of them giving rise to any liability) for replacement or repair thereof orotherdamages,liabilityorobligationsinconnectiontherewith,inexcessofthereservefor

warranty claims set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company Group. Section 3.23(a) of the Disclosure Schedule includes copies of the standard terms and conditions of service, sale or lease for the Company Group or the Business (containing applicable guaranty, warranty, and indemnity provisions). No product or servicesold,leased, or delivered by any member of the Company Group or otherwise in connection with the Business is subject to any material guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease set forth in Section 3.23(a) of theDisclosureSchedule, except for any guaranty, warranty or other indemnity that is imposed by law.

(b)TheCompanyGroupisincompliancewithallapplicablegrowing,labeling,approval, clearance, registration, listing, manufacturing, formulating, contract manufacturing,handling,holding,storing,distributing,testing,importing,exporting,advertising,promotionLaws, and all other Laws concerning the growing, production, holding, distribution and sale ofHempor Hemp-derivedproducts byor fortheCompany Group.

(c)No member of the Company Group has, within the past three (3) years, (i)recalled any of its products, (ii) suspended, discontinued growing or manufacturing (includingcontract growing or manufacturing by or for others) or distribution of any of their products afterinquiry or investigation of any Governmental Body, or (iii) received any written notice from anyotherGovernmentalBodythatithascommencedanyactiontoenforceanyLaworOrder,requestororderarecallof,anyofitsproducts,orcommencedor,totheKn to commence, any action to seize, enjoin or place restrictions on the production ordistributionof any of itsproducts.

3.24Product Liability.Section 3.24 of the Disclosure Schedule sets forth an accurate,correct and complete list and summary description of all existing claims, duties, responsibilities,liabilitiesorobligationsarisingfromorallegedtoarisefromanyinjurytopersonorpropertyasaresultoftheownership,possessionoruseofanyprodu by the Company Group or its members' predecessors during the two (2) years prior to thedatehereof.NomemberoftheCompanyGrouphasanyliability(andthereisnoreasonablebasisforanypresentorfutureaction,suit,proceeding,hearing,investi demand against the Company Group giving rise to any liability) arising out of any injury toindividualsorpropertyasaresultoftheownership,possession,oruseofanyproductmanufactured,formulated,processed,sold,distributed,ordeliveredbytheC predecessors.

3.25InformationPrivacyandDataSecurity.TheCompanyGroup'spracticesconcerning collection, use, analysis, retention, storage, protection, security, transfer, disclosure,and disposal of Personal Information comply in all material respects with, and have not, sinceJanuary1,2017,violatedinanymaterialrespect,any(a)Contractwithaclient, (b)PrivacyLaws,or(c)writtenpolicyorprivacystatementoftheCompanyGroup.TheCompanyGrouphaspostedtotheirwebsiteandeachoftheironlinesitesandse theCompanyGroup'spracticesconcerningthecollection,use,anddisclosure of Personal Information in such online sites, services, and mobile applications.TheCompanyGrouphascommerciallyreasonablecontrolsinplacedesignedtoaddressthe

information security risks and vulnerabilities of the Company Group in light of each member of the Company Group's business, technology, information systems, and the sensitivity of the Personal Information processed by the Company Group.

3.26Solvency.EachCompany,individually,andtheCompanyGrouptakenasawhole,issolvent.ForpurposesofthisSection3.26,theterm"solvent"me (a) the fair salable value of such Person's tangible assets are in excess of the total amount ofits liabilities (including for purposes of this definition all liabilities, whether or not reflected on abalance sheetprepared in accordancewith GAAP,andwhetherdirectorindirect, fixed orcontingent, secured or unsecured, and disputed or undisputed), (b) such Person is able to pay itsdebts or obligations in the ordinary course of business as they mature, and (c) such Person hascapitalsufficientto carry on its business.

3.27 StimulusFunds,Etc.

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(a)Section3.27(a)oftheDisclosureSchedulesetsforthallCARESActstimulus fund programs or other programs related to the COVID-19 pandemic in which anymember of the Company Group is participating or has participated, and the amount of fundsreceivedand/orrequestedbytheCompanyGroupforeachsuchprogramasofthedatehereof(the"CARES Funds").The Company Group has maintained accounting records associated with theCARESFundsincompliancewithallofthetermsandconditionsofsuchprograms.TheCompanyGroup has utilized or maintained all such CARES Funds received by them in accordance with allapplicableLaws.

(b)Exceptassetforthin Section3.27(b)ofthe Disclosure Schedule, nomember of the Company Group has applied for or received a loan pursuant to the PaycheckProtection Program under the CARES Act. Section 3.27(b) of the Disclosure Schedule sets forththe applicable Company having obtained any such loan, the amounts of such loans, the amountforgiven, if any, of such loans. All such loans have been forgiven, and no such loans remain ineffectas of the ClosingDate.

3.28COVID-19 Precautions.The Company Group has implemented all workplace,operationalandotherprecautionsandmeasuresregardingtheCOVID-19pandemic,inlineandinmaterial compliance with all Center for Disease Control (CDC), World Health Organization(WHO) and other federal, state and local guidelines, directives and recommendations, as suchguidelines, directives and recommendations have been amended from time to time, includingsocial distancing measures, increased sanitization measures, measures to protect employee health,measures to prevent crowds, and measures to prevent unnecessary contact, and the CompanyGroup is in material compliance with all Applicable Laws regarding the COVID-19 pandemic,including the Families First Coronavirus Response Act (FFCRA), the CARES Act, any and all"shelterin place,""stayat home" orsimilar Order.

3.29Disclosure.Neither this Agreement nor any agreement, attachment, schedule,exhibit, certificate or other statement delivered pursuant to this Agreement or in connection withthe transactions contemplated hereby omits to state a material fact necessary in order to make thestatements and information contained herein or therein, not misleading.Buyer has been providedfulland completecopiesof all documentsreferredto on theDisclosure Schedule.

ARTICLE 4

POST-CLOSING COVENANTS

The Parties agree as follows with respect to the period following the Closing:

4.1Further Assurances.In case at any time after the Closing any further action isnecessary to carry out the purposes of this Agreement, each of the Parties will take such furtheraction (including the execution and delivery of such further instruments and documents) as anyotherPartyreasonablymayrequest,allatthesolecostandexpenseoftherequestingParty(unlessthe requesting Party is entitled to indemnification therefor under ARTICLE 6below).Sellersacknowledgeandagreesthatfromandaftertheclosing,Buyerwillbeentitledtopossessionofalldocuments, books, records (including Tax records), agreements, and financial data of any sortrelatingtotheCompanyGroupandtheotherassetsoftheCompanyGroupusedintheBusiness.

4.2Confidentiality.From and after the Closing, Sellers agree not to disclose or useany Confidential Information.In the event that any Seller is requested or required pursuant towrittenororalquestionorrequestforinformationordocumentsinanylegalproceeding,interrogatory,subpoena,civilinvestigationdemand,orsimilarprocesstod such Seller will notify Buyer promptly of the request or requirement so that Buyermay seekan appropriateprotective orderorwaive compliance with theprovisionsof this Section 4.2. If, in the absence of a protective order or the receipt of a waiver hereunder, such Seller is compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, such Seller may disclose the Confidential Information to the tribunal; provided, however, that such Seller shall use such Seller's reasonable best efforts to obtain, at the request of Buyer, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as Buyer shall designate. The foregoing provisions shall not apply to any Confidential Information that is generally available to the public immediately prior to the time of disclosure unless such Confidential Information is so available due to the breach of this Agreement by any Seller or any Affiliate or representative of any Seller.

4.3 RestrictionsonTransfer.

(a)Sellers acknowledge and agree that, without the prior written consent ofBuyer(whichmaybewithheldinBuyer'ssolediscretion),noSellermay,directlyorindirectly,inanysingletransactionorseriesofrelatedtransactions,sell,give,ass (each,a"Transfer")anyRestrictedShares,andnoTransferofRestrictedSharesbyanySellermaybeeffectedexceptincompliancewiththisSection4.3andinaccor all applicable Laws (including, without limitation, applicable U.S. and Canadian Laws, asdescribedinthelegend(s)contemplatedinSections2.1(g)and2.1(h)hereof).WhenBuyerSharesissued as Equity Consideration are no longer Restricted Shares, Sellers agree that no Seller willTransferanyoftheBuyerSharesinviolationof,andwillcomplywith,anyandallLawsapplicabletosuch Transfer.

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(b)AnyattemptedTransferofRestrictedSharesinviolationofthisAgreementshall be of no effect and null and void, regardless of whether the purported transferee has anyactual or constructive knowledge of the Transfer restrictions set forth in this Agreement and shallnot be recorded on the transfer books of the Company or any local custodian or transfer agent.Buyershallbeentitledtoprovideappropriatestoporderstoenforcetheprovisionsofthis Section 4.3 andincludeappropriatelegendsontheRestrictedShareswithrespecttosuchrestrictions.

4.4Release.Sellers, for each of themselves, and any of their respective Subsidiaries(other than the Companies), and each of their respective predecessors, successors, assigns, andpastandpresentstockholders,members,partners,managers,directors,officers,employees,agents,and other representatives (collectively, the "Releasors"), hereby forever fully and irrevocablyrelease and discharge Buyer, each Company, each of their respective Subsidiaries, and each oftheir respective predecessors, successors, direct or indirect subsidiaries and past and presentstockholders, members, partners, managers, directors, officers, employees, agents, and otherrepresentatives (collectively, the "Released Parties") from any and all actions, suits, claims,demands,debts,agreements,obligations,promises,judgments,orliabilitiesofanykindwhatsoeverinlaworequityandcausesofactionofeverykindandna for damages, costs, expense, and attorneys', brokers' and accountants fees and expenses)arisingoutoforrelatedtoevents,facts,conditionsorcircumstancesexistingorarisingpriortotheClosing Date, which the Releasors can, shall or may have against the Released Parties, whetherknown or unknown, suspected or unsuspected, unanticipated as well as anticipated (collectively,the "Released Claims"), and hereby irrevocably agree to refrain from directly or indirectlyasserting any claim or demand or commencing (or causing to be commenced) any suit, action, orproceedingofanykind,inanycourtorbeforeanytribunal,againstanyReleasedPartybaseduponany Released Claim.Notwithstanding the preceding sentence of this Section 4.4, "ReleasedClaims" does not include, and the provisions of this Section 4.4shall not release or otherwisediminish,theobligationsofanyPartysetforthinorarisingunderanyprovisionsofthisAgreementorthe Ancillary Agreements.

4.5 RegistrationStatement.

(a)Buyer has filed a Registration Statement on Form S-3 (the "RegistrationStatement") registering the resale from time to time of Buyer Shares by selling security holdersgenerically.Buyer shall file a prospectus supplement (pursuant to Rule 424 under the SecuritiesAct) to the Registration Statement identifying the Sellers as selling securityholders of RegistrableShares(the"ProspectusSupplement")withinthree(3)BusinessDaysofthelaterof(i)theClosingor (ii) the date that the Sellers have furnished (y) in writing to Buyer such information regardingsuch Seller, the Registrable Shares held by such Seller and the intended method of disposition ofthe Registrable Shares in the form as shall be reasonably acceptable to Buyer, and (z) suchexecuted documents from such Seller that are necessary for compliance with SEC rules andregulationsinconnectionwithsuchregistrationand/orotherwisecustomaryofasellingshareholder in similar situations (such later date, the "Prospectus Supplement Filing Deadline").Buyer shall provide prompt notice to the Seller Representative of the filing of the ProspectusSupplement.TheobligationsofBuyerinthisSection4.5shallbesubjecttothetimelycooperationof the Sellers in providing the information and executing any documents as contemplated in theimmediatelyprecedingsentence,andanySellerwhofailstoprovideallrequestedinformationforpurposesofdisclosureintheProspectusSupplement,asappli

Filing Deadline may be excluded from such Prospectus Supplement. As of the date of the applicable Prospectus Supplement, the Registration Statement (together with the Prospectus Supplement) will comply in all material respects with the provisions of the Securities Act, and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not false or misleading (a "Material Misstatement"); *provided, however*, that none of the provisions of the preceding sentence shall apply to statements in or omissions from the Registration Statement (together with any applicable Prospectus Supplement) made in reliance upon and in conformity with information furnished solely by the Sellers for use in the Registration Statement and/or any applicable Prospectus Supplement. As soon as practicable after the Prospectus Supplement being filed with the SEC, Buyer will issue and deliver to Buyer's transfer agent an irrevocable treasury order, on a rush basis, authorizing such transfer agent, as the registrar and transfer agent for the Buyer Shares, to remove all legends on the Buyer Shares that are included as Registrable Shares in the Prospectus Supplement. Notwithstanding the foregoing, Buyer's sole obligation with respect to such legend removal shall be the delivery of such treasury order, and Buyer shall have no liability to any Seller or any other Party, and shall not be deemed to have made any representation or assurance, with respect to the actual time elapsed between the submission of such treasury order and the removal of any such applicable legends. It is understood and acknowledged that the only evidence that the Sellers whose legends are so removed shall be unlegended DRS advice statements issued by Buyer's transfer agent and, accordingly, it is the sole responsibility of any such Sellers to instruct their respective securities brokers to move such unlegended DRS advice positions into electronic book-entry positions to facilitate open market transactions over the Nasdaq or TSX.

(b)Buyershall(i)givetheSellerRepresentativetheopportunitytoreviewandcomment on the Prospectus Supplement, any amendments to the Prospectus Supplement, and, totheextentnotprohibitedbyLaw,relatedwrittencorrespondencewiththeSECbeforetheProspectusSupplementandanysuchamendmentisfiledwithorprovide

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(ii) notify the Seller Representative promptly of the time when any supplement or amendment to theRegistration Statement that relates to resales of Registrable Shares by the Sellers has been filed, and of the issuance of any stop order or suspension of the registration under the Securities Act of the Buyer Shares to be resold under the Registration Statement, (iii) if applicable, make all necessary filings under the Securities Act and applicable state securities or "Blue Sky" laws and the rules and regulations thereunder for the issuance of the Equity Consideration, and timely obtain any actions, consents approvals or waivers required in connection therewith, and (iv) if applicable, notify Nasdaq of the Buyer Shares to be issued as the Equity Consideration pursuant to this Agreement in accordance with Nasdaq rules and regulations.

(c)EachSellershallcomplywithallU.S.and/orCanadianfederal,stateand/orprovincial securities Laws applicable to such Seller in connection with the resale of RegistrableShares pursuant to the Registration Statement and/or the Prospectus Supplement. Buyer shallnotifyeachSellerpromptlyuponBuyer'sreasonabledeterminationinitsgoodfaithjudgmentthattheRegistrationStatementoranysupplementtoanyprospec (including any Prospectus Supplement) contains a Material Misstatement.In the caseof any such notice, Buyer shall use best efforts to supplement or amend such prospectus aspromptly as practicable so that such prospectus will not contain such Material Misstatement andshallprovideacopyofsuchsupplementedoramendedprospectustoeachSelleraspromptlyas

practicable, but no later than three (3) Business Days following the filing thereof with the SEC. Upon being notified by Buyer of any Material Misstatement, each Seller shall refrain from selling any Registrable Shares pursuant to the Registration Statement until such holders of Buyer Shares receive from Buyer copies of a supplemented or amended prospectus prepared and filed by Buyer, or until Buyer notifies such Sellers in writing that the then current prospectus may be used.

(d)Following the effectiveness of the Registration Statement, Buyer shall usecommercially reasonable efforts to cause the Registration Statement to be continuously effectiveuntil earlier of (i) three (3) years after the date hereof and (ii) such time as the Registrable Sharesrepresentlessthanonepercent(1%)oftheoutstandingBuyerShares(suchperiod,the"Registration Period"). If the Registration Statement ceases to be effective under the SecuritiesAct for any reason at any time during the Registration Period, Buyer shall use its best efforts topromptly cause such Registration Statement to again become effective under the Securities Act(including obtaining the prompt withdrawal of any order suspending the effectiveness of suchRegistration Statement), and in any event shall within thirty (30) days of such cessation ofeffectiveness, amend such Registration Statement in a manner reasonably expected to obtain thewithdrawal of any order suspending the effectiveness of such Registration Statement or, file anadditional registration statement for an offering to be made on a delayed or continuous basispursuant to Rule 415 under the Securities Act registering the resale from time to time by SellersthereofofallsecuritiesthatareRegistrableSharesasofthetimeofsuchfiling.Ifsuchanadditionalregistration statement is filed, Buyer shall use its reasonable efforts to (a) cause such additionalregistration statement to become effective under the Securities Act as promptly as is reasonablypracticable after such filing, and (b) keep such additional registration statement (or anotheradditional registration statement) continuously effective until the end of the Registration Period.BuyershallsupplementandamendanyRegistrationStatementoradditionalregistrationstatementcontemplated hereunder if required by the rules, regulations or instructions applicable to theregistrationformusedbyBuyerforsuchregistrationstatementifrequiredbytheSecuritiesActorasreasonably requestedby the Sellers.

(e)From the date of this Agreement until the end of the Registration Period,BuyershallusebesteffortstomakeandkeeppublicalloftheissuerinformationcontemplatedbyRule 144 under the Securities Act, and file with the SEC in a timely manner all reports and otherdocumentsrequiredtobefiledbyBuyerundertheSecuritiesActandtheSecuritiesExchangeAct,in each case in order to permit resale of the Buyer Shares issued as the Equity Consideration incompliancewith Rule 144 under theSecuritiesAct.

(f)All expenses (other than Selling Expenses) incurred in connection withregistrations,filings,orqualificationspursuanttoSection4.5,includingallregistration,filing,andqualification fees, printers' and accounting fees, and fees and disbursements of counsel for Buyershall be borne and paid by Buyer.All Selling Expenses relating to Registrable Shares registeredpursuant to this Section 4.5 shall be borne and paid by the Sellers according to their Pro RataShares.Forpurposes hereof, "SellingExpenses"means allunderwritingdiscounts,sellingcommissions, and stock transfer taxes applicable to the sale of Registrable Shares, and fees anddisbursementsof counselfor any Seller.

(g)To the extent permitted by law, Buyer will indemnify and hold harmlesseachSellernamedinaRegistrationStatementand/orProspectusSupplement,andthepartners,

members, officers, directors, and stockholders of each such Seller; legal counsel and accountants for each such Seller; any underwriter (as defined in the Securities Act) for each such Seller; and each Person, if any, who controls each such Seller or underwriter within the meaning of the Securities Act, against any Adverse Consequences arising out of liability under the Securities Act or the Securities Exchange Act from the use and sale of any Buyer Shares pursuant to the applicable Registration Statement and/or Prospectus Supplement, and Buyer will pay to each such

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Seller, , underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any Proceeding from which such Adverse Consequences may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 4.5(g) shall not apply to amounts paid in settlement of any such Proceeding if such settlement is effected without the consent of Buyer, which consent shall not be unreasonably withheld, nor shall Buyer be liable for any Adverse Consequences to the extent that they arise out of or are based upon actions or omissions (i) made in reliance upon and in conformity with written information furnished by or on behalf of any such Seller, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with the applicable Registration Statement and/or Prospectus Supplement (ii) due to any Seller's failure to deliver an amended or supplemental prospectus furnished to such Seller by Buyer, if required by Law to have been delivered, if such loss, liability, claim, damage, judgment or expense would not have arisen had such delivery occurred.

(h) To the extent permitted by law, each Seller named in a Registration Statement and/or Prospectus Supplement, severally and not jointly, will indemnify and hold harmless the Buyer, and each of its directors, each of its officers who has signed the Registration Statement, each Person (if any), who controls the Buyer within the meaning of the Securities Act, legal counsel and accountants for the Buyer, any underwriter (as defined in the Securities Act), each other Seller, and any controlling Person of any such underwriter or other Seller, against any Adverse Consequences arising from the use and sale of any Buyer Shares pursuant to the Registration Statement, in each case only to the extent that such Adverse Consequences arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such Seller expressly for use in connection with such Registration Statement and/or Prospectus Supplement; and each such Seller will pay to Buyer and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any such Proceeding from which Adverse Consequences may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 4.5(h) shall not apply to amounts paid in settlement of any such Proceeding if such settlement is effected without the consent of such applicable Seller, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by such Seller by way of indemnity or contribution under this Section 4.5(h) exceed the proceeds from the offering received by such S such Seller), except in the case of fraud or willful misconduct by such Seller.

(i) The Sellers hereby agree and acknowledge that (i) nothing in this Section 4.5 shall confer upon Sellers any piggyback registration rights with respect to the Buyer Shares, (ii) Buyer shall have no obligation to conduct any underwritten offerings in respect of any resales of Buyer Shares under the Registration Statement and (iii) Buyer shall have no obligation to deliver any legal opinions, negative assurance disclosure letters or comfort letters in connection with any

such resales (except for any legal opinions customarily required by the transfer agent of Buyer to facilitate the removal of legends upon effectiveness of the Registration Statement).

4.6 Termination Payments. Buyer will cause the Company to pay out any payments (i) set forth on Schedule 5.1(g) or (ii) pursuant to a Termination Agreement signed at Closing, but only to the extent that, in either case, such payments were not paid at Closing but were accrued for in the calculation of Working Capital (as included in the final deter

ARTICLE 5 CLOSING DELIVERIES

5.1 Closing Deliveries of Sellers and the Company. At the Closing, the Sellers and the Company shall take the following actions and deliver the following documents and instruments to Buyer:

(a) Unit Transfer Powers and Assignments to convey the Target Securities to Buyer;

(b) a certificate of the Secretary (or its equivalent) of BHB, dated the Closing Date, attaching and certifying (A) the Organizational Documents of BHB, (B) the equity records of BHB, and (C) the authorizing resolutions of BHB's board of managers authorizing the transactions contemplated by this Agreement and each Ancillary Agreement to which BHB is a party;

(c) a certificate of the Secretary (or its equivalent) of each Company other than BHB, dated the Closing Date, attaching and certifying (A) the Organizational Documents of each Company, and (B) the equity records of each Company to the extent any exist separate from the applicable Organizational Documents;

(d) a certificate of the Secretary (or its equivalent) of each Seller that is an entity, attaching and certifying the consent of each member, owner, and beneficial interest holder of such Seller to the transactions contemplated by this Agreement and each Ancillary Agreement to which such Seller is a party;

(e) good standing certificates for each Company from the jurisdiction of each such Person's incorporation or organization and each jurisdiction in which such Person is qualified to do business;

(f) the Employment Agreements, duly executed by each Designated Employee;

(g) certain Termination Agreements identified on Schedule 5.1(g), in forms acceptable to Buyer, duly executed by each employee, independent contractor, and service provider identified in Schedule 5.1(g);

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(h)aresignationandreleaseagreement,informsacceptabletoBuyer,fromandduly executed by each member of the board of directors or managers and each officer of eachCompany;

(i)payoffandreleaselettersfromtheholdersoftheDebtsetforthonSchedule5.1(i)that (A) reflect the amounts required in order to pay in full such Debt and (B) provide that,uponpaymentinfulloftheamountsindicated,allLienswithrespecttotheassetsofanyCompanyshallbeterminatedandofnofurtherforceandeffect,togetherwi 3terminationstatementswith respect to the financing statements filed against the assets of any Company by the holders ofsuchLiens,ineach case inform andsubstancereasonably satisfactory toBuyer;

(j)all documentation not provided pursuant to Section 5.1(i) necessary toobtainreleasesofallLiensotherthanthePermittedLiens,includingappropriateUCCterminationstatements,in eachcase in formandsubstancereasonablysatisfactory toBuyer;

(k) thecompleteminutebooksandequityrecordsofeachCompany;

(l)all Permits and Consents set forth on Schedule 5.1(l)and any other Permitor Consent required in connection with the transactions contemplated by this Agreement or anyAncillary Agreement to the extent the requirement of such Permit or Consent was not disclosedonSection 3.4(c) oftheDisclosure Schedule;

(m)to the extent not included in the deliveries required by Section 5.1(l), allapprovals, consents or written confirmations of nonobjection with respect to all of the Permits setforth in Section 3.9(b) of the Disclosure Schedule have been obtained by Sellers such that suchPermitsshall(i)remaininfullforceandeffectaftertheClosingand(ii)beavailableforusebytheCompanyGroup following the Closing;

(n)anon-foreignpersonaffidavitandrelatednoticefromeachSellerthatsuchSeller is not a foreign person, in a form satisfying the requirements of Section 1445 of the CodeandUnitedStates Treasury regulations thereunder;

(o)aRestrictiveCovenant,ReleaseandIndemnificationAgreementdulyexecutedbyeachbeneficialownerofeachSellersetforthonSche competeandnon-solicitprovisions,andproviding that suchPersonswill agree tobeboundbythe terms ofSection 4.2 , Section4.3, and Section4.4;

(p)a Phantom Equity Acknowledgement and Release duly executed by eachPhantom Equity Holder (whether or not such Phantom Equity Holder received any payment inconnection with the transactions contemplated by this Agreement) in a form acceptable to Buyerand pursuant to which each Phantom Equity Holder will, among other things, acknowledge thereceipt of consideration hereunder, if any, is in full satisfaction of any and all amounts otherwisedue under such Phantom Equity Holder's Phantom Equity Agreement, terminate and cancel suchPhantomEquityAgreementandreleasetheCompaniesandBuyerfromanyfurtherobligationsorliabilitythereunder otherthan suchpayments orobligationsas aresetforth herein;

(q)to the extent not included in Section 5.1(p), a release agreement dulyexecuted by each rightsholder or payee identified in Section 3.3(a) of the Disclosure Schedule ina form acceptable to Buyer and pursuant to which each such Person will, among other things,acknowledge the receipt of consideration hereunder, if any, is in full satisfaction of any and allamounts otherwise due under such Person's applicable agreement with any Company, terminateand cancel such agreement(s) and release the Companies and Buyer from any further obligationsorliabilitythereunderotherthansuchpaymentsorobligationsasaresetforthherein,ifapplicable.

(r)an Escrow Agreement among Buyer, Seller Representative and the EscrowAgent in form and substance satisfactory to Buyer and Sellers (the "Escrow Agreement"), dulyexecutedbySeller Representative;

(s)aBonusPoolAcknowledgementandReleasedulyexecutedbyeachPersonwho signed a Bonus Pool Agreement (whether or not such Person received any payment inconnection with the transactions contemplated by this Agreement) in a form acceptable to Buyerand pursuant to which each such Person will, among other things, acknowledge the receipt ofconsideration hereunder, if any, is in full satisfaction of any and all amounts otherwise due undersuch Bonus Pool Agreement, terminate and cancel such Bonus Pool Agreement and release theCompaniesandBuyerfromanyfurtherobligationsorliabilitythereunderotherthansuchpaymentsorobligationsas are setforth herein;

(t) Lock-upAgreements,dulyexecutedbyeachSeller;

(u) theEstimatedCashPaymentcertificatereferencedinSection1.3;

(v)a funds flow memorandum, in form and substance reasonably satisfactoryto Buyer, describing the financial transactions and flow of funds to take place at the Closingpursuantto this Agreement; and

(w)all other instruments and documents required by this Agreement to bedeliveredbytheCompaniesorSellerstoBuyer,andsuchotherinstrumentsanddocumentswhichBuyeroritscounselmayreasonablyrequesttoeffectuatethetra

5.2ClosingDeliveriesofBuyer.AttheClosing,theBuyershalltakethefollowingactionsanddeliverthefollowingdocumentsandinstrumentstotheSelle asapplicable:

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(a) TheEstimatedCashPaymentinproportiontotheProRataShares;

(b)TheEquityConsiderationinproportiontotheProRataSharesinthemannercontemplatedby Section1.4(b) hereofand intheamount setforthinSchedule 9hereof;

(c)a certificate from the Secretary of Buyer, dated as of the Closing Date,attaching and certifying their respective (A)OrganizationalDocuments and (B)authorizingresolutionsapprovingthisAgreement,theAncillaryAgreementandthetransactionscontemplatedhereby;

(d)EvidencethattheTSXhasconditionallyapproved,subjectonlytocustomarylistingconditions,theissuanceoftheEquityConsideration, revoked;

(e) TheEscrowAgreement,dulyexecutedbyBuyer;and

(f)all other instruments and documents required by this Agreement to bedeliveredbyBuyertotheSellers,andsuchotherinstrumentsanddocumentswhichSellersortheircounselmayreasonablyrequesttoeffectuatethetransactions

ARTICLE 6

REMEDIES FOR BREACHES OF THIS AGREEMENT

6.1 IndemnificationbySellers.

(a)SubjecttothetermsandconditionsofthisARTICLE6,Sellers,jointlyandseverally, will indemnify and hold harmless Buyer, each Company, each of Buyer's and eachCompany'srespectiveSubsidiariesandAffiliates,andineachcasetheirrespectivesuccessorsandassigns (collectively, the "Buyer Indemnitees") from and against the entirety of any AdverseConsequencesthatanyBuyerIndemniteemaysufferorincur(includinganyAdverseConsequences they may suffer or incur after the end of any applicable survival period, providedthat an indemnification claim with respect to such Adverse Consequence is made pursuant to thisARTICLE 6 prior to the end of any applicable survival period) resulting from, arising out of,relating to, in the nature of, or caused by (i) any breach or inaccuracy of any representation orwarrantymadeinARTICLE3ofthisAgreementoranyotherrepresentationorwarrantymadebyany Company in any Ancillary Agreement, (ii) any breach of any covenant or agreement of anyCompany,SellerParty,orSellerRepresentativeinthisAgreementorinanyAncillaryAgreement, (iii)thefailuretopayorotherwisefullysatisfyanddischargeallDesignatedPre-ClosingLiabilities, (iv) any Taxes for which Sellers are liable pursuant to Section 7.1 in excess of theamountaccruedforinthecalculationofWorkingCapitalasincludedinthefinaldeterminationofthe Cash Payment, (v) any of the matters set forth on Schedule 6.1(a)(v), and (vi) any AdverseConsequencesarisingfromorrelatedtotheEscrowAgreement(unlesssuchAdverseConsequences are due toBuyer's gross negligence or willful misconduct).

(b)Subject to the terms and conditions of this ARTICLE 6, each of the SellerParties severally, and not jointly, will indemnify and hold harmless Buyer Indemnitees, from andagainst the entirety of any Adverse Consequences that any Buyer Indemnitee may suffer or incur(including any Adverse Consequences they may suffer or incur after the end of any applicablesurvivalperiod,providedthatanindemnificationclaimwithrespecttosuchAdverseConsequenceis made pursuant to this ARTICLE 6prior to the end of any applicable survival period) resultingfrom, arising out of, relating to, in the nature of, or caused by any breach or inaccuracy of anyrepresentation or warranty made by such Seller Party in ARTICLE 3of this Agreement or anyotherrepresentationorwarrantymade bysuchSeller Partyin anyAncillary Agreement.

6.2IndemnificationbyBuyer.SubjecttothetermsandconditionsofthisARTICLE6,Buyerwillindemnifyandholdharmlesseach Seller,theirrespective

respective successors and assigns (the "Seller Indemnitees") from and against the entirety of any Adverse Consequences they may suffer or incur (including any Adverse Consequences they may suffer or incur after the end of any applicable survival period, provided that an indemnification claim with respect to such Adverse Consequence is made pursuant to this ARTICLE6prior to the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by (a) any breach or inaccuracy of any representation or warranty made in Section 2.2ofthisAgreement or in any Ancillary Agreement, and (b) any breach of any covenant or agreement of Buyer in this Agreement or in any Ancillary Agreement.

6.3SurvivalandTimeLimitations.Allrepresentations,warranties,covenants,obligations and agreements of the Parties in this Agreement or any other certificate or documentdelivered pursuant to this Agreement will survive the Closing.The right to indemnification,payment of any losses or other remedy based on such representations, warranties, covenants,obligationsandagreementswillnotbeaffectedbyanyinvestigationconducted,oranyknowledgeacquired (or capable of being acquired) at any time, whether before or after the execution anddelivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of

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orcompliance with, any such representation, warranty, covenant, obligations and agreements. If theClosing occurs, Sellers will have no liability with respect to any claim under Section 6.1(a)(i) orSection 6.1(b)unless Buyer notifies Seller Representative of such a claim on or before the datethatistwenty-four(24)monthsoftheClosingDate;provided,however,that(a)anyclaimrelatingtoanyrepresentationmadeinSection3.9(b)through3.9(f) (LegalCompliance),Section3.10(TaxMatters),Section3.16(Employees),Section3.17(EmployeeBenefits),andSection3.21(CertainBusinessRelationshipsw (b)anyclaim relating to any representation made in Section 2.1(a) (Organization, Qualification, andPower),Section2.1(b) (AuthorizationofContemplatedTransactions),Section2.1(c)(Non-contravention), Section 2.1(d)(Brokers' Fees), Section 2.1(e)(Target Securities), Section 2.1(f)(Ancillary Agreements), Section 2.1(g) (U.S. Securities Regulation), Section 2.1(h) (CanadianSecuritiesRegulation),Section3.1(Organization,Qualification,andPower),Section3.2(Authorization of Contemplated Transactions), Section 3.3 (Capitalization and Subsidiaries),Section 3.4(b)(Non-contravention), and Section 3.5(Brokers' Fees) may be made at any timewithoutanytimelimitation(collectively,therepresentationsandwarrantiesdescribedinclauses (a) and (b) are referred to as the "Fundamental Representations") and (c) any claim arising from fraud or willful misconduct, the items referenced in Schedule 6.1(a)(v), or the Taxes for which Sellersareliablepursuant to Section7.1 may be made at any time without limitation. If the Closing occurs, Buyer will have no liability with respect to any claim for any breach or inaccuracy of any representation or warranty in this Agreement unless Seller Representative notifies Buyer of such a claim on or before the date that is twenty-four (24) months from the Closing Date; provided, however, that any claim relating to any representation made in Section 2.2(a)(Organization of Buyer), Section2.2(b) (Authorization of Contemplated Transactions), Section2.2(c) (Non- contravention), and Section 2.2(d)(Brokers' Fees) or arising from fraud or willful misconduct may be made at any time without any time limitation. If Buyer or Seller Representative, as applicable, provides proper notice of a claim within the applicable time period set forth above, then liability for such claim will continue until such claim is resolved.

6.4 LimitationsonIndemnificationbySeller.

(a)WithrespecttothemattersdescribedinSection6.1(a)(i)andSection6.1(b),Sellers will have no liability with respect to such matters until Buyer Indemnitees have sufferedaggregate Adverse Consequences by reason of all such breaches in excess of Three HundredThousandDollars($300,000.00USD) (the"Threshold")afterwhichpointSellersshallbeobligatedtoindemnifyBuyerIndemniteesfromandagainstallAdverseConsequencesfromdollarone;provided, relating to (i) breaches of the Fundamental Representations, (ii) any intentionalbreachofarepresentationorwarranty,or(iii)breachesarisingfromfraudorwillfulmisconduct.

(b)WithrespecttothemattersdescribedinSection6.1(a)(i)andSection6.1(b),the aggregate maximum liability of Sellers shall be the amount of the Indemnity Holdback (the"Cap");provided,thattheforegoinglimitationshallnotapplyinrespectofanyAdverseConsequences (i) relating to breaches of the Fundamental Representations, (ii) relating to anyintentionalbreachofarepresentationorwarranty, (iii)arisingfromfraudorwillfulmisconduct.

(c)Subject to Section 6.9, the aggregate liability of each Seller for AdverseConsequences with respect to any indemnification claim of Buyer Indemnitees under Section 6.1shallnot exceedsuch Seller's ProRata Share ofthe BasePurchase Price.

(d)In the event that the subject matter of any claim by Buyer Indemnitees forindemnification under Section 6.1 is covered by any insurance (including title insurance) held byBuyer,theCompaniesand/oranyoftheirrespectiveAffiliates(followingtheClosing)oranythirdparty indemnification agreement or the like to which Buyer, the Companies and/or any of theirrespective Affiliates (following the Closing) is a beneficiary, the amount for which such BuyerIndemnitee is entitled to indemnification under Section 6.1 shall be reduced by the amount ofinsurance or other indemnification proceeds actually received (net of any costs or expensesincurred in obtaining such recoveries, including any increases in insurance premiums reasonablyattributable to the applicable claim).In the event that any Buyer Indemnitee receives insuranceproceeds after being paid by the Sellers with respect to an indemnifiable matter under this Article6, Buyer Indemnitee in receipt of such insurance proceeds will remit such proceeds to the SellerRepresentative (net of any costs or expenses incurred in obtaining such recoveries, including anyresulting increases in insurance premiums) forthe benefitofthe Sellers according to theirrespective Pro Rata Shares; provided that the remittance of such insurance proceeds shall notexceedtheamountpreviouslypaidbytheapplicableSeller(s)withrespecttosuchmatter.Fortheavoidance of doubt, (i) nothing in this section shall be deemed to waive or limit the subrogationrights of any insurer and (ii) nothing in this section shall be deemed to impose any obligation onBuyer to pursue recovery from any such insurance or third-party agreement, nor to maintain anyof thesame.

6.5 LimitationsonIndemnificationbyBuyer.

(a)With respect to the matters described in Section 6.2(a), Buyer will have noliabilitywithrespecttosuchmattersuntilSellerIndemniteeshavesufferedAdverseConsequencesby reason of all such breaches in excess of the Threshold, after which point Buyer shall beobligatedtoindemnifySellerIndemniteesfromandagainstallAdverseConsequencesfromdollar

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one; provided, that the foregoing limitations shall not apply in respect of any Adverse Consequences (i) relating to breaches of any representation made in Section 2.2(a)(Organization of Buyer), Section 2.2(b) (Authorization of Contemplated Transactions), Section 2.2(c) (Non- contravention), and Section 2.2(d) (Brokers' Fees), (ii) relating to intention breaches of any representation or warranty, or (iii) arising from fraud or willful misconduct.

(b)With respectto the matters described in Section 6.2(a), the aggregatemaximumliabilityofBuyershallbetheCap;provided,thattheforegoinglimitationshallnotapplyin respect of any Adverse Consequences (i) relating to breaches of any representation made inSection2.2(a)(OrganizationofBuyer),Section2.2(b) (AuthorizationofContemplatedTransactions),Section2.2(c)(Non-contravention),andSection2.2(d)(Brokers'Fees), (ii)intentionalbreachofarepresentationorwarranty,or(iii)arisingfromfraudorwillfulmisconduct.

6.6 Third-PartyClaims;DirectClaims.

(a) ThirdPartyClaims.

(i)Ifathirdpartyinitiatesaclaim,demand,dispute,lawsuitorarbitration (a "Third-Party Claim") against any Person (the "Indemnified Party") withrespect to any matter that the Indemnified Party might make a claim for indemnificationagainstanyParty(the"IndemnifyingParty")underthisARTICLE6,thentheIndemnifiedParty must promptly notify the Indemnifying Party in writing of the existence of suchThird-Party Claim and must deliver copies of any documents served on the IndemnifiedPartywithrespecttotheThird-PartyClaim;provided,however,thatanyfailureonthepartof an Indemnified Party to so notify an Indemnifying Party shall not limit any of theobligations of the Indemnifying Party under this ARTICLE 6(except to the extent, andonlytotheextent,suchfailurematerialllyprejudicesthedefenseofsuchproceeding).

(ii)UponreceiptofthenoticedescribedinSection6.6(a)(i),theIndemnifying Party will have the right to defend the Indemnified Party against the Third-PartyClaimwithcounselreasonablysatisfactorytotheIndemnifiedParty,provided,that (i)theIndemnifyingPartynotifiestheIndemnifiedPartyinwritingwithinfifteen(15)daysaftertheIndemnifiedPartyhasgivennoticeoftheThird-PartyClaimthattheIndemnifyingParty will indemnify the Indemnified Party from and against the entirety of any AdverseConsequences the Indemnified Party may suffer resulting from, arising out of, relating to,in the nature of, or caused by the Third-Party Claim, (ii) the Indemnifying Party providesthe Indemnified Party with evidence reasonably acceptable to the Indemnified Party thatthe Indemnifying Party will have the financial resources to defend against the Third-PartyClaim and fulfill its indemnification obligations hereunder, (iii) the Third-Party Claiminvolves only money damages and does not seek an injunction or other equitable relief orare asserted by any Governmental Body, (iv) settlement of, or an adverse judgment withrespect to, the Third-Party Claim is not, in the good faith judgment of the IndemnifiedParty, likely to establish a precedential custom or practice adverse to the continuingbusiness interests or the reputation of the Indemnified Party, (v) the Indemnifying PartyconductsthedefenseoftheThird-PartyClaimactivelyanddiligently,and(vi)suchThird-Party Claim is not related to a Material Supplier or Material Customer. The IndemnifyingPartywillkeeptheIndemnifiedPartyapprisedofallmaterialdevelopments,including

settlement offers, with respect to the Third-Party Claim and permit the Indemnified Party to participate in the defense of the Third-Party Claim.

(iii)In the event that either (x) any of the conditions under Section6.6(a)(ii) is or becomes unsatisfied or (y) the Indemnified Party shall have reasonablyconcluded that there are likely to be defenses available to it that are different from oradditionaltothoseassertedbyIndemnifyingParty,then,ineithercase,(i)theIndemnifiedParty shall have the right to direct the defense of such Third-Party Claim (and/or consenttotheentryofanyjudgmentonorenterintoanysettlementwithrespecttotheThird-PartyClaim) in any manner the Indemnified Party may reasonably deem appropriate, including,withoutlimitation,byemployingseparatecounselattheIndemnifyingParty'sexpense, (ii)theIndemnifyingPartywillreimbursetheIndemnifiedPartypromptlyandperiodicallyforthe costs of defending against the Third-Party Claim (including reasonable attorneys' feesand expenses), and (iii) the Indemnifying Party will remain responsible for any AdverseConsequences the Indemnified Party may suffer resulting from, arising out of, relating to,in the nature of, or caused by the Third-Party Claim to the fullest extent provided in thisARTICLE6.

(iv)Except in circumstances described in Section 6.6(a)(iii), neither theIndemnifiedPartynortheIndemnifyingPartywillconsenttotheentryofanyjudgmentorenter into any settlement with respect to the Third-Party Claim without the prior writtenconsent ofthe other party, which consent will not be unreasonably withheld or delayed.

(b) DirectClaims.

(i)AnyclaimforindemnificationonaccountofAdverseConsequenceswhich does not result from a Third Party Claim (a "Direct Claim") shall be asserted bywrittennoticefromtheIndemnifiedPartytotheIndemnifyingPartyassoonasreasonablypracticable (and in any event within thirty (30) days) after the Indemnified Party becomesawareoftheDirectClaim,whichnoticeshallincludeareasonabledescriptionofthebasisfor the Direct Claim; provided, however, that

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any failure on the part of an IndemnifiedParty to so notify an Indemnifying Party shall not limit any of the obligations of theIndemnifying Party under this ARTICLE 6(except to the extent, and only to the extent,suchfailuremateriallyprejudicesthedefenseofsuchproceeding).TheIndemnifyingPartyshallhavefifteen(15)daysafteritsreceiptofsuchnoti the Indemnifying Party does not so respond within such fifteen-day period, theIndemnifying Party shall be deemed to have accepted such claim, with payment due onsuchclaim pursuantto the termsof Section6.6(b)(ii).

(ii)Once Adverse Consequences are agreed to by the IndemnifyingParty(includingdeemedacceptancepursuanttoSection6.6(b)(i))orfinallyadjudicatedtobe payable in accordance with the terms of this Agreement, the Indemnifying Party shallsatisfy its obligations within five (5) Business Days of such agreement or final, non-appealableadjudicationbywiretransferofimmediatelyavailablefunds;provided,however,thattotheextentthatfundsremainavailablefromtheEscro

of cash from the Escrow Amount pursuant to a joint written instruction provided by Buyer and Seller to the Escrow Agent under the terms of the Escrow Agreement.

6.7 OtherIndemnificationMatters.

(a)AllindemnificationpaymentsunderthisARTICLE6willbedeemedadjustmentsto the Purchase Price.

(b)For purposes of determining whether there has been any misrepresentationorbreachofarepresentationorwarrantyandtheamountofAdverseConsequencesresultingfromabreachmisrepresentationorbreachofarep in any representation or warranty relating to or referring to the terms "material","materiality", "in all material respects", "Material Adverse Effect" or any similar term or phraseshall be disregarded except with respect to (i) the reference to Material Adverse Effect and anyother use of the term "material" in Section 3.7(b) (Financial Statements but only relating to"Absence of Changes or Events"), and (iii) any representations and warranties requiring thedisclosure of lists of "material" items (e.g., Contracts in Section 3.13(a)) but only with respect towhetheranitem wasrequiredto be disclosedona DisclosureSchedule.

6.8Setoff.Notwithstanding anything contained herein to the contrary, but subject toSection 6.9, Buyer Indemnitees shall be entitled, but not obligated, to recover any amounts duefrom Sellers under this ARTICLE 6 (to the extent such amounts are undisputed or Buyer hasobtainedanOrderfromacourtofcompetentjurisdictiondeterminingsuchamountsaresodue)bysetting off such amounts against any and all Restricted Shares that are subject to the transferrestrictions set forth in Section 4.3of this Agreement, and upon Buyer's exercise of such setoffSeller shall have no further right with respect thereto. For purposes of determining the number ofRestricted Shares to be set off against any amounts due as set forth above, the value of eachRestricted Share to be set off shall be equal to Forty-Five Million Dollars ($45,000,000.00 USD)divided by the number of Buyer Shares issued as the Equity Consideration.To the extent BuyerIndemniteesexercisetheirsetoffrightsinaccordancewiththisSection6.8,theyshalldosoagainsteachSeller'sRestrictedSharesaccordingtotheSellers'Pr enforcementof anyother remediesthat maybe availableto it.

6.9OrderofRecovery.TheBuyerIndemniteesshallrecoveranyAdverseConsequencesforwhichtheyareentitledtoindemnificationfromSellersunde (a) first, from the Indemnity Holdback and (b) second, to the extent Buyer Indemnitees have not recovered all such Adverse Consequences pursuant to the foregoing clause(a), the Buyer Indemnitees shall, subject to the other limitations herein, be entitled to recover any remaining amounts in respect of such Adverse Consequences from Sellers.

6.10ExclusiveRemedy.FollowingtheClosing,exceptfor(a)anyclaimbasedonfraudor willful misconduct, (b) the adjustment to the Cash Payment pursuant to Section 1.5, (c) anyclaims for indemnification under Section 4.5(g) or Section 4.5(h), and (d) any claim for specificperformance or injunctive relief pursuant to Section 10.11, indemnification pursuant to thisARTICLE6shall bethesole andexclusiveremedy foranybreach ofthisAgreement.

6.11Release of Indemnity Holdback.On the date that is twenty-four (24) months afterthe Closing Date, any remaining amounts of the Indemnity Holdback, less an amount equal to thedollar amount of any pending or outstanding claims by any Buyer Indemnitee(s) under thisAgreement (such amount to be reasonably determined by Buyer acting in good faith), shall bereleased to the Sellers in proportion to their respective Pro Rata Shares to an account or accountdesignated in writing by the Seller Representative, provided, however, that if at the end of thetwelve(12)monthperiodfollowingtheClosingDate(a)otherthanwithrespecttoabreachofanyFundamentalRepresentationsoranymattersetforthonSchedul (v)(h),(i),,or(j),therehasbeen no claim for indemnification made by any Buyer Indemnitee; (b) with respect to a breach ofany Fundamental Representations there have been no claims for indemnification by any BuyerIndemniteeclaimingAdverseConsequencesinanaggregateamountofgreaterthanFiftyThousand Dollars ($50,000.00), (c) with respect to any matter set forth on Schedule 6.1(a)(v)(h),there have been no claims forindemnification by any BuyerIndemnitee claiming AdverseConsequences in an aggregate amount of greater than Fifty Thousand Dollars ($50,000.00), (d)with respect to any matter set forth on Schedule 6.1(a)(v)(i), there

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have been no claims forindemnificationbyanyBuyerIndemniteeclaimingAdverseConsequencesinanaggregateamountof greater than Fifty Thousand Dollars ($50,000.00), and (e) with respect to any matter set forthon Schedule 6.1(a)(v)(j), there have been no claims for indemnification by any Buyer Indemniteeclaiming Adverse Consequences in an aggregate amount of greater than Fifty Thousand Dollars($50,000.00),thenBuyerandSellerRepresentativeshallcausetobereleasedtoSellerRepresentativeaportionoftheIndemnityHoldbackequalto(x)Four USD) minus (y) any amount previously released to any Buyer Indemnitee insatisfactionof any indemnificationclaim hereunder.

