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DELTA REPORT

10-Q

VILLAGE FARMS INTERNATION

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2025
CHANGES	231
DELETIONS	1370
ADDITIONS	424

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the quarterly period ended September 30, March 31, 2023 2024

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from to

Commission File Number 001-38783

VILLAGE FARMS INTERNATIONAL, INC.
(Exact name of Registrant as Specified in its Charter)

Ontario	**98-1007671**
(State or other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

4700-80th Street
Delta, British Columbia Canada
V4K 3N3
(Address of Principal Executive Offices) (Zip Code)

(604) 940-6012
Issuer's phone number, including area code

N/A
(Former name, former address and former fiscal year, if changed since last report).

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**

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Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files. Yes ☒ No ☐ Not Applicable ☐

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 definition of “large accelerated filer,” “accelerated filer”, “small reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 8, 2023 May 6, 2024, 110,238,929 110,248,929 common shares of the registrant were outstanding.

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Forward Looking Statements

As used in this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q to "$" means U.S. dollars and all references to "C$" means Canadian dollars.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. 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 Quarterly Report on Form 10-Q also contains "forward-looking information" within the meaning of applicable Canadian securities laws. We refer to such forward-looking statements and forward-looking information collectively as "forward-looking statements". Forward-looking statements may relate to the Company's future outlook or financial position and anticipated events or results and may include statements regarding the financial position, business strategy, budgets, expansion plans, litigation, projected production, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the Company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the Company, the greenhouse vegetable or produce industry, the cannabis industry and market and our energy segment are forward-looking statements. In some cases, forward-looking information can be identified by such terms as "can", "outlook", "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "try", "estimate", "predict", "potential", "continue", "likely", "schedule", "objectives", or the negative or grammatical variation thereof or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-Q are subject to risks that may include, but are not limited to: our limited operating history in the cannabis and cannabinoids industry, including that of Pure Sunfarms, Inc. ("Pure Sunfarms"), Rose LifeScience Inc. ("Rose" or "Rose LifeScience") and Balanced Health Botanicals, LLC ("Balanced Health"); the limited

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operational history of the Delta RNG Project in our energy segment; the legal status of the cannabis business of Pure Sunfarms and Rose and the hemp business of Balanced Health and uncertainty regarding the legality and regulatory status of cannabis in the United States; risks relating to the integration of Balanced Health and Rose into our consolidated business; risks relating to obtaining additional financing on acceptable terms, including our dependence upon credit facilities and dilutive transactions; potential inability to remain listed on the Nasdaq Capital Market ("Nasdaq") if we do not regain compliance with Nasdaq's minimum bid price requirement by April 15, 2024; 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; inflationary effects on costs of cultivation and transportation; recessionary effects on demand of our products; 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; rising interest rates; 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 Quarterly Report on Form 10-Q 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, which 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 Quarterly Report on Form 10-Q and the Company's most recently filed annual report on Form 10-K.

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 Quarterly Report on Form 10-Q relate only to events or information as of the date on which the statements are made in this Quarterly Report on Form 10-Q. 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.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Village Farms International, Inc.

Condensed Consolidated Statements of Financial Position

(In thousands of United States dollars, except share data)

(Unaudited)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents	$ 35,483	$ 16,676	$ 26,685	$ 30,291
Restricted cash	5,000	5,000	5,000	5,000
Trade receivables	28,541	27,558	38,826	30,561
Inventories	77,059	70,582	74,029	78,472
Other receivables	332	309	115	294
Income tax receivable, net	2	6,900		
Prepaid expenses and deposits	6,747	5,959	6,197	7,150
Total current assets	153,164	132,984	150,852	151,768
Non-current assets				
Property, plant and equipment	202,198	207,701	201,020	205,613
Investments	2,109	2,109	2,656	2,656
Goodwill	66,118	66,225	54,942	55,918
Intangibles	34,955	37,157	30,778	32,275
Deferred tax asset	4,201	4,201	4,201	4,201
Right-of-use assets	13,069	9,132	11,944	12,596
Other assets	1,888	5,776	2,046	1,962
Total assets	$ 477,702	$ 465,285	$ 458,439	$ 466,989
LIABILITIES				
Current liabilities				
Line of credit	$ 4,000	$ 7,529	$ 4,000	$ 4,000
Trade payables	19,378	24,894	19,935	21,753
Current maturities of long-term debt	9,284	9,646	8,866	9,133
Accrued sales taxes	14,029	11,594	21,331	15,941
Accrued loyalty program	1,817	2,060	1,668	1,773
Accrued liabilities	15,895	13,064	12,024	15,076

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Lease liabilities - current	1,955	1,970	2,243	2,112
Income tax payable			47	28
Other current liabilities	2,529	1,458	2,561	2,340
Total current liabilities	68,887	72,215	72,675	72,156
Non-current liabilities				
Long-term debt	39,811	43,821	37,217	38,925
Deferred tax liability	18,992	19,756	23,553	23,730
Lease liabilities - non-current	11,804	7,785	10,534	11,335
Other liabilities	1,869	1,714	2,044	1,902
Total liabilities	141,363	145,291	146,023	148,048
Commitments and contingencies				
MEZZANINE EQUITY				
Redeemable non-controlling interest	15,238	16,164	15,627	15,667
SHAREHOLDERS' EQUITY				
Common stock, no par value per share - unlimited shares authorized; 110,238,929 shares issued and outstanding at September 30, 2023 and 91,788,929 shares issued and outstanding at December 31, 2022.	386,719	372,429		
Common stock, no par value per share - unlimited shares authorized; 110,248,929 shares issued and outstanding at March 31, 2024 and December 31, 2023.			386,719	386,719
Additional paid in capital	25,635	13,372	26,016	25,611
Accumulated other comprehensive loss	(8,187)	(8,371)	(7,503)	(3,540)
Retained earnings	(83,682)	(74,367)	(109,017)	(106,165)
Total Village Farms International, Inc. shareholders' equity	320,485	303,063	296,215	302,625
Non-controlling interest	616	767	574	649
Total shareholders' equity	321,101	303,830	296,789	303,274
Total liabilities, mezzanine equity and shareholders' equity	$ 477,702	$ 465,285	$ 458,439	$ 466,989

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(In thousands of United States dollars, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sales	$ 69,510	$ 71,056	$ 211,378	$ 224,115
Cost of sales	(54,889)	(62,682)	(172,958)	(199,514)
Gross margin	14,621	8,374	38,420	24,601
Selling, general and administrative expenses	(15,822)	(17,794)	(49,980)	(54,245)
Interest expense	(988)	(982)	(3,532)	(2,330)
Interest income	262	60	741	129
Foreign exchange loss, net	(971)	(1,963)	(302)	(2,171)
Other (expense) income	(19)	(10)	5,613	(7)
Write-off of joint venture loan	—	—	—	(592)
Impairments	—	—	—	(29,799)
Loss before taxes and loss from equity method investments	(2,917)	(12,315)	(9,040)	(64,414)
Recovery of (provision for) income taxes	1,664	3,183	(269)	14,563
Loss from equity method investments	—	—	—	(2,667)
Loss including non-controlling interests	(1,253)	(9,132)	(9,309)	(52,518)
Less: net (income) loss attributable to non-controlling interests, net of tax	(46)	387	(6)	701
Net loss attributable to Village Farms International, Inc. shareholders	$ (1,299)	$ (8,745)	$ (9,315)	$ (51,817)
Basic loss per share attributable to Village Farms International, Inc. shareholders	$ (0.01)	$ (0.10)	$ (0.09)	$ (0.59)
Diluted loss per share attributable to Village Farms International, Inc. shareholders	$ (0.01)	$ (0.10)	$ (0.09)	$ (0.59)
Weighted average number of common shares used in the computation of net loss per share (in thousands):				
Basic	110,239	88,684	108,214	88,543
Diluted	110,239	88,684	108,214	88,543
Loss including non-controlling interests	$ (1,253)	$ (9,132)	$ (9,309)	$ (52,518)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(5,986)	(14,780)	(899)	(17,911)
Comprehensive loss including non-controlling interests	(7,239)	(23,912)	(10,208)	(70,429)
Comprehensive (income) loss attributable to non-controlling interests	353	1,499	(50)	1,929
Comprehensive loss attributable to Village Farms International, Inc. shareholders	$ (6,886)	$ (22,413)	$ (10,258)	$ (68,500)

	Three Months Ended March 31,

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	2024	2023
Sales	$ 78,077	$ 64,656
Cost of sales	(62,564)	(52,356)
Gross profit	15,513	12,300
Selling, general and administrative expenses	(16,387)	(17,405)
Interest expense	(917)	(1,133)
Interest income	206	196
Foreign exchange loss, net	(878)	(69)
Other income (expense)	104	30
Loss before taxes	(2,359)	(6,081)
Provision for income taxes	(320)	(634)
Loss including non-controlling interests	(2,679)	(6,715)
Less: net (income) loss attributable to non-controlling interests, net of tax	(173)	79
Net loss attributable to Village Farms International, Inc. shareholders	$ (2,852)	$ (6,636)
Basic loss per share attributable to Village Farms International, Inc. shareholders	$ (0.03)	$ (0.06)
Diluted loss per share attributable to Village Farms International, Inc. shareholders	$ (0.03)	$ (0.06)
Weighted average number of common shares used in the computation of net loss per share (in thousands):		
Basic	110,249	104,097
Diluted	110,249	104,097
Loss including non-controlling interests	$ (2,679)	$ (6,715)
Other comprehensive (loss) income:		
Foreign currency translation adjustment	(4,251)	862
Comprehensive loss including non-controlling interests	(6,930)	(5,853)
Comprehensive loss (income) attributable to non-controlling interests	115	(42)
Comprehensive loss attributable to Village Farms International, Inc. shareholders	$ (6,815)	$ (5,895)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Village Farms International, Inc.

Condensed Consolidated Statements of Changes in Shareholders' Equity and Mezzanine Equity

(In thousands of United States dollars, except for shares outstanding)

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(Unaudited)

	Three Months Ended September 30, 2023							
	Number of Common Shares	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interest	Total Shareholders' Equity	Mezzanine Equity
Balance at July 1, 2023	110,239	$ 386,719	$ 24,888	$ (3,284)	$ (82,383)	$ 668	$ 326,608	$ 16,223
Share-based compensation	—	—	747	—	—	—	747	—
Cumulative translation adjustment	—	—	—	(4,903)	—	29	(4,874)	(1,111)
Net (loss) income	—	—	—	—	(1,299)	(81)	(1,380)	126
Balance at September 30, 2023	110,239	$ 386,719	$ 25,635	$ (8,187)	$ (83,682)	$ 616	$ 321,101	$ 15,238

	Three Months Ended September 30, 2022							
	Number of Common Shares	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total Shareholders' Equity	Mezzanine Equity
Balance at July 1, 2022	88,572	$ 365,737	$ 11,463	$ 3,565	$ (16,293)	$ —	$ 364,472	$ 16,119
Proceeds from issuance of common stock	450	824	—	—	—	—	824	—
Share-based compensation	7	—	926	—	—	—	926	—
Recognition of non-controlling interest on acquisition	—	—	—	—	—	767	767	—
Cumulative translation adjustment	—	—	—	(14,780)	—	—	(14,780)	—
Net loss	—	—	—	—	(8,745)	—	(8,745)	(387)
Balance at September 30, 2022	89,029	$ 366,561	$ 12,389	$ (11,215)	$ (25,038)	$ 767	$ 343,464	$ 15,732

	Three Months Ended March 31, 2024							
	Number of Common Shares (in thousands)	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interest	Total Shareholders' Equity	Mezzanine Equity
Balance January 1, 2024	110,249	$ 386,719	$ 25,611	$ (3,540)	$ (106,165)	$ 649	$ 303,274	$ 15,667
Share-based compensation	—	—	405	—	—	—	405	—
Cumulative translation adjustment	—	—	—	(3,963)	—	(21)	(3,984)	(267)
Net (loss) income	—	—	—	—	(2,852)	(54)	(2,906)	227
Balance at March 31, 2024	110,249	$ 386,719	$ 26,016	$ (7,503)	$ (109,017)	$ 574	$ 296,789	$ 15,627

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	Nine Months Ended September 30, 2023								Three Months Ended March 31, 2023							
	Number of Common Shares	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interest	Total Shareholders' Equity	Mezzanine Equity	Number of Common Shares (in thousands)	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Non-controlling Interest	Total Shareholders' Equity	Mezzanine Equity
Balance at January 1, 2023	91,789	$ 372,429	$ 13,372	$ (8,371)	$ (74,367)	$ 767	$ 303,830	$ 16,164	91,789	$ 372,429	$ 13,372	$ (8,371)	$ (74,367)	$ 767	$ 303,830	$ 16,164
Shares issued in public offering, net of issuance costs	18,350	14,207	—	—	—	—	14,207	—	18,350	14,207	—	—	—	—	14,207	—
Warrants issued in public offering	—	—	9,128	—	—	—	9,128	—	—	—	9,128	—	—	—	9,128	—

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Shares issued on exercise of stock options	100	83	—	—	—	—	83	—	100	83	—	—	—	—	83	—
Share-based compensation	—	—	3,135	—	—	—	3,135	—	—	—	1,732	—	—	—	1,732	—
Cumulative translation adjustment	—	—	—	184	—	29	213	(1,111)	—	—	—	862	—	—	862	—
Net (loss) income	—	—	—	—	(9,315)	(180)	(9,495)	185								
Balance at September 30, 2023	110,239	$ 386,719	$ 25,635	$ (8,187)	$ (83,682)	$ 616	$ 321,101	$ 15,238								
Net loss									—	—	—	—	(6,636)	(49)	(6,685)	(30)
Balance at March 31, 2023									110,239	$ 386,719	$ 24,232	$ (7,509)	$ (81,003)	$ 718	$ 323,157	$ 16,134

Nine Months Ended September 30, 2022

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	Number of Common Shares	Common Stock		Additional Paid in Capital		Accumulated Other Comprehensive Income (Loss)		Retained Earnings		Non-controlling Interest		Total Shareholders' Equity		Mezzanine Equity
Balance at January 1, 2022	88,234	$	365,561	$	9,369	$	6,696	$	26,779	$	—	$	408,405	$ 16,433
Proceeds from issuance of common stock	450		824		—		—		—		—		824	—
Shares issued on exercise of stock options	345		176		16		—		—		—		192	—
Share-based compensation	—		—		3,004		—		—		—		3,004	—
Recognition of non-controlling interest on acquisition	—		—		—		—		—		767		767	—
Cumulative translation adjustment	—		—		—		(17,911)		—		—		(17,911)	—
Net loss	—		—		—		—		(51,817)		—		(51,817)	(701)
Balance at September 30, 2022	89,029	$	366,561	$	12,389	$	(11,215)	$	(25,038)	$	767	$	343,464	$ 15,732

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Village Farms International, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands of United States dollars)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Cash flows provided by (used in) operating activities:		
Net loss attributable to Village Farms International, Inc. shareholders	$ (9,315)	$ (51,817)
Adjustments to reconcile net loss attributable to Village Farms International, Inc. shareholders to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,726	11,061
Amortization of deferred charges	102	171
Share of loss from joint ventures	—	2,667

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Net loss attributable to non-controlling interest	6	(701)
Interest expense	3,532	2,330
Interest income	(741)	(129)
Interest paid on long-term debt	(3,645)	(2,989)
Unrealized foreign exchange loss	92	77
Impairments	—	29,799
Write-off of joint venture loan	—	592
Loss (gain) on disposal of assets	1	(7)
Non-cash lease expense	1,615	775
Share-based compensation	3,135	3,004
Deferred income taxes	1,748	(19,670)
Changes in non-cash working capital items	(1,451)	11,621
Net cash provided by (used in) operating activities	6,805	(13,216)
Cash flows (used in) provided by investing activities:		
Purchases of property, plant and equipment	(4,358)	(12,869)
Acquisitions, net	—	(4,693)
Issuance of note receivable	—	(1,914)
Repayment of note receivable	835	—
Net cash used in investing activities	(3,523)	(19,476)
Cash flows provided by (used in) financing activities:		
Proceeds from borrowings	—	4,000
Repayments on borrowings	(7,858)	(6,262)
Proceeds from issuance of common stock and warrants	24,772	824
Issuance costs	(1,437)	—
Proceeds from exercise of stock options	83	192
Payments on capital lease obligations	—	(782)
Net cash provided by (used in) financing activities	15,560	(2,028)
Effect of exchange rate changes on cash and cash equivalents	(35)	(782)
Net increase (decrease) in cash, cash equivalents and restricted cash	18,807	(35,502)
Cash, cash equivalents and restricted cash, beginning of period	21,676	58,667
Cash, cash equivalents and restricted cash, end of period	$ 40,483	$ 23,165
Non-cash - investing and financing activities:		
Operating lease right-of-use assets	$ 5,578	$ —
Operating lease liabilities	$ 5,578	$ —