ARTICLE 7TAX

MATTERS

The following provisions will govern the allocation of responsibility as between Buyer and Sellers for certain tax matters following the Closing Date:

7.1Tax Indemnification.Except to the extent such Taxes are actually reflected as aliability for purposes of calculating Working Capital or included in the Transaction ExpensesBalance on the Closing Statement, Sellers, jointly and severally, shall be liable for, and shallindemnify and hold Buyer Indemnitees harmless pursuant to Article 6 from, (a) all Pre-ClosingTaxes, (b)allTaxesincurredbyanyCompanycausedbyorresultingfromthesaleorexchangeofthe Target Securities, (c) for any Straddle Period, all Pre-Closing Taxes of each Company thatrelatetoaPre-ClosingStraddlePeriod(determinedinaccordancewiththelastsentenceofSection7.3), (d)anyandallTaxesofanymemberofanaffiliated,consolidated,combinedorunitarygroupof which any Company (or any predecessor of any of the foregoing) is or was a member on orpriortotheClosingDate,includingpursuanttoTreasuryRegulation§1.1502-6oranyanalogousorsimilarLaw, (d)allTaxesofanyPersonimposedonanyCompanyasatransfereeorsuccessor,by Contract or otherwise, which Taxes relate to an event or transaction occurring before theClosing,and(e)allsalestaxesoranyotherTaxesrelatingtothesaleofgoodsorinventorybyanyCompany.

7.2Tax Periods Ending on or Before the Closing Date.Sellers will prepare, or causeto be prepared, and Sellers will timely file, or cause to be filed, all income Tax Returns for theCompany Group for Pre-Closing Tax Periods that are filed after the Closing Date ("Pre-ClosingTax Period Returns").All such Tax Returns shall be prepared in a manner acceptable to Buyer.SellerswillprovideBuyerwithcopiesofanysuchTaxReturnsfortheBuyer'sreasonablereviewandcomment,atleastthirty(30)dayspriortotheduedatethere in the case of income Tax Returns and as soon as practicable in the case of all other TaxReturns, and shall make all changes to such Pre-Closing Tax Period Returns that are reasonablyproposed by Buyer.Sellers will pay all Taxes due with respect to such Pre-Closing Tax PeriodReturns,butonlytotheextentsuchTaxesarenotreflectedasaliabilityforpurposesofcalculatingWorkingCapitalorincludedintheTransactionExpensesBal

7.3Tax Periods Beginning Before and Ending After the Closing Date.Following theClosing, Buyer shall timely prepare and file, or cause to be prepared and timely filed (taking intoaccountallavailableextensions),allotherTaxReturnsrequiredtobefiledbyeachCompany(the"Post-Closing Tax Returns").Buyer will timely prepare, or cause to be prepared, and timely file,orcausetobefiled,allTaxReturnsforeachmemberoftheCompanyGroupforStraddlePeriods(the "Straddle Period Returns").Buyer will provide Seller Representative with copies of anyStraddle Period Returns at least thirty (30) days prior to the due date thereof (giving effect to anyextensions thereto) in the case of income Tax Returns and as soon as practicable in the case of allother Tax Returns, accompanied by a statement (the "Straddle Statement") setting forth andcalculatinginreasonabledetailtheTaxesthatrelatetoanyPre-ClosingStraddlePeriod(the"Pre-Closing Taxes").If Sellers agree with the Straddle Period Return and Straddle Statement, Sellersshall pay to Buyer, not later than five (5) Business Days before the due date for the payment ofTaxes with respect to such Straddle Period Return, an amount equal to the Pre-Closing Taxes asshown on the Straddle Statement, but only to the extent such Taxes are not reflected as a liabilityfor purposes of calculating Working Capital or included in the Transaction Expenses Balance onthe Closing Statement.If, within twenty (20) days after the receipt of the Straddle Period Returnand Straddle Statement, Seller Representative (a) notifies Buyer that it disputes the manner ofpreparation of the Straddle Period Return or the Pre-Closing Taxes calculated in the StraddleStatementand(b)providesBuyerwithastatementsettingforthinreasonabledetailitscomputation of the Pre-Closing Taxes and its proposed form of the Straddle Period Return andStraddleStatement,thenBuyerandSellersshallattempttoresolvetheirdisagreementwithinfive (5)daysfollowingtheSellerRepresentative'snotificationofBuyerofsuchdisagreement.IfBuyerand Sellers are not able to resolve their disagreement, the dispute shall be submitted to theAccountants. The Accountants will resolve the disagreement within thirty (30) days after the dateonwhichtheyareengagedorassoonaspossiblethereafter.ThedeterminationoftheAccountantsshall be binding on the Parties.The cost of the services of the Accountants will be borne by theParty whose calculation of the matter in disagreement differs the most from the calculation asfinally determined by the Accountants.If each of the Party's calculation differs equally from thecalculation as finally determined by the Accountants, then such cost will be borne half by Sellersand half by Buyer.For purposes of this Section 7.3, in the case of any Taxes that are imposed ona periodic basis and are payable for a Straddle Period, the portion of such Tax that relates to theportionofsuchTaxperiodendingontheClosingDate(i.e.,thePre-ClosingTaxes)will(a)inthecase of any Taxes other than Taxes based upon or related to income or receipts, or payroll, bedeemed to equal the amount of such Tax for the entire Tax period multiplied by a fraction thenumeratorofwhichisthenumberofdaysinthePre-ClosingTaxPeriodandthedenominatorof

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which is the number of days in the entire Straddle Period, and (b) in the case of any Tax based upon or related to income or receipts, or payroll, be deemed to equal the amount that would be payable if the relevant Straddle Period ended on and included the Closing Date.

7.4CooperationonTaxMatters.BuyerandSellerswillcooperate,asandtotheextentreasonably requested by the other Party, in connection with the filing and preparation of TaxReturns pursuant to this ARTICLE 7and any Proceeding related thereto.Such cooperation willincludetheretentionand(upontheotherParty'srequest)theprovisionofrecordsandinformationthatarereasonablyrelevanttoanysuchProceedingandmakin basis to provide additional information and explanation of any material providedhereunder.BuyerandSellerswillretainallbooksandrecordswithrespecttoTaxmatterspertinentto the Company Group relating to any Pre-Closing Tax Period until thirty (30) days after theexpiration of the statute or period of limitations of the respective Tax periods, or, to the extentnotifiedbyBuyer,extensionsthereof,andtoabidebyallrecordretentionagreementsenteredintowithany GovernmentalBody.

7.5Tax Controversies.Buyer shall give prompt notice to the Seller Representative ofthe assertion of any claim, or the commencement of any Proceeding with respect to any Taxliability of any of the Companies for which the Sellers are responsible. The Seller Representativeor any one or more of the Sellers may, at its or their own expense, participate in any suchProceeding.

ARTICLE
8[RESERVED]ARTICLE
9DEFINITIONS

"Accountants" has the meaning set forth in Section1.5.

"AdjustmentHoldback" means Five Hundred Thousand Dollars ($500,000.00 USD) of the Cash Payment.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, Orders, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, Liens, losses, damages, deficiencies, costs of investigation, court costs, and other expenses (including interest, penalties and reasonable attorneys' fees and expenses, whether in connection with Third-Party Claims or claims among the Parties related to the enforcement of the provisions of this Agreement).

"Affiliate" means, with respect to any Person, (a) any other Person that controls, is controlled by, or is under common control with such Person, (b) any officer, director, partner, member, manager or shareholder of such Person, and (c) any parent, sibling, descendant or spouse of such Person or of any of the Persons referred to in clauses (a) and (b) or anyone sharing a home with such Person or any of the Persons referred to in clauses (a) and (b). For purposes of this definition, the term "control" of a Person shall mean the possession, directly or indirectly, of the

power to direct or cause the direction of the management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the preface above. "Allocation" has the meaning set forth in Section1.9.

"Ancillary Agreements" means all of the agreements and certificates being executed and delivered pursuant to this Agreement, including, without limitation, the Employment Agreements, the Termination Agreements, The Phantom Equity Acknowledgment and Release, the Bonus Pool Acknowledgment and Release, Lock-up Agreement, and the Restrictive Covenant, Release and Indemnification Agreements.

"ApplicableExchanges" means Nasdaq and TSX.

"Base Purchase Price" means Seventy-Five Million Dollars ($75,000,000.00 USD)

"BeneficiallyOwn","BeneficialOwner"and"BeneficialOwnership"mean,withrespect to any securities, having "beneficial ownership" of such securities for purposes of Rule 13d-3 or 13d-5 under the Securities Exchange Act.

"BHB Foreign Subsidiaries" means Balanced Health Botanicals UK, Ltd and BalancedHealthBotanicals International Limited.

"BHBUSSubsidiaries" means CBDistillery, LLC and Bota Holdings LLC.

"BHB Sales Tax Expenses" means all costs, expenses, fines, and fees, in each case of any kind or nature, relating to (i) the Pre-Closing BHB Sales Tax or the failure to pay the same, except to the extent that the same adjusted the Cash Payment pursuant to Section 1.2(a) and (ii) the resolution of any matters or Adverse Consequences resulting from the Pre-Closing BHB Sales Tax or failure to pay the same.

"BonusPoolAcknowledgementandRelease" means the Bonus Pool Acknowledgment and Release, each in a form acceptable to Buyer, to be entered into by each Person who signed a Bonus Pool Agreement and delivered at Closing.

"Bonus Pool Agreements" means each of the Employee Bonus Pool Agreements set forth on Schedule3.3(a).

"Business" means the business of (a) either directly or indirectly cultivating, manufacturing, formulating, processing, distributing, marketing and selling Hemp and Hemp- derived products, (b) operating as an online retailer and distributor of Hemp and Hemp-derived products, and (c) providing any other products or services that any of the Companies provided, or actively considered providing, at any time during the twelve (12) months prior to the Closing Date.

"Business Day" means any day that is not a Saturday, Sunday or any other day on which banks are required or authorized by Law to be closed in New York, NY or in Vancouver, British Columbia.

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"Buyer" has the meaning set forth in the preface above.

"Buyer Financials" means Buyer's (i) audited consolidated balance sheets, statements of income, stockholders' equity, and cash flows as of and for the fiscal years ended December 31, 2019 and December 31, 2020; and (ii) unaudited consolidated balance sheets, statements of income, stockholders' equity, and cash flows as of and for the six (6) month period ended June 30, 2021.

"Buyer Indemnitee" has the meaning set forth in Section 6.1. "Buyer SEC Reports" has the meaning set forth in Section 2.2(d). "BuyerShares" means the common shares in the capital of Buyer.

"Canadian Restricted Period" means the period from (and including) the date hereof to (and including) the date that is the earlier of (i) four (4) months from the date hereof; and (ii) the Prospectus Supplement has become effective with the SEC.

"Cap" has the meaning set forth in Section6.4(b).

"CARES Act" means the Coronavirus Aid, Relief, and Economic Security Act. "CARESFunds" has the meaning set forth in Section 3.27(a).

"Cash" means the aggregate amount of cash and cash equivalents of the Companies as of the Effective Time on a consolidated basis as determined in accordance with GAAP, consistently applied; provided, that if such aggregate amount of cash and cash equivalents is a negative number, then it shall include the amount of all fees, penalties or interest related to such negative amount of Cash.

"CashPayment" has the meaning set forth in Section1.2(a).

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and any applicable rules, regulations, directives, Orders, and guidance promulgated thereunder, and any successor to such statute, rules, regulations, directives, Orders or guidance.

"Closing" has the meaning set forth in Section 1.7. "ClosingDate" has the meaning set forth in Section 1.7.

"ClosingStatement" has the meaning set forth in Section1.5.

"COBRA" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980(B) of the Code and of any similar state Law.

"Code" means the Internal Revenue Code of 1986, as amended, and any applicable rules and regulations thereunder, and any successor to such statute, rules or regulations.

"Company" means any of BHB and the Company Subsidiaries.

"CompanyGroup" or "Companies" means collectively BHB and the Company Subsidiaries.

"CompanySubsidiaries" means the BHB US Subsidiaries and the BHB Foreign Subsidiaries.

"Company Insurance Agreements" has the meaning set forth in Section 3.14. "ConfidentialInformation" means any information concerning the business and affairs of the Company and its Subsidiaries not already generally available to the public.

"Consent" means, with respect to any Person, any consent, approval, authorization, permission or waiver of, or registration, declaration or other action or filing with or exemption by such Person.

"Contemplated Transactions" means the transactions contemplated by this Agreement and the other Ancillary Agreements.

"Contract" means any oral or written contract, obligation, understanding, commitment, lease, license, purchase order, bid or other agreement.

"ControlledSubstancesAct" means the Controlled Substances Act, 21 U.S.C. § 801 et seq. "Copyrights" has the meaning set forth in Section3.12(c).

"Debt" means any (a) obligations relating to indebtedness for borrowed money, (b) obligations evidenced by bonds, notes, debentures or similar instruments, (c) obligations in respect of capitalized leases (calculated in accordance with GAAP), (d) the principal or face amount of banker's acceptances, surety bonds, performance bonds or letters of credit (in each case whether or not drawn), (e) obligations for the deferred purchase price of property or services including the maximum potential amount payable with respect to earnouts, purchase price adjustments or other payments related to acquisitions (other than current accounts payable to suppliers and similar accrued liabilities incurred in the Ordinary Course of Business, paid in a manner consistent with industry practice and reflected as a current liability in the final calculation of Working Capital), (f) obligationsunderanyexisting interest rate, commodity or other swap, hedge or financial derivative agreement entered into by the Company or its Subsidiaries prior to Closing, (g) Off-Balance Sheet Financing of the Company or its Subsidiaries in existence immediately prior to the Closing, (h) obligations to pay any dividends or distributions to any Person, (i) indebtedness or obligations of any other Person secured by any Lien on any assets of any Company, even though the Companies have not assumed or otherwise become liable for the payment thereof, (j) obligations in the nature of guarantees of obligations of the type described in clauses (a) through (i) above of any Person (other than a Company), and (k) all

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accrued interest on, and any applicable prepayment, redemption, breakage, make-whole or other premiums, fees or penalties due or owing in respect of, any item listed in clauses (a) through (j) above.

"Debt Amount" means all Debt of the Companies (on a consolidated basis) as of the Closing Date plus, without duplication, any amounts required to fully pay or otherwise satisfy all such Debt (including any prepayment premium or penalty, breakage costs, accrued interest and costs and expenses).

"Derivative Instrument" means any and all derivative securities (as defined under Rule 16a-1 under the Securities Exchange Act) that increases or decreases in value as the value of any Restricted Share increases or decreases, as the case may be, including a long convertible security, a long call option and a short put option position, in each case, regardless of whether (a) such derivative security conveys any voting rights in any Restricted Share, (b) such derivative security isrequiredtobe,oriscapable of being, settled through delivery of any Restricted Share or (c) other transactions hedge the value of such derivative security.

"Designated Courts" has the meaning set forth in Section 10.18. "DesignatedEmployees" means the individuals listed in Schedule C.

"DesignatedIntellectualProperty" has the meaning set forth in Section3.12(c).

"DesignatedPre-ClosingLiabilities" means (a) any Debt of any Company as of the Closing Date which did not reduce the final Cash Payment pursuant to Section 1.5, (b) any obligation of any Company to indemnify or hold harmless any current or former manager, director or officer of any Company for claims that relate to periods prior to the Closing, (c) all Transaction Expenses which did not reduce the final Cash Payment pursuant to Section 1.5.

"DirectClaim" has the meaning set forth in Section 6.6(b)(i).

"Disclosure Schedule" means the disclosure schedule delivered by Seller to Buyer on the date hereof. The disclosures set forth in each section of the Disclosure Schedule shall qualify (a)the representations and warranties set forth in the corresponding section or subsection ofSection2.1orARTICLE3and(b) anyexceptionordisclosureinonesectionorsubsectionoftheDisclosure Schedule that is cross-referenced to another section or subsection of the DisclosureSchedule.TermsusedintheDisclosureScheduleandnototherwisedefinedthereinhavethesamemeaningsasset forthin this Agreement.

"EffectiveTime" has the meaning set forth in Section 1.7.

"Employee Benefit Plan" means any (a) qualified or nonqualified Employee Pension Benefit Plan or deferred compensation or retirement plan, fund, program, or arrangement, (b) Employee Welfare Benefit Plan, (c) "employee benefit plan" as such term is defined in Section 3(3) of ERISA, (d) equity-based plan, program, or arrangement (including any stock option, stock purchase, stock ownership, stock appreciation, phantom stock, or restricted stock plan) or (e) other retirement, severance, bonus, profit-sharing, incentive, health, medical, surgical, hospital, indemnity, welfare, sickness, accident, disability, death, apprenticeship, training, day care, scholarship, tuition reimbursement, education, adoption assistance, prepaid legal services, termination, unemployment, vacation or other paid time off, change in control, or other similar plan, fund, program, or arrangement, whether written or unwritten, that is sponsored, maintained, or contributed to, or required to be maintained or contributed to, by the Company or any other

Person or entity that, together with the Company, is or was treated as a single employer under Section 414(b), (c), (m) or (o) of the Code (each, together with the Company, an "ERISAAffiliate") for the benefit of any present or former officers, employees, agents, directors, consultants, or independent contractors of the Company or an ERISA Affiliate.

"Employee Pension Benefit Plan" has the meaning set forth in Section 3(2) of ERISA. "Employee Welfare Benefit Plan" has the meaning set forth in Section 3(1) of ERISA. "EmploymentAgreements" means those employment agreements, each in a form acceptable to Buyer, entered into by the Designated Employees.

"Environmental,Health,andSafetyRequirements" shall mean all Laws and Orders concerning public health and safety, worker and occupational health and safety, natural resources and pollution or protection of the environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any Hazardous Substances, materials, or wastes, chemical substances, or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, fuel oil products and byproducts, mold, asbestos, polychlorinated biphenyls, noise, or radiation.

"EquityConsideration" has the meaning set forth in Section1.2(b).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any applicable rules and regulations thereunder, and any successor to such statute, rules or regulations.

"ERISAAffiliate" means each entity that is treated as a single employer with the Company for purposes of Section 414 of the Code.

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"Escrow Account" has the meaning set forth in Section 1.4(a)(v). "EscrowAgent" means UMB Bank.

"Escrow Agreement" has the meaning set forth in Section 5.1(r). "Estimated Cash Payment" has the meaning set forth in Section 1.3. "Fundamental Representations" has the meaning set forth in Section 6.3. "Fiduciary" has the meaning set forth in ERISA §3(21).

"Financial Statements" has the meaning set forth in Section 3.7(a). "FundamentalRepresentations" has the meaning set forth in Section6.3.

"GAAP" means generally accepted accounting principles in the United States as set forth in pronouncements of the Financial Accounting Standards Board (and its predecessors) and the American Institute of Certified Public Accountants, as of the date hereof.

"GovernmentalBody" means any foreign or domestic federal, state or local government or quasi-governmental authority or arbitration tribunal or any department, agency, subdivision, court or other tribunal of any of the foregoing, including the Applicable Exchanges.

"HazardousSubstances" means (a) petroleum or petroleum products, flammable materials, explosives, radioactive materials, radon gas, lead-based paint, asbestos in any form, urea formaldehyde foam insulation, polychlorinated biphenyls (PCBs), transformers or other equipment that contain dielectric fluid containing PCBs and toxic mold or fungus of any kind or species, (b) any chemicals or other materials or substances which are defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "toxic pollutants," "contaminants," "pollutants," or words of similar import under any applicable Environmental, Health, and Safety Requirements, and (c) any other chemical, material or substance exposure to which is prohibited, limited or regulated under any applicable Environmental, Health, and Safety Requirements.

"Hemp" means the plant *Cannabissativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 Tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.

"Improvements" means all buildings, structures, fixtures, building systems and equipment, and all components thereof (including the roof, foundation and structural elements), included in the Real Property.

"Indemnified Party" has the meaning set forth in Section 6.6(a). "IndemnifyingParty" has the meaning set forth in Section6.6(a).

"Indemnity Holdback" means Eight Million Dollars ($8,000,000.00 USD) of the Cash Payment.

"IntellectualProperty" means all of the following in any jurisdiction throughout the world:

(a)all inventions (whether patentable or unpatentable and whether or not reduced to practice), allimprovementsthereto,andallpatents,patentapplications,andpatentdisclosures,togetherwithallreissuances,continuations,continuations-in-part,divisions,extensions,andreexaminationsthereof, (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate andbusiness names, Internet domain names, and rights in telephone numbers, together with alltranslations,adaptations,derivations,andcombinationsthereofandincludingallgoodwillassociated therewith, and all applications, registrations, and renewals in connection therewith, (c)allcopyrightableworks,allcopyrights,andallapplications,registrations,andrenewalsinconnection therewith, (d) all mask works and all applications, registrations, and renewals inconnection therewith, (e) all trade secrets and confidential business information (including ideas,research and development, know-how, formulas, compositions, manufacturing and productionprocessesandtechniques,technicaldataandinformation,designs,drawings,specifications,customer and supplier lists, pricing and cost information, and business and marketing plans andproposalstotheextentthesamehasbeentreatedasconfidential),(f)allSoftware,(g)allmaterial

advertising and promotional materials, (h) all other proprietary rights, and (i) all copies and tangible embodiments thereof (in whatever form or medium).

"Intellectual Property Agreements" means any Contract pursuant to which any Company uses Intellectual Property which is not owned by one or more Companies or pursuant to which any member of the Company Group grants any rights to any other Person with respect to any Intellectual Property owned by one or more Companies.

"Knowledge of BHB" means (a) the actual knowledge of Chase Terwilliger, Andrew Papillion, Rob Hayes and John Harloe, Brandon Townsley, Chris Van Dusen, or William Stoufer and (b) the knowledge that any such person referenced in clause (a) above, as a prudent business person, would have obtained after making due inquiry with respect to the particular matter in question.

"Knowledge of Buyer" means (a) the actual knowledge of Michael DiGiglio or Stephen Ruffini, and (b) the knowledge that any such person referenced in clause (a) above, as a prudent businessperson,would have obtained after making due inquiry with respect to the particular matter in question.

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"Law" means any foreign or domestic federal, state, provincial or local law, statute, code, ordinance, regulation, rule, consent agreement, constitution or treaty of any Governmental Body, including common law.

"LeasedRealProperty" means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property held by any Company or used in the Business.

"Leases" means all written or oral leases, subleases, licenses, concessions and other agreements, including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto, pursuant to which any member of the Company Group holds any Leased Real Property.

"Lien" means any lien, mortgage, pledge, encumbrance, charge, security interest, adverse claim, liability, interest, charge, preemptive right, preference, priority, proxy, transfer restriction (other than restrictions under the Securities Act and state securities laws), encroachment, Tax, order, community property interest, equitable interest, option, warrant, right of first refusal, easement, profit, license, servitude, right of way, covenant or zoning restriction.

"Lock-upAgreement" means the Lock-up Agreement, each in a form acceptable to Buyer, to be entered into by each Seller and delivered at Closing.

"MaterialAdverseEffect" or "MaterialAdverseChange" means any event, change, development, or effect that, individually or in the aggregate, does have, will have, or would reasonably be expected to have, a materially adverse effect on the business, operations, assets (including intangible assets), liabilities, prospects, operating results, value, employee, customer or supplier relations, or financial condition of the Company Group, provided that none of the following shall be deemed in itself, or in any combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse

Effect or Material Adverse Change: any event arising from or relating to (i) the announcement or pendency of the transactions contemplated by this Agreement or the identity of Buyer; (ii) conditions affecting the industry in which the Companies participate, the United States economy as a whole or the capital markets in general or the markets in which the Companies operate except to the extent any of the Companies are disproportionately impacted by such event in comparison to others in the industries or markets in which they operate; (iii) changes in GAAP; (iv) the performance or compliance with the terms of, or the taking of any action required by, this Agreement, except with respect to the pursuit of any third-party consents; (v) national or international political or social conditions, including, the commencement, continuation or escalation of a war, armed hostilities or other international or national calamity or act of terrorism directly or indirectly involving the United States of America; (vi) earthquakes, hurricanes, floods or other natural disasters; or (vii) outbreaks of disease and pandemics such as the COVID 19 pandemic.

"Material Contracts" means, collectively, the Contracts required to be listed in Section3.13(a)oftheDisclosureSchedule and the Contracts required to be listed in Section3.14(a)oftheDisclosureSchedule.

"MaterialCustomers" has the meaning set forth in Section3.22(a).

"Material Misstatement" has the meaning set forth in Section 4.5(a). "MaterialSuppliers" has the meaning set forth in Section3.22(a).

"MostRecentBalanceSheet" means the balance sheet contained within the Most Recent Financial Statements.

"Most Recent Financial Statements" has the meaning set forth in Section 3.7(a). "Most Recent Fiscal Month End" has the meaning set forth in Section 3.7(a). "Most Recent Fiscal Year End" has the meaning set forth in Section 3.7(a).

"Multiemployer Plan" has the meaning set forth in Section 3(37) of ERISA. "Nasdaq" means The Nasdaq Stock Market LLC.

"Net Names" has the meaning set forth in Section 3.12(j). "ObjectionsStatement" has the meaning set forth in Section1.5.

"Off-Balance Sheet Financing" means (a) any liability of any member of the Company Group under any sale and leaseback transactions which does not create a liability on the consolidated balance sheet of the Company and (b) any liability of any member of the Company Group under any synthetic lease, Tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where the transaction is considered indebtedness for borrowed money for federal income Tax purposes but is classified as an operating lease in accordance with GAAP for financial reporting purposes.

"Order" means any order, award, decision, injunction, judgment, ruling, decree, charge, writ, subpoena or verdict entered, issued, made or rendered by any Governmental Body or arbitrator.

"OrdinaryCourseofBusiness" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

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"OrganizationalDocuments" means (a) any certificate or articles of incorporation, bylaws, certificate or articles of formation, operating agreement or partnership agreement, (b) any documents comparable to those described in clause (a) as may be applicable pursuant to any Law and (c) any amendment or modification to any of the foregoing.

"OwnedRealProperty" means all land, together with all buildings, structures, improvements and fixtures located thereon, including all electrical, mechanical, plumbing and other building systems, fire protection, security and surveillance systems, telecommunications, computer, wiring, and cable installations, utility installations, water distribution systems, and landscaping, together with all easements and other rights and interests appurtenant thereto (including air, oil, gas, mineral, and water rights), owned by any member of the Company Group.

"Party" or "Parties" have the meanings set forth in the preface above. "Patents" has the meaning set forth in Section 3.12(c).

"Permit" means any license, import license, export license, franchise, Consent, permit, certificate, certificate of occupancy or Order issued by any Person.

"PermittedLien" means any (a) liens for Taxes not yet due or payable or for Taxes that the applicable member of the Company Group is contesting in good faith through appropriate proceedings in a timely manner, in each case for which adequate reserves have been established and shown on the Most Recent Balance Sheet, (b) liens of landlords, carriers, warehousemen, workmen, repairmen, mechanics, materialmen and similar liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money, (c) restrictions, easements, covenants, reservations, rights of way or other similar matters of title to the Leased Real Property of record, (d) zoning ordinances, restrictions, prohibitions and other requirements imposed by any Governmental Body, (e) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, provided that appropriate reserves required by GAAP have been made in respect thereof, (f) Liens disclosed on the Disclosure Schedule, all of which do not materially interfere with the conduct of the business of the Company Group, as now conducted, or reasonably anticipated to be conducted.

"Person" means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, other business entity, or Governmental Body.

"Personal Information" refers to data that, separately or when combined with other data, can be used to identify an individual person, such as name, address, email address, photograph, IP address, and unique device identifier.

"PhantomEquityAcknowledgmentandRelease" means the Phantom Equity Acknowledgment and Release, each in a form acceptable to Buyer, to be entered into by each Phantom Equity Holder and delivered at Closing.

"Phantom Equity Agreements" means each of the Equity Appreciation Rights Award Agreements set forth on Schedule 3.3(a).

"Phantom Equity Holder" means each of the individuals who entered into a Phantom Equity Agreement with the Company.

"Post-Closing Straddle Period" means the portion of the Straddle Period beginning after the Closing Date.

"Post-Closing Tax Period" means any taxable period (or portion thereof) beginning after the Closing Date.

"Post-ClosingTaxReturns" has the meaning given to that term in Section7.3.

"Pre-ClosingBHBSalesTax" means any and all Taxes payable to any Governmental Body in connection with the sale, by any Company prior to the Closing Date, of any goods, inventory, or any other item.

"Pre-Closing Straddle Period" means the portion of the Straddle Period ending on and including the Closing Date.

"Pre-ClosingStraddlePeriodTaxes" means any Taxes of the Company and any Subsidiary allocable to the Pre-Closing Straddle Period pursuant to Section7.2.

"Pre-ClosingTaxes" has the meaning set forth in Section7.3.

"Pre-Closing Tax Period" means any taxable period (or a portion thereof) ending on or before the Closing Date and shall include any Pre-Closing Straddle Period.

"Pre-Closing Tax Period Returns" has the meaning given to that term in Section 7.2. "PrivacyLaws" means all Laws and industry self-regulatory programs concerning the collection, use, analysis, retention, storage, protection, transfer, disclosure and/or disposal of Personal Information including HIPAA, HITECH, state consumer protection Laws, state breach notification Laws, state social security number protection Laws, the Federal Trade Commission Act, the federal Privacy Act of 1974, the Telephone Consumer Protection Act, the Fair Credit Reporting Act and its state law equivalents, each as amended from time to time, as well as the Digital Advertising Alliance's Self-Regulatory Principles for Online Behavioral Advertising.

"Pro Rata Share" means each Seller's percentage set forth opposite such Seller's name in Schedule 9.

"Proceeding" means any action, audit, lawsuit, litigation, investigation or arbitration (in each case, whether civil, criminal or administrative) pending by or before any Governmental Body or arbitrator.

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"Prohibited Transaction" has the meaning set forth in Section 406 of ERISA and Section 4975 of the Code.

"ProspectusSupplement" has the meaning set forth in Section4.5(a).

"Prospectus Supplement Filing Deadline" has the meaning set forth in Section 4.5(a). "PurchasePrice" has the meaning set forth in Section 1.2.

"Real Property" means the Leased Real Property and the Owned Real Property. "Receivables" has the meaning set forth in Section3.7(c).

"RegistrableShares" means all of the Buyer Shares held by the Sellers, other than any such Buyer Shares that (i) have been previously sold pursuant to an effective registration statement under the Securities Act, (ii) may be resold pursuant to Rule 144 under the Securities Act without regard to paragraph (c)(1) of such rule or any of the provisions of such rule applicable to an "affiliate" of Buyer, or (iii) are no longer outstanding.

"Registration Period" has the meaning set forth in Section 4.5(d). "Registration Statement" has the meaning set forth in Section 4.5(a). "Released Claims" has the meaning set forth in Section 4.4.

"Released Parties" has the meaning set forth in Section 4.4. "Releasors" has the meaning set forth in Section4.4.

"Representative Expense Fund" means a separate bank account to be established by the Seller Representative into which Buyer shall deposit the Representative Expense Fund Amount at Closing from the Cash Payment at Closing.

"Representative Expense Fund Amount" means Two Hundred Fifty Thousand Dollars ($250,000).

"Restricted Cash" means any Cash of the Company Group wherever and however held, where usage of the Cash is restricted by Law or contract, plus Cash equal to the amount of all outstanding checks written on an account of the Company Group that have not yet cleared, plus, if such Cash is not domiciled in the United States of America or is domiciled in the United States of America, but is restricted in any manner whatsoever, then the amount of the fees, costs, expenses, interest, penalties, reductions, withholdings, and/or Taxes or other levies imposed on with respect to, and/or related to, the repatriating, distributing, and/or transferring of such Cash to,

and/or removing any restrictions and/or limitations on, the use of such Cash in, the United States of America.

"Restricted Shares" means all of the Buyer Shares received as Equity Consideration (including any securities received as distributions thereof), provided, that such Buyer Shares shall cease to be Restricted Shares as follows: (i) with respect to one-fourth (1/4) of such Buyer Shares held by each Seller, on the Closing Date; (ii) with respect to an additional one-fourth (1/4) of such BuyerSharesheldbyeachSeller, on the last day of the four (4) month period following the Closing Date; (iii) with respect to an additional one-fourth (1/4) of such Buyer Shares held by each Seller, on the last day of the eight (8) month period following the Closing Date; and (iv) with respect to an additional one-fourth (1/4) of such Buyer Shares held by each Seller, on the last day of the twelve (12) month period following the Closing Date.

"Restrictive Covenant, Release and Indemnification Agreement" means the Restrictive Covenant, Release and Indemnification Agreement, each in a form acceptable to Buyer, to be entered into by each beneficial owner of each Seller and delivered at Closing.

"Securities Act" means the Securities Act of 1933, as amended, and any applicable rules and regulations thereunder, and any successor to such statute, rules or regulations.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and any applicable rules and regulations thereunder, and any successor to such statute, rules or regulations.

"Seller" has the meanings set forth in the preface above. "SellerExpenses" has the meaning set forth in Section4.5(f). "Seller Indemnitee" has the meaning set forth in Section 6.2. "SellerParty" has the meaning set forth in Section2.1.

"Seller Representative" has the meaning set forth in Section 10.1(a). "SellingHolderCounsel" has the meaning set forth in Section4.5(f).

"StraddlePeriod" means any taxable period of the Company beginning before or on and ending after the Closing Date.

"StraddlePeriodReturn" has the meaning set forth in Section7.3. "StraddleStatement" has the meaning set forth in Section7.3.

"Software" means computer software programs (and all enhancements, versions, releases, and updates thereto), including software compilations, software tool sets, compilers, higher level or"proprietary"languages and all related programming and user documentation, whether in source

code, object code or human readable form, or any translation or modification thereof that substantially preserves its original identity.

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"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (b) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons owns a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any manager, management board, managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Systems" has the meaning set forth in Section3.20.

"TargetSecurities" has the meaning set forth in the Preliminary Statement.

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, excess and surplus lines, payroll, employment, excise, severance, stamp, occupation, premium, property,environmental (including taxes under Section 59A of the Code), windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, Social Security, unemployment, disability, real property, personal property, sales, use, transfer, value added, escheat, concession, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Body, whether disputed or not; or (b) liability for the payment of any amounts of the type described in clause (a) above as a result of being party to any tax sharing agreement, other contract or any express or implied obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"TaxReturn" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"TerminationAgreements" means those termination agreements, each in a form acceptable to Buyer, with the individuals identified on Schedule 5.1(g).

"Third-Party Claim" has the meaning set forth in Section 6.6(a). "Threshold" has the meaning set forth in Section 6.4(a). "Trademarks" has the meaning set forth in Section 3.12(c).

"Transaction Expenses" means any and all (a) legal, accounting, tax, financial advisory, environmental consultants and other professional or transaction related costs, fees and expenses incurred by Sellers or any member of the Company Group in connection with this Agreement or in investigating, pursuing or completing the transactions contemplated hereby (including any amounts owed to any consultants, auditors, accountants, attorneys, brokers or investment bankers, and including any fees associated with the escrow of the Indemnity Holdback), (b) any payments, or bonuses which become due or are otherwise required to be made as a result of or in connection with the Phantom Equity Agreements (provided that any such payments or bonuses shall be net of any Taxes withheld), and (c) payroll, employment or other Taxes, if any, required to be paid by Buyer (on behalf of any member of the Company Group) or any member of the Company Group with respect to the amounts payable pursuant to this Agreement, the amounts described in clause (a) and (b), or the forgiveness of any loans or other obligations owed by Sellers or employees in connection with the transactions contemplated by this Agreement. Notwithstanding the foregoing, and for the avoidance of doubt, to the extent any amounts otherwise constituting Transaction Expenses have been accrued for as a current liability in calculating Working Capital and the Cash Payment, such amounts shall not be deemed Transaction Expenses.

"Transaction Expenses Balance" means an amount equal to all Transaction Expenses that have not been paid prior to the Closing Date, whether or not the Company or any of its Subsidiaries has been billed for such expenses.

"TSX" means the Toronto Stock Exchange.

"Valid Business Reason" has the meaning set forth in Section 4.5. "WARNAct" has the meaning set forth in Section3.16(f).

"WorkingCapital" means an amount equal to (a) the amount of the current assets (excluding Tax assets, but including, without limitation, Cash if a positive number) of the CompanyGroupasoftheEffective Time, minus (b) the amount of the current liabilities (excluding Debt but including, without limitation, Cash if a negative number) and deferred revenue of the Company Group as of the Effective Time, in each case on a consolidated basis. For the purposes of calculating Working Capital, current liabilities shall include, without limitation, (i) accounts payable including those that are more than sixty (60) days past due, (ii) unpaid liabilities for income Taxes of the Company Group and unpaid liabilities of the Company Group for payroll, employment or similar Taxes deferred under the CARES Act, (iii) any payments, bonuses or severance which become due or are otherwise required to be made as a result of or in connection with the Closing, including, but not limited to, pursuant to the terms of the Termination Agreements, the Bonus Pool Agreements, or as a result of any change of control or other similar provisions, and (iv) any payroll, employment or other Taxes, if any, required to be paid by Buyer (on behalf of any member of the Company Group) or any member of the Company Group with respect to the amounts described in clause (iii). For purposes of clarity, Transaction Expenses shall not be accrued as a liability but

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shall be paid by Seller, and the Working Capital shall be otherwise calculated as if the transactions contemplated by this Agreement had not occurred. Attached hereto as Schedule D is a sample calculation of Working Capital.

"WorkingCapitalDeficit" means the amount by which the Working Capital as of the Closing Date is less than the Working Capital Target. "WorkingCapitalTarget" means Zero Dollars ($0.00 USD).

ARTICLE 10

MISCELLANEOUS

10.1 SellerRepresentative.

(a)By virtue of the execution of this Agreement by each Seller, and withoutfurther action of any Seller, the Sellers will be deemed to have irrevocably constituted andappointedChaseTerwilligeras"SellerRepresentative"(andbyexecutionofthisAgreementChaseTerwilliger hereby accepts such appointment) as agent and attorney-in-fact for and on behalf ofSellers, with full power of substitution, to act in the name, place and stead of each Seller withrespect to this Agreement and the taking by Seller Representative of any and all actions and themaking of any decisions required or permitted to be taken by any Seller under this Agreement, ineach case either (x) on and prior to the Closing, and (y) immediately following the Closing. Suchpowersshallincludetheexerciseofthepowerto:(i)giveandreceivenoticesandcommunicationsunder this Agreement; (ii) receive and pay funds under this Agreement, (iii) prepare and deliverdocuments,certificatesandinstruments,andgiveinstructions,underthisAgreement,(iv)authorize or object to claims for indemnification made by any Buyer Indemnitee under thisAgreement; (v) agree to, negotiate, enter into settlements and compromises of, and comply withorders of courts with respect to claims for indemnification made by any Buyer Indemnitee underthis Agreement; (vi) agree to, negotiate, enter into settlements and compromises of, and complywith orders or otherwise handle any other matters specifically delegated to Seller RepresentativeinthisAgreement;and(vii)takeallactionsnecessaryorappropriateinthegoodfaithjudgmentofthe Seller Representative for the accomplishment of the foregoing; provided, that the SellerRepresentative shall have no authority to take any action on or prior to the Closing which wouldbind any Company following the Closing except as provided in this Agreement or otherwiseconsented to in writing by the Buyer.The power of attorney hereby is coupled with an interestand is irrevocable; provided, that the power of attorney granted by this Section shall, without anyfurtheractionbyanyPerson,bedeemedautomaticallyrevokedandofnofurthereffectwithrespecttoanyCompanyimmediatelyfollowingtheClosing.Theident time to time (including in the event of the death, disability or other incapacity of the SellerRepresentative) by the consent of Sellers accounting for at least fifty percent of the Pro RataShares, and any such successor will succeed the Seller Representative as Seller Representativeunder this Agreement. Amounts paid by or on behalf of Buyer to the Seller Representative onbehalfof theSellers shallbetreated as receivedbytheSellers.

(b)The Seller Representative will not be liable for any act done or omittedhereunder as the Seller Representative while acting in good faith and not in a manner constitutinggross negligence or willful misconduct, and any act done or omitted pursuant to the advice ofcounsel will be conclusive evidence of such good faith.Each Seller will jointly and severallyindemnifytheSellerRepresentativeandholdtheSellerRepresentativeharmlessagainstanylosses

incurred without gross negligence or willful misconduct on the part of the Seller Representative and arising out of or in connection with the acceptance or administration of the Seller Representative's duties hereunder.

(c)A decision, act, consent or instruction of the Seller Representative willconstitute a decision of all Sellers and will be final, binding and conclusive upon each Seller, andBuyer,itsAffiliates,anyotherBuyerIndemniteeandanyotherPersonmayrelyuponanydecision,act, consent or instruction of the Seller Representative as being the decision, act, consent orinstructionofeachSeller.Buyer,itsAffiliates,anyotherBuyerIndemnitee,andanyotherPersonareherebyrelievedfromanyliabilitytoanyPersonforanyactsdon acts done by Buyer, its Affiliates, any other Buyer Indemnitee and any other Person inaccordance with any such decision, act, consent or instruction of the Seller Representative inaccordancewith this Section.

(d)The Representative Expense Fund Amount will be deposited by Buyer inthe Representative Expense Fund in accordance with Section 1.4(a).Other than the obligation tomake such deposit pursuant to the terms and conditions of this Agreement, Buyer shall have noresponsibility, obligation, or liability with respect to the Representative Expense Fund. TheRepresentativeExpenseFundshallbeheldbytheSellerRepresentativeasagentandforthebenefitof the Sellers in a segregated client account and shall be used for the purpose of pay directly, orreimbursingtheSellerRepresentativefor,anyexpensesincurredinconnectionwiththisAgreement and the performance of the Seller Representative's duties and obligations hereunder,including to pay the fees and expenses of counsel and accountants incurred in resolving disputeswithBuyer.TheSellerRepresentativeisnotprovidinganyinvestmentsupervision,recommendationsoradviceandshallhavenoresponsibilityorliabilityf Representative Expense Fund other than as a result of gross negligence or willful misconduct.The Seller Representative is not acting as a

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withholding agent or in any similar capacity inconnectionwiththeRepresentativeExpenseFund,andhasnotaxreportingorincomedistributionobligations.The Sellers will not receive any interest on the Representative Expense Fund andassign to the Seller Representative any such interest. As soon as reasonably determined by theseller Representative that the Representative Expense Fund is no longer required to be withheld,andinanyeventnotlaterthanthirty(30)daysafterthelaterof(i)thedateanyremainingbalanceoftheIndemnityHoldbackispaidouttotheSellersor(ii)theda Buyer Indemnitee has been finally resolved, the Seller Representative shall distribute the then-remaining amount of the Representative Expense Fund, if any, to the Sellers according to theirrespectivePro Rata Shares.

10.2Press Releases and Public Announcements.No Party shall issue any press releaseor make any public announcement relating to the subject matter of this Agreement without theprior written approval of Buyer and BHB, which approval shall not be unreasonably withheld;provided,however,thatBuyerandBuyermaymakeanypublicdisclosureitbelievesingoodfaithis required by applicable Law.Prior to Closing, BHB and Buyer will consult with each otherconcerningthemeansbywhichanyemployee,customerorsupplieroftheCompanyGrouporanyother Person having any business relationship with the Company Group will be informed of thetransactionscontemplatedbythisAgreement.Notwithstandingtheforegoing,withouttheconsentor participation of any Seller, after the Closing, Buyer shall be permitted to issue press releases,makepublicannouncementsandcommunicatewithemployees,customersandsuppliersand

engage in capital raising efforts in which the transactions contemplated by this Agreement and the Ancillary Agreements. Notwithstanding anything herein to the contrary, Buyer and its Affiliates shall have the right in connection with capital raising efforts to make generalized disclosures and statements concerning their business expansion efforts without any specific reference to the Company Group, Sellers, or their respective principals and owners.

10.3No Third-Party Beneficiaries.This Agreement shall not confer any rights orremedies upon any Person other than the Parties and their respective successors and permittedassigns.

10.4EntireAgreement.ThisAgreement(includingtheAncillaryAgreementsandotherdocuments referred to herein) constitutes the entire agreement among the Parties and supersedesany prior understandings, agreements, or representations by or among the Parties, written or oral,tothe extentthey relate in anyway to the subjectmatter hereof.

10.5Succession and Assignment.This Agreement shall be binding upon and inure tothe benefit of the Parties named herein and their respective successors and permitted assigns.NoParty may assign either this Agreement or any of its rights, interests, or obligations hereunderwithout the prior written approval of Buyer and BHB; provided, however, that Buyer may (a)assign any or all of its rights and interests hereunder to one or more of its Affiliates and designateone or more of its Affiliates to perform its obligations hereunder (in any or all of which casesBuyernonethelessshallremainresponsibleforthe performanceofallofitsobligationshereunder), (b)assignitsrightsunderthisAgreementforcollateralsecuritypurposestoanylendersprovidingfinancingtoBuyeroranyofitsAffiliates(including,aftertheClosing, (c)assignitsrightsunderthisAgreementtoanyPersonthatacquirestheCompaniesoranyoftheirassets.

10.6CounterpartsandDelivery.ThisAgreementmaybeexecutedmanuallyorelectronically in one or more counterparts, each of which shall be deemed an original but all ofwhich together will constitute one and the same instrument, and such counterparts may bedeliveredbyanymeans,includingbymeansoffacsimileorportabledocumentformat(PDF).

10.7Headings.The section headings contained in this Agreement are inserted forconvenienceonlyandshallnotaffectinanywaythemeaningorinterpretationofthisAgreement.

10.8Notices.Allnotices,requests,demands,claims,andothercommunicationshereunder will be in writing.Any notice, request, demand, claim, or other communicationhereundershallbedeemeddulygiven(a)whendeliveredpersonallytotherecipient,(b) whensentby electronic mail, on the date of transmission to such recipient if no failure to deliver message isreceived, (c) one (1) Business Day after being sent to the recipient by reputable overnight courierservice (charges prepaid), or (d) four (4) Business Days after being mailed to the recipient bycertified or registered mail, return receipt requested and postage prepaid, and addressed to theintendedrecipient as setforth below:

If to Sellers or any Company: Chase Terwillliger 925 S. Garfield Street Denver, CO 80209

Email: Crterwilliger@gmail.com

Copyto(which shallnot constitute notice): Greenberg Traurig, LLP 1144 15th Street, Suite 3300 Denver, CO 80202 Attn: Ben Huber
Email: huberb@gtlaw.com

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If to Buyer:	c/o VF U.S. Holdings, Inc. 90 Colonial Center Parkway Lake Mary, FL 32746 Attn: Cintia Zanellato Email: czanellato@villagefarms.com
Copyto(which shallnot constitute notice):	Vicente Sederberg LLP 633 West 5th Street, 26th Floor Los Angeles, California 90071 Attention: David Kramer Email: d.kramer@vicentesederberg.com

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

10.9GoverningLaw.ThisAgreementshallbegovernedbyandconstruedinaccordancewiththedomesticLawsoftheStateofDelawarewithoutgivinge ofthe Lawsof any jurisdictionother thantheState ofDelaware.

10.10Amendments and Waivers.No amendment of any provision of this Agreementshall be valid unless the same shall be in writing and signed by Buyer and Seller Representative.No waiver by any Party of any provision of this Agreement or any default, misrepresentation, orbreach of warranty or covenant hereunder, whether intentional or not, shall be valid unless thesame shall be in writing and signed by the Party making such waiver nor shall such waiver bedeemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty orcovenant hereunder or affect in any way any rights arising by virtue of any prior or subsequentsuchoccurrence.

10.11Injunctive Relief.The Parties hereby agree that in the event of breach of thisAgreement damages would be difficult, if not impossible, to ascertain, that irreparable damagewould occur in the event that any of the provisions of this Agreement were not performed inaccordance with their specific terms or were otherwise breached.It is accordingly agreed that, inaddition to and without limiting any other remedy or right they may have, the Parties shall beentitled to seek an injunction or other equitable relief in any court of competent jurisdiction,without any necessity of proving damages or any requirement for the posting of a bond or othersecurity,enjoininganysuchbreach,andenforcingspecificallythetermsandprovisions.The

Parties hereby waive any and all defenses any Party may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief.

10.12Severability.AnytermorprovisionofthisAgreementthatisinvalidorunenforceable in any situation in any jurisdiction shall not affect the validity or enforceability ofthe remaining terms and provisions hereof or the validity or enforceability of the offending termorprovisionin any othersituation or inany otherjurisdiction.

10.13Expenses.Except as otherwise provided in Section 1.5, each Party will bear itsown costs and expenses (including legal fees and expenses) incurred in connection with thisAgreement and the transactions contemplated hereby; provided, that all Transaction ExpensesincurredbytheCompanyGroup inconnectionwiththisAgreement shallbepaidby Sellers.

10.14Construction.The Parties have participated jointly in the negotiation and draftingof this Agreement.In the event an ambiguity or question of intent or interpretation arises, thisAgreement shall be construed as if drafted jointly by the Parties and no presumption or burden ofproof shall arise favoring or disfavoring any Party by virtue of the authorship of any of theprovisions of this Agreement.Any reference to any Law shall be deemed also to refer to all rulesand regulations promulgated thereunder, unless the context requires otherwise. References in thisAgreement to any gender include references to all genders, and references to the singular includereferences to the plural and vice versa.The words “include”, “includes” and “including” whenused in this Agreement shall be deemed to be followed by the phrase “without limitation” or “butnot limited to”.Unless the context otherwise requires, references in this Agreement to Articles,Sections, Schedules and Exhibits shall be deemed references to Articles and Sections of, andSchedules and Exhibits to, this Agreement.Unless the context otherwise requires, the words“hereof”,“hereby”and“herein”andwordsofsimilarmeaningwhenusedinthisAgreementreferto this Agreement in its entirety and not to any particular Article, Section or provision of thisAgreement.When calculating the period of time before which, within which or following whichany act is to be done or any step taken pursuant to this Agreement, the date that is the referencedateincalculatingsuchperiodshallnotbecalculatedasthefirstdayofsuchperiodoftime.Ifthelast day of such period is a non-Business Day, the period in question shall end on the nextsucceedingBusiness Day.

10.15IncorporationofExhibitsandSchedules.ThePreliminaryStatements,ExhibitsandSchedules (including the Disclosure Schedules) identified in this Agreement are incorporatedhereinbyreferenceandmade a partthereof.

10.16Confidentiality.Seller shall treat and hold as confidential all of the terms andconditionsofthetransactionscontemplatedbythisAgreementandtheotherAncillaryAgreements, including the Cash Payment and the Equity

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Consideration; provided, however, thatSellers may disclose such information to Sellers' legal counsel, accountants, financial plannersand/orotheradvisorsonanas-neededbasissolongasanysuchPersonisboundbyaconfidentialityobligationwithrespecttheretoandBuyermaydisclosesuchinformationasnecessarytocompl

10.17Waiver of Jury Trial. EACH OF THE PARTIES WAIVES THEIR RESPECTIVERIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPONORARISINGOUTORRELATEDTOTHISAGREEMENTINANYACTION,PROCEEDINGOROTHERLITIGATIONOFANYTYPEBROUGHTBYANYO OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHERWITHRESPECTTOCONTRACTCLAIMS,TORTCLAIMSOROTHERWISE.THEPARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIEDBY A COURT TRIAL WITHOUT A JURY.WITHOUT LIMITING THE FOREGOING, THEPARTIESFURTHERAGREETHATTHEIRRESPECTIVERIGHTTOATRIALBYJURYISWAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIMOR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGETHE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISIONHEREOF.THISWAIVERSHALLAPPLYTOANYSUBSEQUENTAMENDMENTS,RENEWALS,SUPPLEMENTSORMODIFICATIONSTOTHIS

10.18Exclusive Venue.THE PARTIES AGREE THAT ALL DISPUTES, LEGALACTIONS,SUITSANDPROCEEDINGSARISINGOUTOFORRELATINGTOTHISAGREEMENT MUST BE BROUGHT EXCLUSIVELY IN A FEDERAL DISTRICT COURTLOCATED IN THE DISTRICT OF DELAWARE OR THE STATE COURT IN NEW CASTLECOUNTY,DELAWARE(COLLECTIVELYTHE"DESIGNATEDCOURTS").EACHPARTY HEREBY CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OFTHEDESIGNATEDCOURTS.NOLEGALACTION,SUITORPROCEEDINGWITHRESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY OTHER FORUM.EACHPARTYHEREBYIRREVOCABLYWAIVESALLCLAIMSOFIMMUNITYFROMJURISDICTIONANDANYOBJECTIONWHICHSUCHPARTY BASIS THAT ANY DISPUTE, ACTION, SUIT OR PROCEEDING BROUGHT IN THEDESIGNATED COURTS HAS BEEN BROUGHT IN AN IMPROPER OR INCONVENIENTFORUMORVENUE.EACHOFTHEPARTIESALSOAGREESTHATDELIVERYOFANYPROCESS,SUMMONS,NOTICEORDOCUMENT 10.8OFTHISAGREEMENTSHALLBEEFFECTIVESERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING IN A DESIGNATEDCOURTWITHRESPECTTOANYMATTERSTOWHICHTHEPARTIESHAVESUBMITTEDTOJURISDICTION ASSETFORTHABOVE.

10.19Privilege.Buyer agrees that, as to all communications among Greenberg Traurig,LLP,theCompaniesandtheSellersthatrelateinanywaytothetransactionscontemplatedbythisAgreement and the Ancillary Agreements, the attorney-client privilege and the expectation ofclient confidence belongs to the Sellers and may be controlled by the Sellers and shall not pass toor be claimed by Buyer or the Companies.Notwithstanding the foregoing, in the event that adisputearisesbetweenBuyer,theCompaniesandathirdpartyotherthanaPartytothisAgreementaftertheClosing,theCompanies,asapplicable,mayassertthea clientprivilegetopreventdisclosure ofconfidentialcommunications by Greenberg Traurig, LLP, to such third party;provided that none of the Companies may waive such privilege without the prior written consentofthe SellerRepresentative.

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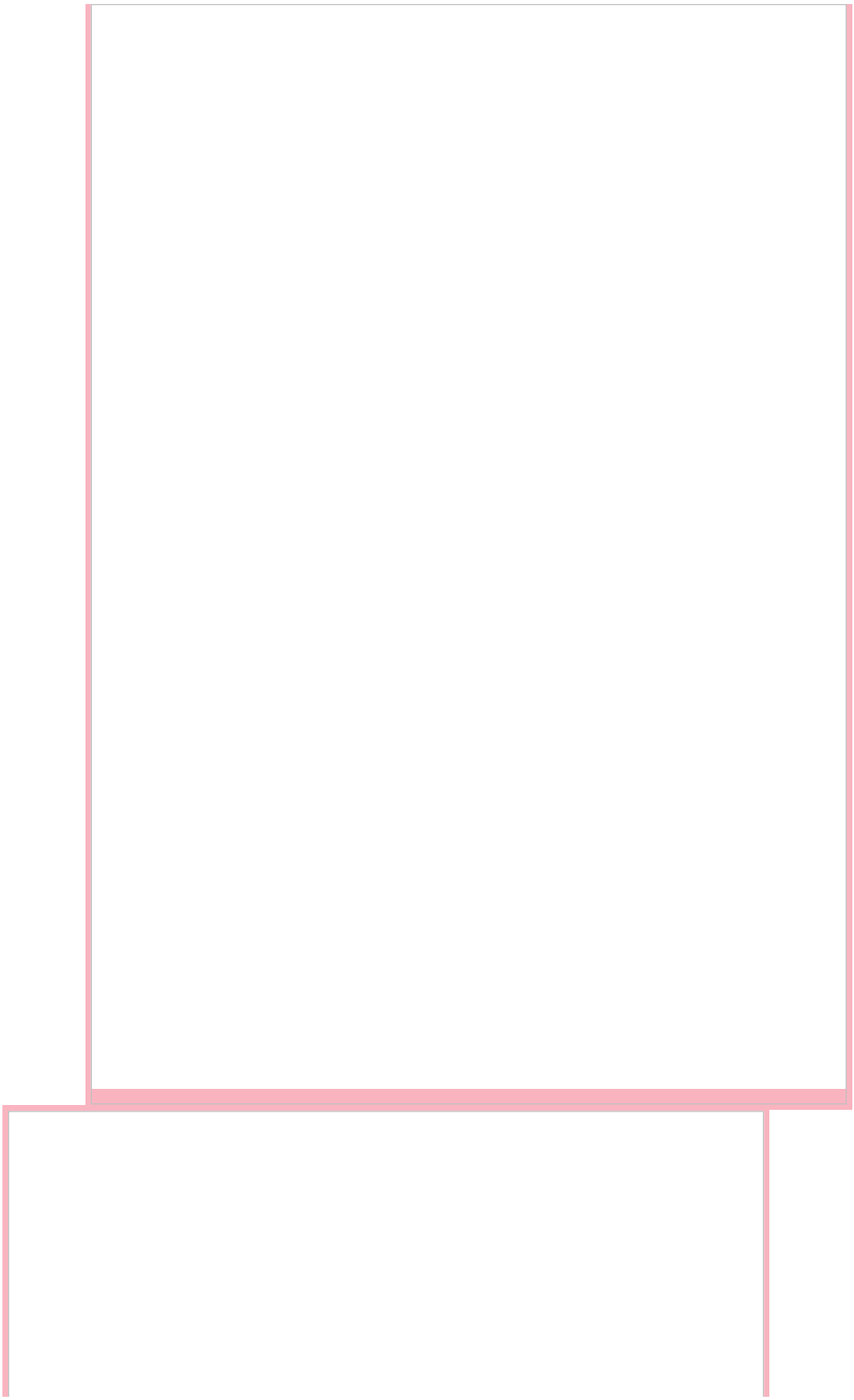

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ThePartiesheretohaveexecutedthisMembershipInterestPurchaseAgreementasofthedatefirstabovewritten.

BUYER:

Village Farms International, Inc.

By
Name: Stephen Ruffini
Title: Chief Financial Officer

BHB:

Balanced Health Botanicals, LLC

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By
Name: Chase Terwilliger
Title:Chief Executive Officer
SELLERS:

By: Name:ChuckMcKenney
Title: Manager

MSRP ZoneLLC

November 09, 2022

ation is authorized to issue an unlimited number of Common Shares, which shall have attached thereto the following rights, priv- ileges, restrictions and conditions. 1. VOTING 1.1 The holders of the Common Shares shall be entitled to one vote for each Com- mon Share held at all meetings of shareholders of the Corporation, other than meetings at which only the holders of another class of shares are entitled to vote separately as a class. Subject to applicable law, with respect to all meetings of the sharehold- ers of the Corporation and with respect to any written consents sought by the Corporation from the shareholders of the Corpor- ation, all shareholders of the Corporation entitled to vote, shall vote together as a single class. 2. DIVIDENDS 2.1 After payment to the holders of the Preferred Shares of the amount or amounts to which they may be entitled, the holders of the Common Shares shall be entitled to receive any dividend declared by the board of directors of the Corporation 3. LIQUIDATION, DISSOLUTION OR WINDING-UP 3.1 In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its af- fairs, after payment to the holders of the Preferred Shares of the amount or amounts to which they may be entitled, the holders of the Common Shares shall be entitled to share pro rata in any distribution of the property or assets of the Corporation.

12. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows. If none, enter "None":

None

13. Other provisions

None

14. The corporation is to be continued under the Business Corporations Act to the same extent as if it had been incorporated under this Act.

15. The corporation has complied with subsection 180(3) of the Business Corporations Act.

BDH Partners LLC

‘Tanager

Signature Page to Membership Interest Purchase Agreement

Exhibit 10.17

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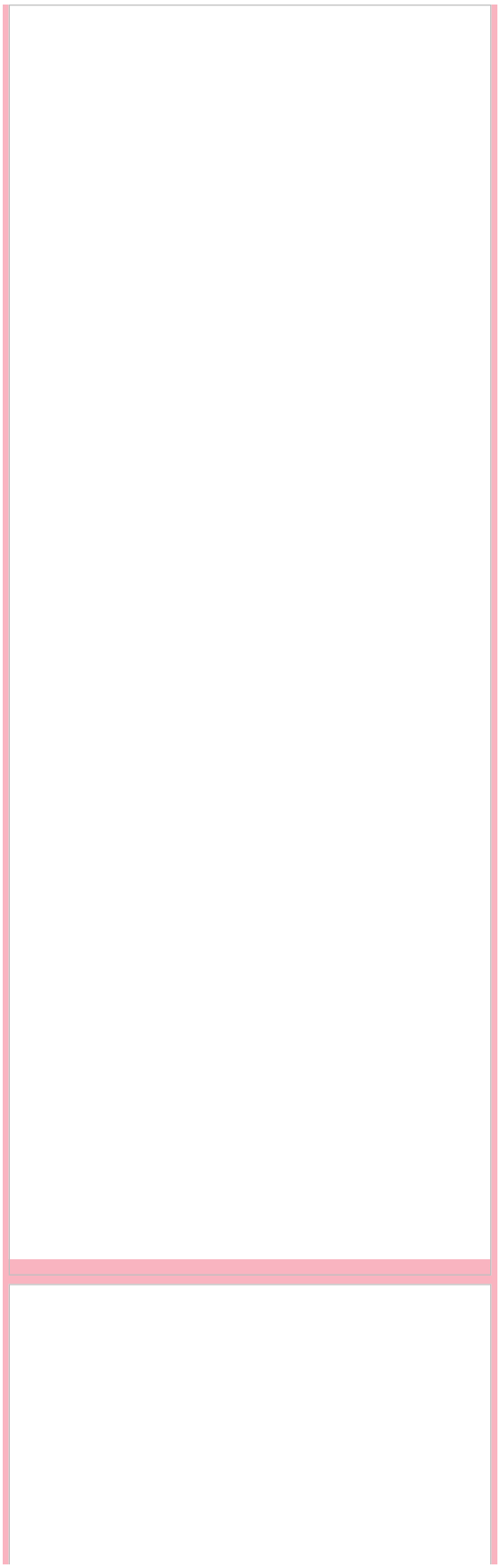

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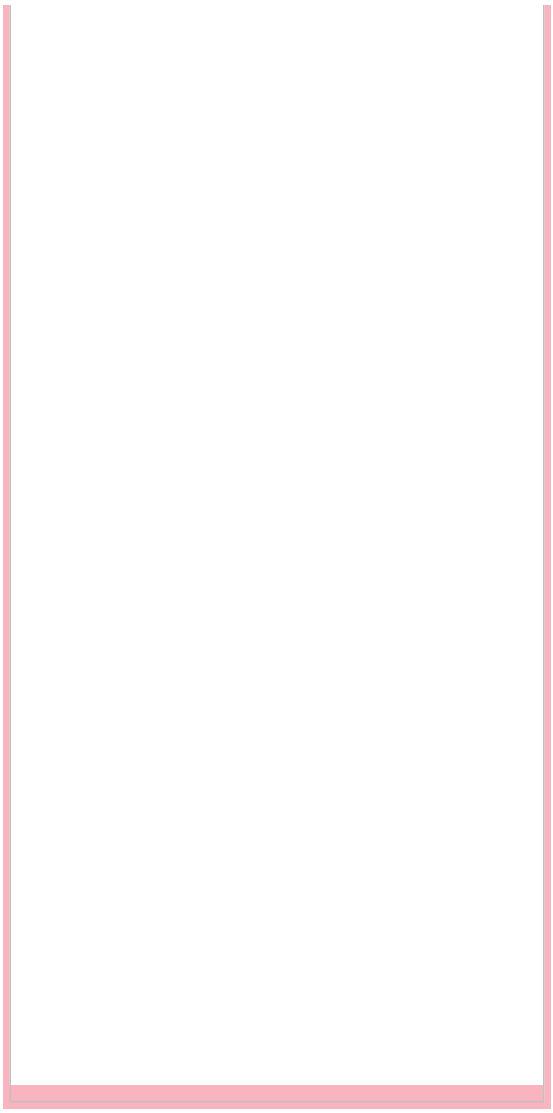

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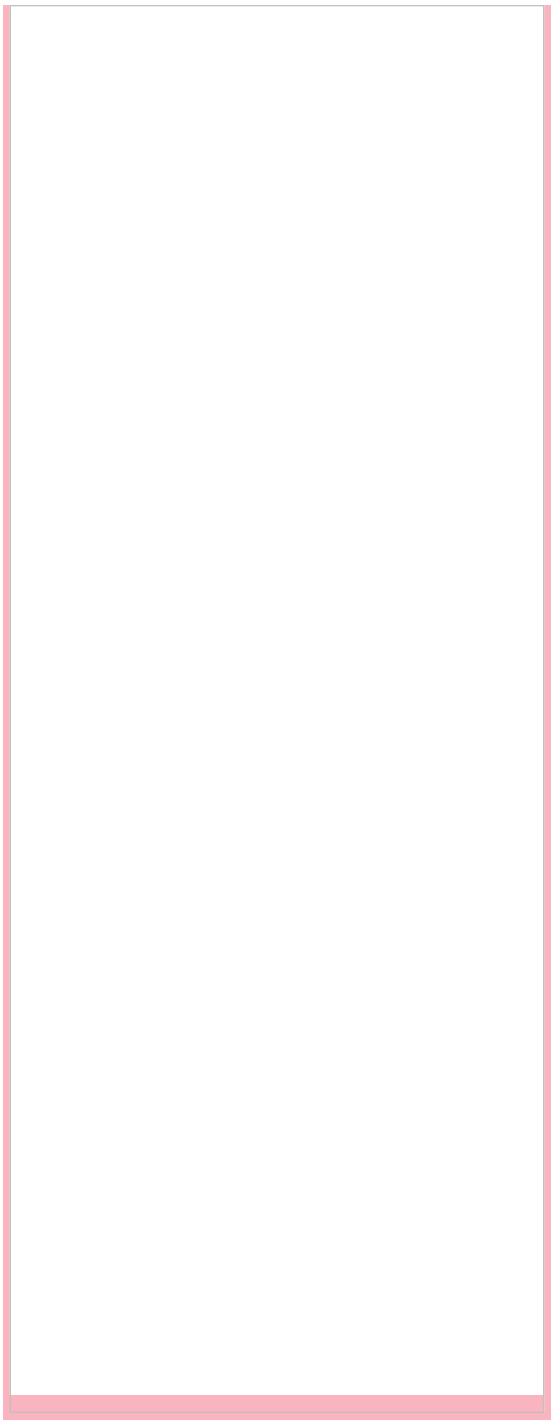

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A&EHoldings,LLC

By:

Name: AlexIwanchuckTitle:ManagingMember

CJA Holdings, LLC

SELLER REPRESENTATIVE:

Chase Terwilliger

The articles have been properly executed by the required person(s).

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The endorsed Articles of Continuance are not complete without the Certificate of Continuance. Certified a true copy of the record of the Ministry of Government and Consumer Services.

Director/Registrar, Ministry of Government and Consumer Services

Signature Page to Membership Interest Purchase Agreement

Exhibit 10.17

SCHEDULE A

Member	Units
MSRP Zone LLC	7,125,300
BDH Partners LLC	4,886,301
A&E Holdings, LLC	1,583,400
CJA Holdings, LLC	159,939

Exhibit 10.17

SCHEDULE B

Subsidiary	Jurisdiction(s)
Balanced Health Botanicals, LLC	Colorado
CBDistillery, LLC	Colorado
Bota Holdings LLC	Colorado
Balanced Health Botanicals International Limited	Ireland
Balanced Health Botanicals UK, Ltd	United Kingdom

Exhibit 10.17

SCHEDULE C
Designated Employees

1. ChaseTerwilliger
2. AndewPapilion
3. JohnHarloe

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Exhibit 10.17

SCHEDULE D

Sample Calculation of Working Capital

Exhibit 10.17

Project Bronco

Net Working Capital Exhibit

Account	Description	Ending Balance		Conversion to USD	USD Balance 7/31	Movement 8/1 - 8/13	Est 8/13 Bal	
100-10011-000-000	JPM Operating - 0358	$5,861,149.87	1.00	5,861,150	130,473	5,991,623	-	3,520
100-10012-000-000	JPM eComm - 0598	$0.00	1.00	-	-	-	-	
100-10013-000-000	JPM Wholesale - 0762	$0.00	1.00	-	-	-	-	
100-10100-000-000	Undeposited Funds - eCommerce	$0.00	1.00	-	-	-	-	
100-10101-000-000	Undeposited Funds - Wholesale	$0.00	1.00	-	-	-	-	
100-10900-000-000	Proceeds	$0.00	1.00	-	-	-	-	
100-11001-000-000	eComm Reserves	$200,000.00	1.00	200,000	-	200,000	-	200
100-11002-000-000	Wholesale Reserves	$50,000.00	1.00	50,000	-	50,000	-	50
100-12000-000-000	Accounts Receivable (A/R)	$281,704.09	1.00	281,704	1,908	283,612	-	283
100-12050-000-000	Other Receivables	$495,568.36	1.00	495,568	-	495,568	-	495
100-12099-000-000	Intercompany Accounts Receivable	$906,256.83	1.00	906,257	-	906,257	-	
100-12100-000-000	Allowance for Doubtful Accounts	($50,712.64)	1.00	(50,713)	(1,155)	(51,868)	-	(51,
100-12300-000-000	eComm Receivables	$178,373.22	1.00	178,373	21,627	200,000	-	200
100-12400-000-000	Wholesale Receivables	$32,241.04	1.00	32,241	6,469	38,710	-	38
100-13100-000-000	Raw Materials Inventory	$660,695.19	1.00	660,695	12,754	673,450	-	673
100-13200-000-000	Finished Goods Inventory	$1,368,727.12	1.00	1,368,727	(36,229)	1,332,499	-	1,332
100-13303-000-000	WIP - Material Physical Inventory	$204,753.39	1.00	204,753	-	204,753	-	204
100-13304-000-000	WIP - Machine Variable Overhead	$20,964.18	1.00	20,964	-	20,964	-	20
100-13400-000-000	Drop Ship Items	$0.00	1.00	-	-	-	-	
100-13500-000-000	Deferred COGS	$103,464.65	1.00	103,465	(25,629)	77,835	-	77
100-13700-000-000	Returned Inventory	$0.00	1.00	-	-	-	-	
100-13999-000-000	Inventory Reserve	($462,301.80)	1.00	(462,302)	574	(461,727)	-	(461,
100-15301-000-000	Employee Advance	$1,400.00	1.00	1,400	-	1,400	-	1
100-15501-000-000	Prepaid Expenses: Deposits	$115,976.56	1.00	115,977	18,404	134,381	-	134
100-15502-000-000	Prepaid Expenses: Insurance	$31,675.50	1.00	31,676	(5,986)	25,690	-	25
100-15504-000-000	Prepaid Expenses: Other	$469,715.60	1.00	469,716	(49,879)	419,837	-	419
100-15505-000-000	Prepaid Expenses: Rent	$95,465.28	1.00	95,465	(47,733)	47,733	-	47
201-10014-000-000	JPM UK 6013	£18,924.26	1.39	26,305	-	26,305	-	26
201-10100-000-000	Undeposited Funds - eCommerce	£0.00	1.39	-	-	-	-	
201-12000-000-000	Accounts Receivable (A/R)	£37,710.12	1.39	52,417	-	52,417	-	52
201-12099-000-000	Intercompany Accounts Receivable	£187,250.85	1.39	260,279	-	260,279	-	
201-12100-000-000	Allowance for Doubtful Accounts	-£13,927.06	1.39	(19,359)	-	(19,359)	-	(19,
201-12200-000-000	Merchant Receivable	£0.00	1.39	-	-	-	-	
201-13200-000-000	Finished Goods Inventory	£27,304.69	1.39	37,954	-	37,954	-	37
201-13400-000-000	Drop Ship Items	£0.00	1.39	-	-	-	-	
201-13999-000-000	Inventory Reserve	-£24,534.08	1.39	(34,102)	-	(34,102)	-	(34,
201-15101-000-000	eComm Receivables	£513.77	1.39	714	-	714	-	
201-15302-000-000	VAT Receivable	£64.35	1.39	89	-	89	-	

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201-15504-000-000	Prepaid Expenses: Other	£1,127.25	1.39	1,567	-	1,567	-	1
100-20000-000-000	Accounts Payable	($726,747.05)	1.00	(726,747)	314,317	(412,430)	-	(412,
100-20001-000-000	Concur Accounts Payable	($2,557.33)	1.00	(2,557)	-	(2,557)	-	(2,
100-20002-000-000	AP Clearing	$28,040.76	1.00	28,041	-	28,041	-	28
100-20099-000-000	Intercompany Accounts Payable	($238,296.59)	1.00	(238,297)	-	(238,297)	-	
100-20100-000-000	American Express Payable	($21,102.10)	1.00	(21,102)	-	(21,102)	-	(21,
100-21000-000-000	Accrued Purchases	($225,884.42)	1.00	(225,884)	2,997	(222,887)	-	(222,
100-21100-000-000	Accrued Commissions	($22,025.02)	1.00	(22,025)	22,025	-	-	
100-21200-000-000	Accrued Expenses	($229,868.80)	1.00	(229,869)	(345,688)	(575,557)	-	(575,
100-21201-000-000	Accrued Insurance	($1,513.40)	1.00	(1,513)	-	(1,513)	-	(1,
100-21205-000-000	Accrued Legal Fees	($24,073.78)	1.00	(24,074)	-	(24,074)	-	(24,
100-21250-000-000	Accrued Freight	($21,601.56)	1.00	(21,602)	-	(21,602)	-	(21,
100-21400-000-000	Accrued PTO	($93,216.69)	1.00	(93,217)	-	(93,217)	-	(93,
100-22100-000-000	Wages Payable	($0.01)	1.00	(0)	-	(0)	-	
100-22200-000-000	Gifts for Employees	$0.00	1.00	-	-	-	-	
100-22300-000-000	Health Insurance Payable	$24,154.96	1.00	24,155	-	24,155	-	24
100-22500-000-000	Dental Insurance Payable	$3,523.85	1.00	3,524	-	3,524	-	3
100-22600-000-000	Life Insurance Payable	$501.81	1.00	502	-	502	-	
100-22610-000-000	Colonial Pre	$7,801.14	1.00	7,801	-	7,801	-	7
100-22620-000-000	Colonial Post	($6,465.82)	1.00	(6,466)	-	(6,466)	-	(6,
100-22630-000-000	Pre Tax 401(k)	($8,166.78)	1.00	(8,167)	-	(8,167)	-	(8,
100-22640-000-000	Post Tax Roth 401(k)	($4,684.93)	1.00	(4,685)	-	(4,685)	-	(4,
100-22700-000-000	Vision Insurance Payable	$422.04	1.00	422	-	422	-	
100-22800-000-000	Deferred Revenue - Current	($228,043.81)	1.00	(228,044)	(9,423)	(237,467)	-	(237,
100-23007-000-000	Sales Tax Payable	($197,546.44)	1.00	(197,546)	-	(197,546)	-	(197,
100-23011-000-000	Sales Tax Payable Reserve	($1,586,132.12)	1.00	(1,586,132)	-	(1,586,132)	-	(1,586,
100-23014-000-000	Deferred FICA - SS Taxes	($259,465.25)	1.00	(259,465)	-	(259,465)	-	(259,
100-24000-000-000	Notes Payable - Current	($5,949,852.62)	1.00	(5,949,853)	-	(5,949,853)	-	
100-24001-000-000	Debt Issuance Costs - Current	$28,119.40	1.00	28,119	-	28,119	-	
100-25001-000-000	Gift Card Liability	($809.89)	1.00	(810)	-	(810)	-	(
100-25002-000-000	Customer Deposits	$0.00	1.00	-	-	-	-	
100-25004-000-000	Interest Payable - Current	($1,622,085.03)	1.00	(1,622,085)	(60,835)	(1,682,920)	-	
100-25006-000-000	Loyalty Program Liability	($2,316,431.03)	1.00	(2,316,431)	(10,000)	(2,326,431)	-	(2,326,
201-20000-000-000	Accounts Payable	£1,722.93	1.39	2,395	-	2,395	-	2
201-20099-000-000	Intercompany Accounts Payable	-£706,314.39	1.39	(981,777)	-	(981,777)	-	
201-23000-000-000	Taxes Payable - current	-£0.06	1.39	(0)	-	(0)	-	
201-23008-000-000	VAT Payable	-£7,343.82	1.39	(10,208)	-	(10,208)	-	(10,
100-16002-000-000	Security Deposit Receivable - Non	$360,500.00	1.00	360,500	-	360,500	-	
100-16004-000-000	Prepaid Expenses: Licenses - Non	$1,451.32	1.00	1,451	-	1,451	-	
100-17030-000-000	Leasehold Improvements	$963,064.53	1.00	963,065	-	963,065	-	
100-17031-000-000	Accumulated Depreciation Leasehold	($781,556.03)	1.00	(781,556)	-	(781,556)	-	
100-17040-000-000	Furniture & Fixtures	$730,044.49	1.00	730,044	-	730,044	-	
100-17041-000-000	Accumulated Depreciation Furniture &	($236,872.01)	1.00	(236,872)	-	(236,872)	-	
100-17050-000-000	Machinery and Equipment	$785,114.80	1.00	785,115	-	785,115	-	
100-17051-000-000	Accumulated Depreciation Machinery	($156,360.06)	1.00	(156,360)	-	(156,360)	-	
100-17060-000-000	Software	$1,066,413.39	1.00	1,066,413	-	1,066,413	-	
100-17061-000-000	Accumulated Amortization Software	($427,141.80)	1.00	(427,142)	-	(427,142)	-	
100-17080-000-000	Fixed Asset Clearing Account	$0.00	1.00	-	-	-	-	

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100-18000-000-000	Intangible Assets	$144,472.41	1.00	144,472	-	144,472	-
100-27000-000-000	Notes Payable - Non Current	($2,025,177.65)	1.00	(2,025,178)	-	(2,025,178)	-
100-27001-000-000	Debt Issuance Costs - Non Current	$46,575.62	1.00	46,576	-	46,576	-
ASC 842 Adjustment							
100-28100-000-000	Deferred Rent - Non Current	($441,652.59)	1.00	(441,653)	441,653	-	-
ROU Asset - Hampden					404,087	404,087	-
ROU Asset - Bellaire					4,714,609	4,714,609	-
Current LL - Hampden					(165,336)	(165,336)	- (165,
Current LL - Bellaire					(349,505)	(349,505)	- (349,
LT LL - Hampden					(238,751)	(238,751)	-
LT LL - Bellaire					(4,806,757)	(4,806,757)	-
Additional Transaction Accruals							
Accrued Payroll - August (N/A - Payroll paid 8/12 for time through 8/15)						-	-
Accrued Severance						-	(340,155) (340,
Executive Cash Bonuses - paid at Closing						-	(478,709) (478,
Total NWC Balance w/ Cash							

Total NWC Balance w/o CashWorkingCapitalWithoutCash

Exhibit 10.17

SCHEDULE 5.1(g)

1. BHB shall enter into a Termination Agreement with Chris Van Dusen as of Closing withpayment of the separation amount set forth therein to be paid promptly thereafter throughBHB'spayroll.
2. BHBshall,subjecttoastatutorilyrequired21-dayreviewperiod,enterintoaTerminationAgreement with Michelle Adams with payment of the separation amount set forth thereinto be paid on the 8th day following the date she executes such agreement through BHB'spayroll.
3. BHBshall,subjecttoastatutorilyrequired21-dayreviewperiod,enterintoaTerminationAgreement with Gigi Targa with payment of the separation amount set forth therein to bepaidonthe8thdayfollowingthedatesheexecutessuchagreementthroughBHB'spayroll.
4. BHB shall enter into a release with Andrew Leising as of September 2, 2021 with thepayment amount set forth therein to be paid promptly thereafter through BHB's payroll;provided, however, any failure of Andrew Leising to execute such agreement shall not bedeemedabreachofthisAgreementsolongasheisthereafterpromptlyterminatedwithoutany liability to BHB (other than for accrued salary and benefits owed through terminationforthethen-current payroll period).

Exhibit 10.17

SCHEDULE 6.1(a)(v)

(a)AllAdverseConsequencesarisingfromorrelatingtoanymattersorissuesunderlying, arising Supporting Document -Constating Document from or related to that certain Settlement Agreement by and between BHB,Lincoln Sorenson, and BDH Partners LLC, a Colorado limited liability company ("BDH"), datedJuly1, 2020;

(b)AllAdverseConsequencesarisingfromorrelatingtoanymattersorissuesunderlying, arising from, or related to that certain Equity Purchase Agreement by and betweenBHB, BDH, Elliot Sorenson, MSRP Zone, LLC, a Colorado limited liability company, A&EHoldings,LLC,aColoradolimitedliabilitycompany,andCJAHoldingsLLC,aCalifornialimitedliabilitycompany, datedSeptember 28, 2020;

(c)AllAdverseConsequencesarisingfromorrelatingtothePre-ClosingBHBSales Tax in excess of the amount accrued for such matter in the calculation of Working Capitalasincluded in the final determinationof theCashPayment;

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(d)All BHB Sales Tax Expenses in excess of the amount accrued for suchmatter in the calculation of Working Capital as included in the final determination of the CashPayment;

(e)All Adverse Consequences arising from any revocation, ineffectiveness,violation of law, or any other matter relating to the Termination Agreements executed anddelivered (or that should have been executed and delivered) pursuant to Section 5.1(g) or thetermination or attempted termination of the individuals identified on Schedule 5.1(g)in excess ofthe amount accrued for such matter in the calculation of Working Capital or reserved as aTransactionExpense asincluded inthe final determinationoftheCash Payment;

(f)AllAdverseConsequencesarisingfromthe"Event,"asdefinedinthe"DataSecurity Event – Legal Analysis and Opinion" from Mullen Coughlin LLC to BHB, datedFebruary 10,2021;

(g)The Phantom Equity Agreement by and between Eric White and BHB,datedMay 6, 2019;

(h)SubjecttoSection6.11,allAdverseConsequencesarisingfromanyCompany's failure, pursuant to Section 3.4, to give, make, or obtain, any notice, filing, Consent,or Permit to or from any Governmental Body or other Person in order to consummate thetransactions contemplated by this Agreement or the Ancillary Agreements to which BHB is aparty;

(i)SubjecttoSection6.11,allAdverseConsequencesarisingfromthatcertainData and Software Services Agreement by and between MoreBetter Ltd., a Nevada corporationandBHB, enteredintoin December2020, andasmay beamended fromtime totime;and

(j)SubjecttoSection6.11,allAdverseConsequencesarisingfromanyobligationsbyBHBtoindemnifyAlexIwanchuckinhiscapaci

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Exhibit 10.17

SCHEDULE 9

"ProRataShare" means with respect to the Sellers as a group, each Seller's percentage set forth opposite such Seller's name below:

Seller	Pro Rata Share	Equity Consideration
MSRP Zone LLC	51.80%	2,438,367
BDH Partners LLC	35.53%	1,672,153
A&E Holdings, LLC	11.51%	541,860
CJA Holdings, LLC	1.16%	54,733
	100%	**4,707,113**

Exhibit 10.17

DISCLOSURE SCHEDULE
to the
MEMBERSHIP INTEREST PURCHASE AGREEMENT
by and among
VILLAGE FARMS INTERNATIONAL, INC., BALANCED
HEALTH BOTANICALS, LLC AND
THE MEMBERS OF BALANCED HEALTH BOTANICALS, LLC
Dated August 16, 2021

1

Exhibit 10.17

CONFIDENTIAL DISCLOSURE
SCHEDULE

The attached Disclosure Schedule (the "Disclosure Schedule") has been prepared by the Seller Parties and delivered in accordance with that certain *MembershipInterestPurchaseAgreement* dated August 16, 2021 (the "Agreement"), by and among by and among Village Farms International, Inc., a Canadian federal corporation ("Buyer"), Balanced Health Botanicals, LLC, a Coloradolimitedliability company (the "BHB"), and the members of BHB as set forth on Schedule A thereto (each a "Seller" and, collectively, the "Sellers"). Capitalized terms used and not otherwise defined in this Disclosure Schedule have the meanings given to such terms in the Agreement.

This Disclosure Schedule is qualified in its entirety by reference to the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations or warranties of the Companies, except as and to the extent provided in the Agreement, and subject to the limitations therein.

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Matters reflected in this Disclosure Schedule are not necessarily limited to matters required by the Agreement to be disclosed. No disclosure made in this Disclosure Schedule shall constitute an admission or determination that any fact or matter so disclosed is material, meets a dollar or other threshold except as specifically set forth in the Agreement or would otherwise be required to be disclosed. Information disclosed in the Disclosure Schedule delivered will qualify any representation, warranty, covenant or agreement in the Agreement to the extent specifically set forth in the Agreement. No disclosure in this Disclosure Schedule relating to any possible breach or violation of any agreement or law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred.

Section 3.1(a)

Jurisdiction(s)

Company	Jurisdiction(s)
Balanced Health Botanicals, LLC	•Colorado
CBDistillery, LLC	•Colorado
Bota Holdings LLC	•Colorado
Balanced Health Botanicals International Limited	•Ireland
Balanced Health Botanicals UK, Ltd	•UnitedKingdom

Section 3.1(b)

Directors, Managers, and Officers

Company	Directors, Managers, and Officers
Balanced Health Botanicals, LLC	•BoardofDirectors oChaseTerwilliger oCharles(Chuck)McKenney oAndrew(Andy)Papillion oMichelleAdams-Vecqueray oAlexIwanchuk •Officers oChase Terwilliger – ChiefExecutiveOfficer oAndy Papilion – Chief ProductOfficer oBrandon Townsley – ChiefFinancialOfficer oBill Stoufer – Chief OperationsOfficer oChrisVanDusen– ChiefGrowthOfficer
CBDistillery, LLC	•BalancedHealthBotanicals,LLC(Manager)
Bota Holdings LLC	•BalancedHealthBotanicals,LLC(Manager)
Balanced Health Botanicals International Limited	•JohnHarloe •ChaseTerwilliger
Balanced Health Botanicals UK, Ltd	•ChaseTerwilliger •BrandonTownsley

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Section 3.3(a)

Phantom Equity Agreements

1. EquityAppreciationRightsAwardAgreementdatedMay6,2019byandbetweenBalancedHealth Botanicals, LLC and Eric White.
2. Amended and Restated Equity Appreciation Rights Award Agreement dated March 31,2021by andbetween Balanced HealthBotanicals,LLC andJohn Harloe.
3. SecondAmendedandRestatedEquityAppreciationRightsAwardAgreementdatedDecember 15, 2020 by and between Balanced Health Botanicals, LLC and Robert Hayes,asamended.
4. Equity Appreciation Rights Award Agreement dated March 29, 2021 by and betweenBalancedHealth Botanicals, LLCand WilliamR. Stoufer.
5. Equity Appreciation Rights Award Agreement dated March 31, 2021 by and betweenBalancedHealth Botanicals, LLC and Brandon Townsley.
6. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals, LLC and Jeremy Martell.
7. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and ElleseSymons.
8. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Mark Grunder.
9. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Andrew Papilion.
10. EmployeeBonusPoolAgreementdatedJanuary1,2021by andbetweenBalancedHealthBotanicals,LLC and William Stoufer.
11. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Brandon Townsley.
12. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and ChaseTerwilliger.
13. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Chris Van Dusen.

14. EmployeeBonusPoolAgreementdatedJanuary1,2021by andbetweenBalancedHealthBotanicals,LLC and John Harloe.
15. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals, LLC andJames Shoeboot1.
16. ManagementIncentivePlandatedJanuary2021byandbetweenBalancedHealthBotanicals,LLC and Chris Van Dusen.

Governing Jurisdiction

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The endorsed Articles of Continuance are not complete without the Certificate of Continuance. Certified a true copy of the record of the Ministry of Government and Consumer Services.

1 James Shoeboot provides services to Balanced Health Botanicals, LLC through a legal entity named JS-Connex.

Capitalization

1. BalancedHealthBotanicals,LLC

	Units Outstanding		Percentage
Charles McKenney	5,985,252		43.51%
Charles Terwilliger	1,140,048		8.29%
MSRP LLC	7,125,300		51.80%
Andrew Papilion	1,850,871		13.46%
GiGi Targa	1,036,488		7.54%
Michelle Adams	1,036,488		7.54%
Andrew Leising	740,349		5.38%
Dylan Anderson	222,105		1.61%
BDH LLC	4,886,301		**35.52%**

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Alex Iwanchuk	791,700		5.76%
Eric Schriebling	791,700		5.76%
A&E Holdings LLC	1,583,400		11.51%
Chris Van Dusen	111,957		0.81%
Jesse Leonardi	47,982		0.35%
CJA Holdings LLC	159,939		1.16%
Total	13,754,940		100.00%

2. CBDistillery,LLC

Member	Percentage
Balanced Health Botanicals, LLC	100%

3. BotaHoldings LLC

Member	Percentage
Balanced Health Botanicals, LLC	100%

4. BalancedHealthBotanicalsInternationalLimited

Member	Percentage
Balanced Health Botanicals, LLC	100%

5. BalancedHealthBotanicalsUK,Ltd

Exhibit 10.17

Member	Percentage
Balanced Health Botanicals International Limited	100%

Exhibit 10.17

Section 3.4

Non-contravention

(a)

1.NewYorkStateDepartmentofHealth("NYSDH")–CannabinoidHempProgramBalanced Health Botanicals, LLC Cannabinoid Hemp Retail License. Correspondencewith the NYSDH indicates that post-Closing, the aforementioned license will be refundedandtheBuyerwillneedtoapplyasanewbusiness.TheNYSDHfurtherindicatedthatthefunctionality BCA - Articles of their current system does not have the capability to allow for ownershipchangesafter submission.

(b)

1. Amended and Restated Operating Agreement of Balanced Health Botanicals, LLC dated January 22, 2019.

(c)

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1.Bellator Balanced Health Distribution – Right to Sell and Non-CircumventionAgreement dated March 17, 2021 by and between Balanced Health Botanicals, LLC andBellatorGroup,LLC.

2.RSMDynamicsGP–Master ServicesAgreementandStatementofWork–Microsoft Dynamics GP Implementation dated February 15, 2019 by and between BalancedHealthBotanicals, LLC and RSM US LLP.

3.ProphixNADIRECTCloudSubscriptionServiceAgreementdatedFebruary13,2020byand betweenBalanced HealthBotanicals,LLCand ProphixSoftwareInc.

4.MerchantAgreementdatedMay5,2020byandbetweenBalancedHealthBotanicals,LLC, Glacier Payments, Inc.,and Mission Valley Bank.

5.Merchant Agreement dated June 20, 2019 by and between Balanced HealthBotanicals,LLC,GlacierPayments,Inc.,MissionValleyBank,andFresno FirstBank.

6.MerchantAgreementdatedMarch23,2020by andbetweenBalancedHealthBotanicals,LLC, Glacier Payments, Inc., and MissionValley Bank.

7.Merchant Agreement dated January 24, 2019 by and between ELS Universal,LLC,GlacierPayments,Inc., MissionValley Bank andFresno FirstBank.

8.MerchantAgreementdatedApril6,2020byand betweenBalancedHealthBotanicals,LLC, Glacier Payments, Inc.,and Mission Valley Bank.

9.Office Lease Agreement dated January 31, 2019, as amended by that certain FirstLease Amendment dated April 8, 2019, that certain Second Amendment to Lease dated July1,2019,thatcertainThirdAmendmenttoLeasedatedOctober29,2019andthatcertainFourthAmendment to Lease dated June 4, 2020 for the premises located at 1720 S. Bellaire Street,PenthousebyandbetweenBalancedHealthBotanicals,LLCand1720TowerColorado,LLC.

10.Lease Agreement dated September 13, 2017, as amended by that certain FirstAmendment dated May 9, 2018, that certain Second Amendment dated August 29, 2018, thatcertain Third Amendment dated February 18, 2019, that certain Fourth Amendment datedApril 1, 2020, that certain Fifth Amendment dated September 14, 2020, that certain SixthAmendment dated September 15, 2020 and that certain Seventh Amendment dated April 22,2021, for the premises located at 1500 W. Hampden Avenue, Suites 5A, 5F, 5G, 4E and 4F,Sheridan, Colorado 80110 by and between Balanced Health Botanicals,LLC and WPCHampdenPark, LLC.

11.Product Supply Agreement dated April 19, 2021 by and between Balanced HealthBotanicals,LLC and EVG Extracts, LLC.

12.SecondAmendmenttoHemp-CBDProductSupplyAgreementdatedMay3,2021byand between Balanced HealthBotanicals, LLC and Accelerate360,LLC.

13.Hemp-CBD Product Supply Agreement dated June 11, 2019 by and betweenBalancedHealth Botanicals, LLCand AmericanNews Company,LLC.

14.First Amendment to Hemp-CBD Product Supply Agreement dated October 13,2020 by and between Balanced Health Botanicals, LLC, Accelerate360, LLC, and AmericanNewsCompany, LLC.

15.MerchantAgreementdatedJune20,2019byandbetweenBalancedHealthBotanicals,LLC and GlacierPayments,Inc.

16. HighJumpGeneralTerms datedJuly 14,2020.

17.LoanAgreementdatedNovember27,2019byandbetweenPMWLLCandBalancedHealth Botanicals.

18.SecurityAgreementdatedNovember27,2019byandbetweenPMWLLCandBalancedHealth Botanicals.

19.ImpactMasterSubscriptionandServicesAgreementbyandbetweenBalancedHealthBotanicals, LLC and Impact Tech,Inc.

20.CTPAgreementdatedNovember13,2020byandbetweenBalancedHealthBotanicals,LLC and United Parcel Service,Inc.

21.CloudServicesAgreementrev.July2019governingtheProposaldatedNovember4,2019 byandbetweenEsko-Graphics, Inc., andBalanced HealthBotanicals, LLC.

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Section 3.5

Brokers' Fees

1. Letter Agreement between the Company and TripleTree, LLC dated August 31, 2018 forfinancialadvisory services.
2. Financial Advisory Agreement by and among Balanced Health Botanicals, LLC, togetherwithsubsidiariesCBDistillery,LLCandBotaHoldings,LLCandKronosCapitalPartners,Inc.,datedFebruary 8,2021.

Section3.7(a)

Financial Statements

See Attached.