	Three Months Ended March 31,	
	2024	2023
Cash flows provided by (used in) operating activities:		
Net loss attributable to Village Farms International, Inc. shareholders	$ (2,852)	$ (6,636)

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Adjustments to reconcile net loss attributable to Village Farms International, Inc. shareholders to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,558	3,986
Amortization of deferred charges	10	34
Net loss attributable to non-controlling interest	173	(79)
Interest expense	917	1,133
Interest paid on long-term debt	(1,062)	(1,511)
Unrealized foreign exchange loss	130	(13)
Loss on disposal of assets	—	4
Non-cash lease expense	631	(4)
Share-based compensation	405	1,732
Deferred income taxes	330	(734)
Changes in non-cash working capital items	(3,290)	(1,580)
Net cash used in operating activities	(50)	(3,668)
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(1,876)	(1,076)
Net cash used in investing activities	(1,876)	(1,076)
Cash flows (used in) provided by financing activities:		
Repayments on borrowings	(1,442)	(4,788)
Proceeds from issuance of common stock and warrants	—	24,772
Issuance costs	—	(1,437)
Proceeds from exercise of stock options	—	83
Net cash (used in) provided by financing activities	(1,442)	18,630
Effect of exchange rate changes on cash and cash equivalents	(238)	(678)
Net (decrease) increase in cash, cash equivalents and restricted cash	(3,606)	13,208
Cash, cash equivalents and restricted cash, beginning of period	35,291	21,676
Cash, cash equivalents and restricted cash, end of period	$ 31,685	$ 34,884

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

VILLAGE FARMS INTERNATIONAL, INC.

Notes to Condensed Consolidated Financial Statements

(In thousands of United States dollars, except per share amounts, unless otherwise noted)

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1. BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Village Farms International, Inc. ("VFF" and, together with its subsidiaries, the "Company", "we", "us", or "our") is a corporation existing under the Ontario Business Corporations Act. VFF's principal operating subsidiaries as of September 30, 2023 March 31, 2024 are Village Farms Canada Limited Partnership, Village Farms, L.P., Pure Sunfarms Corp. ("Pure Sunfarms"), and Balanced Health Botanicals, LLC ("Balanced Health") and VF Clean Energy, Inc. ("VFCE"). VFF also owns a 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.

The Company's shares are listed on Nasdaq Capital Market ("Nasdaq") under the symbol "VFF".

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. Its wholly owned subsidiary, Pure Sunfarms, is a vertically integrated licensed producer Licensed Producer ("LP") and supplier of cannabis products sold to other licensed providers and provincial governments across customers throughout 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 within the US. Through its 70% ownership of Rose, the Company has a substantial presence in the Province of Quebec as a cannabis supplier, producer and commercialization expert. The Company's wholly owned subsidiary, Balanced Health, develops and sells high-quality cannabidiol ("CBD") based products including ingestible, edible and topical applications.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying condensed consolidated statement of financial position as of December 31, 2022 December 31, 2023 is derived from the Company's audited financial statements as of that date. Because certain information and footnote disclosures have been condensed or omitted, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2022 December 31, 2023 contained in the Company's 2022 2023 Annual Report on Form 10-K. In management's opinion, all normal and recurring adjustments considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented have been included. When necessary, certain prior year amounts have been reclassified to conform with the current period presentation. For the three and nine months ended September 30, 2022, share-based compensation has been reclassified to selling, general and administrative expenses on the condensed consolidated Statements of Operations and Comprehensive Income (Loss) to conform with the current period presentation. Interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. The Company believes that the disclosures made in these consolidated financial statements are adequate to make the information not misleading.

Principals of Consolidation

The accompanying condensed consolidated financial statements include Village Farms International, Inc. and its subsidiaries and include the accounts of all majority-owned subsidiaries over which the Company exercises control and, when applicable, entities in which the Company has a controlling financial interest. All significant intercompany balances and transactions have been eliminated

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in consolidation. Other parties' interests in entities that the Company consolidates are reported as non-controlling interests within equity, except for mandatorily redeemable non-controlling interests, which are recorded within mezzanine equity. Net income or loss attributable to non-controlling interests is reported as a separate line item below net income or loss. The Company applies the equity method of accounting for its investments in entities for which it does not have a controlling financial interest, but over which it has the ability to exert significant influence. For equity investees in which the Company has an undivided interest in the assets, liabilities and profits or losses of an unconsolidated entity, but does not exercise control over the entity, the Company consolidates its proportional interest in the accounts of the entity.

Translations of Foreign Currencies

The assets and liabilities of foreign subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars at period-end exchange rates, with resulting translation gains or losses included within other comprehensive income or loss. Revenue and expenses are translated into U.S. dollars at average rates of exchange during the applicable period. Substantially all of the Company's foreign operations use their local currency as their functional currency. For foreign operations for which the local currency is not the functional currency, the operation's non-monetary assets are remeasured into U.S. dollars at historical exchange rates. All other accounts are remeasured at current exchange rates. Gains or losses from remeasurement are included in foreign exchange loss, net. Currency gains or losses resulting from transactions executed in currencies other than the functional currency are included in foreign exchange gain (loss).

In these condensed consolidated financial statements, "$" means U.S. dollars unless otherwise noted.

General Economic, Regulatory and Market Conditions

The Company has experienced, and may continue to experience, direct and indirect negative effects on its business and operations from negative economic, regulatory and market conditions, including recent inflationary effects on fuel prices, labor and materials costs, rising interest rates, potential recessionary impacts and supply chain disruptions that could negatively affect demand for new projects and/or delay existing project timing or cause increased project costs. The extent to which general economic, regulatory and market conditions could affect the Company's business, operations and financial results is uncertain as it will depend upon numerous evolving factors that management may not be able to accurately predict, and, therefore, any future impacts on the Company's business, financial condition and/or results of operations cannot be quantified or predicted with specificity.

Recent Accounting Pronouncements

No accounting pronouncements recently issued or newly effective have had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

2. INVENTORIES

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Inventories consisted of the following as of:

Classification	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
Cannabis:								
Raw materials	$	1,180	$	1,089	$	1,017	$	985
Work-in-progress		6,452		10,872		8,014		6,543
Finished goods		47,510		36,094		38,058		47,084
Packaging		7,149		6,909		8,291		7,641
Produce and Energy:								
Produce:								
Crop inventory		14,028		14,886		18,057		15,492
Purchased produce inventory		683		599		592		727
Spare parts inventory and packaging		57		133				
Inventory	$	77,059	$	70,582	$	74,029	$	78,472

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following as of:

Classification	March 31, 2024		December 31, 2023	
Land	$	14,397	$	14,641
Leasehold and land improvements		5,510		5,525
Buildings		214,838		217,384
Machinery and equipment		90,061		86,674
Construction in progress		11,289		13,619
Less: Accumulated depreciation		(135,075)		(132,230)
Property, plant and equipment, net	$	201,020	$	205,613

Depreciation expense on property, plant and equipment, was $3,728 and $3,204 for the three months ended March 31, 2024 and 2023, respectively.

Classification	September 30, 2023		December 31, 2022	
Land	$	13,387	$	13,411
Leasehold and land improvements		5,533		5,372
Buildings		214,014		214,146
Machinery and equipment		85,494		82,396
Construction in progress		11,786		10,033
Less: Accumulated depreciation		(128,016)		(117,657)
Property, plant and equipment, net	$	202,198	$	207,701

4. GOODWILL AND INTANGIBLE ASSETS

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Goodwill

The following table presents the changes in the carrying value of goodwill by reportable segment for the nine three months ended September 30, 2023 March 31, 2024:

	Cannabis - Canada	Cannabis - United States	Total
Balance as of January 1, 2024	$ 45,879	$ 10,039	$ 55,918
Foreign currency translation adjustment	(976)	—	(976)
Balance as of March 31, 2024	$ 44,903	$ 10,039	$ 54,942

	Cannabis - Canada	Cannabis - United States	Total
Balance as of December 31, 2022	$ 44,886	$ 21,339	$ 66,225
Foreign currency translation adjustment	(107)	—	(107)
Balance as of September 30, 2023	$ 44,779	$ 21,339	$ 66,118

Intangible Assets

Intangibles consisted of the following as of:

Classification	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Licenses	$ 17,983	$ 17,691	$ 18,118	$ 18,540
Brand and trademarks*	12,710	12,719	12,720	12,795
Customer relationships	13,260	13,291	13,296	13,586
Computer software	1,952	1,955	1,955	1,974
Other*	144	144	144	144
Less: Accumulated amortization	(6,464)	(4,013)	(8,105)	(7,414)
Less: Impairments	(4,630)	(4,630)	(7,350)	(7,350)
Intangibles, net	$ 34,955	$ 37,157	$ 30,778	$ 32,275

* Indefinite-lived intangible assets

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The expected future amortization expense for definite-lived intangible assets as of September 30, 2023 March 31, 2024 was as follows:

Fiscal period		
Remainder of 2023	$ 777	
2024	3,107	
Remainder of 2024		$ 2,480
2025	3,021	3,220
2026	2,932	3,131
2027	2,932	3,131
2028		1,880
Thereafter	13,962	11,422
Intangibles, net	$ 26,731	$ 25,264

Assessment for Indicators of Impairment

At the end of each reporting period, the Company assesses whether events or changes in circumstances have occurred that would indicate an impairment. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

During the first nine three months of ended March 31, 2024 and 2023, the Company considered qualitative factors in assessing for impairment indicators for the Company's U.S. and Canadian cannabis Cannabis segments. As part of this assessment, the Company considered both external and internal factors, including overall financial performance and outlook. At September 30, 2023 March 31, 2024, the Company concluded that no impairment indicators existed as no events or circumstances occurred that would, more likely than not, reduce the fair value of the reporting units to be below their carrying amounts.

Throughout 2022, the Company recognized macroeconomic challenges, decreases in market capitalization, decreases in transaction multiples, and continued ambiguity in federal regulations with respect to the U.S. CBD market. During the second quarter of 2022, 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 impaired. The Company tested that segment's assets, including goodwill and intangible assets for impairment. 5. LINE OF CREDIT AND LONG-TERM DEBT

Cannabis - U.S. - Goodwill

The recoverable amount following table provides details for the carrying values of the reporting unit was determined based on a transaction multiple of somewhat similar CBD-based companies. Management concluded that debt as of June 30, 2022, the recoverable amount was lower than its carrying amount and as a result, an impairment charge to goodwill of $ of:25,169

	March 31, 2024	December 31, 2023
Term Loan - ("FCC Loan") - repayable by monthly principal payments of $164 and accrued interest at a rate of 8.84%; matures May 3, 2027	$ 22,296	$ 22,788
Term Loan - Pure Sunfarms - C$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 8.95%; matures February 7, 2026	7,752	8,298

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Term loan - Pure Sunfarms - C$25.0M - 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 8.95%; matures February 7, 2026	12,458	13,201
BDC Facility - Pure Sunfarms - non-revolving demand loan repayable by monthly principal payments of C$52 and accrued interest at a rate of 10.95%, matures December 31, 2031	3,577	3,771
Total	$ 46,083	$ 48,058

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 multiple of .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 as of June 30, 2022, the recoverable amount was lower than its carrying value of $9,250 and as a result, an impairment charge to the brand intangible of $4,630 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 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.

5. LINE OF CREDIT AND LONG-TERM DEBT

The following table provides details for the carrying values of debt as of:

	September 30, 2023	December 31, 2022
Term Loan - ("FCC Loan") - repayable by monthly principal payments of $164 and accrued interest at a rate of 8.93%; matures April 1, 2025	$ 23,280	$ 24,755

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Term Loan - Pure Sunfarms - C$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 9.20%; matures February, 2026	8,534	9,664
Term loan - Pure Sunfarms - C$25.0M - 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 9.20%; matures February, 2026	13,449	14,867
BDC Facility - Pure Sunfarms - non-revolving demand loan repayable by monthly principal payments of C$52 and accrued interest at a rate of 10.95%, matures December 31, 2031	3,832	4,181
Total	$ 49,095	$ 53,467

On March 13, 2023, the Company entered into a Note Modification Agreement (the “Modification”) for its Company’s line of credit ("Operating Loan"). The Modification eliminated the use of LIBOR as a basis to determine certain interest rates and transitioned to the Secured Overnight Financing Rate (“SOFR”) for such purposes. This Modification did not have a material effect on the Company's results of operations or its financial position. The Company’s Operating Loan had $4,000 amount drawn on the facility as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

The carrying value of the assets and securities pledged as collateral for the FCC Loan as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $122,823 97,614 and $113,159 117,293, respectively.

The carrying value of the assets pledged as collateral for the Operating Loan as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $25,553 30,032 and $26,666 28,034, respectively.

The Pure Sunfarms line of credit had a balance of $0 and $3,529 outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022, respectively. Pure Sunfarms had an outstanding letter of credit issued to BC Hydro against the revolving line of credit of C$0 and C$4,145 as of September 30, 2023 and December 31, 2022 December 31, 2023, respectively.

The Company is required to comply with financial covenants, measured either quarterly or annually depending on the covenant. The Company was in compliance with all its credit facility covenants as of September 30, 2023 March 31, 2024.

The weighted average annual interest rate on short-term borrowings as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was 9.86 9.73% and 9.12 9.44%, respectively.

Accrued interest payable on all long-term debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $385 442 and $398 390, respectively, and these amounts are included in accrued liabilities in the Condensed Consolidated Statements of Financial Position.

The aggregate annual principal maturities of long-term debt for the remainder of 2023 2024 and thereafter are as follows:

Remainder of 2023	$ 1,660	
2024	5,814	
Remainder of 2024		$ 4,313

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2025	24,668	5,751
2026	14,652	16,825
2027	460	17,347
2028		461
Thereafter	1,841	1,386
Total	$ 49,095	$ 46,083

6. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, trade receivables, note receivables, minority investments, line of credit, trade payables, accrued liabilities, lease liabilities, note payables and debt. The carrying value of cash and cash equivalents, trade receivables, notes receivable, trade payables, and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of line of credit, lease liabilities, notes payable, and debt approximate their fair values due to insignificant changes in credit risk. For its investments, the Company has selected the practicability election to fair value measurement, under which the investment is measured at cost, less impairment, plus or minus observable price changes of an identical or similar investment.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company leases its Rose office building from a company employee who also owns a minority interest in Rose. For the three months ended March 31, 2024 and 2023, the Company paid C$39 and C$45, respectively, to lease this office space.

One of the Company's employees is related to a member of the Company's executive management team and received approximately $103 and $85 30 in salary and benefits during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

8. INCOME TAXES

The Company has recorded a recovery of (provision for) provision for income taxes of $1,664 and ($269 320) for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared with a recovery of provision for income taxes of $ ($3,183 634 and $14,563) for the same periods period last year.

The Company's income tax provision is based on management's estimate of the effective tax rate for the full year. The tax (provision) benefit in any period will be affected by, among other things, permanent, as well as temporary, differences in the deductibility of certain items, changes in the valuation allowance related to net deferred tax assets, in addition to changes in tax legislation. As a result, the Company may experience significant fluctuations in the effective book tax rate (that is, tax expense divided by pre-tax book income) from period to period.