Balanced Health Botanicals, LLC

Consolidated Financial Statements Years Ended December 31, 2019 and 2018

Supporting Information - Nuans Report Information

Balanced Health Botanicals, LLC Nuans Report Reference # Index**toConsolidatedFinancialStatements**

Consolidated Financial Statements Page

Report of Independent Registered Public Accounting Firm 2
Consolidated Balance Sheets as of December 31, 2019 and 2018 3
Consolidated Statements of Operations for the years ended December 31, 2019 and 2018 4
Consolidated Statements of Comprehensive Income for years ended December 31, 2019 and 2018 5
Consolidated Statements of Members' Equity for the years ended December 31, 2019 and 2018 6
Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018 7
Notes to Consolidated Financial Statements 8

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Report of Independent Registered Public Accounting Firm

To the Members and the Board of Directors of Balanced
Health Botanicals, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Balanced Health Botanicals, LLC (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, members' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidatedfinancialstatements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company's 2020 financial performance has been negatively impacted by the 2019 Novel Coronavirus and the Company has an outstanding convertible note payable that is currently due on demand for which the Company does not have, or expect to have, adequatefundstorepay the convertible note payable, resulting in management concluding that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statementsarefree of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2020. October 8,
2020

Exhibit 10.17

A member firm of Ernst & Young Global Limited

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATED BALANCE SHEETS

		December 31, 2019	
Assets			
Current assets:			
Cash and cash equivalents	$2,311,883	$2,713,023	
Restricted cash	789,802		91,626
Accounts receivable, net	850,885		1,983,276
Inventory	10,758,914		4,786,318
Related party receivable		-	450,000
Prepaid expenses and other 737,011166,153			
Total current assets	**15,448,495**		**10,190,396**
Property & equipment, net	2,020,214		208,247

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Intangible assets	144,472		144,472
Other assets	712,709		22,500
Total assets	**$18,325,890**	**$10,565,615**	
Liabilities and members' equity			
Current liabilities:			
Accounts payable	$3,759,942	$3,415,883	
Accrued expenses and other	4,047,470		927,388
Current portion of notes payable, net	5,447,850		-
Deferred revenue	2,438,688		1,032,892
Total current liabilities	**15,693,950**		**5,376,163**
Notes payable, net	1,950,267		-
Other long term liabilities	260,635		-
Total liabilities	**17,904,852**		**5,376,163**
Commitments and contingencies (Note 11)			
Members' equity			
Members' equity; 15,151,515 and 0 units issued and outstanding as of December 31, 2019 and 2018, respectively	429,736		5,202,688
Accumulated other comprehensive loss	(8,698)		-
Total members' equity attributable to Balanced Health Botanicals, LLC	**421,038**		**5,202,688**
Noncontrolling interest	-		(13,236)
Total members' equity	**421,038**		**5,189,452**
Total liabilities and members' equity	**$18,325,890**	**$10,565,615**	

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATEDSTATEMENTSOFOPERATIONS

	Year Ended December 31,	
	2019	**2018**
Net sales	**$55,303,769**	**$38,940,056**
Cost of goods sold	27,899,999	24,275,912
Gross profit	**27,403,770**	**14,664,144**
Sales and marketing	13,580,553	3,261,845
General and administrative	12,509,393	5,196,295
Operating expenses	**26,089,946**	**8,458,140**
Operating income	**1,313,824**	**6,206,004**
Other expense, net	368,470	191,579
Net income	**945,354**	**6,014,425**
Net loss attributable to noncontrolling interest	**-**	**(5,007)**

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Net income attributable to Balanced Health Botanicals, LLC	**$945,354**	**$6,019,432**
Weighted average units outstanding		
Basic	15,043,628	-
Diluted	15,043,628	-
Net income per unit		
Basic	$0.06	$-
Diluted	$0.06	$-

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATEDSTATEMENTSOFCOMPREHENSIVEINCOME

	Year Ended December 31,	
	2019	**2018**
Net income	$945,354	$6,014,425
Other comprehensive loss:		
Foreign currency translation adjustment	(8,698)	-
Comprehensive income	**936,656**	**6,014,425**
Comprehensive loss attributable to noncontrolling interest	-	(5,007)
Comprehensive income attributable to Balanced Health Botanicals, LLC	**$936,656**	**$6,019,432**

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

	Members'equity		**Accumulated other comprehensivelossinterest**	**Total members'equity**
Noncontrolling				
Balance - December 31, 2017	**$878,874**	**$ -$**	**(8,229)**	**$870,645**
Distributions declared to members	(1,695,618)	-	-	(1,695,618)
Net income	6,019,432	-	(5,007)	6,014,425
Balance - December 31, 2018	**5,202,688**	**-**	**(13,236)**	**5,189,452**
Purchase of units from noncontrolling interest	(13,236)	-	13,236	-
Foreign currency translation adjustment	-	(8,698)	-	(8,698)
Distributions declared to members	(5,705,070)	-	-	(5,705,070)
Net income	945,354		945,354	
Balance - December 31, 2019	**$**	**-**	**429,736**	**$**

The accompanying notes are an integral part of these consolidated financial statements.

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BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATED STATEMENTS OF CASH FLOW

	Year Ended December 31,	
	2019	**2018**
Operating activities:		
Net income	$945,354	$6,014,425
Adjustments to reconcile net income to net cash flows (used in) provided by operating activities:		
Depreciation	240,004	7,600
Bad debt expense	244,249	589,145
Loss on disposal of assets	3,424	48,527
(Gain) loss on equity method investment	(147,412)	100,620
Changes in operating assets and liabilities:		
Accounts receivable	888,142	(2,495,121)
Inventory	(5,972,596)	(3,823,952)
Related party receivable	450,000	(450,000)
Prepaid expenses and other current assets	(291,071)	(141,357)
Other assets	(698,907)	(22,500)
Accounts payable	344,059	3,232,600
Accrued expenses and other	2,188,077	592,616
Deferred revenue	1,405,796	903,693
Other liabilities	260,635	-
Cash (used in) provided by operating activities	**(140,246)**	**4,556,296**
Investing activities:		
Purchase of equity method investment	-	(100,620)
Proceeds from sale of equity method investment	147,412	-
Purchase of software in progress	(279,786)	-
Purchase of property & equipment	(2,055,395)	(163,988)
Cash used in investing activities	**(2,187,769)**	**(264,608)**
Financing Activities:		
Proceeds from borrowings	7,500,000	-
Repayment of notes payable	(28,133)	(95,000)
Debt issuance costs	(73,750)	-
Distributions paid to members	(4,773,066)	(1,695,618)
Cash provided by (used in) financing activities	**2,625,051**	**(1,790,618)**
Net increase in cash, cash equivalents and restricted cash	**297,036**	**2,501,070**
Cash, cash equivalents and restricted cash, beginning of year	**2,804,649**	**303,579**
Cash, cash equivalents and restricted cash, end of year	**$3,101,685**	**$2,804,649**

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Supplemental cash flow disclosures:		
Interest paid	$43,328	$1,574

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Balanced Health Botanicals, LLC ("Balanced Health Botanicals", "BHB", "We", or the "Company"), is a Colorado limited liability company formed on September 26, 2016, under the name ELS Universal, LLC. Effective January 4, 2019, the Company changed the name to Balanced Health Botanicals, LLC. On February 22, 2019, the Company increased its ownership in Bota Holdings, LLC from 51% to a wholly owned subsidiary. On August 30, 2019, the Company incorporated Balanced Health Botanicals International Limited, an Ireland entity, as a wholly owned subsidiary.

The Company is headquartered in Denver, Colorado, and manufactures and distributes hemp-derived Cannabidiol (CBD) products within the United States and Europe under its *CBDistillery*™ and *BOTA*™ brands. The Company's current product lines include tinctures, ingestible products, topicals, and pet products. The Company's products are distributed through its eCommerce website, third party eCommerce websites, wholesalers, and various retailers.

Profits and losses are allocated to the members based on their ownership interests in accordance with the operating agreement. No member or manager shall be individually liable under judgment, decree or order of any court, or in any other matter, for debt, obligation or liability of the Company. The term of the Company is perpetual unless and until the Company is dissolved pursuant to applicable law.

2. SUMMARYOFSIGNIFICANTACCOUNTINGPOLICIES

Basis of Presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The consolidated financial statements include the accounts of Balanced Health Botanicals and its subsidiaries, CBDistillery, LLC, Bota Holdings, LLC, and Balanced Health Botanicals International, Ltd. Intercompany balances and transactions are eliminated in preparation of the consolidated financial statements.

Going Concern

Beginning in March 2020, the Company's performance has been negatively impacted by the 2019 Novel Coronavirus ("COVID-19"). The effects of COVID-19 may continue to materially impact the Company's performance beyond the third quarter of 2020. The extent and duration of such impacts over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of COVID-19, the extent and effectiveness of containment actions taken and the impact of these and other factors on consumer behavior.

Additionally, the Company currently has debt in the form of an outstanding convertible note (the "Convertible Note Payable") with TTCP ExecutiveFundwithaprincipal balance of $5,000,000 and accrued interest of $467,742 as of December 31, 2019. The Convertible Note Payable matured in January 2020 and was subsequently extended for 90 days. Pursuant to the terms of the agreement, the Convertible Note Payable was mandatorily convertible in the event a qualified financing event or acquisition transaction occurred on or prior to the maturity date (as further described in Note 8). Since a qualified financing event or acquisition transaction had not occurred as of the maturity date, TTCP Executive Fund has the option to convert the note (as further described in Note 8), however, if not sooner converted, the entire unpaid principal balance and accrued but unpaid interest is due on demand. As of October 8, 2020, the issuance date of the annual consolidated financial statements for the year ended December 31, 2019, the Convertible Note Payable has not been converted to equity and the Company does not expect that its cash or cash provided by financing activities, would be sufficient to fund its debt service payments related to the Convertible Note Payable if called by the holder.

Based on the uncertainty of COVID-19, the Company's cash position, and the due on demand nature of the convertible note with TTCP Executive Fund, as of the issuance date of the annual consolidated financial statements for the year ended December 31, 2019, the Company has concluded that there is substantial doubt about its ability to continue as a going concern for one year after the date that the consolidated financial statements are issued. To mitigate this risk, the Company plans to focus on cost management while making strategic investments in marketing and selling strategies to support revenue growth. The Company also plans to pursue capital raising strategies. However, the Company may be unable to obtain incremental equity or debt financing at favorable terms, or at all. If we are unable to raise additional capital, we may be forced to reduce operations which would have a material impact on the Company.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates. Key estimates for the Company's financial statements

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include valuation of inventory and assumptions related to deferred revenue and revenue recognition related to the Company's loyalty program.

Segments

The Company currently operates one segment engaged in the sale of hemp-derived Cannabidiol (CBD) products. Information regarding revenues and operations for this segment is utilized on a regular basis by our chief operating decision maker ("CODM") to evaluate performance. Our Chief Executive Officer has been identified as the CODM.

Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable.

The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers $250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits. The Company had a $2,099,142 and $2,598,589 uninsured balance at December 31, 2019 and 2018, respectively.

Concentration of credit risk with respect to receivables is principally limited to receivables from credit card processors. As of December 31, 2019, and 2018, receivable balances of $1,400,912 and $2,322,720, respectively, were due from two credit card processors. Management considers these customer receivables to represent normal business risk. The Company did not have any customers that represented a significant amount of our sales for the years ended December 31, 2019 and 2018.

The restricted cash on the consolidated balance sheets relates to arrangements with the same credit card processors.

The Company purchases its inventory from various vendors. For the year ended December 31, 2019, approximately 62% of the Company's purchases were made from 3 vendors. For the year ended December 31, 2018, approximately 60% of the Company's purchases were made from 3 vendors.

Fair Value Measurements

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) in the principal or mostadvantageousmarketfor the asset or liability in an orderly transaction between market participants on the measurement date. The accounting guidance establishes a three-level hierarchy for disclosure that is based on the extent and level of judgement used to estimate the fair value of assets and liabilities.

- Level1– usesunadjustedquotedpricesthatareavailablein activemarketsforidenticalassetsorliabilities.
    - Level 2 – uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlationwith market data.These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similarassets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not requiresignificant judgement because the inputs used in the model, such as interest rates and volatility, can be corroborated by readilyobservablemarketdata.
    - Level 3 – used one or more significant inputs that are unobservable and supported by little or no market activity, and that reflect theuse of significant management judgement.Level 3 assets and liabilities include those whose fair value measurements are determinedusing pricing models, discounted cash flow methodologies or similar valuation techniques, and significant management judgement orestimation.

The carrying amount of cash, accounts receivable, accounts payable, and accrued expenses approximates their fair value due to their short maturity. The carrying amount of notes payable approximates fair value because stated or implied interest rates approximate current interest rates that are available for debt with similar terms.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. As of December 31, 2019 and 2018, the Company did not hold any cash equivalents.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Cash

The Company has restricted cash with contracted credit card processors where the current arrangement provides those credit card processors the right to withhold a cash reserve balance from the Company's credit card receipt transactions that is generally based off a percentage of sales. The Company had restricted cash of $789,802 and $91,626 as of December 31, 2019 and 2018, respectively. The amounts are classified as current as they are reasonably expected to be realized as an unrestricted asset within the next 12 months.

Accounts Receivable and Allowance for Doubtful Accounts

Generally, the Company requires payment prior to shipment of its products to customers. However, in certain circumstances, the Company extends credit to various wholesalers and retailers. Accounts receivable consists of receivables from credit card processors that are related to payments from customers and trade accounts arising in the normal course of business. The Company considers any receivables outstanding greater than 90 days to be delinquent. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts.

Management has determined the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. As of December 31, 2019 and 2018, the Company's allowance for doubtful accounts related to accounts receivable was $20,951 and $174,743, respectively. Bad debt expense for the years ended December 31, 2019 and 2018, was $244,249 and $589,145 respectively, of which $248,216 and $217,578 relates to a receivable with a single credit card processor that was not collected.

	Balance at beginning of year	**Charged toincome**	**Write-down**	**Balanceat end ofyear**
Allowancefordoubtfulaccounts:	**121716665**			

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Year ended December 31, 2019	$	174,743	$ 244,249	$398,041	$20,951
Year ended December 31, 2018	$	-	$ 589,145	$414,402	$174,743

Inventory

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Cost includes all expenses directly attributable to procurement of raw materials and finished goods, manufacturing of finished goods and suitable portions of related production overheads, based on normal operating capacity. Cost is determined by use of the first-in, first-out method.

The Company performs an assessment of inventory obsolescence to measure inventory at the lower of cost or net realizable value. Factors considered in the determination of obsolescence include slow-moving or non-marketable items.

Property and Equipment, net

Property and equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance or repairs are charged to expense as incurred. Depreciation is provided on a straight-line basis over the assets estimated useful lives, and leasehold improvements are amortized on a straight-line basis over the shorter of the useful life or the remaining life of the related lease. Estimated useful lives for property and equipment are as follows:

Machinery and Equipment	5-10 years
Furnitures and Fixtures	5-7 years
Leasehold Improvements	Shorter of lease life or estimated useful life

Upon sale or disposition, the historical asset cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized.

Impairment of Long-lived Assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator. As of December 31, 2019, and 2018, the Company determined there were no impairments of long-

Exhibit 10.17

lived assets.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Intangible Assets

The Company's intangible asset consists of a trademark determined to have an indefinite life and therefore not subject to amortization. The Company evaluates the carrying value of intangible assets annually during the fourth quarter and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the asset below its carrying amount. Such circumstances could include but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. If the fair value of the intangible asset is less than its carrying amount, an impairment loss is recognized in an amount equal to the difference.

No impairments were identified during the years ended December 31, 2019 and 2018.

Revenue Recognition

The Company adopted Accounting Standards Updates ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method beginning January 1, 2018. The adoption of the new revenue standards did not change the Company's revenue recognition its revenues continue to be recognized when the customer takes control of its products. As the Company did not identify any accounting changes that impacted the amount of reported revenues with respect to any of its revenue streams, no adjustment to retained earnings was required upon adoption.

The Company records revenue from the sales of its products when control passes to the customer, which is when the performance obligation has been satisfied. Net sales are comprised of gross revenues less estimated product returns, trade promotional programs, consumer incentives, and allowances and discounts used to incentivize sales growth and build brand awareness. These incentive costs are recognized at the date on which the Company recognizes the related revenue. The Company accepts returns for goods that do not meet the customer's expectations, are unopened and within seven days of receipt, and accrues for an estimated level of returns. Shipping fees charged to customers are included in sales and totaled $1,202,641 and $1,045,959 for the years ended December 31, 2019 and 2018, respectively. Taxes collected from customers that are remitted to governmental agencies are accounted for on a net basis and not included as revenue.

Additionally, the Company offers a loyalty program in which direct-to-consumer customers who elect to enroll in the program can earn loyalty points which are primarily earned through spend-based activities. Loyalty members earn one point for every dollar spent, with a stated value of

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$0.10 per point. Points cannot be redeemed for cash. The Company recognizes revenue for the redeemed points upon delivery of the free or discounted product purchased. The Company also estimates points expected to never be redeemed ("*estimated breakage*") based on historical experience and expectations of future loyalty member's behavior.

Disaggregated Revenue

The majority of the Company's revenue is derived from sales of branded products to consumers via our direct-to-consumer ecommerce website, and wholesale and retail business-to-business customers. We believe that these categories appropriately reflect how the nature, amount, timing and uncertainty of revenue and cash flows are impacted by economic factors.

A description of our principal revenue generating activities are as follows:

- Direct-to-consumer product sales – products sold through our online channel. Revenue is recognized when control of the purchased goodsistransferredtothecustomer,whichoccursupondelivery,atanamountthatreflectstheconsiderationtowhichtheCompanyexpectstobeentitled inexchangefor thosegoods.Paymentis duepriortothedateof shipment.
- Business-to-businessproductsales–productssoldtoourwholesaleandretailcustomersforsubsequentresale.Revenueisrecognizedwhencontrol of the goods is transferred to the customer, in accordance with the terms of the applicable agreement. Payment terms vary and cantypically be30days fromthedatecontrolover theproduct is transferred tothecustomer.

The following table represents a disaggregation of revenue by sales channel:

	Year ended December 31,	
	2019	**2018**
Direct-to-consumer	$ 32,943,699	$ 18,842,440
Business-to-business	22,360,070	20,097,616
Net sales	**$55,303,769**	**$38,940,056**

The Company recognizes revenues following the five step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. The Company has reviewed its various revenue streams for its existing contracts under the five-step approach. Direct-to-consumer product sales for non-loyalty members and business- to-business product sales contain a single performance obligation of the Company, the delivery of the underlying purchased goods. Direct-to- consumer product sales for loyalty members include multiple performance obligations: (i) the delivery of the underlying purchased goods, and

(ii) thepromisetoprovideafreeordiscountedproductupon futureredemption.

Allocation of Transaction Price

Direct-to-consumer product sales for loyalty members contain two distinct performance obligations for which the Company allocates the transaction price based on the relative stand-alone value of each performance obligation, such that both revenue related to the delivery of the underlying purchased goods and deferred revenue for loyalty points issued to the customer are recognized based on the allocated consideration of value, after giving consideration to loyalty point breakage. The loyalty liability represents a performance obligation to provide goods for free or at a discount to loyalty members in exchange for the redemption of points earned from past activities.

Contract Balances

Contract balances as a result of transactions with customers primarily consist of receivables included in accounts receivable, net, and deferred revenue in the Company's consolidated balance sheets. Deferred revenue consists of cash received prior to transfer of control of goods to a customer, as well as the liability for loyalty points.

Cost of Sales

The Company's cost of sales includes costs associated with procurement, distribution, fulfillment and labor expense, manufacturing overhead, third-party providers, inbound and outbound freight and inventory cost adjustments to recognize inventory at their net realizable value. These expenses are reflected in the Company's consolidated statements of operations when the product is sold and revenues are recognized or, in the case of inventory write-downs, when circumstances indicate that the carrying value of inventories is in excess of their net realizable value.

Compensation and Benefits

Compensation and benefits are presented within cost of goods sold, sales and marketing, and general and administrative in the consolidated statements of operations, based on the function of the employee or contractor. The Company records compensation and benefits expense for all cashcompensation, benefits, and related taxes as earned by its employees. Compensation and benefits expense also includes compensation earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily information technology,humanresources,andproject management activities. The Company maintains a defined contribution 401(k) plan available to eligible employees. Employee contributions are voluntary, are determined on an individual basis and are limited to the maximum amount allowable under federal tax regulations. The

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Company, at its discretion, may make certain matching contributions to the 401(k) plan. The Company did not make any matching contributions during the years ended December 31, 2019 or 2018.

Research and Development Expense

Research and development expenses are presented within general and administrative in the consolidated statements of operations. Research and development costs are charged to expense as incurred and include, but are not limited to, employee salaries and benefits, cost of inventory used in product development, and consulting service fees. For the years ended December 31, 2019 and 2018, cost related to research and development were $326,015 and $61,250, respectively.

Advertising

Advertising costs are presented within sales and marketing in the consolidated statement of operations. The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing team. The Company believes the continual investment in advertising is critical to the development and sale of its *CBDistillery*™ and *BOTA*™ branded products. Advertising costs of $5,382,468 and $291,895 were expensed as incurred during the years ending December 31, 2019 and 2018, respectively.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

As a limited liability corporation, the Company's taxable income or loss is allocated to the members in proportion to their respective ownership percentages. Accordingly, there is no provision for federal income taxes in the accompanying consolidated financial statements.

The Company is not subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities for years ending December 31, 2019 and 2018.

Net Income per Unit

The Company computes basic net income per unit using the weighted-average number of units outstanding during the period. Diluted net income assumes the conversion, exercise or issuance of all potential unit equivalents, unless the effect of inclusion would be anti-dilutive. For the year ended December 31, 2019, the Company did not include the impact of the potential conversion of the $5 million Convertible Note Payable (see Note 8) as the unit impact of the conversion is anti-dilutive.

Cumulative Translation Adjustment

The reporting currency of the Company is the U.S. dollar. The functional currency of our foreign operation is the applicable local currency for the foreign subsidiary. Assets and liabilities of the foreign subsidiary (including intercompany balance for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. The amounts reported in our consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting foreign currency translation adjustment is recorded as a component of other comprehensive earnings in our consolidated statements of comprehensive income.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Indirect tax contingencies related to historical sales tax collection that are both probable and reasonably estimable total $1,546,532 and $507,107 as of December 31, 2019 and 2018, respectively, and are recorded in accrued expenses and other on the consolidated balance sheets.

Legal fees and related litigation costs are expensed as incurred.

Recently Adopted Accounting Pronouncements

As noted in the Company's Revenue Recognition accounting policy above, the Company adopted Accounting Standards Updates ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") effective January 1, 2018. The guidance in ASU 2014-09 and subsequently issued amendments outlines a comprehensive model for all entities to use in accounting for revenue arising from contracts with customers as well as required disclosures. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40)*. This Update addresses users' accounting for implementation costs incurred in a cloud computing arrangement that is a service contract and also adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This Update is effective for fiscal years beginning after December 15, 2020, and interim periods in annual periods beginning after December 15, 2021. The amendments in this Update can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is currently in the process of evaluating the impact of this new standard.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 was effective for fiscal years beginning after December 15, 2019, and interim periods beginning after December 15, 2020. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives andHedging (Topic 815), and Leases (Topic 842)*, to delay the adoption date for ASU 2016-02. ASU 2016-02 is now effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is still permitted. The Company is currently in the process of evaluating the impact of this new standard.

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3. INVENTORY

Inventory as of December 31, 2019 and 2018 was comprised of the following:

	December 31, 2019	2018
Work in process	$ 5,868,435	$ 7,260
Finished goods	4,890,479	4,779,058
Inventory	**$10,758,914**	**$4,786,318**

The Company recorded inventory cost adjustments to recognize inventory at their net realizable value of $1,264,999 and $3,423,176 for the years ended December 31, 2019 and 2018, respectively. During the year ended December 31, 2019, the Company incurred inventory losses of $1,264,999 related to inventory received from a contract manufacturer that did not meet the Company's quality standards. During the year ended December 31, 2018, the Company incurred inventory losses of $3,423,176 related to physical loss of inventories and product development activities that did not result in viable saleable products.

4. INVESTMENTS

On February 21, 2018, the Company purchased 50% of Iso-Pharm LLC for cash consideration of $100,620. On March 1, 2019, the Company sold its interest in Iso-Pharm LLC for cash consideration of $147,412 and recognized a gain on the sale of $147,412 included in other expense, net on the consolidated statements of operations. Prior to its sale, the Company used the equity method of accounting to record its portion of income or loss as the Company did not exercise control over the significant economic decisions of Iso-Pharm LLC.

5. PROPERTY&EQUIPMENT,NET

Property and equipment, net, as of December 31, 2019 and 2018 were as follows:

	December 31, 2019	2018
Machinery and equipment	$772,544	$159,470
Furniture and fixtures	694,557	51,558
Leasehold improvements	797,723	2,960
	2,264,824	213,988
Less accumulated depreciation	(244,610)	(5,741)
Property and equipment, net	**$2,020,214**	**$208,247**

Depreciation expense for the years ended December 31, 2019 and 2018 was $240,004 and $7,600, respectively.

6. ACCRUEDEXPENSESANDOTHER

Accrued expenses and other as of December 31, 2019 and 2018 were as follows:

	December 31, 2019	2018
Sales tax reserve	$1,546,532	$507,107
Accrued distributions	932,005	-
Compensation related	687,787	280,105
Interest payable	467,742	-
Other accrued liabilities	413,404	140,176
Accrued expenses and other	**$4,047,470**	**$927,388**

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BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. DEFERREDREVENUE

Deferred revenue as of December 31, 2019 and 2018 was as follows:

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	December 31,	
	2019	2018
Deferred revenue	$1,020,105	$710,451
Loyalty deferred revenue	1,414,912	-
Customer deposits	3,671	322,441
Deferred revenue	**$2,438,688**	**$ 1,032,892**

8. **NOTES PAYABLE**

The Company's notes payable, net as of December 31, 2019 and 2018 were as follows:

	December 31,	
	2019	2018
Convertible note payable	$ 5,000,000	$ -
Secured notes payable, net	2,398,117	-
	7,398,117	-
Current portion of notes payable, net	5,447,850	-
Notes payable, net	**$ 1,950,267**	**$ -**

Convertible Note Payable

In January 2019, the Company issued the Convertible Note Payable for a notional amount of $5,000,000 to TTCP Executive Fund. The Convertible Note Payable bears interest at a rate of 10.0% per annum with an original maturity date of January 2020 and an option to extend the maturity for 90 days. The Convertible Note Payable represents an unsecured obligation of the Company and shall be paid prior to any payments infullofanyseniorindebtedness incurred by the Company. Pursuant to the terms of the agreement, the outstanding principal and accrued interest are mandatorily redeemable in the event any qualified financing event occurs, in which the Company issues preferred equity securities, on or before the maturity date with total proceeds to the Company of at least $20,000,000, at a conversion price equal to 80% of the lowest price per preferred equity security issued. Additionally, the outstanding principal and accrued interest was mandatorily redeemable in the event an acquisition transaction occurred on or before the maturity date, at a conversion price equal to 80% of the lower of $350,000,000 or the enterprise value of the Company ascribed to such acquisition transaction. In the event that the Company closed a transaction or series of transactions in which the Company sold any equity securities, including, but not limited to, preferred equity securities, on or before the maturity date, and such financing did not constitute a qualified financing event, TTCP Executive Fund had the option to convert all of the outstanding principal and accrued interest at a conversion price equal to 80% of the lowest price per equity security issued. If neither a qualified financing event nor an acquisition transaction has been consummated by the maturity date, TTCP Executive Fund has the option to convert all or a portion of the outstanding principal and accrued interest into equity securities at a conversion price equal to a) the price per common unit of the Company based on the Company's first completed valuation determination under Section 409A of the Internal Revenue Code of 1986, as amended, or b) if no such 409A valuation has been completed by the Company at or near the date of the note, the price per equity security shall be based on a valuation of the Company equal to $200,000,000, and the outstanding balance of the note shall be the greater of a) the then outstanding principal amount plus a premium amount, as provided for in the agreement, or b) the then outstanding principal amount plus all accrued interest thereon.

Secured Notes Payable

In November 2019, the Company entered into a loan arrangement for $2,000,000. The note bears interest at a rate of 19.0% per annum, matures March 2024 and is secured by inventory. Principal and interest payments of $59,800 are due monthly. In connection with the loan arrangement, the Company incurred $60,000 in debt issuance costs.

In December 2019, the Company entered into a loan arrangement for $500,000. The note bears interest at a rate of 19.0% per annum, matures April 2024, and is secured by inventory. Principal and interest payments of $14,950 are due monthly. In connection with the loan arrangement, the Company incurred $15,000 in debt issuance costs.

Minimum principal payments on notes payable subsequent to December 31, 2019 are as follows:

2020	$ 5,466,600
2021	563,396
2022	680,274
2023	761,596
2024 and thereafter	-
	$ 7,471,866

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. **MEMBERS' EQUITY**

The Company has authorized one class of units, Common Units. As of December 31, 2019, and 2018, the Company had 15,151,515 and 0 units, respectively, outstanding. Prior to January 22, 2019, membership equity was based on the proportional ownership interests of the respective LLC owners. On January 22, 2019, the Company issued units to members

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in proportion to their ownership interest. Certain stock appreciation rights were issued to executives of the Company. The terms of those awards provide for a cash payout commensurate to a percentage of excess value over the net equity value as defined in the award agreement. The awards vest upon a change in control, and as that has not yet occurred, no expense has been recorded.

10. RELATEDPARTYTRANSACTIONS

During 2018, the Company provided financing to Industrial Hemp Partners, LLC for $450,000, bearing interest at 6.0% per annum. One member of Industrial Hemp Partners, LLC, PT Brothers, LLC, was an affiliate of a member of the Company. As of December 31, 2019, and 2018, unpaid principal of $0 and $450,000, respectively, is included in related party notes receivable on the consolidated balance sheets. In January 2019, the Company collected the receivable in full. Additionally, the Company incurred costs related to product manufacturing services provided by Industrial Hemp Partners, LLC in the amount of $0 and $2,789,681 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, accounts payable outstanding are $0 and $701,555, respectively, and are included in accounts payable on the consolidated balance sheets.

For the years ended December 31, 2019 and 2018, the Company recognized revenue for products sold to Feals, Inc. of $358,002 and $227,116, respectively. Feals, Inc. is an affiliate of a member of the Company's Board of Directors. Revenue recognized to the related party is included in net sales on the consolidated statement of operations. No trade receivables are outstanding as of December 31, 2019 or 2018.

For the years ended December 31, 2019 and 2018, the Company recognized expenses related to marketing services provided by Parcon Media of $494,547 and $427,818, respectively, which are included in sales and marketing on the consolidate statement of operations. Parcon Media is an affiliate of a member of the Company. As of December 31, 2019, and 2018, accounts payable outstanding are $67,000 and $72,087, respectively, and are included in accounts payable on the consolidated balance sheet.

11. COMMITMENTSANDCONTINGENCIES

The Company has entered into operating leases primarily for real estate. These leases are for the Company's operations, production, warehouse, sales, marketing and back office functions and have terms which range from 2 to 10 years. Certain leases are subject to renewal at the option of the Company.

The future minimum payments under non-cancelable operating leases with initial remaining terms in excess of one year as of December 31, 2019, are as follows:

Operating Lease Commitment		
2020	$	826,003
2021		971,564
2022		847,979
2023		861,069
2024		874,160
2025 and thereafter		4,802,877
	$	**9,183,652**

The Company incurred rent expense of $549,634 and $130,605 for the years ended December 31, 2019 and 2018, respectively.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. SUBSEQUENTEVENTS

The Company has evaluated subsequent events through October 8, 2020, which is the date the financial statements were issued.

Subsequent to December 31, 2019, the novel coronavirus (COVID-19) outbreak was recognized as a pandemic by the World Health Organization. The Company continues to monitor the situation and may take actions that alter its business operations as may be required by federal, state or local authorities or that the Company determines are in the best interests of its employees, customers, suppliers, and stakeholders. Any such alterations or modifications could cause substantial interruption to the Company's business, any of which could have a material adverse effect on the Company's operations or financial results, and could include, temporary or long-term labor shortages; temporary or long-term adverse impacts on the Company's supply chain and distribution channels; the potential of increased network vulnerability and risk of data loss resulting from increased use of remote access and removal of data from the Company's facilities.

In January 2020, the Company entered into a loan arrangement for $1,500,000. The note bears interest at a rate of 19.0% per annum, matures April 2024 and is secured by inventory. Principal and interest payments of $44,850 are due monthly. In connection with the loan arrangement, the Company incurred $45,000 in debt issuance costs.

On May 6, 2020, the Company signed a Paycheck Protection Program Promissory Note and Agreement for a loan of $1,375,051. The Loan is established under the terms and conditions of the SBA program of the United States Small Business Administration ("SBA") and the USA CARES Act (2020)(H.R. 748)(15 U.S.C 636 et seq.) (the "Act") and matures after 2 years on May 6, 2022, with monthly repayments of $77,384 commencing December, 2020.

In July and September 2020, in exchange for the amendment of certain non-compete arrangements with prior unitholders and officers, the Company entered into settlement agreements to repurchase 1,396,575 and 764,775, respectively, units of the Company.

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Balanced Health Botanicals, LLC

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Consolidated Financial Statements Years Ended December 31, 2020 and 2019

Exhibit 10.17

Balanced Health Botanicals, LLC

Index to Consolidated Financial Statements

Consolidated Financial Statements	Page
Nuans Report of Independent Registered Public Accounting Firm	1
Consolidated Balance Sheets as of December 31, 2020 and 2019	3
Consolidated Statements of Operations for the years ended December 31, 2020 and 2019	4
Consolidated Statements of Comprehensive Income for years ended December 31, 2020 and 2019	5
Consolidated Statements of Members' Equity for the years ended December 31, 2020 and 2019	6
Consolidated Statements of Cash Flows for the years ended December 31, 2020 and 2019	7
Notes to Consolidated Financial Statements	8

Exhibit 10.17

Independent Auditor's Report

To the Members and the Board of Directors Balanced
Health Botanicals, LLC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Balanced Health Botanicals, LLC, which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, comprehensive income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Balanced Health Botanicals, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net deficit. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matter

The consolidated financial statements of Balanced Health Botanicals, LLC as of December 31, 2019, were audited by other auditors, whose report dated October 8, 2020, expressed an unmodified opinion on those statements.

Denver, Colorado
June 1, 2021

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATED BALANCE SHEETS

		December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$1,678,576	$2,311,883
Restricted cash	250,000	789,802
Accounts receivable, net	506,456	850,885
Inventory	3,174,884	10,758,914
Prepaid expenses and other	820,273	737,011
Total current assets	**6,430,189**	**15,448,495**
Property & equipment, net	1,681,307	2,020,214
Intangible assets, net	975,189	144,472
Other assets	291,114	712,709
Total assets	**$9,377,799**	**$18,325,890**
Liabilities and members' equity		
Current liabilities:		
Accounts payable	$1,302,065	$3,759,942
Accrued expenses and other	4,219,554	4,047,470
Current portion of notes payable, net	6,889,012	5,447,850
Deferred revenue	2,401,511	2,438,688
Total current liabilities	**14,812,142**	**15,693,950**
Notes payable, net	2,846,771	1,950,267
Other long term liabilities	436,387	260,635
Total liabilities	**18,095,300**	**17,904,852**
Commitments and contingencies (Note 12)		

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Members' equity		
Members' equity; 13,754,940 and 15,151,515 units issued and outstanding as of December 31, 2020 and 2019, respectively	(8,690,342)	429,736
Accumulated other comprehensive loss	(27,159)	(8,698)
Total members' equity	**(8,717,501)**	**421,038**
Total liabilities and members' equity	**$9,377,799**	**$18,325,890**

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATEDSTATEMENTSOFOPERATIONS

	Year Ended December 31,	
	2020	**2019**
Net sales	**$36,815,367**	**$55,303,769**
Cost of goods sold	18,929,645	27,899,999
Gross profit	**17,885,722**	**27,403,770**
Sales and marketing	12,309,107	13,580,553
General and administrative	12,041,525	12,509,393
Operating expenses	**24,350,632**	**26,089,946**
Operating income	**(6,464,910)**	**1,313,824**
Other expense, net	1,880,168	368,470
Net income	**$(8,345,078)**	**$945,354**

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATEDSTATEMENTSOFCOMPREHENSIVEINCOME

	Year Ended December 31,	
	2020	**2019**
Net income	$(8,345,078)	$945,354
Other comprehensive loss:		
Foreign currency translation adjustment	(18,461)	(8,698)
Comprehensive income	**$(8,363,539)**	**$936,656**

The accompanying notes are an integral part of these consolidated financial statements.

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BALANCED HEALTH BOTANICALS, LLC

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CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

	Members' equity	Accumulated other comprehensive loss	Total members' equity	Noncontrolling interest	
Balance – December 31, 2018	**$5,202,688**	**$ -$(13,236)**	**$5,189,452**		
Purchase of units from noncontrolling interest	(13,236)	-13,236-			
Foreign currency translation adjustment	-	(8,698)-(8,698)			
Distributions declared to members	(5,705,070)	--(5,705,070)			
Net income	945,354	-- 945,354			
Balance - December 31, 2019	**429,736**	**(8,698)-421,038**			
Foreign currency translation adjustment	-	(18,461)-(18,461)			
Distributions declared to members	(100,000)	--(100,000)			
Repurchase of members units	(675,000)	--(675,000)			
Net income	(8,345,078)-	-(8,345,078)			
Balance - December 31, 2020	**$ (8,690,342)**	**$ (27,159)**	**$ -$**	**(8,717,501)**	

The accompanying notes are an integral part of these consolidated financial statements.

6

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

CONSOLIDATED STATEMENTS OF CASH FLOW

	Year Ended December 31,	
	2020	**2019**
Operating activities:		
Net income	$(8,345,078)	$945,354
Adjustments to reconcile net income to net cash flows (used in) provided by operating activities:		
Depreciation and amortization	777,319	240,004
Bad debt expense	192,779	244,249
Loss on disposal of assets	9,639	3,424
(Gain) loss on equity method investment	-	(147,412)
Changes in operating assets and liabilities:		
Accounts receivable	151,650	888,142
Inventory	7,584,030	(5,972,596)
Related party receivable	-	450,000
Prepaid expenses and other current assets	(83,262)	(291,071)
Other assets	403,134	(698,907)
Accounts payable	(2,457,877)	344,059
Accrued expenses and other	172,084	2,188,077
Deferred revenue	(37,177)	1,405,796
Other liabilities	175,752	260,635
Cash used in operating activities	**(1,457,007)**	**(140,246)**
Investing activities:		

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Proceeds from sale of equity method investment	-	147,412
Purchase of software	(770,972)	(279,786)
Purchase of property & equipment	(507,796)	(2,055,395)
Cash used in investing activities	**(1,278,768)**	**(2,187,769)**
Financing Activities:		
Proceeds from borrowings	2,875,051	7,500,000
Repayment of notes payable	(492,385)	(28,133)
Debt issuance costs	(45,000)	(73,750)
Repurchase of members units	(675,000)	-
Distributions paid to members	(100,000)	(4,773,066)
Cash provided by financing activities	**1,562,666**	**2,625,051**
Net increase in cash, cash equivalents and restricted cash	**(1,173,109)**	**297,036**
Cash, cash equivalents and restricted cash, beginning of year	**3,101,685**	**2,804,649**
Cash, cash equivalents and restricted cash, end of year	**$1,928,576**	**$3,101,685**
Supplemental cash flow disclosures:		
Interest paid	$727,835	$43,328

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION

Balanced Health Botanicals, LLC ("Balanced Health Botanicals", "BHB", "We", or the "Company"), is a Colorado limited liability company formed on September 26, 2016, under the name ELS Universal, LLC. Effective January 4, 2019, the Company changed the name to Balanced Health Botanicals, LLC. On February 22, 2019, the Company increased its ownership in Bota Holdings, LLC from 51% to a wholly owned subsidiary. On August 30, 2019, the Company incorporated Balanced Health Botanicals International Limited, an Ireland entity, as a wholly owned subsidiary. On April 6, 2020, the Company incorporate Balanced Health Botanicals UK, LTD, a United Kingdom entity, as a wholly owned subsidiary.

The Company is headquartered in Denver, Colorado, and manufactures and distributes hemp-derived Cannabidiol (CBD) products within the United States and Europe under its *CBDistillery*™ and *BOTA*™ brands. The Company's current product lines include tinctures, ingestible products, topicals, and pet products. The Company's products are distributed through its eCommerce website, third party eCommerce websites, wholesalers, and various retailers.

Profits and losses are allocated to the members based on their ownership interests in accordance with the operating agreement. No member or manager shall be individually liable under judgment, decree or order of any court, or in any other matter, for debt, obligation or liability of the Company. The term of the Company is perpetual unless and until the Company is dissolved pursuant to applicable law.

2. SUMMARYOFSIGNIFICANTACCOUNTINGPOLICIES

Basis of Presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The consolidated financial statements include the accounts of Balanced Health Botanicals and its subsidiaries, CBDistillery, LLC, Bota Holdings, LLC, Balanced Health Botanicals International, Ltd, and Balanced Health Botanicals UK, LTD. Intercompany balances and transactions are eliminated in preparation of the consolidated financial statements.

Going Concern

The Company currently has debt in the form of an outstanding convertible note (the "Convertible Note Payable") with TTCP Executive Fund with a principal balance of $5,000,000 and accrued interest of $1,103,853 as of December 31, 2020. The Convertible Note Payable matured in January 2020 and was subsequently extended for 90 days. Pursuant to the terms of the agreement, the Convertible Note Payable was mandatorily convertible in the event a qualified financing event or acquisition transaction occurred on or prior to the maturity date (as further described in Note 8). Since a qualified financing event or acquisition transaction had not occurred as of the maturity date, TTCP Executive Fund has the option to convert the note (as further described in Note 8), however, if not sooner converted, the entire unpaid principal balance and accrued but unpaid interest is due on demand. As of June 1, 2021, the issuance date of the annual consolidated financial statements for the year ended December 31, 2020, the Convertible Note Payable has not been converted to equity and the

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Company does not expect that its cash or cash provided by financing activities, would be sufficient to fund its debt service payments related to the Convertible Note Payable if called by the holder.

Based on the uncertainty of the Company's cash position and the due on demand nature of the convertible note with TTCP Executive Fund, as of the issuance date of the annual consolidated financial statements for the year ended December 31, 2020, the Company has concluded that there is substantial doubt about its ability to continue as a going concern for one year after the date that the consolidated financial statements are issued. To mitigate this risk, the Company plans to focus on cost management while making strategic investments in marketing and selling strategies to support revenue growth. The Company also plans to pursue capital raising strategies. However, the Company may be unable to obtain incremental equity or debt financing at favorable terms, or at all. If we are unable to raise additional capital, we may be forced to reduce operations which would have a material impact on the Company.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates. Key estimates for the Company's financial statements include valuation of inventory and assumptions related to deferred revenue and revenue recognition related to the Company's loyalty program.

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Segments

The Company currently operates one segment engaged in the sale of hemp-derived Cannabidiol (CBD) products. Information regarding revenues and operations for this segment is utilized on a regular basis by our chief operating decision maker ("CODM") to evaluate performance. Our Chief Executive Officer has been identified as the CODM.

Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable.

The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers $250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits. The Company had a $1,432,224 and $2,099,142 uninsured balance at December 31, 2020 and 2019, respectively.

Concentration of credit risk with respect to receivables is principally limited to receivables from credit card processors. As of December 31, 2020, and 2019, receivable balances of $609,954 and $1,400,912, respectively, were due from two credit card processors. Management considers these customer receivables to represent normal business risk. The Company did not have any customers that represented a significant amount of our sales for the years ended December 31, 2020 and 2019.

The restricted cash on the consolidated balance sheets relates to arrangements with the same credit card processors.

The Company purchases its inventory from various vendors. For the year ended December 31, 2020, approximately 61% of the Company's purchases were made from 3 vendors. For the year ended December 31, 2019, approximately 62% of the Company's purchases were made from 3 vendors.

Fair Value Measurements

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) in the principal or mostadvantageousmarketforthe asset or liability in an orderly transaction between market participants on the measurement date. The accounting guidance establishes a three-level hierarchy for disclosure that is based on the extent and level of judgement used to estimate the fair value of assets and liabilities.

- Level1–usesunadjustedquotedpricesthatareavailableinactivemarketsforidenticalassetsorliabilities.
    - Level 2 – uses inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlationwith market data.These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similarassets or liabilities in markets that are not active; and inputs to valuation models or other pricing methodologies that do not requiresignificant judgement because the inputs used in the model, such as interest rates and volatility, can be corroborated by readilyobservablemarketdata.
    - Level 3 – used one or more significant inputs that are unobservable and supported by little or no market activity, and that reflect theuse of significant management judgement.Level 3 assets and liabilities include those whose fair value measurements are determinedusing pricing models, discounted cash flow methodologies or similar valuation techniques, and significant management judgement orestimation.

The carrying amount of cash, accounts receivable, accounts payable, and accrued expenses approximates their fair value due to their short maturity. The carrying amount of notes payable approximates fair value because stated or implied interest rates approximate current interest rates that are available for debt with similar terms.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. As of December 31, 2020 and 2019, the Company did not hold any cash equivalents.

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Restricted Cash

The Company has restricted cash with contracted credit card processors where the current arrangement provides those credit card processors the right to withhold a cash reserve balance from the Company's credit card receipt transactions that is generally based off a percentage of sales. The Company had restricted cash of $250,000 and $789,802 as of December 31, 2020 and 2019, respectively. The amounts are classified as current as they are reasonably expected to be realized as an unrestricted asset within the next 12 months.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	December 31,	
	2020	**2019**
Cash and cash equivalents	$1,678,576	$2,311,883
Restricted cash	250,000	789,802
Total cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	**$1,928,576**	**$3,101,685**

Accounts Receivable and Allowance for Doubtful Accounts

Generally, the Company requires payment prior to shipment of its products to customers. However, in certain circumstances, the Company extends credit to various wholesalers and retailers. Accounts receivable consists of receivables from credit card processors that are related to payments from customers and trade accounts arising in the normal course of business. The Company considers any receivables outstanding greater than 90 days to be delinquent. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts.

Management has determined the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. As of December 31, 2020 and 2019, the Company's allowance for doubtful accounts related to accounts receivable was $79,191 and $20,951, respectively. Bad debt expense for the years ended December 31, 2020 and 2019, was $192,779 and $244,249 respectively, of which $0 and $248,216 related to a receivable with a single credit card processor that was not collected.

	Balance at beginning of year	**Charged to income**	**Write-down**	**Balance at end of year**
Allowance for doubtful accounts:				
Year ended December 31, 2020	$20,951$	192,779	$134,539	$79,191
Year ended December 31, 2019	$174,743$	244,249	$398,041	$20,951

Inventory

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Cost includes all expenses directly attributable to procurement of raw materials and finished goods, manufacturing of finished goods and suitable portions of related production overheads, based on normal operating capacity. Cost is determined by use of the first-in, first-out method.

The Company performs an assessment of inventory obsolescence to measure inventory at the lower of cost or net realizable value. Factors considered in the determination of obsolescence include slow-moving or non-marketable items.

Property and Equipment, net

Property and equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance or repairs are charged to expense as incurred. Depreciation is provided on a straight-line basis over the assets estimated useful lives, and leasehold improvements are amortized on a straight-line basis over the shorter of the useful life or the remaining life of the related lease. Estimated useful lives for property and equipment are as follows:

Machinery and Equipment	5-10 years
Furnitures and Fixtures	5-7 years
Leasehold Improvements	Shorter of lease life or estimated useful life

Upon sale or disposition, the historical asset cost and accumulated depreciation are removed from the respective accounts and any related gain

or lossisrecognized.

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Impairment of Long-lived Assets

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator. As of December 31, 2020, and 2019, the Company determined there were no impairments of long- lived assets.

Intangible Assets, net

The Company's intangible assets consists of software and a trademark. Software is stated at cost less accumulated amortization. The Company's trademark is determined to have an indefinite life and therefore not subject to amortization. The Company evaluates the carrying value of intangible assets annually during the fourth quarter and between annual evaluations if events occur or circumstances change that would more likelythannotreducethefairvalueof the asset below its carrying amount. Such circumstances could include but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. If the fair value of the intangible asset is less than its carrying amount, an impairment loss is recognized in an amount equal to the difference. Estimated useful lives for intangible assets are as follows:

Software	3-5 years
Trademarks	Indefinite

No impairments were identified during the years ended December 31, 2020 and 2019.

Revenue Recognition

The Company records revenue from the sales of its products when control passes to the customer, which is when the performance obligation has been satisfied. Net sales are comprised of gross revenues less estimated product returns, trade promotional programs, consumer incentives, and allowances and discounts used to incentivize sales growth and build brand awareness. These incentive costs are recognized at the date on which the Company recognizes the related revenue. The Company accepts returns for goods that do not meet the customer's expectations, are unopened and within seven days of receipt, and accrues for an estimated level of returns. Shipping fees charged to customers are included in sales and totaled $856,546 and $1,202,641 for the years ended December 31, 2020 and 2019, respectively. Taxes collected from customers that are remitted to governmental agencies are accounted for on a net basis and not included as revenue.

Additionally, the Company offers a loyalty program in which direct-to-consumer customers who elect to enroll in the program can earn loyalty points which are primarily earned through spend-based activities. Loyalty members earn one point for every dollar spent, with a stated value of

$0.10 per point. Points cannot be redeemed for cash. The Company recognizes revenue for the redeemed points upon delivery of the free or discounted product purchased. The Company also estimates points expected to never be redeemed ("*estimated breakage*") based on historical experience and expectations of future loyalty member's behavior.

Disaggregated Revenue

The majority of the Company's revenue is derived from sales of branded products to consumers via our direct-to-consumer ecommerce website, and wholesale and retail business-to-business customers. We believe that these categories appropriately reflect how the nature, amount, timing and uncertainty of revenue and cash flows are impacted by economic factors.

A description of our principal revenue generating activities are as follows:

- Direct-to-consumer product sales – products sold through our online channel. Revenue is recognized when control of the purchased goodsistransferredtothecustomer,whichoccursupondelivery,atanamountthatreflectstheconsiderationtowhichtheCompanyexpectstobeentitled inexchangefor thosegoods.Paymentis dueprior tothedateof shipment.
- Business-to-businessproductsales–productssoldtoourwholesaleandretailcustomersforsubsequentresale.Revenueisrecognizedwhencontrol of the goods is transferred to the customer, in accordance with the terms of the applicable agreement. Payment terms vary and cantypically be30days fromthedatecontrolover theproduct is transferred tothecustomer.

The following table represents a disaggregation of revenue by sales channel:

	Year ended December 31,	
	2020	**2019**
Direct-to-consumer	$ 28,231,624	$ 32,943,699
Business-to-business	8,583,743	22,360,070
Net sales	**$36,815,367**	**$55,303,769**

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The Company recognizes revenues following the five step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. The Company has reviewed its various revenue streams for its existing contracts under the five-step approach. Direct-to-consumer product sales for non-loyalty members and business- to-business product sales contain a single performance obligation of the Company, the delivery of the underlying purchased goods. Direct-to- consumer product sales for loyalty members include multiple performance obligations: (i) the delivery of the underlying purchased goods, and

(ii) thepromisetoprovideafreeordiscountedproductupon futureredemption.

Allocation of Transaction Price

Direct-to-consumer product sales for loyalty members contain two distinct performance obligations for which the Company allocates the transaction price based on the relative stand-alone value of each performance obligation, such that both revenue related to the delivery of the underlying purchased goods and deferred revenue for loyalty points issued to the customer are recognized based on the allocated consideration of value, after giving consideration to loyalty point breakage. The loyalty liability represents a performance obligation to provide goods for free or at a discount to loyalty members in exchange for the redemption of points earned from past activities.

Contract Balances

Contract balances as a result of transactions with customers primarily consist of receivables included in accounts receivable, net, and deferred revenue in the Company's consolidated balance sheets. Deferred revenue consists of cash received prior to transfer of control of goods to a customer, as well as the liability for loyalty points. The beginning and ending balances for accounts receivable, unbilled receivables, and deferred revenues were as follows for the years ended December 31, 2020 and December 31, 2019.

	December 31, 2019	January 1, 2019	December31, 2019
Accounts receivable, net	$506,456	$850,885	$1,983,276
Unbilled receivables	$-	$-	$-
Deferred revenues	$2,401,511	$2,438,688	$1,032,892

Cost of Sales

The Company's cost of sales includes costs associated with procurement, distribution, fulfillment and labor expense, manufacturing overhead, third-party providers, inbound and outbound freight and inventory cost adjustments to recognize inventory at their net realizable value. These expenses are reflected in the Company's consolidated statements of operations when the product is sold and revenues are recognized or, in the case of inventory write-downs, when circumstances indicate that the carrying value of inventories is in excess of their net realizable value.

Compensation and Benefits

Compensation and benefits are presented within cost of goods sold, sales and marketing, and general and administrative in the consolidated statements of operations, based on the function of the employee or contractor. The Company records compensation and benefits expense for all cashcompensation, benefits, and related taxes as earned by its employees. Compensation and benefits expense also includes compensation earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily information technology,humanresources,andproject management activities. The Company maintains a defined contribution 401(k) plan available to eligible employees. Employee contributions are voluntary, are determined on an individual basis and are limited to the maximum amount allowable under federal tax regulations. The Company, at its discretion, may make certain matching contributions to the 401(k) plan. The Company did not make any matching contributions during the years ended December 31, 2020 or 2019.

Research and Development Expense

Research and development expenses are presented within general and administrative in the consolidated statements of operations. Research and development costs are charged to expense as incurred and include, but are not limited to, employee salaries and benefits, cost of inventory used in product development, and consulting service fees. For the years ended December 31, 2020 and 2019, cost related to research and development were $531,863 and $326,015, respectively.

Advertising

Advertising costs are presented within sales and marketing in the consolidated statement of operations. The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing team. The Company believes the continual investment in advertising is critical to the development and sale of its *CBDistillery*™ and *BOTA*™ branded products. Advertising costs of $5,727,866 and $5,382,468 were expensed as incurred during the years ending December 31, 2020 and 2019, respectively.

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Sales Taxes

Various states impose a sales tax on the Company's sales to non-exempt customers. The Company collects the sales tax from customers and remits the entire amount to each respective state. The Company's accounting policy is to exclude the tax collected and remitted to the states from revenues and cost of sales.

Income Taxes

As a limited liability corporation, the Company's taxable income or loss is allocated to the members in proportion to their respective ownership percentages. Accordingly, there is no provision for federal income taxes in the accompanying consolidated financial statements.

The Company is not subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities for years ending December 31, 2020 and 2019.

Cumulative Translation Adjustment

The reporting currency of the Company is the U.S. dollar. The functional currency of our foreign operation is the applicable local currency for the foreign subsidiary. Assets and liabilities of the foreign subsidiary (including intercompany balance for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. The amounts reported in our consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting foreign currency translation adjustment is recorded as a component of other comprehensive earnings in our consolidated statements of comprehensive income.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Indirect tax contingencies related to historical sales tax collection that are both probable and reasonably estimable total $1,694,060 and $1,546,532 as of December 31, 2020 and 2019, respectively, and are recorded in accrued expenses and other on the consolidated balance sheets.

Legal fees and related litigation costs are expensed as incurred.

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40)*. This Update addresses users' accounting for implementation costs incurred in a cloud computing arrangement that is a service contract and also adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This Update is effective for fiscal years beginning after December 15, 2020, and interim periods in annual periods beginning after December 15, 2021. The amendments in this Update can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company is currently in the process of evaluating the impact of this new standard.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 was effective for fiscal years beginning after December 15, 2019, and interim periods beginning after December 15, 2020. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives andHedging (Topic 815), and Leases (Topic 842)*, to delay the adoption date for ASU 2016-02. ASU 2016-02 is now effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is still permitted. The Company is currently in the process of evaluating the impact of this new standard.

3.INVENTORY

Inventory as of December 31, 2020 and 2019 was comprised of the following:

	December 31,	
	2020	**2019**
Finished goods	$2,249,754$	4,890,479
Work in process	925,130	5,868,435
Inventory	**$3,174,884**	**$10,758,914**

The Company recorded inventory cost adjustments to recognize inventory at their net realizable value of $3,956,548 and $1,264,999 for the years ended December 31, 2020 and 2019, respectively. During the year ended December 31, 2020, the Company incurred inventory losses of $2,329,912 related to net realizable adjustments and $1,361,059 related to excess and obsolete inventory. During the year ended December 31, 2019, the Company incurred inventory losses of $1,264,999 related to inventory received from a contract manufacturer that did not meet the Company's quality standards.

4. INVESTMENTS

On February 21, 2018, the Company purchased 50% of Iso-Pharm LLC for cash consideration of $100,620. On March 1, 2019, the Company sold its interest in Iso-Pharm LLC for cash consideration of $147,412 and recognized a gain on the sale of $147,412 included in other expense, net on the consolidated statements of operations. Prior to its sale, the Company used the equity method of accounting to record its portion of income or loss as the Company did not exercise control over the significant economic decisions of Iso-Pharm LLC.

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5. **PROPERTY&EQUIPMENT,NET**

Property and equipment, net, as of December 31, 2020 and 2019 were as follows:

	December 31,	
	2020	**2019**
Leasehold improvements	$959,866	$797,723
Machinery and equipment	792,054	772,544
Furniture and fixtures	724,811	694,557
	2,476,731	2,264,824
Less: accumulated depreciation	(795,424)	(244,610)
Property and equipment, net	**$1,681,307**	**$2,020,214**

Depreciation expense for the years ended December 31, 2020 and 2019 was $557,278 and $240,004, respectively.

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. **INTANGIBLESASSETS,NET**

Intangible assets, net, as of December 31, 2020 and 2019 were as follows:

	December 31,	
	2020	**2019**
Software	$1,050,758	$-
Trademarks	144,472	144,472
	1,195,230	144,472
Less: accumulated amortization	(220,041)	-
Intangible assets, net	**$975,189**	**$144,472**

Amortization expense for the years ended December 31, 2020 and 2019 was $220,041 and $0, respectively. Amortization expense on intangibles assets subsequent to December 31, 2020 are as follows:

2021	$ 351,772
2022	351,772
2023	127,173
2024	-
2025 and thereafter	-
	$ 830,717

7. **ACCRUEDEXPENSESANDOTHER**

Accrued expenses and other as of December 31, 2020 and 2019 were as follows:

	December 31,	
	2020	**2019**
Sales tax reserve	$1,694,060	$1,546,532
Interest payable	1,112,963	467,742
Compensation related	683,264	687,787
Accrued distributions	-	932,005
Other accrued liabilities	729,267	413,404
Accrued expenses and other	**$4,219,554**	**$ 4,047,470**

8. **DEFERREDREVENUE**

Deferred revenue as of December 31, 2020 and 2019 was as follows:

	December 31,	
	2020	**2019**

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Loyalty deferred revenue	$2,113,509	$1,414,912
Deferred revenue	284,762	1,020,105
Other	3,240	3,671
Deferred revenue	**$2,401,511**	**$ 2,438,688**

9. NOTES PAYABLE

The Company's notes payable, net as of December 31, 2020 and 2019 were as follows:

	December 31,	
	2020	**2019**
Convertible note payable	$5,000,000	$5,000,000
Secured notes payable, net	3,360,732	2,398,117
Paycheck protection program	1,375,051	-
	9,735,783	7,398,117
Current portion of notes payable, net	6,889,012	5,447,850
Notes payable, net	**$2,846,771**	**$1,950,267**

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Convertible Note Payable

In January 2019, the Company issued the Convertible Note Payable for a notional amount of $5,000,000 to TTCP Executive Fund. The Convertible Note Payable bears interest at a rate of 10.0% per annum with an original maturity date of January 2020 and an option to extend the maturity for 90 days. The Convertible Note Payable represents an unsecured obligation of the Company and shall be paid prior to any payments infullofanyseniorindebtedness incurred by the Company. Pursuant to the terms of the agreement, the outstanding principal and accrued interest are mandatorily redeemable in the event any qualified financing event occurs, in which the Company issues preferred equity securities, on or before the maturity date with total proceeds to the Company of at least $20,000,000, at a conversion price equal to 80% of the lowest price per preferred equity security issued. Additionally, the outstanding principal and accrued interest was mandatorily redeemable in the event an acquisition transaction occurred on or before the maturity date, at a conversion price equal to 80% of the lower of $350,000,000 or the enterprise value of the Company ascribed to such acquisition transaction. In the event that the Company closed a transaction or series of transactions in which the Company sold any equity securities, including, but not limited to, preferred equity securities, on or before the maturity date, and such financing did not constitute a qualified financing event, TTCP Executive Fund had the option to convert all of the outstanding principal and accrued interest at a conversion price equal to 80% of the lowest price per equity security issued. If neither a qualified financing event nor an acquisition transaction has been consummated by the maturity date, TTCP Executive Fund has the option to convert all or a portion of the outstanding principal and accrued interest into equity securities at a conversion price equal to a) the price per common unit of the Company based on the Company's first completed valuation determination under Section 409A of the Internal Revenue Code of 1986, as amended, or b) if no such 409A valuation has been completed by the Company at or near the date of the note, the price per equity security shall be based on a valuation of the Company equal to $200,000,000, and the outstanding balance of the note shall be the greater of a) the then outstanding principal amount plus a premium amount, as provided for in the agreement, or b) the then outstanding principal amount plus all accrued interest thereon.

Secured Notes Payable

In November 2019, the Company entered into a loan arrangement for $2,000,000. The note bears interest at a rate of 19.0% per annum, matures March 2024 and is secured by inventory. Principal and interest payments of $59,800 are due monthly. In connection with the loan arrangement, the Company incurred $60,000 in debt issuance costs.

In December 2019, the Company entered into a loan arrangement for $500,000. The note bears interest at a rate of 19.0% per annum, matures April 2024, and is secured by inventory. Principal and interest payments of $14,950 are due monthly. In connection with the loan arrangement, the Company incurred $15,000 in debt issuance costs.

In January 2020, the Company entered into a loan arrangement for $1,500,000. The note bears interest at a rate of 19.0% per annum, matures April 2024 and is secured by inventory. Principal and interest payments of $44,850 are due monthly. In connection with the loan arrangement, the Company incurred $45,000 in debt issuance costs.

Paycheck Protection Program

On May 6, 2020, the Company signed a Paycheck Protection Program Promissory Note and Agreement for a loan of $1,375,051. The Loan is established under the terms and conditions of the SBA program of the United States Small Business Administration ("SBA") and the USA CARES Act (2020)(H.R. 748)(15 U.S.C 636 et seq.) (the "Act") and matures after two years on May 6, 2022, with monthly repayments of

$77,384 commencing December, 2020.

Minimum principal payments on notes payable subsequent to December 31, 2020 are as follows:

2021	$ 6,917,131
2022	1,336,329
2023	1,240,618

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2024	332,803
2025 and thereafter	-
	$ 9,826,881

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. MEMBERS'EQUITY

The Company has authorized one class of units, Common Units. As of December 31, 2020, and 2019, the Company had 13,754,940 and 15,151,515 units, respectively, outstanding. Prior to January 22, 2019, membership equity was based on the proportional ownership interests of the respective LLC owners. On January 22, 2019, the Company issued units to members in proportion to their ownership interest. Certain stock appreciation rights were issued to executives of the Company. The terms of those awards provide for a cash payout commensurate to a percentage of excess value over the net equity value as defined in the award agreement. The awards vest upon a change in control, and as that has not yet occurred, no expense has been recorded.

In July 2020, in exchange for the amendment of certain non-compete arrangements with prior unitholders and officers, the Company entered into settlement agreements to repurchase 1,396,575 units of the Company for $675,000.

11. RELATEDPARTYTRANSACTIONS

During 2018, the Company provided financing to Industrial Hemp Partners, LLC for $450,000, bearing interest at 6.0% per annum. One member of Industrial Hemp Partners, LLC, PT Brothers, LLC, was an affiliate of a member of the Company. As of December 31, 2019, and 2018, unpaid principal of $0 and $450,000, respectively, is included in related party notes receivable on the consolidated balance sheets. In January 2019, the Company collected the receivable in full.

For the years ended December 31, 2020 and 2019, the Company recognized revenue for products sold to Feals, Inc. of $0 and $358,002, respectively. Feals, Inc. is an affiliate of a member of the Company's Board of Directors. Revenue recognized to the related party is included in net sales on the consolidated statement of operations. No trade receivables are outstanding as of December 31, 2020 or 2019.

For the years ended December 31, 2020 and 2019, the Company recognized expenses related to marketing services provided by Parcon Media of $534,787 and $494,547, respectively, which are included in sales and marketing on the consolidate statement of operations. Parcon Media is an affiliate of a member of the Company. As of December 31, 2020, and 2019, accounts payable outstanding are $23,500 and $67,000, respectively, and are included in accounts payable on the consolidated balance sheet.

12. COMMITMENTSANDCONTINGENCIES

The Company has entered into operating leases primarily for real estate. These leases are for the Company's operations, production, warehouse, sales, marketing and back office functions and have terms which range from 2 to 10 years. Certain leases are subject to renewal at the option of the Company.

The future minimum payments under non-cancelable operating leases with initial remaining terms in excess of one year as of December 31, 2020, are as follows:

Operating Lease Commitment

2021	$ 1,004,514
2022	1,046,649
2023	1,030,666
2024	874,160
2025 and thereafter	4,802,878
	$ 8,758,867

The Company incurred rent expense of $1,093,715 and $549,634 for the years ended December 31, 2020 and 2019, respectively.

13. SUBSEQUENTEVENTS

The Company has evaluated subsequent events through June 1, 2021, which is the date the financial statements were issued.

On January 26, 2021, the Company signed a Paycheck Protection Program Promissory Note and Agreement for a loan of $1,709,301. The Loan is established under the terms and conditions of the SBA program of the United States Small Business Administration ("SBA") and the USA CARES Act (2020)(H.R. 748)(15 U.S.C 636 et seq.) (the "Act") and matures on January 26, 2026, with monthly repayments of $32,546 commencing August, 2021.

Exhibit 10.17

United States

January February March April

October 12,

2022 November

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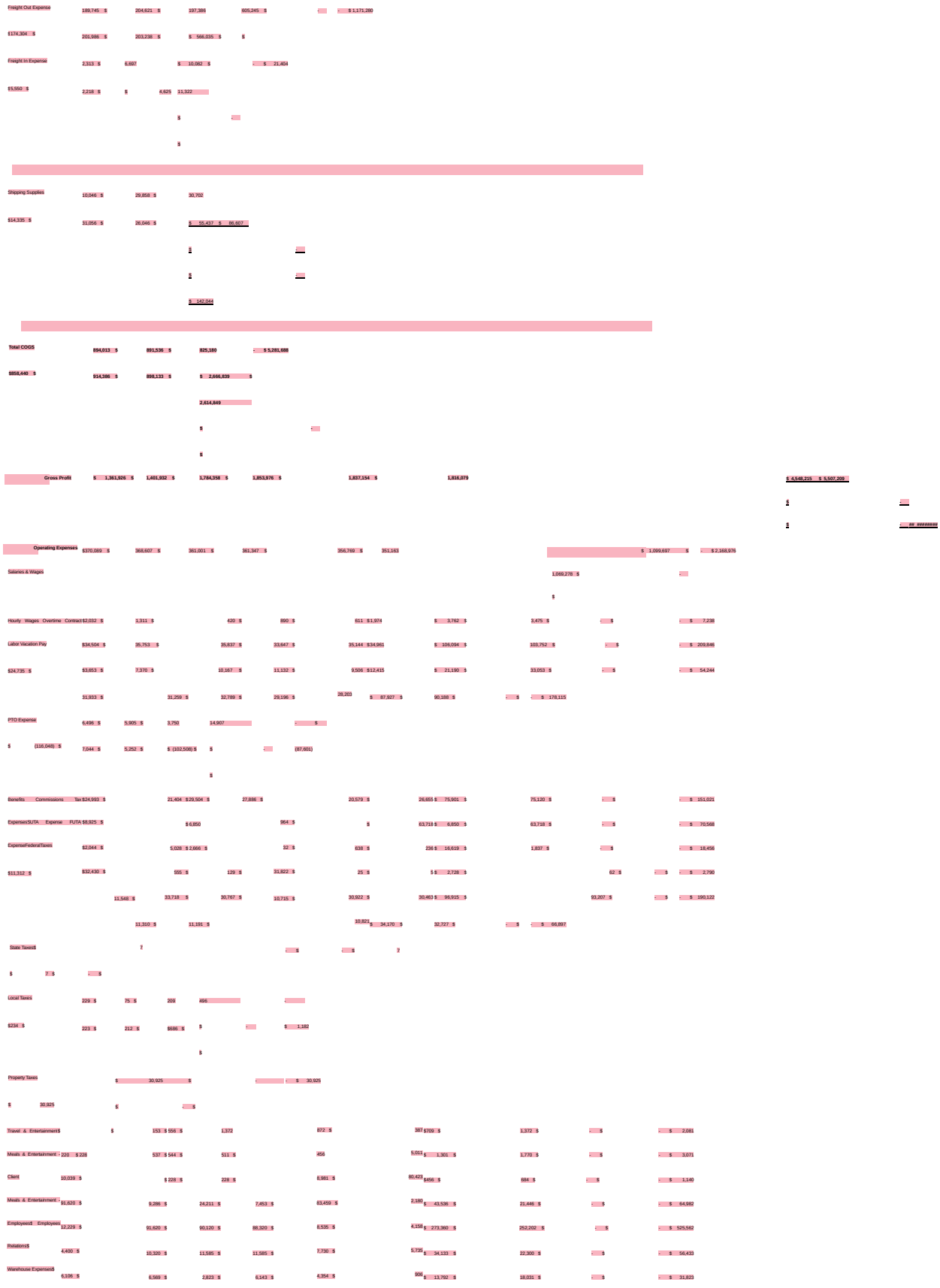

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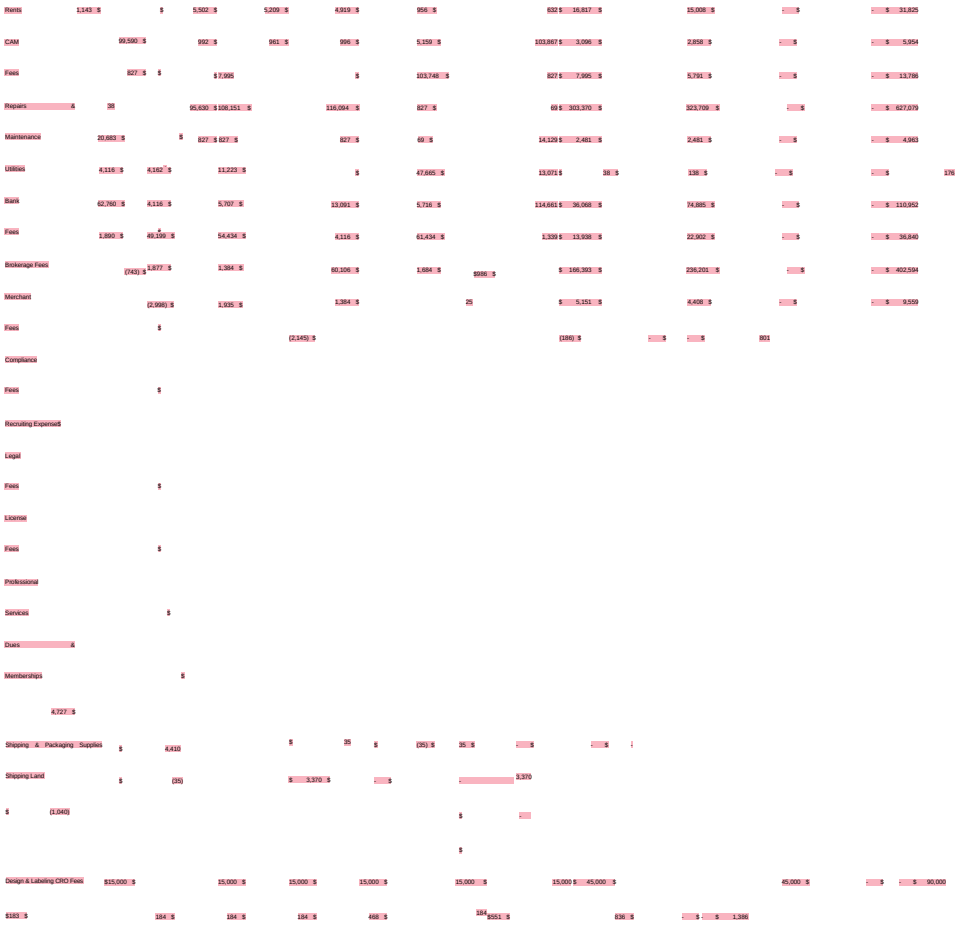

Exhibit 10.17

United States	January	February	March	April	May	June	July	August	September	October	November	December	Q1	Q2	Q3	Q4	YTD
Platform Fees	$67,362	$ 59,952	$ 59,942	$ 60,922	$ 60,007	$ 84,625							$ 187,257	$ 205,554	$ -	$ -	$ 392,811
Affiliate Fee	$175,525	$ 171,172	$ 137,187	$ 164,405	$ 119,738	$ 152,623							$ 483,884	$ 436,766	$ -	$ -	$ 920,650
Marketing & Advertising	$4,177		$ 58,608										$ 62,784	$ -	$ -	$ -	$ 62,784
SEO Fees	$55,678	$ 58,178	$ 55,678	$ 58,178	$ 55,678	$ 55,678							$ 169,534	$ 169,534	$ -	$ -	$ 339,068
Trade Show	$980		$ 15,250	$ 327	$ 2,227	$ 327							$ 16,230	$ 2,880	$ -	$ -	$ 19,111
Website Design & Maintenance	$8,862	$ 8,452	$ 12,122	$ 7,900	$ 8,154	$ 9,085							$ 29,436	$ 25,139	$ -	$ -	$ 54,576
Sponsorships	$12,100	$ 8,200	$ 8,200	$ 8,200	$ 6,200	$ 5,700							$ 28,500	$ 20,100	$ -	$ -	$ 48,600
Online/Print/Radio Ads	$148,019	$ 193,273	$ 149,137	$ 218,943	$ 213,630	$ 373,480							$ 490,429	$ 806,052	$ -	$ -	$ 1,296,482
Advertising & Promtional Items		$ 386	$ 9,045		$ 518	$ 55							$ 9,431	$ 573	$ -	$ -	$ 10,004
Samples	$7,737	$ 5,367	$ 13,356	$ 2,104	$ 3,290	$ 2,913							$ 26,460	$ 8,307	$ -	$ -	$ 34,767
Printing & Postage	$151	$ (2,472)	$ 33	$ 2,497	$ 3,138	$ 2,212							$ (2,288)	$ 7,847	$ -	$ -	$ 5,558
Office Supplies	$897	$ 936	$ 1,278	$ 1,275	$ 473	$ 853							$ 3,111	$ 2,601	$ -	$ -	$ 5,712
Hardware Expense	$1,415		$ 2,583	$ 199	$ 110	$ 1,389							$ 3,998	$ 1,698	$ -	$ -	$ 5,696
Software Expense	$61,826	$ 48,236	$ 53,145	$ 49,969	$ 56,945	$ 52,927							$ 163,208	$ 159,842	$ -	$ -	$ 323,049
Training & Education			$ 1,400		$ 2,302								$ 1,400	$ 2,302	$ -	$ -	$ 3,702
Office Parking	$695	$ 755	$ 595	$ 425	$ 722	$ 700							$ 2,045	$ 1,847	$ -	$ -	$ 3,892
Bad Debt	$9,508	$ (324)	$ 6,201	$ 9,744	$ (281)	$ (22,571)							$ 15,385	$ (13,108)	$ -	$ -	$ 2,277
Insurance Expense	$46,383	$ 45,892	$ 37,698	$ 36,776	$ 21,612	$ 23,178							$ 129,973	$ 81,566	$ -	$ -	$ 211,539
Charitable Donations		$ 1,765				$ 3,500							$ 1,765	$ 3,500	$ -	$ -	$ 5,265
Chairman Distributions	$12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000							$ 36,000	$ 36,000	$ -	$ -	$ 72,000
M&E Depreciation	$6,693	$ 6,631	$ 6,622	$ 6,622	$ 6,634	$ 6,663							$ 19,947	$ 19,920	$ -	$ -	$ 39,867

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The endorsed Articles of Continuance are not complete without the Certificate of Continuance. Certified a true copy of the record of the Ministry of Government and Consumer Services.

Director/Registrar, Ministry of Government and Consumer Services

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Exhibit 4.1

2021

Description of the Registrant's Securities
Registered Pursuant to Section 12 of the
Securities Exchange Act of 1934

The common shares ("Common Shares") of Village Farms International, Inc. (the "Company") are registered under Section 12 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and are traded on the Nasdaq Stock Market LLC under the symbol "VFF". No other securities of the Company are registered under Section 12 of the Exchange Act.

The following description of our Common Shares is a summary of the material terms of such securities. For more information, we refer you to our Articles of Continuance, and By-Law No. 4 of the Company , copies of which are filed as exhibits to our Annual Report on Form 10-K of which this Exhibit 4.1 is a part.

Authorized Capital Stock

The Company is authorized to issue an unlimited number of Common Shares, no par value and an unlimited number of preferred shares ("Preferred Shares") of the Company.

Common Shares

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Each Common Share entitles the holder thereof to receive notice of and to attend all meetings of shareholders of the Company and to one vote per Common Share at such meetings (other than meetings at which only the holders of another class of shares are entitled to vote separately as a class). The Common Shares entitle the holders thereof to receive, in any year, dividends on the Common Shares as and when declared by the board of directors of the Company, provided that payment of such dividends is not prohibited under law and after payment of any applicable amounts to which holders of any Preferred Shares may be entitled. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, after payment of or other proper provision for all of the liabilities of the Company and the payment of any amounts payable to holders of the Preferred Shares, the holders of the Common Shares will be entitled to share *pro rata* in all remaining property or assets of the Company.

The ability of a beneficial owner of Common Shares to pledge such Common Shares or otherwise take action with respect to such shareholder's interest in such Common Shares (other than through a participant in the depository service provided by CDS Clearing and Depository Services Inc.) may be limited due to the lack of a physical Common Share certificate.

Preferred Shares

The Company is authorized to issue an unlimited number of Preferred Shares. The Company's board of directors will fix the number of Preferred Shares, as well as the designation, rights, privileges, restrictions and conditions for each series of Preferred Shares that may be issued, subject to the Company filing the applicable articles of amendment under the Business Corporations Act (Ontario). Preferred Shares will have preference over Common Shares with respect to the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, be it voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs. Preferred Shares will have no right to vote on shareholder matters, subject to certain exceptions. No changes to the provisions of the Preferred Shares may be made without the approval of the holders of the Preferred Shares.

Retained Interest of Michael DeGiglio

Pursuant to the terms of the Amended and Restated Securityholders' Agreement, by and among the Company, VF Operations Canada Inc., Michael DeGiglio, Albert Vanzeyst and Kenneth Hollander and certain related entities, dated December 31, 2009 (the "Securityholders' Agreement"), the Company has granted to its Chief Executive Officer, Michael DeGiglio, certain pre-emptive rights, as well as "demand" and "piggy back" registration rights. These rights will enable Mr. DeGiglio to require the Company to file a prospectus (in the case of a demand registration) and otherwise assist with a public offering of Common Shares, subject to certain limitations. In the event of a "piggy back"

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offering, the Company's financing requirements are to take priority. Subject to the approval of the TSX, in the event that the Company decides to issue equity securities or securities convertible into or exchangeable for equity securities of the Company other than to officers, employees, consultants or directors of the Company or any subsidiary of the Company pursuant to a *bona fide* incentive compensation plan, the Securityholders' Agreement provides, among other things, Michael DeGiglio with pre-emptive rights to purchase such number of newly issued equity securities in order to maintain his *pro rata* ownership interest in the Company.

Exhibit 10.18

FIRST AMENDMENT TO
UNANIMOUS SHAREHOLDER AGREEMENT

THIS AMENDING AGREEMENT is made as of this 21 day of December, 2022,

AMONG:

VILLAGE FARMS INTERNATIONAL, INC., a corporation existing under the laws of the Province of Ontario

– and –

10670715 CANADA INC., a corporation formed under the laws of Canada, and **10335258 CANADA INC.**, a corporation formed under the laws of Canada

– and –

ROSE LIFESCIENCE INC., a corporation formed under the laws of Canada (the "**Corporation**")

RECITALS:

A. The parties entered into a unanimous shareholder agreement (the "**USA**") dated November 15, 2021 with respect to the Corporation; and

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2. **Amendments to USA**

(a) Section 4.2.1.2 of the USA is amended by deleting the text of that provision and replacing it with the following:

> at any time following December 31, 2023 but no later than the date that is the earliest of (i) the date of filing of the Village Farms Financial Statements with respect to the previous Fiscal Year, and (ii) March 31, 2024, Village Farms shall be entitled, by Call Right Notice transmitted to any Management Shareholder and the Corporation, to elect to purchase up to thirty-four (34) percent of the

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Exhibit 10.17

2021

BHB Total Co

January February March April

Corporation Securities then held by such Management Shareholder for the Call Right Price; and

3. Revenue $909 3,350 472 $4,140 3,3055,229 $ 4,731 $ 12,674 $ 17,405

Sales $ $ $ $ $ $

Repres and Warran

Each of the parties represents and warrants as follows:

(a)

Sales - General

$ (200)

the execution and delivery of this Amending Agreement has been duly authorized by all necessary action on its part;

$ (b) $

(200) $ - $

this Amending Agreement constitutes a valid and binding obligation of such party, enforceable against it in accordance with its terms; and

- (c)

the execution and delivery of this Amending Agreement and compliance with the provisions hereof by it will not violate or conflict with, or constitute a breach under, its constating documents or applicable law.

$ 4. **(200) Confirmation of USA**

On and after the date hereof, all references in the USA to “this Agreement” or like expressions shall be deemed to be references to the USA as amended by this Amending Agreement. The parties agree that, except and to the extent expressly amended by this Amending Agreement, the USA shall remain in full force and effect and the parties reserve all rights and remedies under the USA or otherwise. The parties agree and acknowledge that to the extent any terms or provisions of this Amending Agreement are in any way inconsistent with or in conflict with any term, condition or provision of the USA, this Amending Amendment shall govern and control.

5.

Sales - Independent

1437.961 $

362,302 $ 450,087 $ 448,033 - $ 2,588,756

477,324 $ 413,050 $ $ 1,277,586 $

1,311,169

$ -

$

6.

Sales - Retail

432,576 $

26,815 $ 22,102 $ 149,768 187,216 $ - $ 259,385

12,778 $ 15,347 $ $ 72,169 $

Each of the parties shall execute and deliver all such further documents and do such other things as the other parties may reasonably request to give full effect to this Amending Agreement.

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If any provision contained in this Amending Agreement or its application to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Amending Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected, and each provision of this Amending Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

7.

This Amending Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors, permitted assigns and heirs, estate, executors and legal personal representatives. No party may assign any of its rights or obligations hereunder except in accordance with the terms of the USA.

8.

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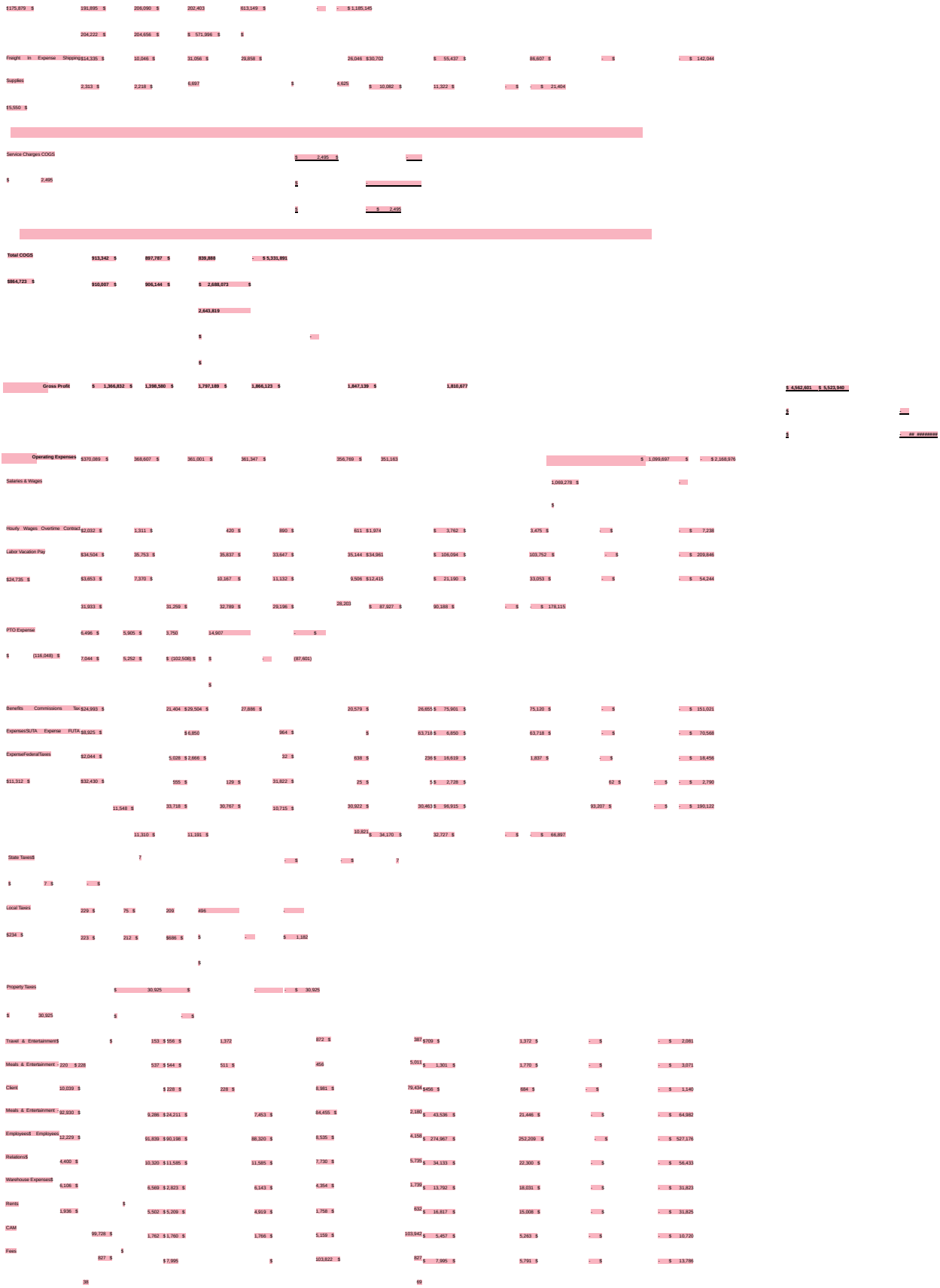

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Exhibit 10.17

2021

BHB Total Co	January	February	March	April	May	June	July	August	September	October	November	December	Q1	Q2	Q3	Q4	YTD
Platform Fees	$67,362	$ 59,952	$ 59,942	$ 60,922	$ 60,007	$84,625							$ 187,257	$ 205,554	$ -	$-	$ 392,811
Affiliate Fee	$178,851	$ 174,637	$ 140,580	$ 167,842	$ 123,213	$156,093							$ 494,068	$ 447,147	$ -	$-	$ 941,215
Marketing & Advertising	$4,177		$ 58,608										$ 62,784	$-	$ -	$-	$ 62,784
SEO Fees	$60,681	$ 63,242	$ 60,630	$ 63,188	$ 60,744	$55,678							$ 184,553	$ 179,610	$ -	$-	$ 364,162
Trade Show	$980		$ 15,250	$ 327	$ 2,227	$327							$ 16,230	$ 2,880	$ -	$-	$ 19,111
Website Design & Maintenance	$8,862	$ 8,452	$ 12,122	$ 7,900	$ 8,154	$9,085							$ 29,436	$ 25,139	$ -	$-	$ 54,576
Sponsorships	$12,100	$ 8,200	$ 8,200	$ 8,200	$ 6,200	$5,700							$ 28,500	$ 20,100	$ -	$-	$ 48,600
Online/Print/Radio Ads	$148,019	$ 193,273	$ 149,137	$ 218,943	$ 213,630	$373,480							$ 490,429	$ 806,052	$ -	$-	$ 1,296,482
Advertising & Promtional Items		$ 386	$ 9,045	$ 518	$55								$ 9,431	$573	$ -	$-	$ 10,004
Samples	$7,737	$ 5,367	$ 13,397	$ 2,104	$ 3,290	$2,913							$ 26,502	$ 8,307	$ -	$-	$ 34,808
Printing & Postage	$151	$ (2,472)	$ 33	$ 2,497	$ 3,138	$2,212							$ (2,288)	$ 7,847	$ -	$-	$ 5,558
Office Supplies	$897	$ 936	$ 1,278	$ 1,275	$ 473	$853							$ 3,111	$ 2,601	$ -	$-	$ 5,712
Hardware Expense	$1,415		$ 2,583	$ 199	$ 110	$1,389							$ 3,998	$ 1,698	$ -	$-	$ 5,696
Software Expense	$61,826	$ 48,236	$ 53,145	$ 49,969	$ 56,945	$52,927							$ 163,208	$ 159,842	$ -	$-	$ 323,049
Training & Education		$ 1,400		$ 2,302									$ 1,400	$ 2,302	$ -	$-	$ 3,702
Office Parking	$695	$ 755	$ 595	$ 425	$ 722	$700							$ 2,045	$ 1,847	$ -	$-	$ 3,892
Bad Debt	$9,613	$ 706	$ 7,088	$ 10,121	$ 1,470	$(20,502)							$ 17,407	$ (8,911)	$ -	$-	$ 8,496
Insurance Expense	$46,383	$ 45,892	$ 37,698	$ 36,776	$ 21,612	$23,178							$ 129,973	$ 81,566	$ -	$-	$ 211,539
Charitable Donations		$ 1,765			$3,500								$ 1,765	$ 3,500	$ -	$-	$ 5,265
Chairman Distributions	$12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$12,000							$ 36,000	$ 36,000	$ -	$-	$ 72,000
M&E Depreciation	$6,693	$ 6,631	$ 6,622	$ 6,622	$ 6,634	$6,663							$ 19,947	$ 19,920	$ -	$-	$ 39,867
LHI Depreciation	$39,063	$ 38,864	$ 38,864	$ 38,864	$ 38,864	$38,864							$ 116,790	$ 116,591	$ -	$-	$ 233,380
F&F Depreciation	$9,483	$ 9,483	$ 9,483	$ 9,483	$ 9,483	$9,483							$ 28,449	$ 28,449	$ -	$-	$ 56,899
Software Amortization Depreciation	$29,356	$ 29,356	$ 29,356	$ 29,758	$ 29,758	$29,758							$ 88,067	$ 89,275	$ -	$-	$ 177,342

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Allocation out of SGA	$ (235,631)	$ (241,235)	$ (246,267)	$ (234,344)	$ (228,803)	$(224,155)		$ (723,134)	$ (687,302) $ - $ - $ (1,410,435)
Operating Expense	**$ 1,239,863**	**$ 1,286,612**	**$ 1,352,700**	**$ 1,345,872**	**$ 1,298,599**	**$**	**1,552,651**	**$ 3,879,175**	**$ 4,197,122 $ - $ - $ 8,076,296**
Operating Profit (Loss)	**$126,970**	**$ 111,968**	**$ 444,489**	**$ 520,251**	**$ 548,541**	**$258,027**		**$ 683,426**	**$ 1,326,818 $ - $ - $ 2,010,244**
Other Expenses (Income)		$ (1,016)						$ (1,016)	$ - $ - $ - $ (1,016)
FX Gain/Loss	$336	$ 117	$ 223	$ 104	$119			$453	$447 $ - $ - $890
Restructuring - Severance					$(765)			$ -	$(765) $ - $ - $(765)
Gain on Extinguishment of Debt					$ (1,375,051)			$ -	$ (1,375,051) $ - $ - $ (1,375,051)
Gain/Loss on Sale of Asset	$ 450	$ 1,285	$ 452					$ 2,187	$ - $ - $ - $ 2,187
Other Exp.(Inc.)	**$ 786**	**$ 1,285**	**$ (447)**	**$ 223**	**$ 104**	**$**	**(1,375,697)**	**$ 1,624**	**$ (1,375,369) $ - $ - $ (1,373,745)**
EBIT	**$126,183**	**$ 110,683**	**$ 444,936**	**$ 520,028**	**$ 548,436**	**$ 1,633,724**		**$ 681,802**	**$ 2,702,188 $ - $ - $ 3,383,990**
Interest Expense (Income)	$115,331	$ 114,302	$ 113,258	$ 112,197	$ 111,119	$110,024		$ 342,890	$ 333,339 $ - $ - $ 676,229
Pretax Income (Loss)	**$10,853**	**$ (3,619)**	**$ 331,678**	**$ 407,831**	**$ 437,318**	**$ 1,523,700**		**$ 338,912**	**$ 2,368,849 $ - $ - $ 2,707,760**
Net Income (Loss)	**$10,853**	**$ (3,619)**	**$ 331,678**	**$ 407,831**	**$ 437,318**	**$ 1,523,700**		**$ 338,912**	**$ 2,368,849 $ - $ - $ 2,707,760**

the Province of Québec and the federal laws of Canada applicable therein, without regard to conflict of law principles.