In order to fully utilize the net deferred tax assets, the Company will need to generate sufficient taxable income in future years.

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The Company analyzed all positive and negative evidence to determine if, based on the weight of available evidence, it is more likely than not to realize the benefit of the net deferred tax assets. The recognition of the net deferred tax assets and related tax benefits is based upon the Company's conclusions regarding, among other considerations, estimates of future earnings based on information currently available and current and anticipated customers, contracts, and product introductions, as well as historical operating results and certain tax planning strategies.

Based on the analysis of all available evidence, both positive and negative, the Company has concluded that it does not have the ability to generate sufficient taxable income in the necessary period to utilize the entire benefit for the deferred tax assets. Accordingly, the Company established a valuation allowance of $31,655 40,203 as of September 30, 2023 March 31, 2024 and $30,419 39,530 as of December 31, 2022 December 31, 2023. The Company cannot presently estimate what, if any, changes to the valuation of its deferred tax assets may be deemed appropriate in the future. If the Company incurs future losses, it may be necessary to record additional valuation allowance related to the deferred tax assets recognized as of September 30, 2023 March 31, 2024.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

As of September 30, 2023 March 31, 2024, the Company's net deferred tax assets totaled approximately $4,201 and were primarily derived from net operating loss carryforwards.

9. SEGMENT AND GEOGRAPHIC INFORMATION

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.

As of September 30, 2023 March 31, 2024, the Company's four segments are as follows:

Segment	Description
Produce	The Produce segment produces, markets, and sells premium quality tomatoes, bell peppers and cucumbers.
Cannabis – Canada	The Cannabis – Canada segment produces and supplies cannabis products to be sold to other licensed providers and provincial governments across Canada and internationally.
Cannabis – United States	The Cannabis – United States segment develops and sells high-quality, CBD-based health and wellness products including ingestible, edible and topical applications.
Energy	The Energy business produces power renewable natural gas that it sells per a long-term contract to its one customer.

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The Company’s primary operations are in the United States and Canada. Segment information is summarized below:

	Three months ended March 31,	
	2024	2023
Sales		
Produce	$ 36,094	$ 34,567
Cannabis - Canada	37,446	25,112
Cannabis - United States	4,537	4,977
	$ 78,077	$ 64,656
Gross profit		
Produce	$ 3,310	$ 614
Cannabis - Canada	9,508	8,455
Cannabis - United States	2,695	3,238
Energy	—	(7)
	$ 15,513	$ 12,300

	Three months ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sales				
Produce	$ 35,712	$ 35,527	$ 114,125	$ 124,052
Cannabis - Canada	28,810	30,394	81,987	81,956
Cannabis - United States	4,988	5,135	15,266	17,971
Energy	—	—	—	136
	$ 69,510	$ 71,056	$ 211,378	$ 224,115
Gross margin				
Produce	$ 1,492	$ (3,303)	$ (654)	$ (16,560)
Cannabis - Canada	9,944	8,198	29,114	29,216
Cannabis - United States	3,185	3,523	9,981	12,072
Energy	—	(44)	(21)	(127)
	$ 14,621	$ 8,374	$ 38,420	$ 24,601

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10. LOSS PER SHARE

Basic and diluted net loss per common share is calculated as follows:

	Three months ended September 30,		Nine Months Ended September 30,		Three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Numerator:						
Net loss attributable to Village Farms International, Inc. shareholders	$ (1,299)	$ (8,745)	$ (9,315)	$ (51,817)	$ (2,852)	$ (6,636)
Denominator:						
Weighted average number of common shares - basic	110,239	88,684	108,214	88,543	110,249	104,097
Effect of dilutive securities-share-based employee options and awards	—	—	—	—	—	—
Weighted average number of common shares - diluted	110,239	88,684	108,214	88,543	110,249	104,097
Antidilutive options and awards	6,509	3,627	6,509	3,592	6,572	6,157
Net loss per ordinary share:						
Basic	$ (0.01)	$ (0.10)	$ (0.09)	$ (0.59)	$ (0.03)	$ (0.06)
Diluted	$ (0.01)	$ (0.10)	$ (0.09)	$ (0.59)	$ (0.03)	$ (0.06)

11. SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

Share-based compensation expense for the three and nine months ended September 30, 2023 March 31, 2024 was $747 405, and $3,135, respectively, and $926 and $3,004 1,732 for the three and nine months ended September 30, 2022 March 31, 2023, respectively.

Stock option activity for the nine three months ended September 30, 2023 March 31, 2024 was as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining	Aggregate Intrinsic Value

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				Contractual Term (years)		
Outstanding at January 1, 2023	4,089,418	$	5.76	6.77	$	152
Granted	2,671,896	$	0.99	9.17	$	125
Exercised	(100,000)	$	0.83		$	71
Forfeited	(152,500)	$	5.15			
Outstanding at September 30, 2023	6,508,814	$	3.84	7.31	$	99
Exercisable at September 30, 2023	3,147,929	$	6.11	5.49	$	2

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)		Aggregate Intrinsic Value
Outstanding at January 1, 2023	6,946,576	$	3.50	7.54	$	83
Granted	50,000	$	0.83	9.80	$	3
Forfeited/expired	(424,167)	$	3.43			
Outstanding at March 31, 2024	6,572,409	$	3.49	7.64	$	1,061
Exercisable at March 31, 2024	3,392,739	$	5.44	6.32	$	141

Performance-based shares activity for the nine months ended September 30, 2023 was as follows:

	Number of Performance-based Restricted Share Units		Weighted Average Grant Date Fair Value
Outstanding at January 1, 2023	30,000	$	8.31
Outstanding at September 30, 2023	20,000	$	8.31
Exercisable at September 30, 2023	20,000	$	8.31

On January 30, 2023, the Company closed a public offering (the "Offering") of 18,350,000 Common Shares at a price of US$1.35 per share together with accompanying warrants to purchase up to 18,350,000 Common Shares, which have an exercise price of US$1.65 per share (the "Warrants"). The gross proceeds from the Offering were approximately US$25 million before deducting placement agent fees and other offering expenses payable by the Company. The proceeds from the Offering are being used for general working capital. The accompanying Warrants have an exercise price of US$1.65 and became exercisable beginning six months from issuance and will expire five years from the date of initial exercisability.

12. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Nine Months Ended September 30,	Three Months Ended March 31,

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	2023	2022	2024	2023
Trade receivables	$ (475)	$ (1,622)	$ (7,095)	$ 1,193
Inventories	(5,284)	(8,873)	3,216	(4,169)
Other receivables	9	(12)	(1)	8
Prepaid expenses and deposits	(845)	(1,602)	836	63
Trade payables	(3,624)	9,135	(2,993)	(5,971)
Accrued liabilities	5,383	10,219	3,431	3,869
Lease liabilities	(1,574)	—	(664)	—
Other assets, net of other liabilities	4,959	4,376	(20)	3,427
	$ (1,451)	$ 11,621	$ (3,290)	$ (1,580)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (our "Annual Report on Form 10-K"). This discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future. Forward-looking statements are based on assumptions and estimates that are inherently subject to significant risks and uncertainties, and our actual results could differ materially from the results anticipated by our forward-looking statements. We encourage you to review the risks and uncertainties described in "Risk Factors" in Part I, Item 1A in our Annual Report on Form 10-K, and in Part II, Item 1A of this Quarterly Report. 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.

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 Business Corporations Act (Ontario). The Company's principal operating subsidiaries are Village Farms Canada LP ("VFCLP"), Village Farms LP ("VFLP"), Pure Sunfarms Corp Corp. ("Pure Sunfarms" or "PSF"), Balanced Health Botanicals, LLC ("Balanced Health"), and Rose LifeScience Inc. ("Rose LifeScience" or "Rose"), and VF Clean Energy, Inc. ("VFCE").

The Company's vision is to be recognized as an international leader in consumer products developed from plants, whereby we produce and market value-added products that are consistently preferred by consumers. To do so, we leverage decades of cultivation

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expertise, investment, and experience in fresh produce across profitable, high growth plant-based into branded and wholesale cannabis products within markets with legally permissible opportunities.

In Canada, we converted two produce facilities to grow cannabis for the Canadian legal adult use (recreational) market. Our focus for our Canadian Cannabis segment is to produce high quality cannabis, leveraging our low-cost production to provide preferred products at an attractive price that address the largest preferred consumer segments in the market. This market positioning, combined with our cultivation expertise, has enabled us to evolve into the second best-selling Canadian licensed producer ("LP") of dried flower products, the third best-selling Canadian producer overall (year-to-date 2023) nationally and one of the few Canadian LPs with consistently strong operating results.

Additionally, through organic growth, acquisitions exports and/or exports, acquisitions, we have a strategy to participate in other international markets where cannabis attains legal status. In September 2021, our Canadian Cannabis business began exporting cannabis products to Australia for that country's medical market. In March 2022, our Canadian Cannabis business received European Union Good Manufacturing Practice ("EU GMP") certification for Pure Sunfarms' 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. In late 2022, Pure Sunfarms commenced exports to Israel and in 2023, Pure Sunfarms began exporting cannabis products to Germany and the United Kingdom for the medical markets in those countries. As a result of the typically higher margins in international medical markets, we expect international expansion should to enhance our profitability while expanding our brand and experience into emerging legal cannabis markets. We also have Through our 85% ownership of Leli Holland, we hold one of ten licenses to cultivate cannabis legally in the Netherlands under that country's Closed Supply Chain Experiment program, through our 85% ownership with production targeted to start in the fourth quarter of Leli Holland. 2024.

In the U.S., Balanced Health is our industry-leading cannabinoid business, extends extending our cannabis portfolio into cannabidiol ("CBD") consumer products, which are being sold in the United States. products.

We also operate a large, well-established, produce business (primarily tomatoes) under the Village Farms Fresh ("VF Fresh") brand which sells to food distribution companies and mass retail stores. We own and operate produce cultivation assets in Texas and Delta, B.C. and source produce from our growing partners, in Mexico and Canada.

Our intention is to use our assets, expertise and experience (across cannabis, CBD and produce) to participate in the U.S. cannabis Cannabis market subject to compliance with applicable US U.S. federal and state laws and applicable stock exchange rules.

Our Operating Segments

Canadian Cannabis Segment

Our Canadian Cannabis segment is composed comprised of wholly owned Pure Sunfarms and 70% owned Rose LifeScience.

Pure Sunfarms is one of the single largest cannabis growing cultivation and processing operations in the world, one of the lowest-cost greenhouse producers and is one has developed four of the top selling dried best-selling flower brand brands in Canada. PSF Pure Sunfarms leverages our 30 years of experience as a vertically integrated greenhouse grower to grow, produce and sell cannabis products throughout Canada and for the high growth cannabis opportunity in Canada with commercial distribution in ten Canadian

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provinces and territories that represent 98% of total Canadian legal recreational cannabis sales. Our long-term objective for PSF is export to be the leading low-cost, high-quality cannabis producer and brand in Canada. markets where permissible by law.

Rose is one of the top-selling second best-selling licensed producers producer of cannabis in the Province of Quebec, as well as a prominent cannabis products commercialization expert in 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.

Our long-term objective for our Canadian Cannabis segment is to garner and sustain the leading retail market share in Canada stemming from our leading position as the low-cost, high-quality cannabis producer in Canada and expand our Canadian success into the growing foreign cannabis medicinal markets across the globe.

U.S. Cannabis Segment

Our U.S. Cannabis segment is composed comprised of wholly owned Balanced Health.

Balanced Health is one of the leading cannabinoid brands and e-commerce platforms in the United States. Balanced Health develops and sells high-quality CBD-based CBD and hemp-based health and wellness products, distributing their its diverse portfolio of consumer products through retail storefronts and its top-ranked e-commerce platform, CBDistillery™. and third-party retailers.

Produce Segment

Our Produce segment is composed comprised of VF Fresh, which currently consists of Village Farms LP and Village Farms Canada LP.

Through VF Fresh, we grow, market grows, markets and distribute distributes premium-quality, greenhouse-grown produce in North America. These premium products are grown in sophisticated, highly intensive agricultural greenhouse facilities located in British Columbia and Texas. We also market and distribute premium tomatoes, peppers and cucumbers produced under exclusive and non-exclusive arrangements from our greenhouse supply partners located in Mexico, B.C. and Ontario. We primarily market and distribute under our Village Farms® brand name to retail supermarkets and dedicated fresh food distribution companies throughout the United States and Canada.

Energy Segment

Our Energy segment is composed comprised of wholly owned VF Clean Energy Inc.

VFCE, which has partnered with Terreva Renewables (formerly Mas Energy) for the Delta RNG Project based on VFCE's 20-year contract commencing in the fourth quarter of 2023 (which includes (including a five-year option to extend) with the City of Vancouver to capture landfill gas at the Delta, B.C. landfill site (the "Delta RNG Project"). The Delta RNG Project, which is commenced operations in its final commercialization stages, will convert 2024, converts VFCE's previous landfill gas-to-electricity business into a state-of-the-art landfill gas to high-demand renewable natural gas ("RNG") facility. Terreva Renewables will sell sells the renewable natural gas and VFCE will receive receives a portion of the revenue in the form of a royalty. The facility will also provide provides food-grade CO_2 that can be used in both our cannabis and produce growing operations in Delta or can be provided to other users of CO_2. Delta.

Recent Developments and Updates

Canadian Cannabis Recent Developments

- Is the fastest growing producer among the top five LPs in Canada[1], expanding its number two market share position nationally to a new record in April, gaining share for nine consecutive months[2];
- Moved into the number two national market share position in the pre-roll category and Updates expanded its number one

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national market share position in dried flower, achieving a record 18% share in April[2];

- Regained the top market share position in Ontario (Canada's largest provincial market) for the first time since 2022[2];
- Achieved record market share in Alberta[3];
- Launched Hi-Def Pre-Rolls, a first-of-its-kind pre-roll, featuring pure ground flower optimized for high potency, with THC content between 36-44%, with no concentrates, infusions or kief. Initial demand is exceeding expectations; and,
- Expanded share of the milled category with the Super Toast brand in Ontario every month since its August 2023 launch, reaching the number two position with more than 20% share[1].

1.For the first quarter of 2024. Based on estimated retail sales from HiFyre, other third parties and provincial boards.

2. Based on estimated retail sales from HiFyre, other third parties and provincial boards.

3. For the first quarter of 2024. Calculated from sales information provided by Alberta Gaming, Liquor and Cannabis (AGLC).

International Cannabis

- In September 2023, January 2024, the Company started the build-out of its first indoor cannabis production facility in Drachten, t Netherlands, targeting start of production for the fourth quarter of 2024.
- Germany passed legislation partially legalizing cannabis for personal use beginning April 1, 2024. The new legislation will provid patients with greater access to high quality, legal products, which will be beneficial to further growth of the German medicinal cannabis market. Village Farms was named holds EU GMP certification from the Best District Government of Dusseldorf in 2022 began shipping its best-selling Canadian strains to Germany in the second quarter of 2023.

U.S. Cannabis Company

- Balanced Health's CBDistillery reported study results demonstrating its shhh+ Distilled THC + CBN Deep Sleep Gummies help users to achieve better-quality rest, fall back to sleep during the night and wake up feeling refreshed.
- Completion of internalization of gummy production on track for the second consecutive year at the 2023 Benzinga Cannabis Awards. quarter of 2024, which will support consistency of supply and gross profit;
- William Stoufer was appointed President of Balanced Health. Mr. Stoufer joined BHB as Chief Operating Officer in 2019 and pla a key role in establishing strong business processes with a focus on customer excellence, which contributed positive adjusted EBITDA and cash flow to Village Farms since acquisition; and,
- The Canadian Cannabis business (all brands in aggregate) maintained its top three market share position across all product categories in Canada and holds the number two position in market share in dried flower category in Canada nationally for the fir nine months of 2023, according to independent third-party sources (amalgamated to cover all provinces).
    - During the third quarter, the Canadian Cannabis business expanded its brand portfolio with the launch of Super Toast, a brand focused on convenience and ready-to-go products.

U.S. Cannabis Recent Developments and Updates

- Balanced Health Botanical's CBDistillery brand recently unveiled a new look featuring the same great ingredients and benefits. Products can now be found in 5 different categories, with each category highlighting the product's wellness bene
- The Company filed an Company's application for a Texas Medicinal medicinal marijuana license in late April 2023. The Company is hopeful that its application will be awarded remains pending review by the highest or one Department of the

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highest marks, putting it in a good position, should the State of Texas award additional medicinal cannabis licenses. Public Services. If awarded, the Company plans to work with its listing authority to structure an acceptable ownership structure.

Delta RNG Project Update VF Fresh (Produce)

- Production of tomatoes started in half of the Delta 2 facility; and,
- The Company has an ongoing sale process for its Monahans (Permian Basin, Texas) greenhouse facility. It is also evaluating ot uses for the site and facility, some of which are outside its historical produce business.

Village Farms Clean Energy

- In April 2024, the Delta, British Columbia Renewable Natural Gas Project is in its final commercialization stages. began operatic which immediately began contributing incremental profitability to the Company.

VF Fresh (Produce) Corporate

- The Company has commenced ranked as one of the sale process of its Monahans (Permian Basin, Texas) greenhouse facility and is expecting initial indications of interest fastest growing companies in the fourth quarter of 2023. Americas by The Financial Times and Statista for the second consecutive year. The Company ranked first among cannabis companies, 10th among agriculture, forestry and fishing companies, 32nd among Canadian companies and 355th overall, improving its overall ranking by 72 positions from last year.
- VF Fresh employees partnered with two initiatives to give back to local communities. Together with a top customer, VF Fresh supported On April 24, 2024, the Healthy Family Project to deliver 875,000 meals to 32 Feeding America food banks in multiple communities. In addition, VF Fresh sponsored Company expanded its executive team by appointing Ann Gillin Lefever as the rehabilitation of a veteran's home in partnership with Military Makeover. Company's Chief Operating Officer. Previously, Ms. Gille Lefever served as Executive Vice President, Corporate Affairs, and has been promoted after leading the Company's communications, strategy, governmental affairs and capital markets functions.
- The In addition, on April 24, 2024, the Company has commenced also announced the re-purposing of half of its Delta 2 facility back following internal appointments to producing tomatoes for newly created roles, reflecting the upcoming 2024 calendar year. Company's proven business model and significant growth potential:
    - President, Global Medical Cannabis – Paul Furfaro; and,
    - General Counsel, Global Cannabis – John Harloe, J.D., Ph.D.

Presentation of Financial Results

Our consolidated results of operations (prior to net income) for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 presented below reflect the operations of our consolidated wholly-owned subsidiaries, and our 70% ownership in Rose LifeScience. The loss from LifeScience, and our equity method investment 85% ownership in Village Fields Hemp ("VFH") is reflected in our net income for the three and nine months ended September 30, 2022 presented below. Leli.

Foreign currency exchange rates

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All currency amounts in this Quarterly Report are stated in U.S. dollars, which is our reporting currency, unless otherwise noted. All references to “dollars” or “$” are to U.S. dollars. The assets and liabilities of our foreign operations are translated into dollars at the exchange rate in effect as of September 30, 2023 March 31, 2024, September 30, 2022 March 31, 2023, and December 31, 2022 December 31, 2023. Transactions affecting the shareholders’ equity (deficit) are translated at historical foreign exchange rates. The condensed consolidated statements of operations and comprehensive income (loss) and condensed consolidated statements of cash flows of our foreign operations are translated into dollars by applying the average foreign exchange rate in effect for the reporting period.

The exchange rates used to translate from Canadian dollars ("C") to dollars is shown below:

	As of		
	September 30, 2023	September 30, 2022	December 31, 2022
Spot rate	0.7363	0.7277	0.7380
Nine-month period ended	0.7431	0.7797	N/A
Three-month period ended	0.7453	0.7664	N/A

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	As of		
	March 31, 2024	March 31, 2023	December 31, 2023
Spot rate	0.7383	0.7390	0.7543
Three-month period ended	0.7417	0.7396	N/A

RESULTS OF OPERATIONS

Consolidated Financial Performance

(In thousands of U.S. dollars, except per share amounts, and unless otherwise noted)

Consolidated Financial Performance

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Sales	$ 69,510	$ 71,056	$ 211,378	$ 224,115	$ 78,077	$ 64,656
Cost of sales	(54,889)	(62,682)	(172,958)	(199,514)	(62,564)	(52,356)
Gross margin	14,621	8,374	38,420	24,601		
Gross profit					15,513	12,300
Selling, general and administrative expenses	(15,822)	(17,794)	(49,980)	(54,245)	(16,387)	(17,405)
Interest expense	(988)	(982)	(3,532)	(2,330)	(917)	(1,133)
Interest income	262	60	741	129	206	196

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Foreign exchange loss	(971)	(1,963)	(302)	(2,171)	(878)	(69)
Other (expense) income, net	(19)	(10)	5,613	(7)		
Write-off of joint venture loan	—	—	—	(592)		
Impairments	—	—	—	(29,799)		
Loss before taxes and loss from equity method investments	(2,917)	(12,315)	(9,040)	(64,414)		
Recovery of (provision for) income taxes	1,664	3,183	(269)	14,563		
Loss including non-controlling interests and before equity losses	(1,253)	(9,132)	(9,309)	(49,851)		
Other income (expense), net					104	30
Loss before taxes					(2,359)	(6,081)
Provision for income taxes					(320)	(634)
Loss including non-controlling interests					(2,679)	(6,715)
Less: net (income) loss attributable to non-controlling interests, net of tax	(46)	387	(6)	701	(173)	79
Loss from equity method investments	—	—	—	(2,667)		
Net loss attributable to Village Farms International Inc.	$ (1,299)	$ (8,745)	$ (9,315)	$ (51,817)	$ (2,852)	$ (6,636)
Adjusted EBITDA (1)	$ 3,248	$ (2,233)	$ 8,243	$ (20,642)	$ 3,591	$ 519
Basic loss per share	$ (0.01)	$ (0.10)	$ (0.09)	$ (0.59)	$ (0.03)	$ (0.06)
Diluted loss per share	$ (0.01)	$ (0.10)	$ (0.09)	$ (0.59)	$ (0.03)	$ (0.06)

(1) 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 performar the Company because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company's 70% interest i Rose LifeScience. For the nine months ended September 30, 2022, we previously included an adjustment for $2,284 of obsolete inventory associated with the winding of the Village Fields Hemp ("VFH") joint venture (the "JV exit") that is now being excluded LifeScience and 85% interest in response to comments from and discussions the Staff of the U.S. Securities and Exchange Commission. Leli.

We caution that our results of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 may not be indicative of our future performance, particularly in light of the ongoing global Tomato brown rugose fruit virus (ToBRFV), the potential impact of inflation and/or the potential impact of supply-chain shortages due to conflicts abroad. performance.

Discussion of Financial Results

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A discussion of our consolidated results for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is included below. The consolidated results include all four of our operating segments: Produce, Canadian Cannabis, U. S. Cannabis, and Energy, along with all public company expenses. For a discussion of our segmented results, please see “Segmented Results of Operations” below.

CONSOLIDATED RESULTS

Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

Sales

Sales for the three months ended September 30, 2023 March 31, 2024 were $69,510 $78,077 compared to $71,056 with $64,656 for the three months ended September 30, 2022 March 31, 2023. The decrease increase in sales of ($1,546) $13,421, or (2%) was 21% ,was primarily attributable due to a decrease an increase in Canadian Cannabis sales of ($1,584) $12,334 and a decrease in U.S Cannabis sales of ($147), partially offset by an increase in VF Fresh sales of $185. $1,527, partially offset by a decrease in U.S. Cannabis sales of ($440). For additional information, refer to "Segmented Results of Operations" below.

Cost of Sales

Cost of sales for the three months ended September 30, 2023 March 31, 2024 were $54,889 $62,564 compared to $62,682 with $52,356 for the three months ended September 30, 2022 March 31, 2023. The decrease increase in cost of sales of $7,793, $10,208, or 12% 19%, was primarily attributable to an increase in Canadian Cannabis cost of sales of $11,280 and U.S Cannabis cost of sales of $103, partially offset by a reduction decrease in the cost of sales at

VF Fresh of $4,610 and Canadian Cannabis of $3,330, partially offset by an increase in U.S Cannabis of ($191) 1,168). For additional information, refer to "Segmented Results of Operations" below.

Gross Margin Profit

Gross margin profit for the three months ended September 30, 2023 increased $6,247 to $14,621, or 75%, from $8,374 March 31, 2024 was $15,513, compared with $12,300 for the three months ended September 30, 2022 March 31, 2023. The increase in gross margin profit of $3,213, or 26%, was primarily attributable to an increase in gross margin profit at VF Fresh of $4,795 $2,695 and Canadian Cannabis of $1,746, $1,054, partially offset by a decrease in U.S gross profit at U.S. Cannabis of ($338) 543). For additional information, refer to "Segmented Results of Operations" below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended September 30, 2023 March 31, 2024 decreased $1,972, $1,018, or 11% 6%, to $15,822 (23% $16,387 (21% of sales), compared to $17,794 (25% with $17,405 (27% of sales), for the three months ended September 30, 2022 March 31, 2023. The decrease in sales, general and administration administrative expenses was due to lower share-based compensation of $1,327, partially offset by an increase in operating expenses of $1,793 attributable to

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improvements in all divisions and lower share-based compensation of approximately $179. ($309). For additional information, refer to "Segmented Results of Operations" below.

	For the Three Months Ended March 31,			
	2024		2023	
Selling, general and administrative expenses	$	15,982	$	15,673
Share-based compensation		405		1,732
Total selling, general and administrative expenses	$	16,387	$	17,405

	For The Three Months Ended			
	September 30, 2023		September 30, 2022	
Selling, general and administrative expenses	$	15,075	$	16,868
Share-based compensation		747		926
Total selling, general and administrative expenses	$	15,822	$	17,794

Other (Expense) Income Interest Expense

Other Interest expense for the three months ended September 30, 2023 March 31, 2024 was ($19) $917 compared to ($10) with $1,133 for the three months ended September 30, 2022 March 31, 2023.

Interest Income

Interest income for the three months ended March 31, 2024 was $206 compared with $196 for the three months ended March 31, 2023.

Other Income (Expense)

Other income (expense) for the three months ended March 31, 2024 was $104 compared with $30 for the three months ended March 31, 2023.

Loss Before Taxes and Loss from Equity Method Investments

Loss before taxes and loss from equity method investments for the three months ended September 30, 2023 March 31, 2024 was ($2,917) 2,359) compared to with ($12,315) 6,081) for the three months ended September 30, 2022 March 31, 2023, an improvement of $9,398, $3,722, or 76% 61%. The improvement in the three months ended September 30, 2023 as March 31, 2024 compared to with the three months ended September 30, 2022 March 31, 2023 was primarily due to improved operating performance from VF Fresh and lower selling, general and administrative expenses in all segments. expenses.

Net Loss Attributable to Village Farms International, Inc. Shareholders

Net loss attributable to Village Farms International, Inc. shareholders for the three months ended September 30, 2023 March 31, 2024 was ($1,299) 2,852) as compared to with ($8,745) 6,636) for the three months ended September 30, 2022 March 31, 2023, an improvement of $7,446, $3,784, or 85% 57%, due to improved operating performance from VF Fresh and lower selling, general and administrative expenses in all segments.

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Adjusted EBITDA

Adjusted EBITDA for the three months ended September 30, 2023 March 31, 2024 was $3,248 $3,591 compared to ($2,233) with $519 for the three months ended September 30, 2022 March 31, 2023. The improvement was mainly driven by a stronger performance from VF Fresh. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Sales

Sales for the nine months ended September 30, 2023 were $211,378 compared to $224,115 for the nine months ended September 30, 2022. The decrease in sales of ($12,737) or (6%) was primarily attributable to a decrease in VF Fresh sales of ($9,927), primarily arising in the first six months of 2023, and a decrease in U.S Cannabis sales of ($2,705), partially offset by an increase in Canadian Cannabis sales of $31. For additional information, refer to "Segmented Results of Operations" below.

Cost of Sales

Cost of sales for the nine months ended September 30, 2023 were $172,958 as compared to $199,514 for the nine months ended September 30, 2022. The decrease in cost of sales of $26,556, or 13%, was primarily attributable to a reduction in cost of sales

in the VF Fresh segment of $25,833, and the U.S Cannabis segment of $614, partially offset by an increase in the Canadian Cannabis segment of ($133). For additional information, refer to "Segmented Results of Operations" below.

Gross Margin

Gross margin for the nine months ended September 30, 2023 increased $13,819 to $38,420, or 56%. The increase in gross margin was primarily attributable to an increase in gross margin in the VF Fresh segment of $15,906, partially offset by decreases in the Canadian Cannabis segment and the U.S Cannabis segment of ($102) and ($2,091), respectively. For additional information, refer to "Segmented Results of Operations" below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the nine months ended September 30, 2023 decreased $4,265, or an improvement of 8%, to $49,980, or 24% of sales, compared to $54,245, or 24% of sales, for the nine months ended September 30, 2022. The decrease in sales, general and administration expenses was attributable to decreases in operating expenses of $4,396, partially offset by an increase in share-based compensation of approximately ($131). For additional information, refer to "Segmented Results" of Operations below.

	For The Nine Months Ended	
	September 30, 2023	September 30, 2022
Selling, general and administrative expenses	$ 46,845	$ 51,241
Share-based compensation	3,135	3,004
Total selling, general and administrative expenses	$ 49,980	$ 54,245

Other (Expense) Income

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Other income for the nine months ended September 30, 2023 was $5,613 as compared to other expense of ($7) for the nine months ended September 30, 2022. The increase in other income (expense) was primarily attributable to a favorable vendor settlement of $5,585 in the nine months ended September 30, 2023.

Loss Before Taxes and Loss from Equity Method Investments

Loss before taxes and loss from equity method investments for the nine months ended September 30, 2023 was ($9,040) compared to ($64,414) for the nine months ended September 30, 2022, an increase of $55,374, or 86%. The improvement was primarily due to a $13,819 improvement in gross margin for the nine months ended September 30, 2023, and no impairment of goodwill and intangibles in 2023, versus non-recurring costs incurred during the nine months ended September 30, 2022 of ($29,799) for impairment of goodwill and intangible assets, and a favorable vendor settlement relating to the partial recovery of operational losses from the Tomato Brown Rugose Fruit Virus ("ToBRFV") infestation in the nine months ended September 30, 2023 of $5,585. The improvement in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was also attributable to improved operating performance from VF Fresh, and lower selling, general and administrative expenses in all segments.

Net Loss Attributable to Village Farms International, Inc. Shareholders

Net loss attributable to Village Farms International, Inc. shareholders for the nine months ended September 30, 2023 was ($9,315) as compared to ($51,817) for the nine months ended September 30, 2022, an improvement of $42,502, or 82%, due to improved performance from VF Fresh and lower selling, general and administrative expenses in all segments.

Adjusted EBITDA

Adjusted EBITDA for the nine months ended September 30, 2023 was $8,243 compared to ($20,642) for nine months ended September 30, 2022. The improvement was mainly driven by a stronger performance from VF Fresh. See the reconciliation of Adjusted EBITDA to net (loss) income in "Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA".