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9. **Counterparts**

This Amending Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

Exhibit 10.17

2021

United States

JanuaryFebruary [S*March ignature page follows*April]

May June

Current Assets							
(10010) CSB Colorado	$1,709,301	$ 967,220	$ 967,220	$ 518,966			
(10011) JPM Operating - 0358	$1,798,608	$ 2,586,051	$ 3,066,131	$ 4,270,514	$ 5,083,822	$	5,201,215
(10013) JPM Depository - 0762	$1,590						
(10900) Proceeds	$	376	$ 464	$ 464	$ 464	$	464
(11001) eComm Reserves	$200,000	$	200,000	$ 200,000	$ 200,000	$	200,000
(11002) Wholesale Reserves	$50,000	$	50,000	$ 50,000	$ 50,000	$	50,000
(12000) Accounts Receivable (A/R)	$209,369	$	218,894	$ 173,627	$ 162,353	$	254,559 $ 415,570
(12050) Other Receivables	$(8,228)	$	0	$ (7,995)	$	38,909	
(12099) Intercompany Accounts Receiv	$898,088	$	898,053	$ 898,167	$ 898,202	$	900,217 $ 906,257
(12100) Allowance for Doubtful Accoun	$(77,604)	$	(77,272)	$ (83,461)	$ (93,190)	$	(92,890) $ (70,310)
(12300) eComm Receivables	$125,314	$	125,846	$ 196,167	$ 148,677	$	350,060 $ 298,179
(12400) Wholesale Receivables	$45,282	$	54,155	$ 49,318	$ 42,250	$	34,388 $ 79,820
(13100) Raw Materials Inventory	$581,761	$	928,602	$ 842,113	$ 1,016,958	$	771,189 $ 682,798
(13200) Finished Goods Inventory	$1,908,145	$	1,792,647	$ 1,620,437	$ 1,370,551	$	1,423,777 $ 1,289,247
(13303) WIP - Material Physical Invento	$865,990	$	377,394	$ 353,213	$ 261,463	$	235,453 $ 240,606
(13304) WIP - Machine Variable Overhe	$3,207	$	3,161	$ 3,161	$ 20,053	$	11,607 $ 11,607
(13400) Drop Ship Items					$	(19)	$ (19)
(13500) Deferred COGS	$56,342	$	28,649	$ 130,943	$ 123,512	$	124,320 $ 152,118
(13700) Returned Inventory	$100		$	704	$ 315	$	315 $ 315

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REFINITIV

(13800) In Use Inventory$1,840			$ 17,099			
(13900) In Service Inventory$2,610						
(13999) Inventory Reserve$(512,542)	$	(501,323)	$ (489,917)	$ (482,642)	$ (476,628)	$ (466,696)
(15301) Employee Advance					$	1,900
(15501) Prepaid Expenses: Deposits $223,805	$	191,304	$ 187,694	$ 207,274	$ 216,545	$ 126,073
(15502) Prepaid Expenses: Insurance $57,781	$	57,320	$ 28,660	$ 5,148	$ 24,117	$ 32,254
(15504) Prepaid Expenses: Other$483,226	$	554,429	$ 482,960	$ 467,704	$ 448,558	$ 466,255
(15505) Prepaid Expenses: Rent$		101,829	$ 102,920	$ 94,324	$ 94,324	$ 95,265
(100) Current Assets$8,623,985	**$**	**8,557,337**	**$ 8,789,624**	**$ 9,282,897**	**$ 9,693,088**	**$ 9,712,918**
Non Current Assets						
(16002) Security deposits$300,500	$	310,500	$ 320,500	$ 330,500	$ 340,500	$ 350,500
(16004) Prepaid Expenses: Licenses (N $10,614	$	8,346	$ 6,094	$ 2,460	$ 2,460	$ 2,460
(17030) Leasehold Improvements$963,065	$	963,065	$ 963,065	$ 963,065	$ 963,065	$ 963,065
(17031) Accumulated Depreciation Lea $(548,375)	$	(587,238)	$ (626,102)	$ (664,965)	$ (703,829)	$ (742,692)
(17040) Furniture & Fixtures$727,516	$	727,516	$ 727,516	$ 727,516	$ 727,516	$ 727,516
(17041) Accumulated Depreciation Furn $(179,931)	$	(189,414)	$ (198,897)	$ (208,381)	$ (217,864)	$ (227,347)
(17050) Machinery and Equipment$788,664	$	781,279	$ 780,180	$ 780,180	$ 781,586	$ 785,115
(17051) Accumulated Depreciation Mac $(118,306)	$	(123,338)	$ (129,777)	$ (136,399)	$ (143,033)	$ (149,697)
(17060) Software$1,051,913	$	1,051,913	$ 1,051,913	$ 1,066,413	$ 1,066,413	$ 1,066,413
(17061) Accumulated Amortization Soft $(249,397)	$	(278,752)	$ (308,108)	$ (337,867)	$ (367,625)	$ (397,383)
(17080) Fixed Asset clearing account			$ 13,000			
(18000) Intangible Assets$144,472	$	144,472	$ 144,472	$ 144,472	$ 144,472	$ 144,472
(160) Non Current Assets	**$2,890,735**	**$**	**2,808,348**	**$ 2,743,856**	**$ 2,666,994**	**$ 2,593,661**	**$ 2,522,422**
(10) Total Assets	**$ 11,514,720**	**$**	**11,365,686**	**$ 11,533,480**	**$ 11,949,891**	**$ 12,286,749**	**$ 12,235,340**
Current Liabilities						
(20000) Accounts Payable$1,288,230	$	1,195,227	$ 749,500	$ 609,822	$ 654,845	$ 570,204
(20001) Concur Accounts Payable	$	(22)	$ (14)	$ 20		
(20002) AP Clearing	$(183,799)	$	(145,854)	$ (5,820)	$ (24,216)	$ (79,499)	$ (45,341)
(20099) Intercompany Accounts Payabl $238,297	$238,297	$238,297	$238,297	$238,297	$238,297		
(20100) American Express	$24,387	$	30,809	$ 21,285	$ 28,932	$ 25,659	$ 17,236
(21000) Accrued Purchases	$95,149	$	39,683	$ 193,803	$ 224,149	$ 238,254	$ 36,364
(21100) Accrued Commissions	$23,451	$	19,805	$ 28,488	$ 25,992	$ 20,579	$ 25,543
(21200) Accrued Expenses	$357,381	$	301,215	$ 232,674	$ 364,139	$ 324,266	$ 343,000
(21201) Accrued Insurance						$	3,216
(21205) Accrued Legal Fees					$	18,487	$ 26,199
(21250) Accrued Freight	$88,426	$	96,410	$ 111,012	$ 93,841	$ 54,300	$ 57,767
(21300) Accrued Bonuses $28,000						
(21400) Accrued PTO	$72,085	$	78,581	$ 85,625	$ 91,530	$ 96,782	$ 100,533
(21900) Accrued Severance Pay	$93,386	$	69,838	$ 48,885	$ 29,637	$ 10,389	
(22100) Wages Payable				$	0	$ 0	$ 0
(22200) Gifts for Employees	$(2,471)	$	(2,471)	$ (2,471)	$ (2,771)	$ (2,771)	$ (2,771)
(22300) Health Insurance Payable	$(359)	$	(6,188)	$ (9,781)	$ (14,119)	$ (16,688)	$ (21,074)
(22500) Dental Insurance Payable	$(2,128)	$	(2,342)	$ (2,587)	$ (2,894)	$ (3,123)	$ (3,339)
(22600) Life Insurance Payable	$(184)	$	(241)	$ (334)	$ (381)	$ (428)	$ (475)
(22610) Colonial Pre	$(3,271)	$	(3,509)	$ (7,133)	$ (7,250)	$ (7,387)	$ (7,601)
(22620) Colonial Post	$7,336	$	7,534	$ 6,060	$ 6,226	$ 6,320	$ 6,372
(22630) Pre Tax 401(k)	$5,896	$	5,146	$ 8,381	$ 7,871	$ 8,166	$ 8,166
(22640) Post Tax Roth 401(k)	$4,201	$	4,206	$ 5,742	$ 5,829	$ 5,693	$ 5,595
(22700) Vision Insurance Payable	$(306)	$	(328)	$ (347)	$ (373)	$ (393)	$ (410)

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REFINITIV

(23007) Sales Tax Payable	$(9,606) $	119,719 $	162,962 $	164,135 $	173,552 $							183,104
(23011) Sales Tax Payable Reserve	$1,694,060 $	1,582,455 $	1,582,455 $	1,582,455 $	1,579,158 $							1,586,132
(23014) Deferred FICA - SS Taxes	$259,465 $	259,465 $	259,465 $	259,465 $	259,465 $							259,465
(24000) Notes Payable - Current	$8,948,765 $	8,962,452 $	8,976,355 $	8,990,479 $	9,004,826 $							7,644,349
(24001) Debt Issuance Costs - Current	$(28,119) $	(28,119) $	(28,119) $	(28,119) $	(28,119) $							(28,119)
(22800) Deferred Revenue - ST	$261,635 $	240,934 $	237,691 $	262,870 $	230,501 $							235,189
(25001) Gift Card Liability	$389 $	246 $	231 $	966 $	1,284 $							1,050
(25002) Customer Deposits	$2,461 $	2,461 $	2,461 $	2,461 $	2,461 $							2,461

Exhibit 10.17

2021

United States	January	February	March	April	May	June	July	August	September	October	November	December
(25004) Interest Payable - Current	$1,171,296 $	1,229,630 $	1,287,963 $	1,346,296 $	1,404,630 $	1,462,963						
(25006) Loyalty Program Liability	$2,190,126 $	2,243,754 $	2,270,595 $	2,288,483 $	2,292,886 $	2,303,717						
(200) Current Liabilities	**$ 16,624,181 $**	**16,538,792 $**	**16,453,338 $**	**16,543,740 $**	**16,512,410 $**	**15,007,791**						
Non Current Liabilities												
(27000) Notes Payable - Non-Current	$2,522,470 $	2,442,808 $	2,361,886 $	2,279,682 $	2,196,176 $	2,111,348						
(27001) Debt Issuance Costs - Non-Cur	$(60,635) $	(58,292) $	(55,949) $	(53,605) $	(51,262) $	(48,919)						
(28100) Deferred Rent - LT	$437,763 $	439,138 $	440,514 $	440,799 $	441,083 $	441,368						
(260) Long-Term Liabilities	**$2,899,597 $**	**2,823,655 $**	**2,746,451 $**	**2,666,875 $**	**2,585,997 $**	**2,503,797**						
(21) Total Liabilities	**$ 19,523,778 $**	**19,362,447 $**	**19,199,788 $**	**19,210,615 $**	**19,098,408 $**	**17,511,589**						
Equity												
(30000) Retained Earnings	$(440,236) $	(440,236) $	(440,236) $	(440,236) $	(440,236) $	(440,236)						
(30100) Current Year Net Income	$19,273 $	31,570 $	362,022 $	767,607 $	1,216,672 $	2,752,082 $	2,752,082 $	2,752,082 $	2,752,082 $	2,752,082 $	2,752,082 $	2,752,082
(31100) Bota Equity - CJA Holdings	$(13,236) $	(13,236) $	(13,236) $	(13,236) $	(13,236) $	(13,236)						
(32100) Partner Contributions:A&E Hold	$125,000 $	125,000 $	125,000 $	125,000 $	125,000 $	125,000						
(32300) Partner Contributions:BDH Part	$250,000 $	250,000 $	250,000 $	250,000 $	250,000 $	250,000						
(32301) Member's Equity - BDH	$(675,000) $	(675,000) $	(675,000) $	(675,000) $	(675,000) $	(675,000)						
(32400) Partner Contributions:MSRP Zo	$250,000 $	250,000 $	250,000 $	250,000 $	250,000 $	250,000						
(33100) CJA Holdings Distributions	$(15,100) $	(15,100) $	(15,100) $	(15,100) $	(15,100) $	(15,100)						
(33200) A&E Holdings LLC Distributions	$(755,807) $	(755,807) $	(755,807) $	(755,807) $	(755,807) $	(755,807)						
(33300) BDH Partners, LLC Distribution	$(3,371,901) $	(3,371,901) $	(3,371,901) $	(3,371,901) $	(3,371,901) $	(3,371,901)						
(33400) MSRP Zone, LLC Distributions	$(3,382,051) $	(3,382,051) $	(3,382,051) $	(3,382,051) $	(3,382,051) $	(3,382,051)						
(CTA) Cumulative Translation Adjustme	$0 $	-$	0 $	(0) $	0 $	(0) $	(2,752,082) $	(2,752,082) $	(2,752,082) $	(2,752,082) $	(2,752,082) $	(2,752,082)
(31) Equity	**$(8,009,058) $**	**(7,996,761) $**	**(7,666,309) $**	**(7,260,724) $**	**(6,811,659) $**	**(5,276,249) $**	**-$**	**-$**	**- $**	**- $**	**- $**	**-**
(20) Total Liabilities & Equitie	**$ 11,514,720 $**	**11,365,686 $**	**11,533,480 $**	**11,949,891 $**	**12,286,749 $**	**12,235,340 $**	**-$**	**-$**	**- $**	**- $**	**- $**	**-**

Exhibit 10.17

JPM UK - 6013	$	76,310 $	28,243 $	25,657 $	20,949 $	25,843 $	22,499					
Accounts Receivable (A/R)	$	22,398 $	29,371 $	26,492 $	37,384 $	44,981 $	42,595					
Intercompany Accounts Receivable	$	254,107 $	260,976 $	257,391 $	261,144 $	265,509 $	259,167					
Allowance for Doubtful Accounts	$	(11,301) $	(12,644) $	(13,349) $	(13,923) $	(15,922) $	(17,582)					

2021

United Kingdom	January	February	March	April	May	June	July	August	September	October	November	December

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(in USD)												
Current Assets												
Merchant Receivable	$76			$	71							
Finished Goods Inventory	$213,916 $	202,408 $	61,933 $	58,011 $	52,332 $					41,483		
Drop Ship Items	$(11) $	(11) $	(11) $	(11) $	(11) $					(11)		
Inventory Reserve	$(178,109) $	(182,923) $	(33,724) $	(34,216) $	(34,788) $					(33,957)		
eComm Receivables	$530 $	116 $	105 $	477 $	181 $					198		
VAT Receivable	$(22,709) $	(25,964) $	(27,283) $	(31,092) $	(35,147) $					(37,591)		
Prepaid Expenses		$		2,929								
Prepaid Expenses: Other	$2,117	$2,159	$2,167 $	2,154 $	2,197 $					2,124		
Current Assets	**$360,252**	**$301,731**	**$299,377 $**	**300,948 $**	**305,175 $**					**278,924**		
Non Current Assets												
Total Assets	**$**	**36(301,731 $**	**299,377 $**	**300,948 $**								
305,175 $										**278,924**		
Current Liabilities												
Accounts Payable	$56,017 $1,973 $7,435 $			2,449 $	11,505 $	(2,044)						
Intercompany Accounts Payable	$950,630 $976,288 $962,991 $			977,067 $	995,437 $	977,582						
Accrued Purchases	$1,696 $5,096											
Taxes Payable - current	$38,486 $39,526 $38,983 $			39,552 $	40,213 $	39,252						
VAT Payable	$3,836 $3,940 $3,886 $			3,942 $	3,995 $	3,836						
Current Liabilities	**$1,050,665 $1,026,823 $1,013,295 $**			**1,023,010 $**	**1,051,150 $**	**1,018,626**						
Non Current Liabilities												
Total Liabilities	**$1,050,665 $1,026,823 $1,013,295 $**			**1,023,010 $**	**1,051,150 $**	**1,018,626**						
Equity												
Retained Earnings	$(651,368) $(651,368) $(651,368) $			(651,368) $	(651,368) $	(651,368)						
Current Year Net Income	$(8,421) $(24,336) $(23,111) $			(20,865) $	(32,612) $	(44,322) $	(44,322) $	(44,322) $	(44,322) $	(44,322) $	(44,322) $	(44,322)
Cumulative Translation Adjustment	$(30,625) $(49,388) $(39,439) $			(49,829) $	(61,995) $	(44,013) $	44,322 $	44,322 $	44,322 $	44,322 $	44,322 $	44,322
Equity	**$(690,414) $(725,092) $(713,918) $**			**(722,061) $**	**(745,974) $**	**(739,702) $**	**-$**	**-$**	**- $**	**- $**	**- $**	**-**
Total Liabilities & Equities	**$360,252 $301,731 $299,377 $**			**300,948 $**	**305,175 $**	**278,924 $**	**-$**	**-$**	**- $**	**- $**	**- $**	**-**

Exhibit 10.17

2021												
BHB Total Co	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**
Current Assets												
CSB Colorado	1,709,301	967,220	967,220	518,966								
JPM Operating - 0358	1,798,608	2,586,051	3,066,131	4,270,514	5,083,822	5,201,215						
JPM Depository - 0762	1,590											
JPM UK - 6013	76,310	28,243	25,657	20,949	25,843	22,499						
Proceeds		376	464	464	464	464						
eComm Reserves	200,000	200,000	200,000	200,000	200,000	200,000						
Wholesale Reserves	50,000	50,000	50,000	50,000	50,000	50,000						
Accounts Receivable (A/R)	231,767	248,266	200,119	199,737	299,541	458,166						
Other Receivables	(8,228)	0	(7.995)		38,909							
Intercompany Accounts Receivable	-	-	-	-	-	-						

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Allowance for Doubtful Accounts	(88,905)	(89,916)	(96,810)	(107,114)	(108,812)	(87,892)
Merchant Receivable	76			71		
eComm Receivables	125,314	125,846	196,167	148,677	350,060	298,179
Wholesale Receivables	45,282	54,155	49,318	42,250	34,388	79,820
Raw Materials Inventory	581,761	928,602	842,113	1,016,958	771,189	682,798
Finished Goods Inventory	2,121,838	1,995,056	1,682,369	1,428,562	1,476,109	1,330,729
WIP - Material Physical Inventory	865,990	377,394	353,213	261,463	235,453	240,606
WIP - Machine Variable Overhead	3,207	3,161	3,161	20,053	11,607	11,607
Drop Ship Items	(11)	(11)	(11)	(11)	(30)	(30)
Deferred COGS	56,342	28,649	130,943	123,512	124,320	152,118
Returned Inventory	100		704	315	315	315
In Use Inventory	1,840		17,099			
In Service Inventory	2,610					
Inventory Reserve	(690,651)	(684,246)	(523,641)	(516,858)	(511,416)	(500,653)
eComm Receivables	530	116	105	477	181	198
Employee Advance						1,900
VAT Receivable	(22,709)	(25,964)	(27,283)	(31,092)	(35,147)	(37,591)
Prepaid Expenses	2,929					
Prepaid Expenses: Deposits	223,805	191,304	187,694	207,274	216,545	126,073
Prepaid Expenses: Insurance	57,781	57,320	28,660	5,148	24,117	32,254
Prepaid Expenses: Other	485,343	556,588	485,127	469,857	450,755	468,378
Prepaid Expenses: Rent		101,829	102,920	94,324	94,324	95,265
Current Assets	**7,831,819**	**7,700,039**	**7,933,444**	**8,424,500**	**8,832,537**	**8,826,419**
Non Current Assets						
Security deposits	300,500	310,500	320,500	330,500	340,500	350,500
Prepaid Expenses: Licenses (Non Curre	10,614	8,346	6,094	2,460	2,460	2,460
Leasehold Improvements	963,065	963,065	963,065	963,065	963,065	963,065
Accumulated Depreciation Leasehold I	(548,375)	(587,238)	(626,102)	(664,965)	(703,829)	(742,692)
Furniture & Fixtures	727,516	727,516	727,516	727,516	727,516	727,516
Accumulated Depreciation Furniture &	(179,931)	(189,414)	(198,897)	(208,381)	(217,864)	(227,347)
Machinery and Equipment	788,664	781,279	780,180	780,180	781,586	785,115
Accumulated Depreciation Machinery a	(118,306)	(123,338)	(129,777)	(136,399)	(143,033)	(149,697)
Software	1,051,913	1,051,913	1,051,913	1,066,413	1,066,413	1,066,413
Accumulated Amortization Software	(249,397)	(278,752)	(308,108)	(337,867)	(367,625)	(397,383)
Fixed Asset clearing account			13,000			
Intangible Assets	144,472	144,472	144,472	144,472	144,472	144,472
Non Current Assets	**2,890,735**	**2,808,348**	**2,743,856**	**2,666,994**	**2,593,661**	**2,522,422**
Total Assets	**10,722,554**	**10,508,388**	**10,677,299**	**11,091,494**	**11,426,199**	**11,348,840**
Current Liabilities						
Accounts Payable	1,344,247	1,197,200	756,935	612,271	666,350	568,160
Concur Accounts Payable		(22)		(14)	20	
AP Clearing	(183,799)	(145,854)	(5,820)	(24,216)	(79,499)	(45,341)
Intercompany Accounts Payable	36,508	55,556	45,730	56,018	68,008	50,455
American Express	24,387	30,809	21,285	28,932	25,659	17,236
Accrued Purchases	96,846	44,779	193,803	224,149	238,254	36,364
Accrued Commissions	23,451	19,805	28,488	25,992	20,579	25,543
Accrued Expenses	357,381	301,215	232,674	364,139	324,266	343,000
Accrued Insurance						3,216
Accrued Legal Fees					18,487	26,199
Accrued Freight	88,426	96,410	111,012	93,841	54,300	57,767

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Accrued Bonuses	28,000					
Accrued PTO	72,085	78,581	85,625	91,530	96,782	100,533
Accrued Severance Pay	93,386	69,838	48,885	29,637	10,389	
Wages Payable				0	0	0
Gifts for Employees	(2,471)	(2,471)	(2,471)	(2,771)	(2,771)	(2,771)
Health Insurance Payable	(359)	(6,188)	(9,781)	(14,119)	(16,688)	(21,074)
Dental Insurance Payable	(2,128)	(2,342)	(2,587)	(2,894)	(3,123)	(3,339)
Life Insurance Payable	(184)	(241)	(334)	(381)	(428)	(475)
Colonial Pre	(3,271)	(3,509)	(7,133)	(7,250)	(7,387)	(7,601)
Colonial Post	7,336	7,534	6,060	6,226	6,320	6,372
Pre Tax 401(k)	5,896	5,146	8,381	7,871	8,166	8,166
Post Tax Roth 401(k)	4,201	4,206	5,742	5,829	5,693	5,595
Vision Insurance Payable	(306)	(328)	(347)	(373)	(393)	(410)
Taxes Payable - current	38,486	39,526	38,983	39,552	40,213	39,252
Sales Tax Payable	(9,606)	119,719	162,962	164,135	173,552	183,104

Exhibit 10.17

2021												
BHB Total Co	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**
VAT Payable	3,836	3,940	3,886	3,942	3,995	3,836						
Sales Tax Payable Reserve	1,694,060	1,582,455	1,582,455	1,582,455	1,579,158	1,586,132						
Deferred FICA - SS Taxes	259,465	259,465	259,465	259,465	259,465	259,465						
Notes Payable - Current	8,948,765	8,962,452	8,976,355	8,990,479	9,004,826	7,644,349						
Debt Issuance Costs - Current	(28,119)	(28,119)	(28,119)	(28,119)	(28,119)	(28,119)						
Deferred Revenue - ST	261,635	240,934	237,691	262,870	230,501	235,189						
Gift Card Liability	389	246	231	966	1,284	1,050						
Customer Deposits	2,461	2,461	2,461	2,461	2,461	2,461						
Interest Payable - Current	1,171,296	1,229,630	1,287,963	1,346,296	1,404,630	1,462,963						
Loyalty Program Liability	2,190,126	2,243,754	2,270,595	2,288,483	2,292,886	2,303,717						
Current Liabilities	**16,522,428**	**16,406,586**	**16,311,075**	**16,407,404**	**16,397,835**	**14,860,994**						
Non Current Liabilities												
Notes Payable - Non-Current	2,522,470	2,442,808	2,361,886	2,279,682	2,196,176	2,111,348						
Debt Issuance Costs - Non-Current	(60,635)	(58,292)	(55,949)	(53,605)	(51,262)	(48,919)						
Deferred Rent - LT	437,763	439,138	440,514	440,799	441,083	441,368						
Long-Term Liabilities	**2,899,597**	**2,823,655**	**2,746,451**	**2,666,875**	**2,585,997**	**2,503,797**						
Total Liabilities	**19,422,025**	**19,230,241**	**19,057,526**	**19,074,279**	**18,983,832**	**17,364,791**						
Equity												
Retained Earnings	(1,091,604)	(1,091,604)	(1,091,604)	(1,091,604)	(1,091,604)	(1,091,604)						
Current Year Net Income	10,853	7,233	338,912	746,743	1,184,060	2,707,760	2,707,760	2,707,760	2,707,760	2,707,760	2,707,760	2,707,760
Bota Equity - CJA Holdings	(13,236)	(13,236)	(13,236)	(13,236)	(13,236)	(13,236)						
Partner Contributions:A&E Holdings, LL	125,000	125,000	125,000	125,000	125,000	125,000						
Partner Contributions:BDH Partners, LL	250,000	250,000	250,000	250,000	250,000	250,000						
Member's Equity - BDH	(675,000)	(675,000)	(675,000)	(675,000)	(675,000)	(675,000)						
Partner Contributions:MSRP Zone, LLC	250,000	250,000	250,000	250,000	250,000	250,000						
CJA Holdings Distributions	(15,100)	(15,100)	(15,100)	(15,100)	(15,100)	(15,100)						
A&E Holdings LLC Distributions	(755,807)	(755,807)	(755,807)	(755,807)	(755,807)	(755,807)						
BDH Partners, LLC Distributions	(3,371,901)	(3,371,901)	(3,371,901)	(3,371,901)	(3,371,901)	(3,371,901)						
MSRP Zone, LLC Distributions	(3,382,051)	(3,382,051)	(3,382,051)	(3,382,051)	(3,382,051)	(3,382,051)						
Cumulative Translation Adjustment	(30,625)	(49,388)	(39,439)	(49,829)	(61,995)	(44,013)	(2,707,760)	(2,707,760)	(2,707,760)	(2,707,760)	(2,707,760)	(2,707,760)
Equity	**(8,699,471)**	**(8,721,853)**	**(8,380,226)**	**(7,982,785)**	**(7,557,633)**	**(6,015,951)**	------					

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Total Liabilities & Equities	10,722,554	10,508,388	10,677,299	11,091,494	11,426,199	11,348,840	------

Exhibit 10.17

Balanced Health Botanicals
Income Statement
YTD 2021

Total Net Sales	$15,418,432
Total COGS	$5,331,891
GP	**$10,086,541**
Operating Expense	$8,076,296
Operating Profit (Loss)	**$2,010,244**
Other Exp./(Inc.)	$(1,373,745)
EBIT	**$3,383,990**
Interest Expense (Income)	$676,229
Pretax Income (Loss)	$2,707,760
Net Income (Loss)	**$2,707,760**

Exhibit 10.17

Balanced Health Botanicals
Income Statement
June 2021

Total Net Sales	$2,650,565
Total COGS	$839,888
GP	**$1,810,677**
Operating Expense	$1,552,651
Operating Profit (Loss)	**$258,027**
Other Exp./(Inc.)	$(1,375,697)
EBIT	**$1,633,724**
Interest Expense (Income)	$110,024
Pretax Income (Loss)	$1,523,700
Net Income (Loss)	**$1,523,700**

Exhibit 10.17

Balanced Health Botanicals
Balance Sheet June 2021

Cash	$5,224,178
Restricted Cash Current	$250,000
Accounts Receivable	$748,273
Merchant Receivable	$1,917,491
Inventory	
Prepaid Expenses	$721,970
Other Current Assets	$(35,493)
Current Assets	**$8,826,419**
Intangibles	$144,472
Property, Plant and Equipment	$2,024,990
Other Non-Current Assets	$352,960

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Non Current Assets	**$2,522,422**
Total Assets	**$11,348,840**
Payables	$590,511
Notes Payables	$7,616,229
Accrued	$592,622
Other Current Liabilities	$6,061,632
Current Liabilities	**$14,860,994**
Notes Payable - Non-Current	$2,111,348
Other Non-Current Liabilities	$392,449
Long Term Liabilities	**$2,503,797**
Total Liabilities	**$17,364,791**
Equity	**$(6,015,951)**

Total Liabilities & Equities	**11,348,840**
chk	-

Exhibit 10.17

Section 3.7(b)

Absence of Certain Events

(i)

None.

(ii)

None.

(iii)

None.

(iv)

Promissory Note dated January 26, 2021 by and between Balanced Health Botanicals, LLC and Citizens State Bank in the amount $1,709,301.00.

(v)

None.

(vi)

1. Amendedand RestatedEquity Appreciation RightsAwardAgreement dated March 31,2021by andbetween Balanced HealthBotanicals,LLC andJohn Harloe.
2. EquityAppreciationRightsAwardAgreementdatedMarch29,2021byandbetweenBalancedHealth Botanicals, LLC and WilliamR. Stoufer.
3. EquityAppreciationRightsAwardAgreementdatedMarch31,2021byandbetweenBalancedHealth Botanicals, LLC and Brandon Townsley.
4. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Jeremy Martell.
5. EmployeeBonusPoolAgreementdatedJanuary1,2021by andbetweenBalancedHealthBotanicals,LLC and ElleseSymons.
6. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Mark Grunder.
7. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Andrew Papilion.
8. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and William Stoufer.

Exhibit 10.17

9. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and Brandon Townsley.
10. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and ChaseTerwilliger.

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11. EmployeeBonusPoolAgreementdatedJanuary1,2021by andbetweenBalancedHealthBotanicals,LLC and Chris Van Dusen.
12. EmployeeBonusPoolAgreementdatedJanuary1,2021byandbetweenBalancedHealthBotanicals,LLC and John Harloe.
13. EmployeeBonusPoolAgreementdatedJanuary1,2021byand betweenBalancedHealthBotanicals, LLC andJames Shoeboot2.
14. ManagementIncentivePlandatedJanuary2021byandbetweenBalancedHealthBotanicals,LLC and Chris Van Dusen.

(vii)

See Schedule 3.16(a).

(viii)

None.

(ix)

None.

(x)

None.

(xi)

None.

(xii)

None.

(xiii)

None.

(xiv)

None.

2 James Shoeboot provides services to Balanced Health Botanicals, LLC through a legal entity named JS-Connex.

Exhibit 10.17

10.18

Section IN WITNESS WHEREOF3.9(b) the parties have executed this Amending Agreement.

Permits

2. Certificate Number C0496413-DS-1 issued by NSF International with an issue date of March20, 2020 and expiring on March 20, 2021, certifying that Balanced Health Botanicals hascomplied with NSF GMP Registration Program Requirements of NSF/ANSI 173, Section 8forthe facilitylocated at1500 W.Hampden AvenueSuite4E/F,Sheridan,CO80110.
3. Certificate Number C0548017-DS-2 issued by NSF International with an issue date of March20, 2020 and expiring on February 10, 2022, certifying that Balanced Health Botanicals hascomplied with NSF GMP Registration Program Requirements of NSF/ANSI 173, Section 8forthe facility locatedat1500W. Hampden AvenueUnits 5G/5H, Sheridan,CO 80110.
4. License to Operate: Manufactured Food Establishment issued by the Colorado Department ofPublicHealth&EnvironmentwithanissuedateofJuly7,2021andexpiringonJune30,2022.
5. FarmProductsCashBuyerLicense#002GXDissuedbytheColoradoDepartmentofAgriculture to the Company with an effective date of January 1, 2021 and expiring December31, 2021.
6. FoodFacilityRegistrationNumber14070126348issuedbytheU.S.FoodandDrugAdministrationon December7, 2020.
7. ConsumableHempManufacturerRegistrationNumber199440issuedbytheIowaDepartmentof Inspections and Appeals, Food and Consumer Safety Bureau on March 22, 2021 andexpiringon March 18, 2022.
8. Consumable Hemp Retailer Registration Number 199459 issued by the Iowa Department ofInspections and Appeals, Food and Consumer Safety Bureau on March 22, 2021 and expiringonMarch 18, 2022.
9. The City of Sheridan, Colorado Business License Number 005294 issued May 18, 2021 andexpiringon December31, 2023.
10. RetailHempRegistrationNumber384015283issuedbytheTexasDepartmentofStateHealthServiceson June 2, 2021and expiring on June 1, 2022.
11. Product-Line Endorsement Approval Notice, AIH Registration Number E_10094 for Edible(gummies), issued by the Alaska Division of Agriculture on May 17, 2021 and expiring onMay 17,2022.

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12. Product-Line Endorsement Approval Notice, AIH Registration Number E_10094 for Edible(softgels),issuedbytheAlaskaDivisionofAgricultureonMay17,2021andexpiringonMay17, 2022.
13. Product-Line Endorsement Approval Notice, AIH Registration Number E_10094 for Oils(CBDistillery),issuedbytheAlaskaDivisionofAgricultureonMay17,2021andexpiringonMay 17,2022.
14. Product-LineEndorsementApprovalNotice,AIHRegistrationNumberE_10094forPowders(CBDistillery),issuedbytheAlaskaDivisionofAgricultureonMay27,2021a27,2022.
15. Product-LineEndorsementApprovalNotice,AIHRegistrationNumberE_10094forTopicals(CBDistillery),issuedbytheAlaskaDivisionofAgricultureonMay27,2021ar27,2022.
16. Product-LineEndorsementApprovalNotice,AIHRegistrationNumberE_10094forTopicals(BOTA), issued by the Alaska Division of Agriculture on May 27, 2021 and expiring on May27, 2022.
17. WestVirginiaRegisteredHempProduct,forCBDistilleryRelaxCBDGummies30mgTropical Fruit, issued by the West Virginia Department of Agriculture on June 23, 2021 fortheperiod beginning on July1, 2020and expiring on December 31,2021.
18. West Virginia Registered Hemp Product, for CBDistillery Relax CBD Gummies + Melatonin30mg Mixed Berry, issued by the West Virginia Department of Agriculture on June 23, 2021forthe period beginning on July 1,2020 and expiring on December 31,2021.
19. West Virginia Registered Hemp Product, for Relief & Relax Full Spectrum Tincture 500mg30mL,issuedbytheWestVirginiaDepartmentofAgricultureonJune30,2021fortheperiodbeginningon July 1, 2020 and expiring on December 31,2021.
20. West Virginia Registered Hemp Product, for Relief & Relax Full Spectrum Tincture 1000mg30mL,issuedbytheWestVirginiaDepartmentofAgricultureonJune30,2021fortheperiodbeginningon July 1, 2020 and expiring on December31, 2021.
21. West Virginia Registered Hemp Product, for Relief & Relax Full Spectrum Tincture 2500mg30mL,issuedbytheWestVirginiaDepartmentofAgricultureonJune30,2021fortheperiodbeginningon July 1, 2020 and expiring on December 31,2021.
22. West Virginia Registered Hemp Product, for Relief & Relax Full Spectrum Tincture 5000mg30mL,issuedbytheWestVirginiaDepartmentofAgricultureonJune30,2021fortheperiodbeginningon July 1, 2020 and expiring on December 31,2021.
23. West Virginia Registered Hemp Product, for Relief & Relax Full Spectrum Mango Tincture30mL,issuedbytheWestVirginiaDepartmentofAgricultureonJune30,2021fortheperiodbeginningon July 1, 2020 and expiring on December 31,2021.

Section3.10(a)

Tax Matters

1. VariousstatesalestaxexposureasdetailedbyRSMSALT'sSalesTaxExposureMemodated June21, 2021.

Section3.10(j)

Foreign Corporations

1. BalancedHealthBotanicalsInternationalLimited (domiciledinIreland).
2. BalancedHealthBotanicalsUK, Ltd(domiciledin theUnitedKingdom).

Section3.10(l)

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Tax Returns

See Attached Tax Returns:

Tax Period Ending	Audited	Subject to Audit
December 31, 2017	No	No
December 31, 2018	No	No
December 31, 2019	No	No
December 31, 2020	No	No

Section3.10(n)

Tax Treatment

None.

Section3.10(o)

Foreign Trade or Business

1. BalancedHealthBotanicalsInternationalLimited.
2. BalancedHealthBotanicals UK,Ltd.

Section3.11(b)

Leased Real Property

1. 1500W.HampdenAvenue,Suites5A,5F,5G,5H,4Eand4F,Sheridan,Colorado80110,subject to the terms of that certain Lease Agreement dated September 13, 2017 by andbetween ELS Universal, LLC and WPC Hampden Park, LLC, including that certain FirstAmendment dated May 9, 2018, that certain Second Amendment dated August 29, 2018,that certain Third Amendment dated February 18, 2019, that certain Fourth Amendmentdated April 1, 2020, that certain Fifth Amendment dated September 14, 2020, that certainSixth Amendment dated September 15, 2020 and that certain Seventh Amendment datedApril22, 2021.
2. 1720S.BellaireStreet,PenthouseandSkybox,Denver,Colorado80222,subjectto(i)theterms of that certain Office Lease Agreement dated January 31, 2019 by and betweenBalanced Health Botanicals, LLC and 1720 Tower Colorado, LLC, including that certainFirst Lease Amendment dated April 8, 2019, that certain Second Amendment to Leasedated July 1, 2019, that certain Third Amendment to Lease dated October 29, 2019 andthatcertainFourthAmendmenttoLeasedatedJune4,2020,aswellas(ii)thetermsofthatcertain Subordination, Non-Disturbance and Attornment Agreement dated February 1,2019byandbetween1720TowerColorado,LLCandBalancedHealthBotanicals,LLC.

Section 3.12(b)

Intellectual Property Infringement

1. In re Yin Yang Infusions – Cease and desist letter was received from Yin Yang Infusionson May 18, 2020, alleging trademark infringement. Yin alleged BHB's"relaxandrelief"brandingwasinfringingonits"relaxandRelieve"slogan.BHBrespondedonJune4,2020,assertingtherewasnofederaltrademarkforYinYa that the mark is descriptive, and therefore the allegations of infringement have noprotection.Nofurther communicationfromYin Yanghas beenreceivedt
2. BHBfiledanAmendedComplaintinAccordancewiththeUniformDomainNameDisputeResolution Policy against Sander Cry for the domain namehttps://cbdistillery.orgin theWorld IntellectualProperty OrganizationArbitration andMediationCenter.

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3. In re Riman Co. – A Korean skincare company has filed a trademark application for themark “Botalab.” As of July 6, 2021 no response to BHB’s counsel’s outreach (via phoneand email) has been received from counsel for Riman, Co. Likely, this will necessitateBHB filing an opposition, with the goal being to either force Riman into settlementdiscussions or simply an opposition to their filing. BHB filed opposition to the trademarkapplicationon July 23, 2021
4. An unknown party registered the domain “cbdistillery.store” and BHB has engaged legalcounselto advise on remedies.
5. An unknown party registered the domain “cbdistillery.info” and BHB has engaged legalcounselto advise on remedies.
6. A Mexican CBD company registered the domain “cbdol.com” and BHB has engage legalcounselto advise on remedies.
7. LetterAgreementdatedAugust23,2019byandbetweenBalancedHealthBotanicals,LLCandHempmateAGre Hempmate AG’suse ofthe “CBDROPS”trademark.
8. Cease and Desist Letter dated May 24, 2019 to Botan Nutrition, LLC regarding the use of“Botan”trademark.
9. Cease and Desist Letter dated May 24, 2019 to 420 Ventures, Ltd., regarding the use of“CBDDispensary”trademark.
10. CeaseandDesistLetterdatedMay24,2019toCBDailyregardingtheuseofthe“TERPOSOLATE”trademark.
11. Cease and Desist Letter dated May 5, 2019 toadmind@cbdol.orgregarding the use of the“cbdol.org”domainname.

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12. CeaseandDesistLetterdatedMay24,2019toCibdolAGregardingtheuseofthe“CIBDOL”trademark.
13. CeaseandDesistLetterdatedMay24,2019toExclusiveBrands,LLCregardingtheuseofthe“TERPSOLATE”trademark.
14. CeaseandDesistLetterdatedMay3,2019toReefDrinkCompany,Inc.,regardingtheuseofthe“CBDelicious” trademark.
15. CeaseandDesistLetterdatedMay24,2019toStraightHempregardingtheuseofthe“TERPSOLATE”trademark.
16. CeaseandDesistLetterdatedMay3,2019toTheCBDCompanyregardingtheuseofthe“TERPSOLATE”trademark.
17. CeaseandDesistLetter datedMay 3,2019 to UrbanRoots HempCompanyregardingtheuseof the“TERPSOLATE”trademark.
18. Cease andDesist Letter dated January27, 2020toCBD Global,LLCregarding the use ofthe“#CBDMOVEMENT”trademark.
19. CeaseandDesistLetterdatedFebruary24,2020toHempBotanicsregardingtheuseofwww.cbdistillery.co.ukand redirection towww.hempbotanics.com.

Section3.12(c)

Intellectual Property

(i)

None.

(ii)

BOTA Applicationpending.	Final OA issued 02/11/2020. Application suspendedpending outcome ofOppositionproceedings	Application pending;examination expectedend2020.	Application pending.	N/A.
MARK STATUS US US EU STATUS - INT'L CANADA JAPAN MEXICO **BALANCED HEALTH BOTANICALS** Application pending.	Registered 09/15/2018. Application pending;examination expectedend2020.	ApplicationN/A. pending.		

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Registered 03/09/2020.
Application pending; examination expected end 2020.
Application pending.
N/A.
OA issued 4/27/2020
Application pending.
BOTA HEMP
OA Issued 4/27/2020
Application preliminarily approved by EUIPO, suspended pending outcome of Opposition proceedings
Application pending; examination expected end 2020.
Application pending.
N/A.
Application abandoned.
CBDELICIOUS
N/A.
N/A.
N/A.
N/A.

CBDEFINE
Registered06/30/2020.

CBDISTILLERY (2) Application pending.OAissued6/12/2	Registered 02/14/2020. Application pending;examination expectedend2020.	Applicationpending.	Applicationpending.	
CBDISTILLERYRX Applicationpending.	Application suspended on 01/22/2020.	Registered 12/09/2019. Application pending;examination expectedend2020.	Application pending.	N/A.
CBDOL Examination complete.PublishedforOppos	Registered 09/15/2018. Application pending;examination expectedend2020.	ApplicationN/A. pending.		
NATURAL BEAUTY, ELEVATED Application pending.OAissued4/20/2020	N/A.	N/A.		N/A.

Application pending.
CBDISTILLERY (1)
Respone to Office Action

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filed 07/16/2020.
Registered 09/25/2018.
Application pending;
examination expected end 2020.
N/A.
N/A.
Application abandoned.
CBDIZZOLVE
N/A.
N/A.
N/A.
N/A.
Application pending.
GIMMICK FREE CBD
Registered 02/11/2020.
Application pending;
examination expected end 2020.
Application
pending.
N/A.
OA issued 4/14/2020
Application pending.
PICK A PHYTE
Registered 3/17/2020.
Application pending;
examination expected end 2020.
Application
pending.
N/A.
OA issued 4/17/2020

PLANT POWERED **SUPPLEMENTS**	Refused. Application pending;examination expectedend2020.	ApplicationN/A. pending.	
Application pending.OAissued4/16/202			

#CBDANDCHILL	N/A.	N/A.	N/A.
Application Pending.OAissued6/4/2020.			

Application pending.
TERPSOLATE

Final Office Action issued 02/01/2020		Application pending; Registered 09/15/2018. end 2020.		examination expected

Application
pending; examination expected end 2020.
N/A.
Examination complete.
#CBDMOVEMENT
N/A.
N/A.
N/A.
N/A.
NOA issued 4/21/2020

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(iii)

1.ReliefIconand3Otherunpublishedworks;RelaxIcon,SleepIcon,PipetteIconallauthoredbyBalancedHealthBotanicals,LLC. Registration No: VAu 1-390-835 with an effectivedateof 2/3/2020.

(iv)

1. Strategic Partnership Agreement ZP-BHB as amended by BHB First Amendment to Strategic Partnership dated January 15, 2021 by and between Zesty Paws, LLC and Balanced Health Botanicals, LLC.

28

Exhibit 10.17

Section3.12(g)

Third Party Software

(i)

None.

(ii)

None.

29

Exhibit 10.17

Section3.12(j)

Net

Names

BRAND	LINK	HANDLE
	https://www.thecbdistillery.com/	
Social Media Accounts		
	https://www.cbdistillery.com/	
Facebook		
	https://www.facebook.com/theCBDistillery/	
		@thecbdistillery
Instagram		
	https://www.instagram.com/cbdistillery_/?hl=en	
		@cbdistillery_
Twitter		
	https://twitter.com/thecbdistillery?lang=en	
		@thecbdistillery
Tiktok		
	https://www.tiktok.com/@cbdistillery?lang=en	
		@cbdistillery
Pinterest		
	https://www.pinterest.com/CBDistillery_/_created/	
		@cbdistillery
Clubhouse		
		@CBDistillery
LinkedIn		
	https://www.linkedin.com/company/18477281/	
Domain(s)		
YouTube	https://www.youtube.com/channel/UCgIUERYJbPvbQIvuqd5zjnA	
Domain(s)	https://www.botaskin.com/ https://www.botahemp.com/	
Social Media Accounts		

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Facebook	https://www.facebook.com/botahemp/	@botahemp

30

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Instagram	https://www.instagram.com/bota_hemp/	@bota_hemp
Twitter LinkedIn	https://twitter.com/botahemp https://www.linkedin.com/company/13441682/	@botahemp
Domain	https://balancedhealthbotanicals.com/	
Social Media Accounts		
Facebook	https://www.facebook.com/BalancedHealthBotanicals/	@balancedhealthbotanicals
Instagram	https://www.instagram.com/balancedhealthbotanicals_/?hl=en	
Twitter LinkedIn	https://twitter.com/BHBotanicals_ https://www.linkedin.com/company/18933573/admin/	
Domain	https://thecbdistillery.co.uk/	
Social Media Accounts		
Facebook	https://www.facebook.com/CBDistillery-Europe-109109687250470	
Instagram	https://www.instagram.com/cbdistillery_eu/	

Domains
balanacedhempbotanicals.biz
balancedhealthbotanicals.com
balancedhealthbotanicals.us
balancedhemp.com
balancedhempbotanicals.biz
balancedhempbotanicals.co.uk
balancedhempbotanicals.com.mx

31

Exhibit 10.17

Domains
balancedhempbotanicals.com.mx
balancedhempbotanicals.com.mx
balancedhempbotanicals.de
balancedhempbotanicals.es
balancedhempbotanicals.in
balancedhempbotanicals.info
balancedhempbotanicals.mex
balancedhempbotanicals.net
balancedhempbotanicals.online
balancedhempbotanicals.org
balancedhempbotanicals.us
balancedhempbotanicalsnow.com
balancedhempbotanicalsonline.com
balancedhempbotanicalsshop.com
balancedhempbotanicalssolutions.com

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balanchedhempbotanicals.shop
bioidenticalcbd.com
botahemp.com
botahemp.co
cbddistillery.com
cbdistillery.com
cbdistillery.us
cbdistilleryrx.com
cb-distilleryrx.com
cbdistilleryrx.org
cbdistilleryvape.com
cbdistilleryvape.info
cbdistilleryvape.net
cbdistilleryvape.org

Exhibit 10.17

Domains
cbdizzolve.com
cbdrop.us
cbdrops.org
cbdrops.us
hemptrump.com
natureshempmarket.com
natureshemprx.com
sweetpeashemp.com
thecbddistillery.com
thecbdistillery.biz
thecbdistillery.ca
thecbdistillery.co.uk
thecbdistillery.com
thecbdistillery.com.mx
thecbdistillery.com.mx
thecbdistillery.de
thecbdistillery.fr
thecbdistillery.in
thecbdistillery.info
thecbdistillery.life
thecbdistillery.mx
thecbdistillery.net
thecbdistillery.org
thecbdistillery.us
thecbdistillery.website
thecbdistillery.world
thecbdistilleryrx.com
thecbdistilley.club
vapecbdistillery.info

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Exhibit 10.17

Domains
vapecbdistillery.net
vapecbdistillery.org
yourcbdistillery.com

34

Exhibit 10.17

Section3.13(a)

Contracts

See attached contract matrix and file entitled “Balanced Health Botanicals, LLC – Schedule 3.13 (Contracts).xlsx”.