SEGMENTED RESULTS OF OPERATIONS

(In thousands of U.S. dollars, except per share amounts, and unless otherwise noted)

	For The Three Months Ended September 30, 2023					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Sales	$ 35,712	$ 28,810	$ 4,988	$ —	$ —	$ 69,510
Cost of sales	(34,220)	(18,866)	(1,803)	—	—	(54,889)
Selling, general and administrative expenses	(2,066)	(7,598)	(3,095)	—	(3,063)	(15,822)
Other expense, net	(598)	(428)	(11)	(58)	(621)	(1,716)
Operating (loss) income	(1,172)	1,918	79	(58)	(3,684)	(2,917)
Recovery of income taxes	221	1,034	—	—	409	1,664
(Loss) income from consolidated entities	(951)	2,952	79	(58)	(3,275)	(1,253)
Less: net (income) loss attributable to non-controlling interests, net of tax	—	(89)	—	—	43	(46)
Net (loss) income	$ (951)	$ 2,863	$ 79	$ (58)	$ (3,232)	$ (1,299)
Adjusted EBITDA (1)	$ 774	$ 4,585	$ 221	$ (57)	$ (2,275)	$ 3,248
Basic (loss) income per share	$ (0.01)	$ 0.03	$ 0.00	$ (0.00)	$ (0.03)	$ (0.01)

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Diluted (loss) income per share	$ (0.01)	$ 0.03	$ 0.00	$ (0.00)	$ (0.03)	$ (0.01)

	For The Three Months Ended March 31, 2024					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Sales	$ 36,094	$ 37,446	$ 4,537	$ —	$ —	$ 78,077
Cost of sales	(32,784)	(27,938)	(1,842)	—	—	(62,564)
Selling, general and administrative expenses	(2,693)	(7,704)	(3,406)	(20)	(2,564)	(16,387)
Other (expense) income, net	(503)	(401)	—	—	(581)	(1,485)
Operating income (loss)	114	1,403	(711)	(20)	(3,145)	(2,359)
(Provision for) recovery of income taxes	—	(329)	—	—	9	(320)
Income (loss) from consolidated entities	114	1,074	(711)	(20)	(3,136)	(2,679)
Less: net (income) loss attributable to non-controlling interests, net of tax	—	(227)	—	—	54	(173)
Net income (loss)	$ 114	$ 847	$ (711)	$ (20)	$ (3,082)	$ (2,852)
Adjusted EBITDA (1)	$ 2,028	$ 4,073	$ (615)	$ (20)	$ (1,875)	$ 3,591
Basic income (loss) per share	$ 0.00	$ 0.01	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.03)
Diluted income (loss) per share	$ 0.00	$ 0.01	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.03)

	For The Three Months Ended September 30, 2022						For The Three Months Ended March 31, 2023					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Sales	$ 35,527	$ 30,394	$ 5,135	$ —	$ —	$ 71,056	$ 34,567	$ 25,112	$ 4,977	$ —	$ —	$ 64,656
Cost of sales	(38,830)	(22,196)	(1,612)	(44)	—	(62,682)	(33,952)	(16,658)	(1,739)	(7)	—	(52,356)
Selling, general and administrative expenses	(2,777)	(7,885)	(3,720)	(14)	(3,398)	(17,794)	(2,916)	(6,848)	(3,617)	(29)	(3,995)	(17,405)

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Other expense, net	(344)	(513)	(142)	—	(1,896)	(2,895)						
Operating loss	(6,424)	(200)	(339)	(58)	(5,294)	(12,315)						
Other (expense) income, net							(544)	(604)	3	—	169	(976)
Operating (loss) income							(2,845)	1,002	(376)	(36)	(3,826)	(6,081)
Recovery of (provision for) income taxes	1,780	(38)	—	—	1,441	3,183	226	(1,138)	—	—	278	(634)
Loss from consolidated entities	(4,644)	(238)	(339)	(58)	(3,853)	(9,132)	(2,619)	(136)	(376)	(36)	(3,548)	(6,715)
Less: net loss attributable to non-controlling interests, net of tax	—	387	—	—	—	387	—	31	—	—	48	79
Net (loss) income	$ (4,644)	$ 149	$ (339)	$ (58)	$ (3,853)	$ (8,745)						
Net loss							$ (2,619)	$ (105)	$ (376)	$ (36)	$ (3,500)	$ (6,636)
Adjusted EBITDA (1)	$ (4,879)	$ 5,417	$ 10	$ (58)	$ (2,723)	$ (2,233)	$ (995)	$ 3,910	$ (151)	$ (36)	$ (2,209)	$ 519
Basic (loss) income per share	$ (0.05)	$ 0.00	$ (0.00)	$ (0.00)	$ (0.04)	$ (0.10)						
Diluted (loss) income per share	$ (0.05)	$ 0.00	$ (0.00)	$ (0.00)	$ (0.04)	$ (0.10)						
Basic loss per share							$ (0.03)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.03)	$ (0.06)
Diluted loss per share							$ (0.03)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.03)	$ (0.06)

	For The Nine Months Ended September 30, 2023					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Sales	$ 114,125	$ 81,987	$ 15,266	$ —	$ —	$ 211,378

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Cost of sales	(114,779)	(52,873)	(5,285)	(21)	—	(172,95 8)
Selling, general and administrative expenses	(7,836)	(22,273)	(10,098)	(30)	(9,743)	(49,980)
Other income (expense), net	3,993	(1,838)	(8)	(77)	450	2,520
Operating (loss) income	(4,497)	5,003	(125)	(128)	(9,293)	(9,040)
Recovery of (provision for) income taxes	229	(922)	—	—	424	(269)
(Loss) income from consolidated entities	(4,268)	4,081	(125)	(128)	(8,869)	(9,309)
Less: net (income) loss attributable to non-controlling interests, net of tax	—	(149)	—	—	143	(6)
Net (loss) income	$ (4,268)	$ 3,932	$ (125)	$ (128)	$ (8,726)	$ (9,315)
Adjusted EBITDA (1)	$ 1,110	$ 13,273	$ 424	$ (128)	$ (6,436)	$ 8,243
Basic (loss) income per share	$ (0.04)	$ 0.04	$ (0.00)	$ (0.00)	$ (0.08)	$ (0.09)
Diluted (loss) income per share	$ (0.04)	$ 0.04	$ (0.00)	$ (0.00)	$ (0.08)	$ (0.09)

	For The Nine Months Ended September 30, 2022					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate (2)	Total
Sales	$ 124,052	$ 81,956	$ 17,971	$ 136	$ —	$ 224,115
Cost of sales	(140,612)	(52,740)	(5,899)	(263)	—	(199,51 4)
Selling, general and administrative expenses	(8,725)	(23,801)	(12,480)	(53)	(9,186)	(54,245)
Other expense, net	(776)	(1,490)	(154)	(6)	(1,953)	(4,379)
Write-off of joint venture loan	—	—	—	—	(592)	(592)
Impairments	—	—	(29,799)	—	—	(29,799)
Operating (loss) income	(26,061)	3,925	(30,361)	(186)	(11,731)	(64,414)
Recovery of (provision for) income taxes	6,322	(1,668)	7,025	—	2,884	14,563
(Loss) income from consolidated entities	(19,739)	2,257	(23,336)	(186)	(8,847)	(49,851)
Less: net loss attributable to non-controlling interests, net of tax	—	701	—	—	—	701
Loss from equity method investments	—	—	(383)	—	(2,284)	(2,667)
Net (loss) income	$ (19,739)	$ 2,958	$ (23,719)	$ (186)	$ (11,131)	$ (51,817)
Adjusted EBITDA (1)	$ (21,362)	$ 10,558	$ (43)	$ (180)	$ (9,615)	$ (20,642)
Basic (loss) income per share	$ (0.22)	$ 0.03	$ (0.26)	$ (0.00)	$ (0.14)	$ (0.59)
Diluted (loss) income per share	$ (0.22)	$ 0.03	$ (0.26)	$ (0.00)	$ (0.14)	$ (0.59)

(1) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA may not b 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 70% interest in Rose LifeScience. LifeScience and 85% interest in Leli.

CANADIAN CANNABIS SEGMENT RESULTS

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The Canadian Cannabis segment consists of Pure Sunfarms and Rose LifeScience. The comparative analysis for Canadian Cannabis is based on the consolidated results of Pure Sunfarms and Rose LifeScience for the three months ended March 31, 2024 and 2023.

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Sales

Canadian Cannabis net sales for the three months ended March 31, 2024 were $37,446 compared with $25,112 for the three months ended March 31, 2023. The increase of 12,334, or 49%, was due primarily to a 39% increase in net branded sales and a 181% increase in non-branded sales. The increase in Canadian Cannabis branded sales was primarily due to higher sales of large format flower, pre-rolls and milled products. The increase in non-branded sales resulted from taking advantage of improved supply conditions and pricing created by the shift of many producers to asset light models, including sales of non-brand-spec inventory. International sales decreased by (11%) due primarily to lower sales to Australia.

The Canadian Cannabis business continues to pay a burdensome excise duty (also known as an excise tax) on its branded sales (provincial sales). For the nine three months ended September 30, 2022 March 31, 2024, we previously included the Company incurred excise duties of $15,222(C$20,523) versus $13,758 (C$18,602) for the three months ended March 31, 2023. The increase of ($1,464) (C$1,921) in excise duties was due to an adjustment increase in kilograms sold in the provincial (branded) channel in the first quarter of 2024 versus the first quarter of 2023. The Canadian excise duty is our single largest cost of participating in the adult-use (branded) market in Canada.

For the three months ended March 31, 2024, 77% of net sales were generated from branded flower, pre-rolls and cannabis derivative products compared with 83% for $2,284 the three months ended March 31, 2023. Non-branded, international, and other sales accounted for 23% of obsolete inventory associated Canadian Cannabis net sales for the three months ended March 31, 2024, as compared with 17% for the three months ended March 31, 2023.

The following table presents sales by Canadian Cannabis revenue stream, together with the JV exit that is now being excluded impact of the excise tax, in response U.S. dollars and Canadian dollars, for the three months ended March 31, 2024 and 2023:

	For the Three Months Ended March 31,	
(in thousands of U.S. dollars)	2024	2023
Branded sales	$ 44,242	$ 34,499
Non-branded sales	6,478	2,309
International sales	1,499	1,687
Other	449	375
Less: excise taxes	(15,222)	(13,758)
Net Sales	$ 37,446	$ 25,112
	For the Three Months Ended March 31,	

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(in thousands of Canadian dollars)	2024	2023
Branded sales	$ 59,650	$ 46,676
Non-branded sales	8,734	3,122
International sales	2,021	2,281
Other	617	507
Less: excise taxes	(20,523)	(18,602)
Net Sales	$ 50,499	$ 33,984

Cost of Sales

Canadian Cannabis cost of sales for the three months ended March 31, 2024 was $27,938 compared with $16,658 for the three months ended March 31, 2023. The increase of ($11,280), or (68%), was primarily due to comments from an increase in volume (kilograms) packaged and discussions sold of branded products, as well as an increase in non-branded kilograms sold in the 2024 quarter.

Gross Profit/Margin

Canadian Cannabis gross profit for the three months ended March 31, 2024 was $9,508 compared with $8,454 for the three months ended March 31, 2023. The increase of $1,054, or 12%, was driven by higher sales in the 2024 quarter. Canadian Cannabis gross margin for the three months ended March 31, 2024 was 25% compared with 34% for the three months ended March 31, 2023, with the Staff decrease due to a significant volume of non-brand-spec inventory within non-branded sales, as well as higher sales of our lower margin Fraser Valley brand, in the 2024 quarter.

Selling, General and Administrative Expenses

Canadian Cannabis selling, general and administrative expenses for the three months ended March 31, 2024 increased ($856) to $7,704, or 21%, of sales compared with $6,848, or 27%, of sales for the three months ended March 31, 2023. The increase in selling, general and administrative expenses was primarily due to higher commercial and marketing expenses, partially offset by reduced salaries.

Net Income (Loss)

Canadian Cannabis net income for the three months ended March 31, 2024 was $847 compared with a net loss of ($105) for the three months ended March 31, 2023. The improvement in net income was primarily due to an increase in gross margin, partially offset by a slight increase in selling, general and administrative expenses for the first three months of 2024 as compared to the first three months of 2023.

Adjusted EBITDA

Adjusted EBITDA for Canadian Cannabis for the three months ended March 31, 2024 was $4,073 compared with $3,910 for the three months ended March 31, 2023. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

U. S. CANNABIS SEGMENT RESULTS

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The U.S. Securities Cannabis segment consists of Balanced Health. For the three months ended March 31, 2024 and Exchange Commission. 2023, U.S. Cannabis financial results are based on the consolidated results of Balanced Health.

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Sales

U.S. Cannabis net sales for the three months ended March 31, 2024 decreased ($440), or (9%), to $4,537 compared with $4,977 for the three months ended March 31, 2023. The decrease was primarily due to lower direct-to-consumer sales due to the proliferation of unregulated hemp-derived products on the market. All U.S. Cannabis sales were generated in the United States, with gross sales composed of 89% e-commerce sales, 7% retail sales and 4% miscellaneous.

Cost of Sales

U.S. Cannabis cost of sales for the three months ended March 31, 2024 was $1,842 compared with $1,739 for the three months ended March 31, 2023. The 6% increase was primarily due to a shift in product mix as consumers moved to gummies and away from the higher margin tincture products.

Gross Profit/Margin

U.S Cannabis gross profit for the three months ended March 31, 2024 decreased ($543) to $2,695, or a 59% gross margin, compared with $3,238, or a 65% gross margin, for the three months ended March 31, 2023.

Selling, General and Administrative Expenses

U.S. Cannabis selling general and administrative expenses for the three months ended March 31, 2024 decreased $211, or 6%, to $3,406 compared with $3,617 for the three months ended March 31, 2023. The improvement in selling, general and administrative expenses is due to more efficient marketing and brand spending and contract renegotiation.

Net Loss

U.S. Cannabis net loss for the three months ended March 31, 2024 was ($711) compared with a net loss of ($376) for the three months ended March 31, 2023. The decrease in U.S. Cannabis net loss was driven by lower sales at a lower gross margin.

Adjusted EBITDA

U.S. Cannabis adjusted EBITDA for the three months ended March 31, 2024 was ($615) compared with ($151) for the three months ended March 31, 2023 due to lower sales and a lower gross margin. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

PRODUCE SEGMENT RESULTS – VF FRESH

The produce segment, VF Fresh, currently consists of Village Farms LP and Village Farms Canada LP. VF Fresh’s comparative analysis are based on the consolidated results of Village Farms LP and Village Farms Canada LP for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

Sales

VF Fresh sales for the three months ended September 30, 2023 March 31, 2024 were $35,712, $36,094, compared to $35,527 with $34,567 for the three months ended September 30, 2022 March 31, 2023. The increase in sales of $185, $1,527, or 1% 4%, was primarily due to an increase in sales from the VF Fresh-owned greenhouses of $4,118, supply partner average selling price, partially offset by a decrease in supply partner revenues of ($3,933). The Company’s own sales increased 28% from Company-owned

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greenhouses due to a 26% increase in average selling price and an 8% increase in pounds produced. The decrease in supply partner sales is due to a decrease of (13%) in product volume. the Permian Basin facility not being used for production.

The average selling price for all produce sold during the three months ended September 30, 2023 March 31, 2024, versus compared with the three months ended September 30, 2022, changed March 31, 2023 was as follows: tomatoes increased 11% 6%, peppers decreased (10%) increased 51%, cucumbers increased 8% decreased (13%) and mini cucumbers increased 54% decreased (8%). The price changes are due primarily to product mix and higher market pricing in 2023 2024 versus 2022. 2023.

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Cost of Sales

VF Fresh cost of sales for the three months ended September 30, 2023 March 31, 2024 decreased by $4,610, ($1,168), or 12% (3%), to $34,220 $32,784 compared to $38,830 with $33,952 for the three months ended September 30, 2022 March 31, 2023. The decrease in cost of goods sold is primarily due to an improvement of VF Fresh-owned greenhouses of $912, lower supply partner costs of $2,498, $2,801 and lower freight expense of $1,204. $707, partially offset by an increase in supply partner costs of ($2,340). The decrease in VF Fresh-owned greenhouses cost of goods is due to an 18% a 10% improvement in cost per pound partially offset by an 11% increase and a (5%) decrease in pounds sold. The decrease in supply partner cost of goods is sold due to a decrease of (13%) in product volume. not cultivating at the Permian Basin facility. The decrease in freight cost is due to increased available drivers and decreases in fuel prices. The increase in supply partner cost of goods is due to an increase of 5% in product volume.