35

Exhibit 10.17

Project Bronco - Schedule 3.13 Contracts

Title of Agreement/Document	Parties	Effective Date	3.13(a)(i)	3.13(a)(ii)	3.13(a)(iii)	3.13(a)(iv)	3.13(a)(v)	3.13(a)(vi)	3.13(a)(vii)	3.13(a)(viii)	3.13(a)(ix)	3.13(a)(x)	3.13(a)(xi)	3.13(a)(xii)	3.13(a)(xiii)	3.13(a)(xiv)	3.13(a)(xv)	3.13(a)(xv
			each Contract with any Material Customer or Material Supplier	each Contract that requires a Company to pay, or entitles a Company to receive, or could result in obligations of a Company in the amount of, in the aggregate, $50,000 or more in any 12 month period	each Contract which contains a most favored nations provision or similar terms	each Contract that may not be unilaterally terminated by a Company, without penalty or fee, upon no more than 60 days' prior written notice	each Contract that requires the consent of any Person prior to a change of ownership or control of any Company	each joint venture, partnership or Contract involving a sharing of profits, losses, costs or liabilities with any other Person	each Contract containing any covenant that purports to restrict the business activity of the Company Group or limit the freedom of the Company Group to engage in any line of business or to compete with any Person	each power of attorney	each Contract for Debt	each Contract providing for the payment of any cash or other compensation of benefits upon the consummation of the transactions contemplated by this Agreement	each Contract with any labor union, labor organization or trust fund or any bonus, pension, profit sharing, retirement or any other form of deferred compensation plan or practice, whether formal or informal, or any severance agreement or arrangement	each Contract under which the Company Group has advanced or loaned to any other Person	each Contract with Seller, any equityholder or other beneficial owner of Seller, or any other Affiliate of any member of the Company Group	any settlement or similar agreement	each employment or consulting Contract or other Contract with any of the Company Group's officers, managers, partners, directors or employees	each Intelle Property Agree
Max CQ BHB MSA - Master Services Agreement	Balanced Health Botanicals, LLC and Maximum CIQ, LLC	6/4/2020	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Releaf BHB 2021 Updated Agmt (updating Releaf BHB Agreement) - Data and Software Services Agreement	Balanced Health Botanicals, LLC and Maximum CIQ, LLC	12/9/2020	Yes	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Strategic Partnership Agreement ZIP-BHB as amended by BHB Fins - Amendment to Strategic Partnership	Balanced Health Botanicals, LLC and Zesty Paws, LLC	1/15/2021	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	No	No	No	No	No	No	No
BHB Validcare Agmt	Balanced Health Botanicals, LLC and Validcare, LLC	6/1/2019	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
CBDistillery Premier Hamnity Contract	CBDistillery and Premiere Networks	1/4/2021	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Nuiharvest - BHB Distribution Agreement as amended by 1st Amendment	Balanced Health Botanicals, LLC and Nuiharvest, LLC	6/4/2020 (as amended, 12/30/2020)	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Sana BHB Distribution Agreement	Balanced Health Botanicals International Limited and Sana Life Science Ltd	5/12/2020	No	Yes	No	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No
Bellator Balanced Health Distribution - Right to Sell and Non-Circumvention Agreement	Balanced Health Botanicals, LLC and Bellator Group, LLC	3/17/2021	No	No	No	Yes	Yes	No	Yes	No	No	No	No	No	No	No	No	No
2021 04 27 – Executed – BHB Cured – Master Services and Supply Agreement as amended by Amendment to Master Services	Balanced Health Botanicals, LLC and Cured Nutrition, LLC	4/28/2021	Yes	No	No	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No
CBD Distillery CJ Global - CJ Affiliate Service Order	Balanced Health Botanicals UK, LTD and Convenant Europe Ltd	10/28/2020	No	No	No	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No
TSG BHB Agreement - Sales Representation Agreement	Balanced Health Botanicals, LLC and The Swanson Group, LLC	3/22/2019	No	No	No	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No

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MS Cloud Agmt - Volume Licensing	Customer and Microsoft Corporation (Note: Agreement does not indicate who Customer is)	Note: Agreement unodated	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	Yes
RSM Dynamics GP - Master Services Agreement and Statement of Work - Microsoft Dynamics GP implementation	Balanced Health Botanicals, LLC and RSM US LLP	2/15/2019	Yes	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	Yes
Terms and Conditions_SAP and SAP Concur Addendum	Balanced Health Botanicals, LLC and SAP Concur	10/28/2019	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Big Commerce BC D&I PO Catalog Transfer SOW_CBDistillery and Big Commerce Terms of Service	Balanced Health Botanicals, LLC and BigCommerce	8/16/2019	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Coexistence Agreement Bota BHB	Balanced Health Botanicals, LLC and Laboratoria Bota	6/1/2020	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	Yes
Delicato Vineyards - Settlement Agmt - Fesec	Balanced Health Botanicals, LLC and Delicato Vineyards	1/4/2021	No	No	No	Yes	No	No	No	No	No	No	No	No	No	Yes	No	No	
BHB_HempMate Agreement - Letter Agreement	Balanced Health Botanicals, LLC and HempMate AG	8/26/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes
U1 Example MHL gummy purchase / Example MHL Addendum & QA Specs	Balanced Health Botanicals, LLC and Mile High Labs, Inc.	6/23/2020	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
U1 BHB - Assemblies United - Master Services Agreement (2133E37v6DAAC)BHBed	Balanced Health Botanicals, LLC and Assemblies Unlimited Inc.	6/30/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
U1 BHB - Big Sky - Product Exchange Agreement	Balanced Health Botanicals, LLC and Big Sky Scientific, LLC	3/1/2021	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
U1 Peak - Balanced Health Botanicals Agreement 2020	Balanced Health Botanicals, LLC and Peak Manufacturing and Fulfillment	9/15/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Product Supply Agreement CBDAg - BHB	Balanced Health Botanicals, LLC and CBD Ag, LLC	6/5/2019	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2021.01.04 - Executed - BHB (CBD Distillery) Trade Agmt	Balanced Health Botanicals, LLC and Active Media Services, Inc. d/b/a Active International	12/23/2020	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019.10.11 - Executed - ADT Contract Signature as amended by 2019.10.18 - Executed - ADT Contract 4EF	Balanced Health Botanicals, LLC / ELS Universal BLVD 4 Ste EF and ADT LLC	10/11/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019.10.11 - Executed ADT Contract 5G	Balanced Health Botanicals, LLC / ELS Universal Bld 5 Ste G and ADT LLC	10/11/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020.01.06 - Executed - ADT Contract Signature	Balanced Health Botanicals, LLC / ELS Universal Bld 5 Ste G and ADT LLC	1/6/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020.12.14 - Executed - ADT Camera Contract	Balanced Health Botanicals, LLC / Mark Grunder / ELS Universal and ADT LLC	12/14/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020.12.14 - Executed - ADT Contract 5F	Balanced Health Botanicals and ADT LLC	12/14/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 13 - Executed Allen Overy Engagement Ltr	Balanced Health Botanicals, LLC and Allen & Overy LLP	1/27/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 09 05 - Executed - Arnold and Porter EL	Balanced Health Botanicals, LLC and Arnold & Porter Kaye Scholer LLP	9/4/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 09 12 - Arthur Cox Updated Address BHB EL	Balanced Health Botanicals, LLC and Arthur Cox	9/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

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2021 04 16 - Executed - Barron Redding Engagement Letter	Balanced Health Botanicals, LLC and Barron Redding P.A.	4/16/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 05 11 - Executed - Bazaarvoice BHB Agmt	Balanced Health Botanicals, LLC and Bazaarvoice	4/30/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 03 - Executed - Best BHB Lease Agmt	Balanced Health Botanicals, LLC and Hydration Labs, Inc	2/3/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 03 18 - Executed - BigCommerce SOW	Balanced Health Botanicals, LLC and BigCommerce	3/18/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 09 23 - Executed - BLG Balanced Health Botanicals Retainer Letter	Balanced Health Botanicals, LLC and Borden Ladner Gervais LLP	9/23/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 07 16 - Executed - BHB - Wunderkind Bounces SMS Order Form (Note: Underlying Master Platform Agreement not provided)	Balanced Health Botanicals, LLC and Wunderkind Corporation	7/16/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 07 22 - Executed - Burk and Burk EL and Fee Agmt	Balanced Health Botanicals, LLC and Burk & Burk	7/17/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 08 19 - Fully Executed - CBD MAP Partnership Agreement - BHB Agreed	Balanced Health Botanicals, LLC and Soak Holdings, LLC d/b/a CBD Map	8/3/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 08 12 - Executed - Billing and Fee Arrangement and Engagement Letter	Balanced Health Botanicals, LLC and Coan, Payton & Payne, LLC	8/10/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 10 - Executed - Balanced Health Botanicals - CWI, TMS_CYBS CPSA	Balanced Health Botanicals, LLC and CyberSource Corporation	2/11/2020	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 06 22 - Docusign BHB Renewal and Docusign Invoice	Balanced Health Botanicals, LLC and DocuSign, Inc.	6/22/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 13 - Executed - The CBDistillery LTD - eCommerce Integration	Balanced Health Botanicals, LLC and eBridge Connections	2/13/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 13 - Executed - The CBDistillery LTD - EDI Integration	Balanced Health Botanicals, LLC and eBridge Connections	2/13/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 09 24 - Executed - Engagement Letter Edwin Coe	Balanced Health Botanicals, LLC and Edwin Coe LLP	9/17/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 04 20 - Executed - Eidebally 2020 BHB Engagement Letter	Balanced Health Botanicals, LLC and EideBally	4/19/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

ACTIVE/89883126.v7

Exhibit 10.17

2020 01 31 - Executed - Emarsys Contract for CBDistillery and Addendum and SOW	CBDistillery and Emarsys North America, Inc	1/31/2021	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 11 4 - Executed - Essential Cloud Services Agreement (Exlevo) and Blue Additional License	Balanced Health Botanicals and Exlevo Graphics Inc.	11/4/2019 and 2/25/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 04 01 - Executed - ExpertVoice CBDistillery SOW (Note: Underlying Master Agreement not provided)	Balanced Health Botanicals and ExpertVoice, Inc.	4/24/2020	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 07 30 - Executed - USHA FCID Service Agreement	Balanced Health Botanicals, LLC and FoodChain ID Technical Services, Inc.	7/30/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 01 30 - EXECUTED - Gable Gotwals Engagement Letter	Balanced Health Botanicals, LLC and GableGotwals	1/30/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

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2020 02 27 – Executed – BHB Glanmuzzi Grp Engagement Ltr	Balanced Health Botanicals, LLC and Glanmuzzi Group, LLP	2/27/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
30 01 2019 Balanced Health Botanicals, LLC - SPD	BHB 401(K) Plan	Oct-19	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No	No	No
2019 05 29 – Executed – Greenberg Traurig Engagement Ltr	Balanced Health Botanicals, LLC and Greenberg Traurig	5/29/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 04 – Executed – Engagement Ltr Greenspoon Marder	CBD Distillery and Greenspoon Marder, LLP	2/4/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 17 – Executed – GRIN SSA CBDistillery	Balanced Health Botanicals, LLC and GRIN Technologies, Inc	3/11/2021	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 15 – Executed – Signed – Healthline Performance	CBDistillery and Healthline Media, Inc	3/22/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 04 13 – Josh Hinger + CBDistillery Contract Renewal	CBDistillery, LLC and Josh Hinger	4/13/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 03 – Executed – ID.me + Balanced Health Botanicals	Balanced Health Botanicals, LLC and ID.me, Inc	3/2/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Impact Master Subscription and Services Agreement	Balanced Health Botanicals, LLC and Impact Tech, Inc.	2/1/2021	No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 01 19 – Executed – BHB JUICE MSA SOW-Chris, as amended	Balanced Health Botanicals, LLC and Juice Labs, LLC	10/27/2020	No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 08 29 – Executed – Key Rite BHB	Balanced Health Botanicals and Key-Rite Security, Inc.	8/28/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 02 08 – Executed – Advisory Agreement BHB	Balanced Health Botanicals, LLC, CBDistillery, LLC and Bota Holdings, LLC and Kronos Capital Partners Inc	2/8/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 08 – Executed – Leaf Trade CBDistillery Pricing Agreement	CBDistillery, LLC and Leaf Trade Inc	3/3/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 08 13 – Executed – BHB Engagement Letter – Moye White	Balanced Health Botanicals and Moye White, LLP	8/13/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 01 19 – Executed – BHB Engagement Letter – Mullen Law	Balanced Health Botanicals, LLC and Mullen Coughlin, LLC	1/14/2021	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 09 04 – Executed – BHB CBD Distillery SOW Engage Ria	CBDistillery and Narvar	9/4/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 09 04 – Executed – CBDistillery SO – Narvard	CBDistillery and Narvar	9/4/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 05 29 – Executed – NSF BHB – GMP Audit Contract and 2012 12 16 – DS GMP Annual Quote	Balanced Health Botanicals and NSF International	5/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 08 19 – Executed – CBDistillery Ordergroove Essentials Order Form and 2021 01 04 – Executed – CBDistillery Ordergroove Order Form Amendment	Balanced Health Botanicals, LLC and Ordergroove, Inc.	8/16/2019	No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 04 01 – Executed – BHB Parcon Media	CBD Distillery and Parcon Media	4/1/2019	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 12 05 – Executed – Paycom	Balanced Health Botanicals and Paycom Payroll, LLC	12/5/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 01 08 – Executed – BHB PriceSpider SaaS Agreement	Balanced Health Botanicals and Neulmet, LLC d/b/a PriceSpider	12/31/0020	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 02 13 – Executed – Prophix NA DIRECT Cloud Subscription Agreement	Balanced Health Botanicals, LLC and Prophix Software Inc	2/13/2020	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No

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2019 07 12 - Executed - Prudential Overall Service Contract	Balanced Health Botanicals Production and Prudential Overall Supply	8/7/2020		No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2020 06 22 Executed - RevOffers AMP	Balanced Health Botanicals, LLC and Nutra Offers, LLC d/b/a RevOffers	6/16/2020		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Ring Central - Agreement for ELS Universal LLC	ELS Universal LLC and RingCentral, Inc.	4/17/2018		No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2021 01 15 - Executed Saberpoint - Master Services Agreement	Balanced Health Botanical, LLC and Saberpoint, LLC	1/15/2021		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 02 19 - Executed - BHB Service Agreement Safety Call and Addendum	Balanced Health Botanicals and SafetyCall International, LLC	2/15/2019		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 12 30 - Salesforce MSA and Salesforce SOW	CBDistillery and Salesforce	1/15/2021		No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2021 06 25 - Executed - CBDistillery Smarter Click IO	CBDistillery and Smarter Click	6/23/2021		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 05 - Executed - Smarter HQ Wunderkind CBDistillery Order Form	Balanced Health Botanicals, LLC and Wunderkind Corporation	2/28/2021		No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 09 05 - Executed - BHB Spins MSA and Termination Notice	Balanced Health Botanicals and Spins LLC	9/5/2019		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
U1 - Supplement Advisory Group ICA SOW	Balanced Health Botanicals, LLC and Regulatory Education Events LLC d/b/a Supplement Advisory Group LLC	3/23/2021		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 31 - Executed - Weebly Contract Express Agreement Terms Conditions	Balanced Health Botanicals and Weebly Publishing Corporation	3/31/2021		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2018 08 31 - Executed - TripleTree Engagement Letter CBDistillery	ELS Universal LLC and TripleTree, LLC	8/31/2018		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 01 04 - Executed - USHRT Membership Application	Balanced Health Botanicals, LLC and U.S. Hemp Roundtable, Inc.	1/6/2021		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
0.29 - Executed - VDB Legal Engagement Letter	ELS Universal LLC d/b/a CBDistillery and VDB Legal Group	8/13/2018		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 09 01 - Service Agreement Velox	CBDistillery and VELOX Media, LLC	9/1/2020		Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 12 16 - Executed - BHB Webgains / Webgains Contract	Balanced Health Botanicals LLC and Webgains	12/16/2020		No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2021 02 10 - BHB Work Wear Partnership Agreement	Balanced Health Botanicals and Work Wear Safety Shoes	2/10/2021		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 11 25 - Executed - Yotpo Contract CBDistillery	CBDistillery and Yotpo, Inc.	11/25/2020		No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2019 06 25 - Master Subscripton Agreement Zendesk	ELS Universal and Zendesk, Inc.	7/2/2019		No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Merchant Agreement	Balanced Health Botanicals LLC d/b/a Balanced Health Botanicals, Glacier Payments, Inc. and Mission Valley Bank	9/5/2020		No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No
Merchant Agreement	Balanced Health Botanicals LLC d/b/a Bota Hemp, Glacier Payments, Inc., Mission Valley Bank and Fresno First Bank	9/20/2019		No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No
Merchant Agreement	Balanced Health Botanicals LLC d/b/a Bota Skin, Glacier Payments, Inc. and Mission Valley Bank	3/23/2020		No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No

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Merchant Agreement	ELS Universal LLC d/b/a The CBDistillery; Glacier Payments, Inc.; Mission Valley Bank and Fresno First Bank	1/24/2019	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Merchant Agreement	Balanced Health Botanicals LLC d/b/a CBDistillery – CBD Relief Stick; Glacier Payments, Inc. and Mission Valley Bank	4/6/2020	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Standard Merchant Processing Agreement	Balanced Health Botanicals UK Ltd and Chase Paymentech Europe Limited	6/24/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Contribution and Exchange Agreement	Balanced Health Botanicals, LLC and CJA Holdings, LLC	2/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No
Supplement to Amended and Restated Operating Agreement of Balanced Health Botanicals, LLC	Balanced Health Botanicals, LLC and CJA Holdings, LLC	2/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No
Assignment in Membership Interest in Bota Holdings LLC	Balanced Health Botanicals, LLC and CJA Holdings, LLC	2/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No
Office Lease Agreement dated January 31, 2019, as amended by that that certain First Lease Amendment dated April 8, 2019, that certain Second Amendment to Lease dated July 1, 2019, that certain Third Amendment to Lease dated October 29, 2019 and that certain Fourth Amendment to Lease dated June 4, 2020, for the premises located at 1720 S. Bellaire Street, Penthouse and Skybox, Denver, Colorado 80222	Balanced Health Botanicals, LLC and 1720 Tower Colorado, LLC	1/31/2019	Yes	Yes	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No

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Exhibit 10.17

Subordination,Non-Disturbanceand Attornment Agreement	Balanced Health Botanicals, LLC and 1720 Tower Colorado, LLC	2/1/2019	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
Lease Agreement dated September 13, 2017, as amended by that certain First Amendment dated May 9, 2018, that certain Second Amendment dated August 29, 2018, that certain Third Amendment dated February 18, 2019, that certain Fourth Amendment dated April 1, 2020, that certain Fifth Amendment dated September 14, 2020, that certain Sixth Amendment dated September 15, 2020 and that certain Seventh Amendment dated April 22, 2021, for the premises located at 1500 W. Hampden Avenue, Suites 5A, 5F, 5G, 5H, 4E and 4F, Sheridan, Colorado 80110	Balanced Health Botanicals, LLC (a successor in interest to ELS Universal, LLC) and WPC Hampden Park, LLC	9/13/2017	Yes	Yes	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Customer Technology Program Agreement CTP00022017	Balanced Health Botanicals and United Parcel Service, Inc.	10/30/2020	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Carrier Agreement P4300054484, including Addendum dated October 15, 2020 and Addendum dated March 29, 2021	Balanced Health Botanicals and United Parcel Service, Inc.	9/23/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Master Services Agreement	Balanced Health Botanicals, LLC and Maximum C/Q, LLC	6/4/2020	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Assignment of Membership Interest in CBDistillery, LLC	Balanced Health Botanicals, LLC and A&E Holdings Inc.	1/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No
Contribution and Exchange Agreement	Balanced Health Botanicals, LLC and A&E Holdings Inc.	1/23/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No
Trademark License Agreement	Balanced Health Botanicals, LLC and Vitalife Nutraceuticals, Inc.	1/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes

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Mutual Confidential Non-Disclosure and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; HIKA Inc	5/1/2019	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Confidential Agreement	Balanced Health Botanicals, LLC; Smartscript Pharmacy, LLC	3/6/2019	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Mutual Confidential Non-Disclosure and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; Pharmahemp d.o.o. of Ljubljana Slovenia	4/19/2019	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Mutual Confidential Non-Disclosure and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; Potent 2018 Ltd.	7/9/2018	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Mutual Confidential Non-Disclosure and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; High Purity Extractions, LLC	7/30/2019	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Non-Disclosure Agreement	Balanced Health Botanicals, LLC; CVS Pharmacy, Inc.	11/7/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Confidentiality Agreement	Balanced Health Botanicals, LLC; GenCanna Global USA, Inc.	4/9/2020	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Exclusive & Nonexclusive Right to Sell and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; MarketHub Retail Services, LLC	7/2/2020	Yes	Y	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Confidentiality and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; Dixon Waine	2/25/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Mutual Confidentiality Agreement	Balanced Health Botanicals, LLC; Whole Brain Counseling, Inc.	4/1/2019	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Mutual Nondisclosure Agreement	Balanced Health Botanicals, LLC; Highland Laboratories, Inc.	4/11/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Confidentiality Agreement	Balanced Health Botanicals, LLC; CBH International LLC	8/22/2019	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Non-Disclosure Agreement	Balanced Health Botanicals, LLC; Piper Sandler & Co.	3/24/2020	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Non-Circumvention Agreement	Balanced Health Botanicals, LLC; Maxim Zenwise Opco LLC d.b.a Zenq Pass	4/14/2020	Yes	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Product Supply Agreement	Balanced Health Botanicals, LLC; EVG Extracts LLC	4/19/2021	Yes	Y	N	N	Y	Y	Y	N	N	N	N	N	N	N	N	N
CBD Oil Refining Services Mitigation	Balanced Health Botanicals, LLC; High Purity extractions, LLC	10/3/2019	No	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
CBD Oil Refining Services Mitigation	Balanced Health Botanicals, LLC; High Purity extractions, LLC	7/31/2019	No	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
CBD Oil Refining Services Mitigation	Balanced Health Botanicals, LLC; High Purity extractions, LLC	1/30/2020	No	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Master Service Letter Agreement	Balanced Health Botanicals, LLC; The Process, Inc.	10/7/2019	No	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Alibaba.com Gold Supplier Services Agreement	Balanced Health Botanicals, LLC; Alibaba.com	10/13/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
MSC Program Agreement	Balanced Health Botanicals, LLC; True Value Company	9/15/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Distributor/Supplier Agreement For Fulfillment to Sprouts	Balanced Health Botanicals, LLC; Lotus Light Enterprises, Inc.	2/20/2020	No	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N
CBD/Hemp Vendor Indemnification Agreement	Balanced Health Botanicals, LLC; Pharmacy Inc	11/19/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

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Sourcing Agreement	Balanced Health Botanicals, LLC; Pharmaca Integrative Pharmacy, Inc.	11/20/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Continuing Commodity Guaranty and Indemnity Agreement	Balanced Health Botanicals, LLC; Albertsons Companies, Inc.	5/1/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Save Mart Supermarkets Supplier Agreement	Balanced Health Botanicals, LLC; Save Mart Supermarkets	12/19/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Web Site Terms-of-Use	Balanced Health Botanicals, LLC; TJX Companies, Inc.	7/9/2019	Yes	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Ulta Beauty Supplier Portal Release Agreement	Balanced Health Botanicals, LLC; Ulta Beauty	3/14/2019	Yes	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Product Supplier Continuing Guarantee and Indemnification Agreement	Balanced Health Botanicals, LLC; URM Stores Inc.	2/21/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Vendor Buying Agreement (Terms & Conditions)	Balanced Health Botanicals, LLC; True Value Company, LLC	9/15/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Pharmacy Vendor Policy Agreement Acknowledgement	Balanced Health Botanicals, LLC	11/19/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Drop Shipping Agreement	Balanced Health Botanicals, LLC; Spa Week Media Group, Ltd.	12/31/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Independent Contractor Agreement and Statement of Work	Balanced Health Botanicals, LLC; Regulatory Education Events LLC dba Supplement Advisory Group LLC	3/31/2021	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Second Amendment to Hemp-CBD Product Supply Agreement	Balanced Health Botanicals, LLC; Accelerate360, LLC	5/3/2021	Yes	Y	N	N	Y	N	N	N	N	N	N	N	N	N	N	N
Hemp-CBD Product Supply Agreement	Balanced Health Botanicals, LLC; American News Company, LLC	6/11/2019	No	Y	N	N	Y	N	N	N	N	N	N	N	N	N	N	N
First Amendment to Hemp-CBD Product Supply Agreement	Balanced Health Botanicals, LLC; Accelerate360, LLC; American News Company, LLC	10/13/2020	Yes	Y	N	N	Y	N	N	N	N	N	N	N	N	N	N	N
Right to Sell and Non-Circumvention Agreement	Balanced Health Botanicals, LLC; Bellator Group, LLC	3/17/2021	No	Y	Y	Y	N	N	Y	N	N	N	N	N	N	N	N	N
Pilot Test MOU	Balanced Health Botanicals, LLC; CB Implementation Program, LLC	4/21/2021	No	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Master Retail Agreement	Balanced Health Botanicals, LLC; The Ruby Dazzler Corporation of Hong Kong Limited	12/1/2020	No	N	N	Y	N	N	Y	N	N	N	N	N	N	N	N	N
Distribution Agreement	Balanced Health Botanicals, LLC; Flawless CBD	12/13/2019	No	Y	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Distribution Agreement	Balanced Health Botanicals, LLC; GMD Latinoamerica, S.A.	6/27/2019	No	Y	N		N	N	N	N	N	N	N	N	N	N	N	N

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Exhibit 10.17

International Distribution Agreement	Balanced Health Botanicals, LLC; JM Wholesale Ltd.	7/10/2020	No	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
KeHE Distributors Vendor Policies & Procedures	Balanced Health Botanicals, LLC; KeHE Distributors, LLC	5/22/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Master Supply Agreement	Balanced Health Botanicals, LLC; Lipari Foods, LLC	12/19/2019	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

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Distributor/Supplier Agreement	Balanced Health Botanicals, LLC; Lotus Light Enterprises, Inc.	4/16/2020	No	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N
Distribution Agreement	Balanced Health Botanicals, LLC; Marketplace Ventures, LLC	6/10/2020	Yes	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Distribution Agreement	Balanced Health Botanicals, LLC; Matrix Distributions, LLC	10/18/2019	Yes	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Distribution Agreement	Balanced Health Botanicals, LLC; Nugget Industries, LLC	9/27/2019	Yes	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
First Amendment to Exclusive Distribution Agreement	Balanced Health Botanicals, LLC; WellEssentials, LLC f/k/a NuHarvest, LLC	12/3/2020	No	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N
Exclusive Distribution Agreement	Balanced Health Botanicals, LLC; NuHarvest, LLC	6/6/2020	No	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N
Distribution Agreement	Balanced Health Botanicals, LLC; R&K Foods, Inc	11/6/2020	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Distribution Services Terms and Conditions	Balanced Health Botanicals, LLC; Sara Lee Science Ltd	5/12/2020	No	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Master Subscription & Services Agreement	Balanced Health Botanicals, LLC; Impact Tech, Inc.	Click-though Agree no date on file	Yes	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Microsoft Cloud Agreement	Balanced Health Botanical, LLC; Microsoft Corporation	NO DATE	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Master Services Agreement	Balanced Health Botanical, LLC; RSM US LLP	2/15/2019	Yes	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Application Services Agreement Terms & Conditions	Balanced Health Botanicals, LLC; AppFrontier, LLC	NO DATE	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Master Services Agreement	Balanced Health Botanicals, LLC; Juice Labs LLC	10/27/2020	Yes	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Cloud Services Agreement (Essentials)	Balanced Health Botanicals, LLC; Esko	NO DATE	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
General Terms and Conditions for SAP Cloud Services	Balanced Health Botanicals, LLC; SAP Cloud Services	NO DATE	No	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Merchant Agreement	Balanced Health Botanicals, LLC; Glacier Payments, Inc.	6/20/2019	No	Y	N	Y	Y	N	Y	N	N	N	N	N	N	N	N	N
HighJump General Terms		7/14/2020	No	N	N	N	Y	N	N	N	N	N	N	N	N	N	N	N
Master Retail Agreement	Balanced Health Botanicals, LLC and The Ruby Dazzler Corporation of Hong Kong Limited	12/1/2020	No	Yes	No	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No
Employment Agreement	Balanced Health Botanicals, LLC and William Scoufer	11/11/2019	No	Yes	No	Yes	No	No	No	No	No	No	Yes	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Chris Van Dusen	2/3/2020	No	Yes	No	Yes	No	No	No	No	No	No	Yes	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Alexandra Blanchette	7/29/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Andrew Leising	9/1/2018	No	Yes	No	No	No	No	No	No	No	No	Yes	No	No	No	Yes	No
Confidential Information and Invention Assignment Agreement	Tony Schwartz and [Test, Inc.]	7/29/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Aubry L Hileman	2/21/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No

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Employment Agreement	Balanced Health Botanicals, LLC and Britanny Marie Dye	3/27/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals and Chelsey Reynolds	10/29/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Christopher Puzon	6/26/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidential Information and Invention Assignment Agreement	Dylan Faul and [Test, Inc.]	July 22,2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Eric Martens	6/20/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and GiGi Tenja	6/24/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Ian Jones	6/17/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Jeremy Martell	7/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Jerome Warner	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Jewell Lynn-Kusek	11/11/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Jimmy Babour	6/23/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Kelly Smith	6/18/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Kevin Murphy	5/1/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Kurtis Gayman	8/10/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Lidzell Abaves	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Luke Symons	1/6/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality Agreement	ELS Universal, LLC and Luna Symbor	10/29/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Mackenzie Voorhees	3/6/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality Agreement	ELS Universal, LLC and Mark Grunder	8/14/2018	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Mark Lalavish	8/20/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Martha O'Donnell	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Michael Thomas	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Michael Bennett	6/18/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality Agreement	ELS Universal, LLC and Michael Trupiano	10/8/2018	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Michelle Adams	6/17/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Nicholas Gilbertson	7/22/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality Agreement	ELS Universal, LLC and Nick Steiner	10/29/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No

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Employment Agreement	Balanced Helath Botanicals, LLC and Nicole Sifers	8/10/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and RaeLynn Watson	9/18/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Ryan Sengupta	3/11/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Sandi Gonzales	7/19/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and Nick Steiner	6/18/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Tamara Collins	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No

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Employment Agreement	Balanced Health Botanicals, LLC and Tyler Vocket	7/23/2020	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Wes Evans	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Andrea Taylor	4/10/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Confidentiality Agreement	ELS Universal, LLC and Andrew Evans	10/29/2018	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Annette Zolen	6/12/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals and Carly Smith	6/17/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Chris Struthers	2/25/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Corriere Hernandez	5/6/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Dana Bacon	1/11/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	The CBDistillery and Daryl Radovich	3/1/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Donna Valenzuela	February 25,2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Elese (McKenney) Symons	6/17/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Emily Loss	1/1/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Guaranty Agreement	CBDistillery, LLC and PMW, LLC	11/27/2019	No	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No
Loan Agreement	PMW LLC and Balanced Health Botanicals, LLC	11/27/2019	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	No	No	No
Security Agreement	Balanced Health Botanicals, LLC and PMW LLC	11/27/2019	Yes	No	No	Yes	Yes	No	Yes	Yes	Yes	No	No	No	No	No	No	No
PMW LLC Promissory Note #2	PMW LLC and Balanced Health Botanicals, LLC	12/26/2019	Yes	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No

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PMW LLC Promissory Note #2	PMW LLC and Balanced Health Botanicals, LLC	1/22/2020	Yes	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No	No
Bridge Loan Agreement	Balanced Health Botanicals, LLC and TTCP Executive Fund - BHB, LLC	1/25/2019	No	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	No	No	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and Andrew Papillon	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and William Stouffer	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and Brandon Townsley	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and Chase Terwilliger	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and Chris Van Dusen	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Management Incentive Plan	Balanced Health Botanicals, LLC and Chris Van Dusen	1/1/2021	No	Yes	No	No	No	Yes	No	No	No	No	Yes	No	Yes	No	Yes	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and John Harlow	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Employee Bonus Pool Agreement	Balanced Health Botanicals, LLC and James Shoaboon	1/1/2021	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	Yes	No	No
Consulting Service Agreement	Balanced Health Botanicals, LLC and JS Connex	2/18/2019	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Amendment to Consulting Service Agreement	Balanced Health Botanicals, LLC and JS Connex	1/25/2021	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Settlement Agreement	Balanced Health Botanicals, LLC and Delicato Vineyards	1/4/2021	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	No
Confidential Settlement Agreement	ELS Universal, LLC and Great British Vape Company, LLC	4/25/2019	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	No
Confidential Settlement Agreement	ELS Universal, LLC and America's Finest CBD, LLC	1/20/2021	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	No
Settlement Agreement	Balanced Health Botanicals, LLC and Revenue Universe, LLC	5/3/2021	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	No
Confidential Settlement Agreement and Release of Claims	CBDistillery, LLC and Michael Sandoval	10/28/2020	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	No
Release Agreement	TI Payments, LLC and ELS Universal, LLC	9/6/2019	No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	No
Severance Agreement	Balanced Health Botanicals, LLC and Joseph Milles	7/12/2021	No	No	No	Yes	No	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Confidentiality and Non-Disclosure Agreement	Balanced Health Botanicals, LLC and William Stouffer	11/8/2019	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Andy Papillon	9/1/2018	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	ELS Universal, LLC and Chase Terwilliger	9/1/2018	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Employment Agreement	Balanced Health Botanicals, LLC and Joe Milles	7/3/2019	No	Yes	No	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	Yes	No

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Independent Contractor's Agreement	Balanced Health Botanicals, LLC and Oleksandr Kolovoykyi	7/7/2021		No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Continuing Education Agreement	Balanced Health Botanicals, LLC and Mackenzie Voorhees	2/18/2020		No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Robert Prevost	12/14/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Brenda Mazeath	12/14/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Erica Luker	10/30/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Majid Bonsujeidi	12/14/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Robert Hayes	12/14/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Robert Gill	11/11/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Shannon Slyker	11/27/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Sommer Martinez	12/14/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Severance Agreement	Balanced Health Botanicals, LLC and Andrew Daniel	11/11/2020		No	No	No	Yes	No	No	No	No	No	No	Yes	No	No	Yes	Yes	No
Data and Software Services Agreement	Balanced Health Botanicals, LLC and MoreBetter Ltd	12/1/2020		No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2020 01 09 - Executed - Adcology Voiced Agreement Letter - CBDistillery 2020	CBDistillery and Premiere Networks	12/19/2019		No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
2020 11 06 - Full Executed - CBDistillery Premiere Hemp Contract Signed	CBDistillery and Premiere Networks	11/5/2020		No	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
ADcology - CBD Agency of Record	Balanced Health Botanicals and Adcology Inc.	11/15/2018		Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 04 19 - Fully Executed - EVG - BHB Product Supply Agreement	Balanced Health Botanicals and EVG Extracts LLC	4/19/2021		Yes	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No
BHB Executed Burlington Vendor Agreement_BHB_7.22.20	Balanced Health Botanicals and Burlington Merchandising Corporation	7/27/2020		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 11 20 - CBD Market BHB Reseller Agreement Form	Balanced Health Botanicals, LLC and CBD.market	12/14/2020		Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Cloud Counter Reseller Agreement	Balanced Health Botanicals, LLC and Cloud Counter LLC	12/16/2020		Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 02 10 - Executed - Impact Radius BHB Early Renewal	Balanced Health Botanicals LLC and Impact Tech, Inc.	2/8/2021		Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Impact Marketplace Participation_Terms	Balanced Health Botanicals LLC and Impact Tech, Inc.	N/A		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

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Impact Master Subscription and Services Agreement		Balanced Health Botanicals LLC and Impact Tech, Inc.	N/A	Yes	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 05 23 - Fully Executed - UPS BHB Carrier Agreement	Balanced Health Botanicals and United Parcel Service Inc	6/1/2019	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2019 06 23 - Executed - SignedUPSAgreement	Balanced Health Botanicals and United Parcel Service Inc	6/23/2019	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 10 19 - Executed - UPS Addendum ScanFromExecutive	Balanced Health Botanicals and United Parcel Service Inc	10/5/2020	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2020 11 17 - Executed - UPS BALANCED HEALTH BOTANICALS - CTP Agreement	Balanced Health Botanicals and United Parcel Service Inc	11/13/2020	Yes	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 02 25 - Executed - Air Dimensional Addendum	Balanced Health Botanicals and United Parcel Service Inc	2/25/2021	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 02 25 - Executed - Residential Addendum	Balanced Health Botanicals and United Parcel Service Inc	2/25/2021	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 26 - Executed - Balanced Health Botanicals POST ACCEPT ADD	Balanced Health Botanicals and United Parcel Service Inc	3/29/2021	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
2021 03 26 - Executed - Balanced Health Botanicals POST ACCEPT MODIFY	Balanced Health Botanicals and United Parcel Service Inc	3/29/2021	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
UPS Agmt Intl Shp BHB Executed	Balanced Health Botanicals and UPS Mail Innovations	6/4/2019	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
UPS BHB Fully Executed Carrier Agreement	Balanced Health Botanicals and United Parcel Service Inc	6/1/2019	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
UPS MI T&C	Balanced Health Botanicals and United Parcel Service Inc	N/A	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

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Reseller Agreement	Balanced Health Botanicals, LLC Naturely CBD	12/9/2020	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	Y
Distribution Agreement	Balanced Health Botanicals, LLC Nugget Industries, LLC	8/27/2019	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	Y
Reseller Agreement	Balanced Health Botanicals, LLC National CBDistribution	1/14/2020	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	Y
Reseller Agreement	Balanced Health Botanicals, LLC Marketplace Ventures, LLC	6/10/2020	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	Y
2022 PDS Independent Pharmacy Business Growth Conference (Terms & Conditions)	Balanced Health Botanicals, LLC PDS Conference	6/2/2022	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
SteelHouse (Terms & Conditions)	Balanced Health Botanicals, LLC SteelHouse	2/27/2020	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	N
Material Retail Agreement	Balanced Health Botanicals, LLC Ruby Dazzler Corporation of Hong Kong Limited	12/ 1/2 020	N	N	N	Y	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	Y	N
CDB Consumer Insights & Market Landscape 2020 Renewal (Terms & Conditions)	Balanced Health Botanicals, LLC Brightfield Group	1/22/2020	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	Y	N	N
Validcare Amendment (Note: Underlying MSA not provided)	Balanced Health Botanicals, LLC and Validcare, LLC	6/5/2020	No	No By:																		
CJ Affiliate BHB - Service Agreement Amendment (Note: Underlying agreement not provided)	Balanced Health Botanicals UK, LTD and Conversant Europe Ltd	12/3/2015	No				No		Yes													
Ulta Beauty Vendor Purchasing Agreement - NOT SIGNED																						

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Section 3.13(b)

Oral Material Contracts

None.

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Section3.13(c)

Contract Defaults and Breaches

1. Data and Software Services Agreement dated December 2020 by and between MoreBetter Ltd., and Balanced Health Botanicals, LLC. Both parties are behind on deliverables under the agreement and are in discussions regarding amending and/or extending the Agreement.

Exhibit 10.17

Section3.14(a)

Insurance

Type of Coverage	Insurer	Policy Number	Name of Policyholder	Name of Covered Insured(s)	Period of Coverage	Retroactive Premium Adjustments /Other Material Loss-Sharing Arrangements	Pending Claims
Commercial General Liability	Admiral Insurance Company	CA000034438-03	Balanced Health Botanicals, LLC dba CB Distillery	Balanced Health Botanicals, LLC dba CBDistillery ELS Universal, LLC ELS International Name: Davide Zaffino Title: CEO - Rose	5/3/2021 through 5/3/2022	No	None s/ Davide Zaffino

VILLAGE FARMS INTERNATIONAL, INC.

By: /s/ Stephen Ruffini

Bota Holdings, LLC Name: Stephen Ruffini

Title: EVP & CFO

10670715 CANADA INC.

By: /s/ Davide Zaffino

CBDistillery, LLC Name: Davide Zaffino

Title: President

10335258 CANADA INC.

Excess Liability	Admiral Insurance Company	GX000004:01	Balanced Health Botanicals, LLC	Balanced Health Botanicals, LLC
Commercia Property	National Fire & Marine	12PRM086 01	Balanced Health	Balanced Health Botanicals, LLC

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	Insurance Co – Non-Admitted		Botanicals, LLC	
By:				/s B S

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Workers' Compensation and Employer's Liability	Berkshire Hathaway Homestate Ins Co	BAWC227044	Balanced Health Botanicals, LLC	Balanced Health Botanicals, LLC	5/3/2021 through 5/3/2022	No	None
Auto	Progressive	02093778-0	Balanced Health Botanicals	Mark Grunder Charles Terwilliger Matthew Adams Jason M White Jeremy Martell Gregory Vockel	5/3/2021 through 5/3/2022	No	None
Cargo	AmWINS	SMUC010020683.00	Balanced Health Botanicals, LLC dba CB Distillery	Balanced Health Botanicals, LLC dba CB Distillery	5/3/2021 through 5/3/2022	No	None
Cyber	HDI Global Insurance Company	CLRD25147090000	Balanced Health Botanicals, LLC dba CBDistillery	Balanced Health Botanicals, LLC dba CBDistillery	5/3/2021 through 5/3/2022	No	None

Exhibit 10.17

Section3.14(b)

Insurance Claims

1. Claim Number 44063455 relating to injury to Julie Conleay when she was struck by afallingobject. Theamount of the claim paid was$447.06.
2. FileNumber28719datedJuly29,2020relatingtoadatabreachoftheCompany'spaymentprocessingcompanythatimpacteditscustomerdatabyVisaonApril7,2020 the inception ofthe policy andclaim was denied.
3. Claim Number A000000035620001 made March 29, 2021 relating to allegations fromJason Ainsworth relating to alleged negligence, breach of contract, breach of expresswarranty, fraudulent misrepresentation, fraud in inducement, deceptive and unfair tradepractices among others. No amounts have been paid out under the Company's insurancepolicynumberCA000034438-03. This claim hasbeen closed.
4. Claim Number A000000031988001 made February 5, 2020 relating to a class actionlawsuitalleging theCompany'sproductsaremislabeledandfalselyadvertised.

Exhibit 10.17

Section 3.15

Litigation

1. Ainsworth v. Balanced Health Botanicals, LLC and American Family Care Florida, LLC.Case No. 21 CA 22, 14th Judicial Circuit, in and for Gulf County Florida. Filed March 29,2021.

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2. ELS Universal, LLC d/b/a The CBDistillery v. America's finest CBD, LLC d/b/a AFCd/b/a America's Finest, LLC. Case No. 2019-CV-30371 CountyofDenver.FiledJanuary29,2019.CounterclaimsfiledbydefendantJune24,2019.SettledwithmutualdismissalofclaimswithprejudiceJanuary2,2020.D 2020.

3. ELS Universal, LLC d/b/a The CBDistillery v. Great British Vape Company, LLC andSimonHoyle,anIndividual.CaseNo.2019-CV-31011.DistrictCourt,CityandCountyofDenver. Filed March 14, 2019. Settled April 22, 2019. Dismissed with prejudice June 12,2019.

4. SusanFreeman–onoraboutFebruary5,2020,BalancedHealthBotanicals,LLCreceiveddemandforpaymenttoavoidthefilingofaclassactionallegingviolations opposing counsel sinceJune17, 2020.

5. InreAmericanPrivateLabelProducts,LLC–StartinginApril2019,BHBissuedmultiplepurchaseorderstoAmericanPrivateLabelProducts("APL")forformulation and APL alleges a balanced owed of $81,913.26 on existing purchase orders,plusanadditional$350,000arisingfromemailsrelatedtoforecastswhichth same.

6. InreTrevorHolbrook– TrevorHolbrook,aformersalesrepresentativeforBHBwassentceaseanddesistlettersonApril27,2021regardingMr.Holbrook'sbreachofhisemploymentagree for proactivelycontactingBHB customers.

7. In re Hempod, LLC – Demand was received from counsel for Hempod, LLC on June 12,2020,allegingbreachofcontractandbreachofwarrantyrelatedtothesaleofCBDisolateon or around July 17, 2018. The demand alleged damages amounting to $40,342 in lostsales. BHB responded on September 15, 2020 producing evidence that BHB did addresscustomer's complaints at that time, offered and delivered on an in-kind replacement andthatHempodcontinuedtoorderBHBproductoverthecourseofthenexteightmonths.Noresponsehas been received to date.

8. In re Yin Yang Infusions – Cease and desist letter was received from Yin Yang Infusionson May 18, 2020, alleging trademark infringement. Yin alleged BHB's"relaxandrelief"brandingwasinfringingonits"relaxandRelieve"slogan.BHBrespondedonJune4,2020,assertingtherewasnofederaltrademarkforYinY that the mark is descriptive, and therefore the allegations of infringement have noprotection.Nofurther communicationfromYin Yanghas beenreceivedt

9. BHBfiledanAmendedComplaintinAccordancewiththeUniformDomainNameDisputeResolution Policy against Sander Cry for the domain namehttps://cbdistillery.orgin theWorld IntellectualProperty OrganizationArbitration andMediationCenter.

10. In re Riman Co. – A Korean skincare company has filed a trademark application for themark "Botalab." As of July 6, 2021 no response to BHB's counsel's outreach (via phoneand email) has been received from counsel for Riman, Co. Likely, this will necessitateBHB filing an opposition, with the goal being to either force Riman into settlementdiscussions or simply an opposition to their filing. BHB filed opposition to the trademarkapplicationon July 23, 2021.

11. An unknown party registered the domain "cbdistillery.store" and BHB has engaged legalcounselto advise on remedies.

12. An unknown party registered the domain "cbdistillery.info" and BHB has engaged legalcounselto advise on remedies.

13. A Mexican CBD company registered the domain "cbdol.com" and BHB has engage legalcounselto advise on remedies.

14. LetterAgreementdatedAugust23,2019byandbetweenBalancedHealthBotanicals,LLCandHempmateAGre Hempmate AG'suse ofthe "CBDROPS"trademark.

15. Cease and Desist Letter dated May 24, 2019 to Botan Nutrition, LLC regarding the use of"Botan"trademark.

16. Cease and Desist Letter dated May 24, 2019 to 420 Ventures, Ltd., regarding the use of"CBDDispensary"trademark.

17. CeaseandDesistLetterdatedMay24,2019toCBDailyregardingtheuseofthe"TERPOSOLATE"trademark.

18. Cease and Desist Letter dated May 5, 2019 toadmind@cbdol.orgregarding the use of the"cbdol.org"domainname.

19. Cease and Desist Letter dated May 24, 2019 to Cibdol AG regarding the use of the"CIBDOL"trademark.

20. CeaseandDesistLetterdatedMay24,2019toExclusiveBrands,LLCregardingtheuseofthe"TERPSOLATE"trademark.

21. CeaseandDesistLetterdatedMay3,2019toReefDrinkCompany,Inc.,regardingtheuseofthe"CBDelicious" trademark.

22. CeaseandDesistLetterdatedMay24,2019toStraightHempregardingtheuseofthe"TERPSOLATE"trademark.

23. CeaseandDesistLetterdatedMay3,2019toTheCBDCompanyregardingtheuseofthe"TERPSOLATE"trademark.

24. Cease and Desist Letter dated May 3, 2019 to Urban Roots Hemp Company regarding theuseof the"TERPSOLATE"trademark.

25. Cease andDesist Letter dated January27, 2020toCBD Global,LLCregarding the use ofthe"#CBDMOVEMENT"trademark.

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26. CeaseandDesistLetterdatedFebruary24,2020toHempBotanicsregardingtheuseofwww.cbdistillery.co.ukand redirection towww.hempbotanics.com.

43

Exhibit 10.17

Section 3.16(a)

Employees and Independent Contractors

Employee Name	Position	Hire Date	Employee Status	Annual Salary	YTD Commission	Pay Type	Exempt Status	Last Pay Change	Amount of Pay Increase	Location	Disability Leave	Accrued and Unused Vacation
ADAMS, MICHELLE	Purchase Order Administrator	11/13/2017	Active	55,000.00		Salary	Exempt	10/13/2020	$5,000	Colorado	No	22
ALAVES, LISBETT	Production Operator	04/23/2018	Active	37,440.00		Hourly	Non-Exempt	09/11/2020	$1,372.80	Colorado	No	40.1
BACON, DANA	Brand Manager	01/11/2019	Active	75,000.00		Salary	Exempt	7/1/2019	$10,000	Colorado	No	10.42
BARBOUR, JIMMY	Production Operator	05/13/2019	Active	37,440.00		Hourly	Non-Exempt	11/06/2020	$1,372.80	Colorado	No	60.91
BENNETT, MIKE	National Sales Director	05/01/2018	Active	75,000.00	$39,251.51	Salary	Exempt	09/11/2020	$35,000	Colorado	No	75.49
BLANCHETTE, ALEXANDRA	Director of Quality Assurance	07/30/2019	Active	90,000.00		Salary	Exempt	03/05/2020	$10,000	Colorado	No	70
BRUMITT, WENDY LEE	Fulfillment Team Member	02/16/2021	Active	29,120.00		Hourly	Non-Exempt	none		Colorado	No	31.86
COLLINS, TAMARA	Wholesale Customer Service Rep	04/16/2018	Active	40,000.00		Salary	Exempt	09/28/2020	$2,560	Colorado	No	49.75
DYE, BRITAINY MARIA	Quality Coordinator	03/16/2020	Active	57,500.00		Salary	Exempt	01/04/2021	$5,000	Colorado	No	28.63
EVANS, WES	Procurement Manager	10/23/2017	Active	75,000.00		Salary	Exempt	7/1/2021	$10,000	Colorado	No	86
EVERS, ANDREW	Machine Technician II	10/29/2018	Active	58,000.00		Salary	Exempt	03/05/2020	$5,000	Colorado	No	66.74
FAUL, DYLAN	Graphic Designer	08/07/2019	Active	55,000.00		Salary	Exempt	none		Colorado	No	45.63
GAYMAN, KURTIS	Cost Accounting Manager	12/30/2019	Active	123,000.00		Salary	Exempt	none		Colorado	No	82.42
GILBERTSON, NICHOLAS	Front End Web Developer	07/22/2019	Active	80,000.00		Salary	Exempt	none		Colorado	No	61.63
GONZALES, SANDI	Vice President of Retail Sales & Marketing	07/22/2019	Active	180,000.00		Salary	Exempt	none		Idaho	No	98.42
GRUNDER, MARK	Vice President of Operations	09/10/2018	Active	160,000.00		Salary	Exempt	01/05/2021	($20,000)	Colorado	No	81.95

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HARLOE, JOHN	General Counsel	01/16/2019	Active	170,000.00		Salary	Exempt	01/05/2021	($40,000)	Colorado	No	0
HERNANDEZ, CORRIERE	Systems Administrator	05/06/2019	Active	78,000.00		Salary	Exempt	none		Colorado	No	75.35
HILEMAN, AUBREY LYNN	Senior Financial Analyst	02/03/2020	Active	100,000.00		Salary	Exempt	none		Colorado	No	41.67
JONES, IAN	Creative Services Manager	09/10/2018	Active	65,000.00		Salary	Exempt	07/01/2019	$9,000	Colorado	No	45.95
KUSEK, JEWEL	Corporate Accounting Manager	11/13/2019	Active	100,000.00		Salary	Exempt	none		Colorado	No	94.42

Exhibit 10.17

Employee Name	Position	Hire Date	Employee Status	Annual Salary	YTD Commission	Pay Type	Exempt Status	Last Pay Change	Amount of Pay Increase	Location	Disability Leave	Accrued and Unused Vacation
LEISING, ANDREW	VP of Strategic Sourcing	01/01/2017	Active	120,000.00	$14,482.96	Salary	Exempt	04/13/2020	($90,000)	Colorado	No	-8
LOSS, EMILY	Manager of Influencer Relation	01/07/2019	Active	68,000.00		Salary	Exempt	none		Colorado	No	21.9
MACBRIDE, ERICA MARIAH	Production Team Member	02/15/2021	Active	29,120.00		Hourly	Non-Exempt	none		Colorado	No	26.48
MARTELL, JEREMY	Operations Mananger	07/22/2019	Active	125,000.00		Salary	Exempt	none		Colorado	No	98.42
MARTENS, ERIC	Bottle Line Operator	06/13/2019	Active	41,600.00		Hourly	Non-Exempt	06/05/2020	$1,372.80	Colorado	No	19.11
MILLER, LUNA	Channel Lead	11/19/2018	Active	57,000.00		Salary	Exempt	none		Colorado	No	37.95
MURPHY, KEVIN	SalesForce Administrator	05/01/2019	Active	92,000.00		Salary	Exempt	none		Colorado	No	31.35
ODONNELL, MARTHA	Wholesale Fulfillment Team Mem	01/21/2019	Active	37,440.00		Hourly	Non-Exempt	09/11/2020	$1,372.80	Colorado	No	15.47
PAPILION, ANDREW	Chief Product Officer	05/01/2016	Active	200,000.00		Salary	Exempt	01/04/2021	($30,000)	Colorado	No	0
PUZON, CHRISTOPHER	Production Team Member	06/19/2020	Active	34,673.60		Hourly	Non-Exempt	05/12/2021	$1,393.60	Colorado	No	84.58
RADOVICH, DARYL	Production Supervisor	03/12/2018	Active	55,000.00		Salary	Exempt	02/21/2020	$15,000	Colorado	No	100.5
REYNOLDS, CHELSEA	Project Manager	11/04/2019	Active	92,000.00		Salary	Exempt	01/04/2021	$5,000	Colorado	No	70
SCHWARTZ, ANTHONY	Director of Affiliate and Stra	07/29/2019	Active	92,000.00	$16,408.80	Salary	Exempt	none		Colorado	No	74.42
SENGUPTA, RYAN	Customer Service Representativ	03/11/2019	Active	45,000.00		Salary	Exempt	none		Colorado	No	80.35
SMITH, KATY	Director of Customer Service	03/01/2017	Active	80,000.00		Salary	Exempt	03/01/2017	$8,000	Colorado	No	89.07
STEINER, NICK	Account Executive	11/07/2018	Active	35,000.00	$34,693.23	Salary	Exempt	04/13/2020	($25,000)	Colorado	No	37.95

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STOUFER, WILLIAM	Chief Operating Officer	11/11/2019	Active	175,000.00		Salary	Exempt	01/05/2021	($125,000)	Colorado	No	0
STRUTHERS, CHRIS	Web & Digital Project Manager	02/25/2019	Active	59,512.00		Salary	Exempt	10/13/2020	$2,012	Colorado	No	80.67
SWAN, CARLY	Projects and Events Manager	05/16/2018	Active	65,000.00		Salary	Exempt	07/30/2019	$20,000	Colorado	No	51.17
SYMONS, ELLESE	Vice President of Marketing	04/15/2017	Active	140,000.00		Salary	Exempt	01/05/2021	($4,000)	Colorado	No	44.59
SYMONS, LUCAS	Vice President-Global Operati	01/01/2019	Active	35,000.00	$25,988.13	Salary	Exempt	01/05/2021	($65,000)	Colorado	No	46.74
TARGA, GIGI	Scheduler	05/01/2016	Active	70,000.00		Salary	Exempt	none		Colorado	No	82.23
TAYLOR, ANDREA	Account Executive	04/10/2019	Active	35,000.00	$22,429.35	Salary	Exempt	04/13/2020	($25,000)	Colorado	No	63.55
TERWILLIGER, CHASE	Chief Executive Officer	01/01/2017	Active	210,000.00		Salary	Exempt	01/05/2021	($40,000)	Colorado	No	0

Employee Name	Position	Hire Date	Employee Status	Annual Salary	YTD Commission	Pay Type	Exempt Status	Last Pay Change	Amount of Pay Increase	Location	Disability Leave	Accrued and Unused Vacation
THOMAS, MICHAEL	E-Commerce Team Member	08/27/2018	Active	33,280.00		Hourly	Non-Exempt	06/05/2020	$1,372.80	Colorado	No	89.45
TOWNSLEY, BRANDON	Chief Financial Officer	10/31/2019	Active	190,000.00		Salary	Exempt	01/05/2021	($10,000)	Colorado	No	0
TRUPIANO, MICHAEL	Channel Lead	10/09/2018	Active	57,000.00		Salary	Exempt	none		Colorado	No	15.95
VALENZUELA, DONNA	Sku Coordinator	02/25/2019	Active	46,575.00		Salary	Exempt	10/13/2020	$1,575	Colorado	No	72.67
VAN DUSEN, CHRIS	Chief Growth Officer	04/01/2019	Active	190,000.00	$4,311.90	Salary	Exempt	01/05/2021	($40,000)	California	No	0
VOCKEL, TYLER	Materials Handler	07/20/2020	Active	37,440.00		Hourly	Non-Exempt	04/26/2021	$6,926.40	Colorado	No	1.58
VOORHEES, MACKENZIE	Senior Accountant	03/04/2019	Active	80,000.00		Salary	Exempt	07/24/2019	$10,000	Colorado	No	32.69
WARNER, JERRY	Fulfillment Supervisor	12/26/2017	Active	55,000.00		Salary	Exempt	02/21/2020	$15,000	Colorado	No	70
WATSON, RAELYNN	Retail Marketing Manager	09/30/2019	Active	75,000.00		Salary	Exempt	none		Colorado	No	50.42
ZEIEN, ANNETTE	E-Commerce Coordinator	08/27/2018	Active	41,600.00		Hourly	Non-Exempt	09/11/2020	$1,372.80	Colorado	No	15.45

Section3.16(b)

Notice from Employees

1. BrandonTownsleyprovidednoticeofhisresignation.

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47

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Section3.16(d)

Compensation to Employees

1. Payments made pursuant to the agreements listed as items 2, 3, 6 – 15 on Section 3.3(a)of the Disclosure Schedule, which such payments will be made promptly after ClosingfromaccruedWorking Capital oras aTransaction Expense.
2. PaymentsmadepursuanttotheTerminationAgreementsassetforthonSchedule5.1(g)oftheAgreement.

48

Exhibit 10.17

Section 3.17(a)

Employee Benefits

1. HumanaDentalPlan,COPPOINFS14,effective October1,2019.
2. HumanaVisionPlan, COHumana130,effectiveOctober1, 2019.
3. HumanaVoluntaryLife Plan, effectiveOctober1,2019.
4. HumanaHealthPlansBronzePlan(LFP17Rx4Opt26),SilverPlan(LFP17Rx4Opt16),and Gold Plan (LFP 17 Rx4 Opt 10).
5. 401(k)ProfitSharingPlaneffectiveOctober1,2019throughAdoptionAgreementandBasicPlan Document.
6. ContinuingEducationAgreementdatedFebruary18,2020byandbetweenBHBandMackenzieVoorhees.
7. ColonialLife&AccidentInsuranceCompany–GroupShortTermDisabilityInsurancePolicyNumber G0047392 with an effectivedateofOctober1, 2019.
8. ColonialLife&AccidentInsuranceCompany–GroupCriticalIllnessSpecifiedDiseaseInsurancePolicy NumberG0054048with an effective dateofOctober1,2020.

49

Exhibit 10.17

Section3.17(d)

Deferred Compensation Plans

None.

50

Exhibit 10.17

Section 3.18

Debt

1. BridgeLoanAgreementdatedasofJanuary25,2019byandbetweenBalancedHealthBotanicals,LLCandTTCPExecutiveFund–BHB,LLCintheprincipalamou $5,000,000.00.
2. ConvertiblePromissoryNotedatedasofJanuary25,2019byandbetweenBalancedHealthBotanials, LLC andTTCPExecutiveFund – BHB, LLC,as amended.
3. LoanAgreementdatedNovember27,2019byandbetweenBalancedHealthBotanicals,LLC andPMW LLC.
4. SecurityAgreementdatedNovember27,2019byandbetweenBalancedHealthBotanicals,LLC and PMWLLC.
5. GuarantyAgreementdatedasofNovember27,2019byCBDistillery,LLCinfavorofPMWLLC.
6. GuarantyBota-PMW
7. PromissoryNote#1datedasofNovember27,2019byandbetweenBalancedHealthBotanicals,LLCand PMWLLCin theprincipalamount of upto$2,000,000.
8. PromissoryNote#2datedasofDecember26,2019byandbetweenBalancedHealthBotanicals,LLC and PMWLLC in theprincipal amount ofup to $500,000.00.
9. PromissoryNote#3datedasofJanuary22,2020byandbetween BalancedHealthBotanicals,LLC and PMWLLC inthe principal amount of up to$1,500,000.00.

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51

Exhibit 10.17

Section3.19(b)

Environmental, Health, and Safety Permits

None.

52

Exhibit 10.17

Section 3.21

Certain Business Relationships with the Company

(a) Alex Iwanchuk is a co-owner of Feals, Inc., a competitor of the Companies. Alex Iwanchuk is currently an indirect owner of Balanced Health Botanicals, LLC.

(b) None.

(c) Christopher Van Dusen is a co-owner of Parcon Marketing Inc., which has entered into that certain Professional Services Agreement dated as of April 1, 2019 with The CBD Distillery.

(d) Christopher Van Dusen is a co-owner of Parcon Marketing Inc., which has entered into that certain Professional Services Agreement dated as of April 1, 2019 with The CBD Distillery.

(e) None.

The following exceptions will continue following the Closing:

- Alex Iwanchuk is a co-owner of Feals, Inc., a competitor of the Companies. AlexIwanchukiscurrentlyanindirectownerofBalancedHealthBotanicals,LLC.
- ChristopherVanDusenisaco-ownerofParconMarketingInc., whichhasenteredintothat certain Professional Services Agreement dated as of April 1, 2019 with TheCBDistillery.

53

Exhibit 10.17

Section 3.22

Customers and Suppliers

Suppliers:

2019:

Suppliers	Dollar Volume
EVG Extracts	$ 7,838,046.42
HD Distribution, LLC	$ 4,519,449.09
Mile High Labs	$ 4,348,150.00
Adcology, Inc.	$ 4,323,222.52
UPS	$ 1,697,762.68
Impact Tech, Inc.	$ 1,112,435.06
Better Nutritionals LLC	$ 1,084,013.60
Kure, LLC	$885,200.00
Greenberg Traurig LLP	$678,173.06
Kim International	$650,978.95
The Siegfried Group LLP	$611,400.50
endicia	$515,366.91

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Balanced Health Botanicals, LLC	$500,000.00
Parcon Media	$494,546.82
LaurelCrest Capital Inc	$450,000.00
EWSD I LLC	$412,500.00
ShipBob	$359,683.64
Treehouse Biotech	$348,000.00
Infusionz, LLC	$330,250.00
Warneke Paper Box Company	$293,420.00

2020:

Suppliers	Dollar Amount
Adcology, Inc.	$2,261,598.00
EVG Extracts, LLC	$1,635,988.70
UPS	$1,443,307.23
Impact Tech, Inc.	$1,040,524.85
PMW LLC dba Suite 420 Solutions	$899,090.61
Ernst & Young U.S. LLP	$617,815.00
1720 Tower Colorado, LLC	$546,563.15
Better Nutritionals LLC	$434,933.27
Parcon Media	$358,266.16
RSM US LLP	$354,292.69
Warneke Paper Box Company	$341,608.93
The Siegfried Group LLP	$296,235.08
Humana	$283,697.05
MSRP Zone LLC	$276,602.75
WPC Hampden Park, LLC	$244,903.88

Westfield Bank, FSB	$198,944.65
LiveIntent, Inc.	$196,914.11
Human Resource Alliance	$188,429.66
Outbrain, Inc.	$161,472.75
Deline Box Company	$160,362.53

2021:

Suppliers	Dollar Amount
Adcology, Inc.	1,336,000.00
UPS	1,232,651.65
Impact Tech, Inc.	1,002,193.67
PMW LLC dba Suite 420 Solutions	717,602.88
EVG Extracts, LLC	555,572.83
1720 Tower Colorado, LLC	491,027.82
VELOX Media LLC	300,000.00
Humana	196,921.96
Better Nutritionals LLC	193,756.97
Juice Labs LLC	187,654.10
WPC Hampden Park, LLC	168,017.93
Parcon Media	147,500.00
Container & Packaging Supply, Inc.	147,226.35

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Maximum C/Q, LLC	138,527.88
5w Public Relations, LLC	130,641.69
RSM US LLP	120,012.66
Emarsys North America, Inc.	110,556.25
Warneke Paper Box Company	101,309.78
IEveryday Consulting FZC	99,846.00
Deline Box Company	85,914.15

Customers:

2019:

Customer Name	Dollar Amount
Dutch Natural Wholesale BV Total	$1,824,050
Green Growth Brands Total	$780,000
Stephen Gould Inc. Total	$663,982
Coastal Green Wellness LLC Total	$398,289
Feals, Inc. Total	$358,002
America's Best Brand Total	$346,305
Healing Resources and Consulting LLC Total	$328,684
C.Y. Wholesale Total	$281,113
EVG Extracts, LLC Total	$251,322
Hemp Botanics Total	$249,612
Naturalis House LTD Total	$241,060
Nugget Industries Total	$172,750
Ulta, Inc.	$150,400

CBD Wellness Hawaii/710 Hawaii Total	$149,540
Smith Pharmacy Total	$135,265
Haul & Store Ltd Total	$126,073
Mandara RX, Inc	$124,540
Jovian Star LLC Total	$120,581
TJX Companies	$112,811
Smith Simple Solutions LLC Total	$110,919

2020:

Customer	Dollar Amount
Healing Resources and Consulting LLC	$182,530.25
Smith Simple Solutions LLC	$165,595.05
Cloud Counter LLC	$123,773.34
Nugget Industries	$110,275.03
Twenty two Capital LLC	$94,645.94
NuWirl	$91,530.16
Marketplace Ventures	$84,734.81
Haul & Store Ltd Total	$81,056.60
Expert Voice Total	$71,839.82
Matrix Distributors	$62,439.91
BioFit, Inc	$57,245.00
Zesty Paws	$56,145.00
CBD Remedies	$54,915.56

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MarketHub	$52,878.00
National CBDistribution	$44,132.35
Sweetpeas Hemp Co	$38,206.22
CBD.market	$37,481.76
Panama Reds	$32,189.06
Acclerate 360	$31,740.24
New Leaf Vapor	$31,733.83

2021 (Jan. – June):

Customer	**Dollar Amount**
Zesty Paws	$203,782
Accelerate360	$139,328
Smith Simple Solutions LLC	$55,707
Marketplace Ventures	$37,649
National CBDistribution	$30,059
CBD.market	$29,800
Cloud Counter LLC	$24,829
Naturely CBD	$26,956

Twenty Two Capital LLC	$27,781
Hotship BennyBrand	$22,344
Cured Nutrition	$25,764
Erik Prestinary	$24,322
Relaxity, Ltd	$22,895
Panama Reds	$19,447
Lush Boutique CBD	$19,772
Botanicanna	$20,560
Squash Blossom Co	$20,007
Healing Resources and Consulting LLC	$18,500
Lifted brands llc	$16,764
Grow Ohio	$18,500

Section3.23(a)

Warranty; Labeling; Recall

RESELLER AGREEMENT

THIS RESELLER AGREEMENT (this"Agreement")ismadebyandbetweenBalancedHealthBotanicals,LLC,aColoradolimitedliabilitycompany(togetherwithitsaffiliatedentities,"Company"),andthepartyset forth on the signature page to this Agreement ("Reseller"), effective as of the Effective Date set forth on thesignaturepagetothisAgreement.

1. **CERTAIN DEFINITIONS.** For purposes of this Agreement: (a) "Accounts" means the accounts listedand/or described on **Exhibit A** attached hereto, other than the Excluded Accounts (as defined therein); (b)"Products" means the products of Company described on **Exhibit B** attached hereto; (b) "MAP" meansCompany's minimum advertised pricing policy (effective January 1, 2021), as described on **Exhibit C**attached hereto; and (d) "Online Policy" means Company's online sales policy, as described on **Exhibit D**attachedhereto,which,fortheavoidanceofdoubt,shallonlyapplytotheextent**ExhibitA**(Accounts)grantsResellerthe righttoselltheProductstoone ormoreInternetmarketplaces.
2. **RESELLER SERVICES.** Reseller shall use its best efforts to directly resell the Products, on a non-exclusivebasis, and to properly service all Accounts.All purchase orders for the Products shall be subject to acceptanceby Company.Reseller shall provide Company with written reports regarding sales of the Products byReseller,insuchformandfrequencyasrequestedbyCompanyfromtimetotime.Resellershallperformtheservices hereunder in accordance with all applicable international, federal, state, local and other laws, rules,regulations(collectively, "Laws").

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3. **NO TRANSHIPMENT.**Reseller shall not directly or indirectly sell, resell or otherwise distribute theProductstoanyaccountsorterritoriesotherthantheAccounts,whetherbrick-and-morta or resale, without the prior written permission of Company.Reseller a suchactioncouldcauseirreparableandincalculableharmtoCompany.Inadditiontoallotherremediesavailabletocompanyforsuchbreach,Resellershallpaytocompany,asliquidateddamages of the following amounts: (i) the costs and fees associated with Company's investigation andenforcement regarding Reseller's unauthorized sales; or (ii) five times (5X) the price o violation of this Section 3.The parties agree that these damages are not punitive, thatCompany's damages due the breaches of this Section 3 are difficult to quantify, and that t reasonableapproximationofCompany'sdamagesintheeventofsuchabreach.

4. **RESELLERREPRESENTATIONS,WARRANTIESANDCOVENANTS.**Resellerrepresents,warrants and covenants (as applicable) to Company as follows: (i) Reseller has the full right and legalauthority to enter into and fully perform this Agreement in accordance with terms herein without violatingthe rights of any other person or entity; (ii) Reseller shall maintain all required governmental licenses, permitsand other authorizations, and shall store, handle and resell the Products, in each case, in compliance with allLaws, the MAP (effective January 1, 2021) and, if applicable, the Online Policy; (iii) Reseller has sufficientpersonnel and capacity to perform its obligations under this Agreement; and (iv) Reseller shall not sell anyProductwhichisadulterated,damagesorotherwiseunfitforsale,includinganyProductwhichhasanexpiredshelf life.

5. **PRICING AND PAYMENT.** The price payable by Reseller for the Products shall be as established byCompanyfromtimetotimeinCompany'ssolediscretion,availabledirectlyfromBHBsalesrepresentativesor on the BHB vendor portal, and any subsequent pricing changes taking effect following thirty (30) days'written notice to Reseller.Reseller shall pay for the Products in accordance with Company's invoicingprocedures, as the same may change from time to time.Reseller acknowledges and agrees that, in additiontothepriceestablishedbyCompanyfortheProducts,Resellershallberesponsibleforalllocal,state,federaltaxesanddutiesimposeduponitspurchase and sale of the Products.

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6. **INSPECTION.** Reseller shall carefully inspect all Products upon delivery of Products. No claim for non-conformity, defect, shortage or damage will be valid or enforceable against Company unless Reseller givesCompany written notice specifying in detail the issue within 24 hours from the date that Reseller receivesthe Products. Reseller shall supply such reasonable documentation as to any loss as Company may request.Reseller shall be deemed to conclusively accept all Products not rejected in accordance with the precedingsentences. If any Products are non-conforming, Reseller has provided propernotice,andifthenon-conformity was not caused by Reseller or duetomisuseorhandlingafterCompanydeliveredtheProductto Reseller, Company will, at Company's option, (i) replace the non-conforming Products at noadditional charge to Reseller or (ii) reimburse Reseller for amounts Reseller paid for such non-conformingProducts, and such refund or return shall be Company's sole obligation and Reseller's exclusive remedy forany nonconformity of the Products. Reseller shall comply with Company's instructions for maintenance,servicesanduse of theProductsandshall keep proper recordsthereof.

7. **RESALEINCALIFORNIA.**TotheextentResellerresellsProductsintheStateofCalifornia,orhasreasonto know the Products it resells will eventually be sold to end users in California, whether through physicalretail or e-commerce, Reseller shall be solely responsible for ensuring the labeling and warnings applied toor associated with the applicable Products comply in all respects with the Laws of California, including butnot limited to California's Safe Drinking Water and Toxic Enforcement Act of 1986, otherwise known asProposition 65 ("Prop 65") Upon Reseller's written request, Company may, in its sole discretion, assistReseller with such compliance at Reseller's sole cost provided that any such assistance by Company shallnotrelieveResellerofit'sobligationsunderthisAgreementwithrespectto such Prop65 compliance.

8. **TERMINATIONOFAGREEMENT.**(a)Eitherpartymayterminatethisagreement,foranyornoreason,upon thirty (30) days' written notice to the other party; and (b) Upon any termination party shall have any further financial or other obligations to the other party hereunder, except thatReseller shall remain obligated to pay Company all sums due to Company oftermination.Withinten(10)daysofterminationofthisAgreementforanyreason,Reselleragreestoprovidecompanywithalistofitsinventoryoftheproducts.Company,atitsoption,willhavetheri Reseller any or all saleable Products in Reseller's inventory by sending written notice of the exerciseof such option within thirty (30) days from the effective date of expiration o Companyreceives the foregoing list, whichever last occurs. The purchase price of such Products will netinvoicepricesatwhichtheProductswereoriginallypurchasedbyReseller,lessanydiscountsorallowancesthatCompanymayhavegivenResselleronaccountofsuchProducts.Ifsuchoptionto Company, Reseller agrees, at Reseller's expense, to deliver to Company Reseller's inventory of theProductsin theiroriginalpackageswithin thirty (30)daysofreceiptofCompany'snotic

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9. **INDEMNIFICATION; RECALL; INSURANCE.** Reseller shall defend, indemnify and hold harmlessCompany, its owners, officers, directors, agents, representatives and employees and their successors andassigns, from and against any and all damages, liabilities, losses, costs and expenses (including, withoutlimitation, attorneys' fees) resulting from any claims arising out of or in connection with (x) breach byReseller of any covenant, obligation, representation or warranty contained herein, (y) violation of Law byResselleroraProduct'snon-compliancewiththelabelingandwarningrequirementsunderProp65,or(z)thenegligence, recklessness or willful misconduct of Reseller or its employees or agents.If any governmentalagency determines for any reason that any Products and should be recalled, or if Company determines forany reason to withdraw any Products from the market, Company shall repurchase such Products fromReselleratthepricepaidbyReseller,plusshippingcosts;provided,however,thatintheeventsuchrecallorwithdrawal is due to (i) the acts or omissions of Reseller, Company shall have no financial or obligation toReseller, and Reseller shall indemnify Company for any and all losses, costs and expenses Company incursin connection with such recall or withdrawal, **or**(ii) the acts or omissions of Company, Reseller shall haveno financial or obligation to Company, and Company shall indemnify Reseller for any and all losses, costsandexpensesResellerincursinconnectionwithsuchrecallorwithdrawal,**or**(iii)achangeinanyLaw,orachange in the enforcement of any Law, whether at the federal, state or local level, including, withoutlimitation,asrelatedtothetreatmentofCBD,then,CompanyandResellershallsharethecostsofsuchrecallor withdrawal on a 50/50 basis.Reseller shall obtain and maintain, at its own expense, commercial generalliability insurance and product liability insurance in commercially reasonable amounts, and Reseller shallnameCompanyasan"additional insured"onall suchpolicies.

10. **INTELLECTUAL PROPERTY; PROMOTIONAL MATERIALS.** Reseller acknowledges and agreesthat Company is the sole and exclusive owner of all formulas, trade secrets, trade names, trademarks andother confidential and proprietary information and materials utilized in connection with the sale of theProducts (the "Company IP").Reseller currently has no right, title or interest in or to the Company IP, andduring the term of this Agreement, Reseller shall not acquire any right, title or interest of any kind or naturewhatsoever in or to the Company IP, or the goodwill associated therewith.Any use of the Company IP byReseller shall be to promote the Products in the best possible manner as determined by Company in its solediscretion, and may be terminated by Company at any time in the Company's sole discretion.During theterm of this Agreement, Company may make available to Reseller such promotional funds and advertising,display, and promotional materials for the Products as Company deems appropriate in its sole and absolutediscretion.ResselleragreesthatanypromotionalfundsreceivedbyResselleranyCompanypromotionalfunds program shall be used by Reseller solely for the promotion of the Products and for no other purpose.Reseller agrees to maintain and make available to Company reasonably detailed documentation and recordsof Reseller's use of any such promotional funds as required by Company's terms and conditions governingany suchprograms.
11. **CONFIDENTIALITY.**In furtherance of the negotiation and performance of this Agreement, Companymay disclose certain confidential information to Reseller, which confidential information may include, butnot be limited to, information pertaining to Company's financial affairs, business systems, marketingstrategies, trade secrets, products, designs, flavors, equipment, manufacturing processes, technologies andother technical and commercial information ("Confidential Information").Reseller shall not use, disclose,or otherwise exploit any Confidential Informationfor any purpose not specifically authorized in thisAgreement.Confidential Information shall only be disclosed to those employees of Reseller that need toknow such information to effectively perform their obligation to resell the Products in accordance with thisAgreement.
12. **AMENDMENTANDASSIGNMENT.**ThisAgreementmaybeamendedonlybythewrittenagreementofthe parties, provided, however, that Company may unilaterally add or remove Accounts from time to timeupon written notice to Reseller.This Agreement may not be assigned by Reseller without the prior writtenconsent of Company.Company shall have the unconditional right to assign this Agreement to an affiliate,subsidiary or successor ininterest.
13. **NO PARTNERSHIP.** This Agreement does not constitute and shall not be construed as constituting apartnership, joint venture or franchisor/franchisee relationship between the parties, and Reseller herebywaives and disclaims, to the fullest extent permitted by law, any and all laws, rules and regulations whichcreate,establish, imply orotherwiseprotect anyfranchisor/franchiseerelationship.
14. **NOTICES.**AllnoticesrequiredorpermittedbythisAgreementshallbeinwritingandmaybedeliveredviaemail, delivered personally, or sent by US certified mail (postage pre-paid, return receipt requested) ornational overnight courier service (with delivery tracking) to a party's address as set forth on the signaturepage to this Agreement; provided that, for any notice sent to Company a copy of the same shall also be sentto The Giannuzzi Group, LLP, 411 West 14th Street, 4th Floor, New York, New York 10014, Attn: NicholasGiannuzzi,Esq., email:nick@gglaw.us.
15. **CHOICE OF LAW.** This Agreement shall be governed in accordance with the laws of the State of Colorado,withoutreference toitschoiceor conflictof lawprovisions.
16. **ENTIREAGREEMENT.**ThisAgreementconstitutestheentireagreementbetweenCompanyandResellerwith respect to the subject matter hereof, and supersedes all prior agreements and understandings, whetherwritten or oral, with respect to the same.This Agreement may be executed in multiple counterparts.Notwithstanding anything to the contrary in this Agreement, the provisions set forth in the following SectionsshallsurviveanyterminationofthisAgreement:3(asapplicable),4,5(asapplicable),7,8,9,10,11,12,13,14,15andthis16.

[Remainder of page intentionally left blank; signature page and Exhibits follow.]

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IN WITNESS WHEREOF, the parties hereto have caused this Reseller Agreement to be duly executed bytheir dulyauthorizedrepresentativesasof the date indicatedbelow.

EFFECTIVEDATE:{'RSEffectiveDate'Format"MMdd,yyyy"}

COMPANY: **RESELLER:**

BALANCED HEALTH BOTANICALS, LLC{'COMPANYNAME'FORMATUPPER}

By: By:

Name: Chris Van Dusen Name: {'Name of Company Representative'}

Title: CGO Title:

Notice address: 1720 S Bellaire St., SB Suite Notice address: {'Company Street 1'}

Denver,CO80222 [CompanyStreetYN{'Company Street 2'}]

ATTN:GeneralCounsel {'Company City'}, {'Company State'} {'Company Zip'}

Email: John.Harloe@balancedhealthbotanicals.comEmail: {'Company Email'}

[Remainder of page intentionally left blank; Exhibits follow.]

61

Exhibit 10.17

Exhibit A

Accounts

The wholesale and retail accounts located in the United States, including United States territories such as Puerto Rico and Guam, (the "Territory") and serviced by Distributor. For clarification, the "Accounts" shall not include the Excluded Accounts (as hereinafter defined), or any other account (whether located in the Territory or otherwise) which is serviced by anyone other than Distributor, in accordance with the terms of this Agreement.

AUTHORIZEDONLINEACCOUNTS:

{'AUTHORIZED WEBSITE'}

EXCLUDEDACCOUNTS:

1. **ALBERTSONS**
2. **WALMART**
3. **TARGET**
4. **CVS**
5. **WALGREEN'S**
6. **RITEAID**
7. **SAM'SCLUB**
8. **ULTABEAUTY**
9. **TJMAXX**
10. **HOMEGOODS**
11. **MARSHALLS**
12. **HOMESENSE**
13. **SIERRA**
14. **WEISMARKETS**
15. **WINN-DIXIE**
16. **WAKEFERNFOODCORP.**
17. **GIANTEAGLE, INC**
18. **GIANTFOODSTORES**
19. **PRESENCEMARKETING**
20. **TOPSMARKETS**
21. **BIGY**
22. **AHOLD(GIANTFOODS,GIANTLANDOVER,HANNAFORD)**
23. **FOODTOWN**
24. **SPROUTS**
25. **WEGMAN'S**
26. **DOLLARGENERAL**

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Exhibit 10.17

Exhibit B

Products

Available upon request

Exhibit 10.17

Exhibit C

MAP

(attached)

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

Unilateral Minimum Advertised Price Policy Effective January 1, 2021

In order to successfully compete in the marketplace and to maintain its premium brand image, Balanced Health Botanicals, LLC (for purposes hereof, "Seller" or "BHB") has established this Unilateral Minimum Advertised Price Policy. As of January 1, 2021, all advertisements for sales from Authorized Resellers to End Users of products set forth in the Seller's MAP Price Sheet inside the United States shall be subject to this MAP Policy.

Seller's products covered and their coordinating minimum advertised prices are set forth in the MAP Price Sheet, available directly from BHB sales representatives or on the BHB vendor portal. Seller reserves the right from time to time to alter, modify, suspend, or cancel this MAP Policy, the products covered, and/or the minimum advertised prices.

This MAP Policy applies only to advertised prices, not the price at which MAP products are actually sold or offered for sale to an individual in-store or over the telephone. This MAP Policy applies to all advertisements of MAP Products in any and all media, including but not limited to flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, television, radio, and public signage, as well as internet sites, social media sites, apps, or any other electronic media. This MAP Policy does not apply to solely on-premise or in-store advertising that is not distributed to customers.

This MAP Policy does not restrict the Authorized Reseller's right to establish independent resale or advertised prices of Seller's products. Seller reserves the sole right to determine whether an Authorized Reseller has advertised Seller's products at a net price less than the minimum advertised price established in this MAP Policy. Upon such determination Seller may, without assuming any liability, withhold co-op funds or advertising discounts, cancel all orders and/or indefinitely refuse to accept new orders from the Authorized Reseller.

This MAP Policy has been unilaterally adopted by Seller. Seller neither solicits nor will it accept assurances by an Authorized Reseller of acquiescence with this MAP Policy. Nothing in this MAP Policy shall constitute an agreement between Seller and any Authorized Reseller of compliance with this MAP Policy. The Authorized Reseller within its own discretion can choose to acquiesce or not acquiesce with this MAP Policy. Seller will not discuss conditions of acceptance related to this MAP Policy. This MAP Policy is non-negotiable and will not be altered, modified, or amended for any Authorized Reseller.

Website features such as "click for price," automated "bounce-back" pricing e-mails, pre- formatted e-mail responses, forms, automatic price display for any items prior to being placed in a customer's shopping cart and other similar features are considered to be communications initiated by the reseller (rather than by the customer) and thereby constitute "advertising" under this MAP Policy.

It shall not be a violation of this MAP Policy to advertise that a customer may "call for price" or "email for price," or to use similar language, specifically with respect to BHB Products, so long as no price is listed.

This MAP Policy also applies to any activity which BHB determines, in its sole discretion, is designed or intended to circumvent the intent of this MAP Policy, such as solicitations for "group purchases" and the like.

It shall not be a violation of this MAP Policy to advertise in general that the reseller has "the lowest prices" or will match or beat its competitors' prices, or to use similar phrases; so long as the reseller does not include any advertised price below MAP and otherwise complies with this MAP Policy.

From time to time and in its sole discretion, BHB may permit resellers to advertise MAP Products at prices lower than the MAP retail price. In such events, BHB reserves the right to modify or suspend the MAP retail price with respect to the affected products for a specified period of time by providing advance notice to all resellers of such changes.

From time to time, BHB may offer a direct manufacturer's rebate to customers. In such events, it shall not be a violation of this MAP Policy to advertise the availability of the manufacturer's rebate, provided that:

Exhibit 10.17

(i) theadvertisementincludesaMAP-compliantprice,therebateamount,andthenetpriceaftermanufacturer'srebate inthe sametype size andstyle;

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(ii) anasteriskisplaced nexttothenetpriceaftermanufacturer'srebate;and

(iii) "aftermanufacturer'srebate"appearsinthesameareaoftheadvertisementastheadvertisedproduct.

Advertising a Product(s) from the MAP Price Sheet with any other product for a total advertised sales price lower than the combined MAP price of what the two (2) products could be purchased independent of each other, shall not constitute acquiescence with Seller's MAP Policy.

The issuance of non-Seller announced rebates (in any form), member discounts, or loyalty points on a Product(s) listed in the MAP Price Sheet shall not constitute acquiescence with Seller's MAP Policy.

Rebate programs from BHB are exempt from this MAP Policy.

The offer of free shipping or financing on product(s) in the MAP Price Sheet shall constitute acquiescence with Seller's MAP Policy.

The offer of a gift card redeemable for value on a future purchase with the purchase of product(s) in the MAP Price Sheet shall constitute acquiescence with Seller's MAP Policy.

Seller's sales personnel have no authority to modify or grant exceptions to this MAP Policy. BHB's MAP Policy Administrator is solely responsible for determining whether a violation of the MAP Policy has occurred, as well as determining BHB's action in response. All questions regarding interpretation of this MAP Policy should be directed to the Seller Policy Coordinator at: UMAPCoordinator@balancedhealthbotanicals.com.

For a current list of MAP prices, please speak to your sales representative.

66

Exhibit 10.17

Exhibit D

OnlinePolicy

(attached)

67

Exhibit 10.17

BALANCED HEALTH BOTANICALS, LLC

Online Policy

No Transshipment. Reseller shall be allowed to sell or advertise Products only on Internet marketplaces set forth on **ExhibitA** of this Agreement (Accounts), if any. Reseller shall be strictly prohibited from selling the Products on any Internet (or other) marketplace other than as set forth on **Exhibit A** of this Agreement (Accounts), including but not limited to: Amazon.com, jet.com, ebay.com, Sears.com, Craigslist.com, Overstock.com, Walmart.com, Poshmark.com, any similar online marketplaces, or any website related to these websites. Any sales made in violation of this paragraph shall be a violation of Section 3 of this Agreement (No Transshipment).

FOR THE AVOIDANCE OF DOUBT, THE TERMS OF THIS EXHIBIT D SHALL ONLY APPLY TO A RESELLER WHO IS AUTHORIZED TO SELL, RESELL OR OTHERWISE DISTRIBUTE THE PRODUCTS TO INTERNET MARKETPLACES, AS SET FORTH ON EXHIBIT A OF THIS AGREEMENT (ACCOUNTS), AND NOTHING IN THIS EXHIBIT D SHALL, IN AND OF ITSELF, OPERATE TO GRANT A RESELLER ANY RIGHT TO SELL THE PRODUCTS ON THE INTERNET.

Reporting. Reseller agrees to provide Balanced Health Botanicals, LLC (for purposes hereof, "Company" or "Seller" or "BHB") with sales reports which detail the sales of the Products through each of Reseller's approved online sales channels.

URLs/Domains. Reseller's domain(s) and URL(s) must not contain the words BHB's product names, or including any variation or combination of these words or trademarks with each other or with other words.

Examples of Prohibited Domain Names and URLs:

- www.joes[productname]headquarters.com
- www.joes[productname]shop.net.

Exception: Trademarks authorized by BHB for online use by Reseller (the "Authorized Marks") may appear in the text to the right of the ".com/" extension. For example:

- www.joesshop.com/[productname].htmisallowed;whereas
- www.joesshop.[product name]/[productname].htmisprohibited.

WebsiteContentand OnlineAdvertisements.

Reseller must not suggest or imply that its website, advertisement, sponsored link, or any other on-line marketing used or paid for by Reseller is in any way related to the official BHB website(s) owned and operated by BHB. Without limiting the generality of the foregoing:

- Examples of Prohibited Phrases: Terms such as NAME]Home","BHBOfficialStore"and"[PRODUCTNAME].com"arealwaysprohibited.Termssuchas"BHBHeadquarters","[PRODUCTNAME]STORE","[PRODUCTNAME]Depot"or"BHBS Joe's Shop", or "Joe's Authorized [PRODUCT NAME] Shop") and only if approved in advance and inwriting byBHB.
  - ResellermaynotuseGoogleAdWords'DynamicKeywordInsertionoranysimilarsearchtoolwhenbiddingon any Authorized Marks or any trademark used or owned by BHB.All Authorized Marks in the Reseller'sad textmustappear withthecorrectspellingandcapitalization.

68

Exhibit 10.17

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- Reseller must not use superlatives to describe the quantity of BHB inventory, the pricing of BHB Products,or the BHB online shopping experience, on any website, in any advertisement, sponsored link, or any otheron-linemarketingused, paidfor orassociatedwithReseller.
- ExamplesofProhibitedPhrases:Phrasessuchas“largestavailableonlineofferingof[PRODUCTNAME]”,“lowestprices – [PRODUCTNAME]”or“best[PRODUCTNAME]website"areprohibited.
- Reseller must accurately describe BHB Products using the Authorized Marks.The Authorized Marks mustalways be followed by the generic word for the Product, such as “[PRODUCT NAME] ® products”.Theymust never be used in the possessive or in the plural.The Authorized Marks must always be displayed in awaythatdistinguishesthemfromothersurroundingwords,e.g.,byappearingininitialcapsorfullcaps,suchasBHBor[PRODUCTNAME]andused inconjunctionwiththe®or™ designationasdirectedbyBHB.
- ResellermustuseonlythoseProductimages,athleteimages,marketingbannersandvideoclipsprovidedorauthorized in writing by BHB within the two (2) most recent calendar years (“Authorized Images”) on anywebsite, advertisement, sponsored link, or any other on-line marketing used, paid for or associated withReseller.
- Resellermustnotpartnerwithany thirdparty thatusesadware,spywareorother softwareto engageinpop-up or pop-under advertising and/or generating non-user initiated activity (e.g. forced clicks or redirects).Pop-uporpop-underadvertisingand/ornon-userinitiatedactivitythatisbasedonkeywordsearches,textualtriggers, or screen-scraping associated with any BHB trademark used or owned by BHB or any commonmisspelling or confusinglysimilartrademarksisstrictlyprohibited.

- AllBHBProductsmustship onlytoaddressesrelatingtoauthorized AccountsoftheReseller.

PageTitle/Title Tags.

Page title/title tag refers to the text used to name or entitle a web page. A page title/title tag can be viewed by looking at the top of the browser window for the page in question. Only the Authorized Marks may be used in the page title/title tag of any website page used or owned by Reseller and such use is limited to once per page title/title tag. No variations, misspellings, prefixes, suffixes or hyphenated extensions of the Authorized Marks are allowed. Other words may be used in conjunction with the Authorized Marks in the page title/title tag so long as such words do not violate any other provision of this Addendum.

Examples:

- Atitlesuchas“[PRODUCT NAME]atJoe'sShop”isallowed;whereas
- titlessuchas“[PRODUCTNAME]atJoe'sHeadquarters”areprohibited.

CustomerService.

- Reseller must have a physical street address and a landline telephone number for contact by its customersand must advise customers on its website of this physical address and the landline telephone number. Postofficeboxesandmobile telephone numbersare notsufficient.
- Reseller must provide the capability for customers to place their orders fully and completely throughReseller's website.Reseller shall not require customers to use telephone calls, faxes and/or hard-copycorrespondence to complete their orders nor permit orders to be fulfilled only through telephone calls, faxesand/orhardcopycorrespondence.

- Reseller'swebsitemustbeasecuresiteforcustomertransactions.

- Resellermusthaveamechanisminplaceforconfirmingtotheorderingcustomereachorderplacedthroughitswebsiteand when each order wasshipped to thedestination designatedby the orderingcustomer.
- Resellermustdisplayitspoliciesandproceduresforcustomerreturns,refundsandexchangesonitswebsite.Reseller’s website must clearly and conspicuously set forth that: (a) Reseller, and not BHB, is making thesale to the customer and (b) the terms and conditions directly and indirectly applying to returns, refunds andexchanges by customers are those of Reseller, and not BHB.Reseller must provide its own facilities andpersonneltoaddressandresolveall Productexchange,refund or returnrequirements.
- Reseller shall adhere to and comply with all pertinent State and Federal regulations, statutes and rulesapplicabletotaking ordersorconducting businessover or throughtheInternet.

Compliance.

- ResellermustcopyanddistributethisAddendumtoeachofitsemployeeswhoareinvolvedinInternetsales.Reseller must establish policies and procedures that will ensure compliance with this Addendum and musttakeaffirmative stepstoensurecompliance withthisAddendum.
- BHBshallhavethesole,completeandfinaldiscretiontodecidewhether thecontentofaparticular website,advertisement,sponsoredlinkor on-linemarketingviolatesthisAddendum.
- BHB has the sole, complete and final discretion to determine if Reseller has complied with this Addendum.Any violation of this Addendum as determined by BHB in its sole, complete and final discretion may, inBHB’s sole, complete and final discretion, result in the suspension or termination of Reseller's authority tousetheAuthorizedMarksinsponsoredlinks,todisplaytheAuthorizedImagesonitswebsiteortosellBHBProductsvia the Internet.

Section 3.24

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Product Liability

1. Susan Freeman – on or about February 5, 2020, Balanced Health Botanicals, LLC received demand for payment to avoid the filing of a class action alleging violations of the California Consumer Legal Remedies Act, among other claims. BHB has not received any additional communication from opposing counsel since June 17, 2020.

Exhibit 10.17

Section3.27(a)

CARES Funds

1. PromissoryNotedatedJanuary26,2021byandbetweenBalancedHealthBotanicals,LLCandCitizens StateBank in theamount $1,709,301.00.
2. PromissoryNotedatedMay6,2020byandbetweenBalancedHealthBotanicals,LLCandCitizensStateBank in theamount $1,375,051.00.

Exhibit 10.17

Section3.27(b)

Paycheck Protection Program Loans

1. PromissoryNotedatedJanuary26,2021byandbetweenBalancedHealthBotanicals,LLCandCitizensStateBankintheamount$1,709,301.00,whichsuchamou wasforgiveninfull.
2. PromissoryNotedatedMay6,2020byandbetweenBalancedHealthBotanicals,LLCandCitizensStateBankintheamount$1,375,051.00.,whichsuchamountw

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EXHIBIT 21.1

Village Farms International, Inc.

Name: Brian Stevenson
Title: President

EXHIBIT 21.1

Village Farms International, Inc.

Subsidiary Name	State or Country of Organization	Owned by Village Farms International, Inc.
VF Clean Energy, Inc.	Canada	%
Village Farms GP Inc.	Canada	%
Village Farms Canada Limited Partnership	British Columbia	%
Village Farms Canada Limited Partnership	Canada	%
VF Operations Canada Inc.	Canada	%
VF U.S. Holdings Inc.	Delaware	%
Balanced Health Botanicals, LLC	Colorado	%
Agro Power Development, Inc.	Delaware	%
Village Farms of Delaware, L.L.C.	Delaware	%
Village Farms, L.P.	Delaware	%
Village Fields Hemp USA, LLC	Delaware	%
Arkansas Valley Green And Gold Hemp LLC	Delaware	%
Pure Sunfarms Corp.	Canada	%

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Altum International Pty Ltd.	Australia		%
Rose LifeScience RoseLifescience Inc.	Quebec Canada	70.0%	
Leli Holland B.V.	70 % Netherlands .0	85.0%	

31871674.2

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the registration statements Registration Statements on Form Forms S-8 (No. 333-257001) and Form S-3 (No. 333-257857) of Village Farms International, Inc. of our reports dated:

1. March 1, 2022 report dated March 9, 2023 relating to the financial statements and the effectiveness of internal control over financial reporting of Village Farms International, Inc.;
2. March 12, 2021 related to the financial statements of Pure Sunfarms Corp.,

both of internal control over financial reporting, which appear appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, Canada

March 1, 2022 9, 2023

EXHIBIT 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael A. DeGiglio, certify that:

1. I have reviewed this annual report on Form 10-K of Village Farms International, Inc. for the year ended December 31, 2021;

1. I have reviewed this annual report on Form 10-K of Village Farms International, Inc. for the year ended December 31, 2022;

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2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of t which such statements were made, not misleading with respect to the period covered by this report;

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3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of oper of the registrant as of, and for, the periods presented in this report;

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4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material in registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepare

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(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonal regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principl

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(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, the end of the period covered by this report based on such evaluation; and

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure procedures, the end of the period covered by this report based on such evaluation; and

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(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit registrant's board of directors (or persons performing the equivalent functions):

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(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and	(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect t record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.	(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2022 9, 2023

/s/ Michael A. DeGiglio

Name: Michael A. DeGiglio

Title: Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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I, Stephen C. Ruffini, certify that:

1. I have reviewed this annual report on Form 10-K of Village Farms International, Inc. for the year ended December 31, 2021;

1. I have reviewed this annual report on Form 10-K of Village Farms International, Inc. for the year ended December 31, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of t which such statements were made, not misleading with respect to the period covered by this report;

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3.	Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;	3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of oper of the registrant as of, and for, the periods presented in this report;

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4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material in
registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepare

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(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonal regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principl

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(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, the end of the period covered by this report based on such evaluation; and

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure procedures, the end of the period covered by this report based on such evaluation; and

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(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit registrant's board of directors (or persons performing the equivalent functions):

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(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect t record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 1, 2022 9, 2023

/s/ Stephen C. Ruffini

Name: Stephen C. Ruffini

Title: Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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In connection with the annual report of Village Farms International, Inc., (the "Company") on Form 10-K for the year ended December 31, 2021 December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. DeGiglio, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 1, 2022 9, 2023

/s/ Michael A. DeGiglio

Name: Michael A. DeGiglio

Title: Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Village Farms International, Inc., (the "Company") on Form 10-K for the year ended December 31, 2021 December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen C. Ruffini, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2.

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 1, 2022 9, 2023

/s/ Stephen C. Ruffini

Name: Stephen C. Ruffini

Title: Chief Financial Officer
(Principal Financial Officer)

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