Gross Profit/Margin

The gross margin for VF Fresh was $1,492 gross profit for the three months ended September 30, 2023 March 31, 2024 was $3,310 compared to ($3,303) with $615 for the three months ended September 30, 2022 March 31, 2023. The gross Gross margin percentage was 4% for the three months ended September 30, 2023, March 31, 2024 was 9% compared to (9%) with 2% for the three months ended September 30, 2022 March 31, 2023. The improvement improvements in both gross profit and gross margin was percentage were due to an 11% increase in

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the average selling price of tomatoes, a decrease in our own per pound cost and of sales at the Company's own greenhouses, a decrease in freight costs when compared to the prior year period. and an increase in supply partner sales.

Selling, General and Administrative Expenses

VF Fresh selling, general and administrative expenses for the three months ended September 30, 2023 March 31, 2024 decreased by $711, $223, or 26% 8%, to $2,066 (6% $2,693 (7% of sales), compared to $2,777 with $2,916 (8% of sales) for the three months ended September 30, 2022 March 31, 2023.

Net Income (Loss) Income

As a result of the improvements in costs described above, VF Fresh net loss income for the three months ended September 30, 2023 improved by $3,693, or (80%), to March 31, 2024 was $114 compared with a net loss of ($951) compared to ($4,644) 2,619) for the

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three months ended September 30, 2022 March 31, 2023. The decrease in net loss was primarily due to improvements in gross margin versus the prior year period as discussed above, as well as decreased selling, general and administrative expenses in the segment.

Adjusted EBITDA

VF Fresh Adjusted EBITDA increased to $774 $2,028 for the three months ended September 30, 2023 March 31, 2024 compared to with ($4,879) 995) for the three months ended September 30, 2022 March 31, 2023. The improvement in Adjusted EBITDA was primarily due to improvements in gross margin for the reasons mentioned identified above. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Sales

VF Fresh sales for the nine months ended September 30, 2023 were $114,125 compared to $124,052 for the nine months ended September 30, 2022. The decrease in sales of ($9,927) or (8%) was due to a decrease in supply partner sales of ($14,245), of which ($10,948) was attributable to the first six months of 2023, partially offset by an increase in sales from the VF Fresh-owned greenhouses of $4,319, of which $836 was attributable to the first six months of 2023. The decrease in supply partner sales is due to a decrease of (18%) in product volume as a result of the loss of two larger growers in late 2022. Sales at VF Fresh-owned greenhouses increased 8% due to an 18% increase in the average selling price partially offset by a decrease of (7%) in pounds produced. The decrease in production pounds is due to a (65%) decrease in planted area at the Permian Basin facility as well as a decrease of (15%) at the Marfa 2 facility.

The average selling price for all produce sold during the nine months ended September 30, 2023 versus the nine months ended September 30, 2022, changed as follows: tomatoes increased 11%, peppers decreased (7%), cucumbers increased 28% and mini cucumbers increased 60%. The price increases are due to both higher market pricing in 2023 versus 2022, as well as a higher percentage of VF Fresh sales going direct to retail accounts.

Cost of Sales

VF Fresh cost of sales for the nine months ended September 30, 2023, decreased by $25,833 or 18% to $114,779 compared to $140,612 for the nine months ended September 30, 2022. The decrease was primarily due to decreases in supply partner costs of $9,990, reduced costs from the Texas greenhouses of $9,318, and lower freight expense of $6,204. The decrease in cost of sales from the Texas greenhouses is primarily due to fewer pounds produced, cost reductions, and reduced losses from the ToBRFV infestation. The decrease in supply partner cost is related to the (18%) decrease in pounds received. The decrease in freight cost is due to increased available drivers, decreases in fuel prices, and fewer pounds shipped.

Gross Margin

VF Fresh gross margin for the nine months ended September 30, 2023 was ($654) compared to ($16,560) for the nine months ended September 30, 2022. The gross margin percentage was (1%) for the nine months ended September 30, 2023, compared to (13%) for the nine months ended September 30, 2022. The improvement in gross margin is due to higher pricing in 2023 versus the same period in 2022 and a decrease in cost per pound at our Texas facilities, in 2023 versus 2022, due to higher yields and lower freight costs.

Selling, General and Administrative Expenses

VF Fresh selling, general and administrative expenses for the nine months ended September 30, 2023 decreased by $889, or 10%, to $7,836, (7% of sales) compared to $8,725 (7% of sales) for the nine months ended September 30, 2022.

Net (Loss) Income

VF Fresh net loss for the nine months ended September 30, 2023 was ($4,268) compared to ($19,739) for the nine months ended September 30, 2022. The improvement in net loss was primarily due to a favorable vendor settlement relating to the partial

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recovery of operational losses from the ToBRFV infestation of $5,585, a higher gross margin in 2023 and lower selling, general and administrative expenses.

Adjusted EBITDA

Adjusted EBITDA for VF Fresh was $1,110 for the nine months ended September 30, 2023 as compared to ($21,362) for the nine months ended September 30, 2022. The improvement in Adjusted EBITDA was due to the favorable vendor settlement of $5,585 as described above, an 11% increase in the average selling price of tomatoes, a decrease in cost per pound at VF Fresh-owned greenhouses and a decrease in freight costs when compared to the nine months ended September 30, 2022. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

CANADIAN CANNABIS SEGMENT RESULTS

The Canadian Cannabis segment currently consists of Pure Sunfarms and Rose LifeScience. The comparative analysis for Canadian Cannabis is based on the consolidated results of Pure Sunfarms and Rose LifeScience for the three and nine months ended September 30, 2023 and 2022.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

Sales

Canadian Cannabis net sales for the three months ended September 30, 2023 were $28,810 compared to $30,394 for the three months ended September 30, 2022. The decrease between comparable quarters was driven by a (6%) decrease in branded sales, as well as an unfavorable impact of exchange rate fluctuations, partially offset by a 21% increase in non-branded sales. The 21% increase in non-branded sales was due to higher sales in the licensed producer ("LP") market. The decline in Canadian Cannabis branded sales was primarily due to lower sales of small and large format products. International sales decreased by (17%) for the three months ended September 30, 2023 versus the three months ended September 30, 2022. The decrease was primarily driven by lower sales to Australia.

Canadian Cannabis continues to pay a burdensome excise tax on its branded sales (provincial sales). For the three months ended September 30, 2023, the Company incurred excise tax of $14,396(C$19,314) versus $14,765 (C$19,148) for the three months ended September 30, 2022. The increase of (C$166) in excise taxes was due to an increase in kilograms sold in the provincial (branded) channel in the third quarter of 2023 versus the third quarter of 2022. The Canadian excise tax is our single largest cost of participating in the adult-use (branded) market in Canada.

For the three months ended September 30, 2023, 79% of sales were generated from branded flower, inclusive of pre-rolls, 5% of sales from cannabis derivative products and 16% from non-branded sales as compared to 81% of sales from branded flower, inclusive of pre-rolls, 4% from cannabis derivative products and 15% from non-branded sales for the three months ended September 30, 2022.

The following table presents sales by Canadian Cannabis revenue stream, together with the impact of the excise tax, in U.S. dollars and Canadian dollars, for the three months ended September 30, 2023 and 2022:

	For The Three Months Ended	
(in thousands of U.S. dollars)	September 30, 2023	September 30, 2022
Branded sales	$ 37,459	$ 39,808
International sales	701	847
Non-branded sales	4,469	3,707
Other	577	707

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Less: excise taxes	(14,396)	(14,675)
Net Sales	$ 28,810	$ 30,394

	For The Three Months Ended	
(in thousands of Canadian dollars)	**September 30, 2023**	**September 30, 2022**
Branded sales	$ 50,259	$ 51,943
International sales	940	1,105
Non-branded sales	6,048	4,943
Other	774	923
Less: excise taxes	(19,314)	(19,148)
Net Sales	$ 38,707	$ 39,766

23

Cost of Sales

Canadian Cannabis cost of sales for the three months ended September 30, 2023 were $18,866 compared to $22,196 for the three months ended September 30, 2022. The decrease of $3,330, or 15%, was primarily due to a lower bulk cost per gram and a favorable impact of exchange rate fluctuations, partially offset by increases in branded products' kilograms produced, packaged and sold. The third quarter of 2022 cost of sales included a purchase price adjustment (increase in cost of sales) of $1,683from the revaluation of Pure Sunfarms' inventory to fair value at acquisition date of November 2, 2020.

Gross Margin

Canadian Cannabis gross margin for the three months ended September 30, 2023 increased $1,746, an improvement of 21%, to $9,944, or a 35% gross margin, compared to $8,198, or a 27% gross margin, for the three months ended September 30, 2022. The increase was due to an improvement in cost of sales, partially offset by a slight reduction in net sales as described above.

Selling, General and Administrative Expenses

Canadian Cannabis selling, general and administrative expenses for the three months ended September 30, 2023 decreased $287 to $7,598 or 26% of sales compared to $7,885 or 26% of sales for the three months ended September 30, 2022. The decrease in selling, general and administrative expenses was primarily due to reduced labor costs from the ongoing optimization of operations.

Net (Loss) Income

Canadian Cannabis net income for the three months ended September 30, 2023 was $2,863 compared to net income of $149 for the three months ended September 30, 2022. The increase in net income between periods was primarily due to an increase in gross margin, a slight decrease in selling, general and administrative expenses, and a tax benefit of approximately $1,034.

Adjusted EBITDA

Adjusted EBITDA for Canadian Cannabis for the three months ended September 30, 2023 was $4,585 compared to $5,417 for the three months ended September 30, 2022. The decrease in Adjusted EBITDA between periods was primarily due to the effect on gross margin of the purchase price adjustment relating to Pure Sunfarms, which included a $1,404 catch up of intangible amortization, for the three months ended September 30, 2022 and was not applicable for the three month period ended September 30, 2023. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

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Sales

Canadian Cannabis net sales for the nine months ended September 30, 2023 were $81,987 compared to $81,956 for the nine months ended September 30, 2022. During the nine months ended September 30, 2023 there was a 13% increase in branded sales partially offset by a (42%) decrease in non-branded sales and the unfavorable impact of exchange rate fluctuations. The 13% increase in branded sales was due to increased sales in British Columbia, Alberta, Manitoba and Quebec. Canadian Cannabis branded revenue growth was primarily in the large format-single and pre-roll products offset by a decrease in small format, milled and cannabis derivative products for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The (42%) decrease in non-branded sales was primarily due to an oversupplied LP market and continuing desperation pricing by some LPs, which has resulted in strategic decisions to reduce non-branded sales. International sales increased by $2,269 for the nine months ended September 30, 2023, or 152%, to $3,765 versus $1,496 for the nine months ended September 30, 2022. The increase was primarily driven by incremental sales to Australia, Germany and Israel.

Canadian Cannabis continues to pay a burdensome excise tax on its branded sales (provincial sales). For the nine months ended September 30, 2023, the Company incurred excise tax of $41,724(C$56,145) versus $34,833 (C$44,793) for the nine months ended September 30, 2022. The increase of $6,891 (C$11,352) was due to higher kilograms sold in the provincial (branded) channel. The Canadian excise tax is our single largest cost of participating in the adult-use market in Canada.

For the nine months ended September 30, 2023, 84% of sales were generated from branded flower, inclusive of pre-rolls, 4% of sales from cannabis derivative products and 12% from non-branded sales as compared to 72% of sales from branded flower, inclusive of pre-rolls, 5% from cannabis derivative products and 23% from non-branded sales for the nine months ended September 30, 2022.

The following table presents sales by Canadian Cannabis revenue stream, together with the impact of the excise tax, in U.S. dollars and Canadian dollars, for the nine months ended September 30, 2023 and 2022:

	For The Nine Months Ended	
(in thousands of U.S. dollars)	September 30, 2023	September 30, 2022
Branded sales	$ 108,731	$ 96,248
International sales	3,765	1,496
Non-branded sales	9,706	16,730
Other	1,510	2,315
Less: excise taxes	(41,724)	(34,833)
Net Sales	$ 81,988	$ 81,956

	For The Nine Months Ended	
(in thousands of Canadian dollars)	September 30, 2023	September 30, 2022
Branded sales	$ 146,299	$ 123,745
International sales	5,071	1,932
Non-branded sales	13,109	21,523
Other	2,030	2,968
Less: excise taxes	(56,145)	(44,793)

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Net Sales	$ 110,364	$ 105,375

Cost of Sales

Canadian Cannabis cost of sales for the nine months ended September 30, 2023 were $52,873 compared to $52,740 for the nine months ended September 30, 2022. Although the cost of sales were flat during the nine months ended September 30, 2023, the change in product mix to the higher margin branded products, away from the lower margin non-branded products, and the favorable impact of exchange rate fluctuations in the first nine months of 2023, was offset by a positive purchase price adjustment (decrease in cost of sales) relating to Pure Sunfarms of $2,132 for the nine months ended September 30, 2022.

Gross Margin

Canadian Cannabis gross margin for the nine months ended September 30, 2023 decreased ($102) to $29,114 compared to $29,216 for the nine months ended September 30, 2022. The gross margin percentage of 36% was the same for both periods.

Selling, General and Administrative Expenses

Canadian Cannabis selling, general and administrative expenses for the nine months ended September 30, 2023 decreased $1,528, or 6%, to $22,273 (27% of sales) compared to $23,801 (29% of sales) for the nine months ended September 30, 2022.The decrease in selling, general and administrative expenses was primarily due to reduced labor costs from the ongoing optimization of operations.

Net (Loss) Income

Canadian Cannabis net income for the nine months ended September 30, 2023 was $3,932 compared to net income of $2,958 for the nine months ended September 30, 2022. The increase in net income between periods was primarily due to lower selling, general and administrative expenses in the segment.

Adjusted EBITDA

Adjusted EBITDA for Canadian Cannabis for the nine months ended September 30, 2023 increased $2,715, or 26%, to $13,273 from $10,558 for the nine month period ended September 30, 2022. The improvement between periods was primarily due to lower selling, general and administrative expenditures in 2023 versus 2022 and the effect on gross margin of the purchase price adjustment relating to Pure Sunfarms for the nine months ended September 30, 2022. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

U. S. CANNABIS SEGMENT RESULTS

The U.S. Cannabis segment currently consists of Balanced Health. For the three and nine months ended September 30, 2023 and 2022, U.S. Cannabis financial results are based on the consolidated results of Balanced Health. VFH was a joint venture which ceased operations in 2022, and its results are included in “Loss from Equity Method Investments” for the three and nine months ended September 30, 2022.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

Sales

U.S. Cannabis net sales for the three months ended September 30, 2023 decreased ($147), or (3%), to $4,988 compared to $5,135 for the three months ended September 30, 2022. The decrease was primarily due to lower direct-to-consumer sales due to the

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proliferation of hemp derived cannabinoid sales. All U.S. Cannabis sales were generated in the United States, with gross sales composed of 85% e-commerce sales, 8% retail sales, and 7% freight income.

Cost of Sales

U.S. Cannabis cost of sales for the three months ended September 30, 2023 was $1,803 compared to $1,612 for the three months ended September 30, 2022. The (12%) increase was primarily due to a shift in product mix as consumers moved to gummy sales away from the higher margin tincture products.

Gross Margin

U.S Cannabis gross margin for the three months ended September 30, 2023 decreased ($338) to $3,185, or a 64% gross margin, compared to $3,523, or a 69% gross margin, for the three months ended September 30, 2022.

Selling, General and Administrative Expenses

U.S. Cannabis selling general and administrative expenses for the three months ended September 30, 2023 decreased $625, or 17%, to $3,095 compared to $3,720 for the three months ended September 30, 2022. The improvement in selling, general and administrative expenses when compared to the same prior year period is due to more efficient marketing and brand spending, reductions in headcount, and contract renegotiation.

Net (Loss) Income

U.S. Cannabis net income for the three months ended September 30, 2023 was $79 compared to a net loss of ($339) for the three months ended September 30, 2022. The improvement in U.S. Cannabis net income was driven by the improvement in selling, general and administrative expenses, partially offset by a decrease in U.S. Cannabis net sales.

Adjusted EBITDA

U.S. Cannabis adjusted EBITDA for the three months ended September 30, 2023 was $221 compared to $10 for the three months ended September 30, 2022 due to improvements in selling, general and administrative expenses. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Sales

U.S. Cannabis net sales for the nine months ended September 30, 2023 were $15,266 compared to $17,971 for the nine months ended September 30, 2022, a decrease of (15%). The decrease was primarily driven by lower direct-to-consumer sales, due to the proliferation of hemp derived cannabinoid sales. All sales were generated in the United States, with gross sales composed of 84% e-commerce sales, 9% retail sales, and 7% freight income.

Cost of Sales

U.S. Cannabis cost of sales for the nine months ended September 30, 2023 was $5,285 compared to $5,899 for the nine months ended September 30, 2022. The improvement in cost of sales of 10% is primarily due to lower volumes sold in 2023 versus 2022, as margins on most products remained consistent between years, and was partially offset by the shift in product mix described above for the three months ended September 30, 2023.

Gross Margin

U.S Cannabis gross margin for the nine months ended September 30, 2023 decreased ($2,091) to $9,981, or a 65% gross margin, compared to $12,072, or 67%, for the nine months ended September 30, 2022.

Selling, General and Administrative Expenses

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U.S. Cannabis selling general and administrative expenses for the nine months ended September 30, 2023 decreased by $2,382, or 19%, to $10,098 compared to $12,480 for the nine months ended September 30, 2022. The improvement in selling, general and administrative expenses when compared to the same prior year period is due to reductions in headcount, contract renegotiation and more efficient marketing and brand spending.

Net (Loss) Income

U.S. Cannabis net loss for the nine months ended September 30, 2023 was ($125) as compared to a net loss of ($23,719) for the nine months ended September 30, 2022. The improvement was driven by non-recurring non-cash impairments of goodwill and intangible assets of ($29,799) in the prior period and the improvement in selling, general and administrative expenses, which were partially offset by a decrease in U.S. Cannabis net sales as discussed above.

Adjusted EBITDA

U.S. Cannabis adjusted EBITDA for the nine months ended September 30, 2023 was $424 as compared to ($43) for the nine months ended September 30, 2022 due to improvements in selling, general and administrative expenses. See the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

<u>Liquidity and Capital Resources</u>

Capital Resources

As of September 30, 2023 At March 31, 2024, we had $40,483 cash, cash equivalents and restricted cash were $31,685 and working capital was $78,177 , compared with $35,291 in cash, cash equivalents and restricted cash and $84,277 $79,612 of working capital compared to $21,676 in cash, cash equivalents and restricted cash and $60,769 at of working capital as of December 31, 2022. The increase was primarily due to cash proceeds from the January 2023 Equity Offering (as defined below) December 31, 2023. We believe that our existing cash, together with cash generated from our operating activities, the remaining availability under our Operating Loan (as defined below), our PSF revolving line of credit, and future availability under our ATM (as Pure Sunfarms Loans (each as defined below), will provide us with sufficient liquidity to meet our working capital needs, repayments of our long-term debt and future contractual obligations and fund our planned capital expenditures for the next 12 months. In addition, we may obtain An additional potential source of liquidity from potential is access to capital markets for additional equity or debt financing in the future. financing. We intend to use our cash on hand for daily operational funding requirements.

(in thousands of U.S. dollars unless otherwise noted)	**Maximum Availability**	**Outstanding as of September 30, 2023**	**Maximum Availability**	**Outstanding as of March 31, 2024**
Operating Loan	C$ 10,000	$ 4,000	C$ 10,000	$ 4,000
FCC Term Loan	$ 23,280	$ 23,280	$ 22,296	$ 22,296
Pure Sunfarms Loans	C$ 35,062	$ 25,815	C$ 32,219	$ 23,786
Pure Sunfarms Revolving Line of Credit	C$ 15,000	$ —	C$ 15,000	$ —

The Company’s borrowings under the FCC Term Loan (as defined below) and the Operating Loan (as defined below) (collectively the “Credit Facilities”) are subject to certain positive and negative covenants, including debt ratios, and the Company is

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required to maintain certain minimum working capital. As of September 30, 2023 March 31, 2024, the Company was in compliance with all of its covenants under its Credit Facilities. Prior to December 31, 2022 The Company was not in compliance with one financial covenant under the FCC Term Loan as of December 31, 2023, for which the Company received a waiver from FCC for the annual test for one of its financial covenants under our FCC Term Loan. waiver. 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, 2023 December 31, 2024. 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.

Accrued interest payable on the Credit Facilities and Pure Sunfarms Loans as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $385 $442 and $398, $390, respectively. These amounts are included in accrued liabilities in the accompanying Condensed 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 May 3, 2027 and a balance of $23,280 $22,296 on September 30, 2023 March 31, 2024 and $24,755 $22,788 on December 31, 2022 December 31, 2023. 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 May 3, 2027. As of September 30, 2023 March 31, 2024, borrowings under the FCC Term Loan agreement were subject to an interest rate of 8.93% 8.84% per annum.

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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $122,823 $97,614 and $113,159, $117,293, respectively.

Operating Loan

The Company has a revolving line of credit agreement with a Canadian chartered bank (the "Operating Loan"). On March 13, 2023, the Company entered into a Note Modification Agreement (the “Modification”) to the Operating Loan. The Modification eliminated the use of LIBOR as a basis to determine certain interest rates under the Operating Loan and transitioned to the Secured Overnight Financing Rate (“SOFR”) for such purposes. The Company does not expect the Modification to materially change the amount of interest payable under the Operating Loan.

The Operating Loan is subject to margin requirements stipulated by the lender.

The Operating Loan had an outstanding balance of $4,000 and future availability of $6,000 $3,383 on September 30, 2023 and December 31, 2022 March 31, 2024.

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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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $25,553 $30,032 and $26,666, $28,034, respectively.

Pure Sunfarms Loans

Pure Sunfarms has a credit facility with the Business Development Bank of Canada (the "BDC Credit Facility"), a non-revolving credit facility (the “PSF Non-Revolving Facility”) and a term loan (the “PSF Term Loan”) with two Canadian chartered banks (collectively, with the BDC Credit Facility, the PSF Non-Revolving Facility, and the PSF Term Loan the “Pure Sunfarms Loans”). In addition, Pure Sunfarms has a revolving line of credit (the “PSF Revolving Line of Credit”), with a non-revolving credit facility (the “PSF Non-Revolving Facility”), and a term loan (the “PSF Term Loan” and collectively, with the PSF Revolving Line of Credit and the PSF Non-Revolving Facility, the “PSF Loans”) with three Canadian chartered banks. On May 5, 2023, the PSF Loans were extended from a maturity date of February 7, 2024 to February 7, 2026 by the syndicate lenders under the same terms, conditions and covenants as the original PSF Loans maturing on February 7, 2024. Due to the extension, the classification of the PSF Loans on September 30, 2023 remains the same as December 31, 2022. bank.

The PSF Revolving Line of Credit had an outstanding balance of $0 as of September 30, 2023 March 31, 2024 and $3,529 as of December 31, 2022. Pure Sunfarms had an outstanding letter of credit issued to BC Hydro against the PSF Revolving Line of Credit of C$0 at September 30, 2023 and C$4,145 December 31, 2022 December 31, 2023.

The PSF Non-Revolving Facility is secured by the Delta 2 and Delta 3 greenhouse facilities and contains customary financial and restrictive covenants. The other terms and conditions of the PSF Non-Revolving Facility remain substantially the same. As of September 30, 2023 March 31, 2024, Pure Sunfarms was in compliance with these financial covenants. The outstanding amount on the PSF Non-Revolving Facility was $8,534 $7,752 on September 30, 2023 March 31, 2024 and $9,664 $8,298 on December 31, 2022 December 31, 2023. Interest under the PSF Non-Revolving Facility is payable at the Canadian prime rate plus an applicable margin per annum, payable quarterly. Amounts outstanding under the PSF Non-Revolving Facility mature on February 7, 2026.

The outstanding amount on the PSF Term Loan was $13,449 $12,458 on September 30, 2023 March 31, 2024 and $14,867 $13,201 on December 31, 2022 December 31, 2023. Interest under the PSF Term Loan is payable at the Canadian prime rate plus an applicable margin per annum, payable quarterly. The PSF Term Loan matures on February 7, 2026.

The outstanding amount under the BDC Credit Facility was $3,577 on Pure Sunfarms' credit facility with March 31, 2024 and $3,771 on December 31, 2023. Interest under the Business Development Bank BDC Credit Facility is payable at an interest rate of Canada was $3,832 10.95%, payable monthly, and the amount outstanding matures on September 30, 2023 and $4,181 on December 31, 2022 December 31, 2031.

Equity Offerings

On January 30, 2023, the Company issued and sold 18,350,000 Common Shares under a registered direct equity offering, at a price of $1.35 per share, resulting in net proceeds for approximately $23,300 after deducting commissions and offering expenses (the "January 2023 Equity Offering"). As part of the January 2023 Equity Offering the Company also issued 18,350,000 Common Warrants at an exercise price of $1.65 per share. The Common Warrants became exercisable on July 31, 2023, and expire on July 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 A.G.P./Alliance Global Partners and Cantor Fitzgerald & Co. Under the Sales Agreement, the Company may offer and sell Common Shares through A.G.P./Alliance Global Partners and Cantor Fitzgerald & Co. by any method deemed to be an “at the market offering”

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("ATM") as defined in Rule 415 of the U.S. Securities Act of 1933, as amended, including sales made directly on The Nasdaq Capital Market. During the nine months ended September 30, 2023 there were no shares sold under this ATM. 21

Summary of Cash Flows

(in Thousands)	For the Nine Months Ended September 30, 2023		For the Nine Months Ended September 30, 2022		For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
Cash, beginning of period	$	21,676	$	58,667	$	35,291	$	21,676
Net cash flow provided by (used in) by:								
Net cash flow (used in) provided by:								
Operating activities		6,805		(13,216)		(50)		(3,668)
Investing activities		(3,523)		(19,476)		(1,876)		(1,076)
Financing activities		15,560		(2,028)		(1,442)		18,630
Net cash increase (decrease) for the period		18,842		(34,720)				
Net cash (decrease) increase for the period						(3,368)		13,886
Effect of exchange rate changes on cash		(35)		(782)		(238)		(678)
Cash, end of the period	$	40,483	$	23,165	$	31,685	$	34,884

Operating Activities

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, cash flows provided by (used in) used in operating activities were $6,805 ($50) and ($13,216) 3,668), respectively. The operating activities for the nine three months ended September 30, 2023 March 31, 2024 consisted of ($1,451) 3,290) in changes in non-cash working capital items and $8,256 $3,240 in changes before non-cash working capital items, while operating activities for the nine three months ended September 30, 2022 March 31, 2023 consisted of $11,621 ($1,580) in changes in non-cash working capital items and ($24,837) $2,088 in changes before non-cash working capital items. The changes improvement when comparing the change in before non-cash working capital items for 2024 with 2023 compared to 2022 was primarily due to a

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lower net loss from improvements in VF Fresh gross margin in 2023 2024 compared to 2022, proceeds from a vendor settlement in 2023, and goodwill and intangibles impairments in 2022 that were non-recurring, partially offset by slightly lower net income from the Canadian Cannabis and U.S. Cannabis businesses. with 2023.

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Investing Activities

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, cash flows used in investing activities were ($3,523) 1,876) and ($19,476) 1,076), respectively. The increase in investing activities for the nine three months ended September 30, 2023 consisted of ($4,358) invested in March 31, 2024 was primarily due to capital expenditures to support the build out of our first Netherlands-based cannabis production facility. Additional capital expenditures were made to support VF Fresh, Canadian Cannabis, and U.S. Cannabis operations partially offset by in the repayment of the promissory note by Altum. The investing activities for the nine months ended September 30, 2022 consisted primarily of a ($4,693) investment to acquire Leli, ($1,180) resulting from the final purchase price adjustment on the acquisition of Rose, a promissory note to Altum of ($734), and ($12,869) invested in capital expenditures, primarily to support Canadian Cannabis operations. quarter.

Financing Activities

For the nine three months ended September 30, 2023 March 31, 2024, cash used in financing activities were ($1,442) and cash flows provided by financing activities were $15,560 and $18,630 for the three months ended March 31, 2023. For the three months ended March 31, 2024, cash flows used in financing activities were consisted of debt repayments of ($2,028) for the nine months ended September 30, 2022 1,442). For the nine three months ended September 30, 2023 March 31, 2023, cash flows provided by financing activities consisted of $23,335 in net proceeds from the issuance of Common Shares, net of issuance costs, $83 in proceeds from the exercise of stock options offset by and net repayments of debt of ($4,788) due to repayment of ($7,858). For the nine months ended September 30, 2022, cash flows used in financing activities consisted PSF's revolving line of $4,000 of proceeds from the Operating Loan, $824 from the issuance of Common Shares, $192 from proceeds from the exercise of stocks offset by debt repayment of ($6,262). credit.

Contractual Obligations and Commitments

We expect to meet our contractual obligations and commitments using our working capital and our other resources described under "Capital Resources" above. Other than with respect to our long-term debt described above, we currently do not have any material cash requirements in the near future.

Non-GAAP Measures

References in this Management's Discussion and Analysis to "Adjusted EBITDA" and "Adjusted EBITDA - Constant Currency" are to earnings (including the equity losses of the joint venture, VFH) before interest, taxes, depreciation, and amortization ("EBITDA"), as further adjusted to exclude foreign currency exchange gains and losses on translation of long-term debt, share-based compensation, gains and losses on asset sales and the other adjustments set forth in the table below. In addition, we present below and "Adjusted EBITDA – Constant Currency" which excludes the effect of foreign currency rate fluctuations. See "—Constant Currency" below. Adjusted EBITDA and Adjusted EBITDA - Constant Currency are measures of operating performance that are not recognized under GAAP and do not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA and Adjusted EBITDA - Constant Currency these non-GAAP measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that Adjusted EBITDA and Adjusted EBITDA - Constant Currency our non-GAAP measures should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of our performance. Adjusted EBITDA and Adjusted EBITDA - Constant Currency Our non-GAAP measures are used as additional measures to evaluate the operating and financial performance of our segments. Management believes that Adjusted EBITDA and Adjusted EBITDA - Constant Currency our non-GAAP measures are important measures in evaluating the historical performance of the Company because it excludes non-recurring and other items that do not reflect our business performance.

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Reconciliation of Net Loss to Adjusted EBITDA

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

(in thousands of U.S. dollars)	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Net loss	$ (1,299)	$ (8,745)	$ (9,315)	$ (51,817)	$ (2,852)	$ (6,636)
Add:						
Amortization	3,195	3,007	9,384	8,479	3,719	3,244
Foreign currency exchange gain	929	1,934	196	2,182	771	33
Interest expense, net	708	922	2,724	2,201	723	937
(Recovery of) provision for income taxes	(1,664)	(3,183)	269	(14,563)		
Provision for income taxes					320	634
Provision for income taxes attributable to non-controlling interest					(99)	—
Share-based compensation	690	926	2,973	3,004	372	1,683
Interest expense for JV's	13	—	47	39	(8)	—
Amortization for JVs	603	1,197	1,762	1,288	634	560
Foreign currency exchange gain for JVs	3	1	5	2	3	1

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Share-based compensation for JV's	39	—	113	—	23	34
Other expense, net for JV's	(14)	—	(29)	—	(25)	(6)
Deferred financing fees	34	44	102	171	10	34
Impairments(1)	—	—	—	29,799		
JV exit-related costs(2)	—	—	—	592		
Gain on disposal of assets	—	—	—	—		
Other expense, net	11	(19)	12	113	—	1
Purchase price adjustment (3)	—	1,683	—	(2,132)		
Adjusted EBITDA (4)	$ 3,248	$ (2,233)	$ 8,243	$ (20,642)		
Adjusted EBITDA for JVs (5)	$ —	$ —	$ —	$ (327)		
Adjusted EBITDA excluding JVs	$ 3,248	$ (2,233)	$ 8,243	$ (20,315)		
Adjusted EBITDA (1)					$ 3,591	$ 519

(1) Represents impairments to goodwill of ($25,159) and intangible assets of ($4,630) that were triggered by inflationary effects on consumer spending, decreases in market capitalization of CBD companies and the continued federal regulation lack of clarity with respect to CBD.

(2) Represents exit related costs incurred due to the winding down of the VFH joint venture. For the nine months ended September 30, 2022, we previously included adjustment for $2,284 of obsolete inventory associated with the JV exit that is now being excluded in response to comments from and discussions with the Staff o the U.S. Securities and Exchange Commission.

(3) 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 on November 2, 2020, Pure Sunfarms' intangible amortization and Rose's intangible amortization resulting from the September 30, 2022 finalizati of the Rose purchase price accounting.

(4) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA presented these segments 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 the underlying business performanc the Company.

(5) The Adjusted EBITDA for JVs consists of the VFH Adjusted EBITDA.

Reconciliation of Segmented Net Loss to Adjusted EBITDA

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

	For The Three Months Ended March 31, 2024					
(in thousands of U.S. dollars)	**VF Fresh (Produce)**	**Cannabis Canada**	**Cannabis U.S.**	**Clean Energy**	**Corporate**	**Total**

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Net income (loss)	$ 114	$ 847	$ (711)	$ (20)	$ (3,082)	$ (2,852)
Add:						
Amortization	1,334	2,271	54	—	60	3,719
Foreign currency exchange gain	9	27	—	—	735	771
Interest expense (income), net	571	306	—	—	(154)	723
Provision for (recovery of) income taxes	—	329	—	—	(9)	320
Provision for income taxes attributable to non-controlling interest	—	(99)	—	—	—	(99)
Share-based compensation	—	22	42	—	308	372
Interest expense for JV's	—	(8)	—	—	—	(8)
Amortization for JVs	—	367	—	—	267	634
Foreign currency exchange loss for JVs	—	3	—	—	—	3
Share-based compensation for JV's	—	23	—	—	—	23
Other expenses for JV's	—	(25)	—	—	—	(25)
Deferred financing fees	—	10	—	—	—	10
Adjusted EBITDA (1)	$ 2,028	$ 4,073	$ (615)	$ (20)	$ (1,875)	$ 3,591

	For The Three Months Ended September 30, 2023					
(in thousands of U.S. dollars)	**VF Fresh (Produce)**	**Cannabis Canada**	**Cannabis U.S.**	**Clean Energy**	**Corporate**	**Total**
Net (loss) income	$ (951)	$ 2,863	$ 79	$ (58)	$ (3,232)	$ (1,299)
Add:						
Amortization	1,283	1,795	53	—	64	3,195
Foreign currency exchange gain	66	28	—	1	834	929
Interest expense (income), net	597	326	—	—	(215)	708
Recovery of income taxes	(221)	(1,034)	—	—	(409)	(1,664)
Share-based compensation	—	160	78	—	452	690
Interest expense for JV's	—	13	—	—	—	13
Amortization for JVs	—	372	—	—	231	603
Foreign currency exchange loss for JVs	—	3	—	—	—	3
Share-based compensation for JV's	—	39	—	—	—	39
Other expenses for JV's	—	(14)	—	—	—	(14)
Deferred financing fees	—	34	—	—	—	34
Other expense	—	—	11	—	—	11
Adjusted EBITDA (4)	$ 774	$ 4,585	$ 221	$ (57)	$ (2,275)	$ 3,248

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(in thousands of U.S. dollars)	For The Nine Months Ended September 30, 2023					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Net (loss) income	$ (4,268)	$ 3,932	$ (125)	$ (128)	$ (8,726)	$ (9,315)
Add:						
Amortization	3,839	5,078	279	—	188	9,384
Foreign currency exchange loss (gain)	40	(8)	19	—	145	196
Interest expense (income), net	1,728	1,615	(24)	—	(595)	2,724
(Recovery of) provision for income taxes	(229)	922	—	—	(424)	269
Share-based compensation	—	424	263	—	2,286	2,973
Interest expense for JV's	—	47	—	—	—	47
Amortization for JVs	—	1,072	—	—	690	1,762
Foreign currency exchange loss for JVs	—	5	—	—	—	5
Share-based compensation for JV's	—	113	—	—	—	113
Other expense for JV's	—	(29)	—	—	—	(29)
Deferred financing fees	—	102	—	—	—	102
Other expense, net	—	—	12	—	—	12
Adjusted EBITDA (4)	$ 1,110	$ 13,273	$ 424	$ (128)	$ (6,436)	$ 8,243

(in thousands of U.S. dollars)	For The Three Months Ended September 30, 2022					
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Net (loss) income	$ (4,644)	$ 149	$ (339)	$ (58)	$ (3,853)	$ (8,745)
Add:						
Amortization	1,251	1,613	143	—	—	3,007
Foreign currency exchange loss	(236)	(37)	7	—	2,200	1,934
Interest expense (income), net	543	579	—	—	(200)	922
(Recovery of) provision for income taxes	(1,780)	38	—	—	(1,441)	(3,183)
Share-based compensation	—	312	66	—	548	926
Amortization for JVs	—	1,197	—	—	—	1,197
Foreign currency exchange gain for JVs	—	1	—	—	—	1
Deferred financing fees	—	44	—	—	—	44
Purchase price adjustment (3)	—	1,683	—	—	—	1,683
Other expense, net	(13)	(162)	133	—	23	(19)
Adjusted EBITDA (4)	$ (4,879)	$ 5,417	$ 10	$ (58)	$ (2,723)	$ (2,233)

For The Nine Months Ended September 30, 2022

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(in thousands of U.S. dollars)	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Net (loss) income	$ (19,739)	$ 2,958	$ (23,719)	$ (186)	$ (11,131)	$ (51,817)
Add:						
Amortization	3,752	4,302	425	—	—	8,479
Foreign currency exchange loss	—	77	21	2	2,082	2,182
Interest expense (income), net	971	1,356	—	4	(130)	2,201
(Recovery of) provision for income taxes	(6,322)	1,668	(7,025)	—	(2,884)	(14,563)
Share-based compensation	—	898	268	—	1,838	3,004
Interest expense for JV's	—	—	39	—	—	39
Amortization for JVs	—	1,288	—	—	—	1,288
Foreign currency exchange loss for JVs	—	2	—	—	—	2
Deferred financing fees	—	171	—	—	—	171
Impairments(1)	—	—	29,799	—	—	29,799
JV exit-related costs(2)	—	—	—	—	592	592
Purchase price adjustment (3)	—	(2,132)	—	—	—	(2,132)
Other expense, net	(24)	(30)	149	—	18	113
Adjusted EBITDA (4)	$ (21,362)	$ 10,558	$ (43)	$ (180)	$ (9,615)	$ (20,642)

	For The Three Months Ended March 31, 2023					
(in thousands of U.S. dollars)	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Corporate	Total
Net loss	$ (2,619)	$ (105)	$ (376)	$ (36)	$ (3,500)	$ (6,636)
Add:						
Amortization	1,254	1,790	139	—	61	3,244
Foreign currency exchange loss (gain)	53	(13)	19	—	(26)	33
Interest expense (income), net	543	561	(24)	—	(143)	937
(Recovery of) provision for income taxes	(226)	1,138	—	—	(278)	634
Share-based compensation	—	144	90	—	1,449	1,683
Amortization for JVs	—	332	—	—	228	560
Foreign currency exchange loss for JVs	—	1	—	—	—	1
Share-based compensation for JV's	—	34	—	—	—	34
Other expense, net for JV's	—	(6)	—	—	—	(6)
Deferred financing fees	—	34	—	—	—	34
Other expense, net	—	—	1	—	—	1
Adjusted EBITDA (1)	$ (995)	$ 3,910	$ (151)	$ (36)	$ (2,209)	$ 519

(1) Represents impairments to goodwill of ($25,159) and intangible assets of ($4,630) that were triggered by inflationary effects on consumer spending, decreases in market capitalization of CBD companies and the continued federal regulation lack of clarity with respect to CBD.

(2) Represents exit related costs due to the winding down of the VFH joint venture. For the nine months ended September 30, 2022, we previously included an adjustment for $2,284 of obsolete inventory associated with the JV exit that is now being excluded in response to comments from and discussions with the Staff o the U.S. Securities and Exchange Commission.

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(3) 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 on November 2, 2020, Pure Sunfarms' intangible amortization and Rose intangible amortization resulting from the September 30, 2022 finalizatio the Rose purchase price accounting.

(4) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA presentec these segments may not be comparable to similar measures presented for comparable segments by other issuers. Management believes that Adjusted EBITDA i useful supplemental measure in evaluating the performance of the Company's segments because it excludes non-recurring and other items that do not reflect the underlying business performance of our segments. Adjusted EBITDA for Canadian Cannabis cannabis includes the Company's 70% interest in Rose LifeScience LifeScience.

Adjusted EBITDA for "Corporate" and "Total" includes our 65% interest in VFH.

– Constant Currency

To supplement the consolidated financial statements presented in accordance with U.S. GAAP, we have presented constant currency adjusted financial measures for sales, cost of sales, selling, general and administrative, other income (expense), operating (loss) income, loss from consolidated entities, net loss, and Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024, which are considered non-GAAP financial measures. We present constant currency information to provide a framework for assessing how our underlying operations performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period income statement results in currencies other than U.S. dollars are converted into U.S. dollars using the average exchange rates from the three and nine month comparative periods in 2022 2023 rather than the actual average exchange rates in effect during the respective current periods. All growth comparisons relate to the corresponding period in 2022. 2023. We have provided this non-GAAP financial information to aid investors in better understanding the performance of our segments without taking into account the effect of exchange rate fluctuations. The non-GAAP financial measures presented in this Quarterly Report should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with U.S. GAAP.

The table below sets forth certain measures of consolidated results from continuing operations on a constant currency basis for the three and nine months ended September 30, 2023 March 31, 2024 compared to with the three and nine months ended September 30, 2022 March 31, 2023 on an as reported and constant currency basis (in thousands):

	As Reported				As Adjusted for Constant Currency		
	For The Three Months Ended September 30,		As Reported Change		For The Three Months Ended September 30,	Constant Currency Change	
	2023	2022	$	%	2023	$	%
Sales	$ 69,510	$ 71,056	$ (1,546)	(2%)	$ 70,370	$ (686)	(1%)
Cost of sales	(54,889)	(62,682)	7,793	12%	(55,517)	7,165	11%
Selling, general and administrative expenses	(15,822)	(17,794)	1,972	11%	(16,045)	1,749	10%
Other (expense) income, net	(1,716)	(2,895)	1,179	41%	(1,731)	1,164	40%
Operating (loss) income	(2,917)	(12,315)	9,398	76%	(2,923)	9,392	76%
Loss including non-controlling interests	(1,253)	(9,132)	7,879	86%	(1,259)	7,873	86%
Net loss	(1,299)	(8,745)	7,446	85%	(1,306)	7,439	85%
Adjusted EBITDA - Constant Currency(1)	3,248	(2,233)	5,481	245%	3,259	5,492	246%

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	As Reported				As Adjusted for Constant Currency			As Reported				As Adjusted for Constant Currency		
	For The Nine Months Ended September 30,		As Reported Change		For The Nine Months Ended September 30,	Constant Currency Change		For The Three Months Ended March 31,		As Reported Change		For The Three Months Ended March 31,	Constant Currency Change	
	2023	2022	$	%	2023	$	%	2024	2023	$	%	2024	$	%
Sales	$ 211,378	$ 224,115	$ (12,737)	(6%)	$ 215,416	$ (8,699)	(4%)	$ 78,077	$ 64,656	$ 13,421	21%	$ 77,971	$ 13,315	21%
Cost of sales	(172,958)	(199,514)	26,556	13%	(175,563)	23,951	12%	(62,564)	(52,356)	(10,208)	(19%)	(62,485)	(10,129)	(19%)
Selling, general and administrative expenses	(49,980)	(54,245)	4,265	8%	(51,078)	3,167	6%	(16,387)	(17,405)	1,018	6%	(16,365)	1,040	6%
Other (expense) income, net	2,520	(4,379)	6,899	158%	2,426	6,805	155%	(1,485)	(976)	(509)	(52%)	(1,484)	(508)	(52%)
Write-off of joint venture loan	—	(592)	592	100%	—	592	100%							

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Impairments	—	(29,799)	29,799	100%	—	29,799	100%							
Operating (loss) income	(9,040)	(64,414)	55,374	86%	(8,799)	55,615	86%	(2,359)	(6,081)	3,722	61%	(2,363)	3,718	61%
Loss including non-controlling interests	(9,309)	(49,851)	40,542	81%	(9,114)	40,737	82%	(2,679)	(6,715)	4,036	60%	(2,682)	4,033	60%
Net loss	(9,315)	(51,817)	42,502	82%	(9,128)	42,689	82%	(2,852)	(6,636)	3,784	57%	(2,854)	3,782	57%
Adjusted EBITDA - Constant Currency(1)	8,243	(20,642)	28,885	140%	8,890	29,532	143%	3,591	519	3,072	(592%)	3,579	3,060	(590%)

(1) Adjusted EBITDA - Constant Currency is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjus EBITDA - Constant Currency presented for these segments may not be comparable to similar measures presented by other issuers.

Management believes that Adjusted EBITDA - Constant Currency is a useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect the underlying business performance of the Company. For the nine months ended

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September 30, 2022, we previously included an adjustment for $2,284 of obsolete inventory associated with the JV exit that is now being excluded in response comments from and discussions with the Staff of the U.S. Securities and Exchange Commission.

Recent Accounting Pronouncements Not Yet Adopted

No accounting pronouncements recently issued or newly effective have had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

Critical Accounting Estimates and Judgments

Our discussion and analysis of our financial condition and results of operations are based upon our Unaudited Condensed Consolidated Interim Financial Statements, which have been prepared in accordance with U.S. GAAP. GAAP and are included in Part I of this Quarterly Report on Form 10-Q. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses and related disclosure of contingent assets and liabilities.

As described in Note 4, Goodwill and Intangible Assets, in our Unaudited Condensed Consolidated Interim Financial Statements, during the three months ended March 31, 2024 and 2023, the Company considered qualitative factors in assessing for impairment indicators for the Company's U.S. and Canadian Cannabis segments. As part of this assessment, the Company considered both external and internal factors, including overall financial performance and outlook. At March 31, 2024, the Company concluded that no impairment indicators existed as no events or circumstances occurred that would, more likely than not, reduce the fair value of the goodwill and intangible assets for its reporting units to be below their carrying amounts. At March 31, 2024, the carrying value of goodwill associated with our Cannabis – U.S. segment and our Cannabis – Canada segment was $10.0 million and $44.9 million, respectively, and the carrying value of intangible assets associated with our Cannabis – U.S. segment and our Cannabis – Canada segment was $1.9 million and $24.0 million, respectively.

We believe that the estimates, assumptions and judgments involved in the accounting policies described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. Actual results could differ from the estimates we use in applying our critical accounting policies. We are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Assessment for Indicators of Impairment 25

Goodwill

Factors Affecting Goodwill

The Company has experienced macroeconomic challenges, such as a decrease in market capitalization driven by decreases in transaction multiples for cannabis and CBD companies, as well as the continued ambiguity in federal regulations with respect to the U.S. CBD market. Macroeconomic challenges include inflation, which affects cultivation costs, distribution costs and operating expenses, as well as rising interest rates, supply shortages and volatile commodity prices.

The U.S. CBD market and the comparable market capitalizations for our CBD competitors declined throughout 2022 as a result of continued ambiguity in federal regulations. CBD was taken off the controlled substance list in the Farm Bill of 2018. In 2019, the FDA ruled that CBD was deemed to be a "medicine". However, CBD remains subject to further study by the FDA in order to receive FDA approval to include CBD based products in food and beverages. Until the FDA receives either more scientifically-based health and wellness studies, or further Congressional direction, the FDA will not allow CBD to be put into food or beverages. As such,

there has been a negative impact on the sales of all CBD products across the country since the initial interest in CBD products in

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2019 and 2020. This has resulted in U.S. retailers moving away from carrying CBD based products in light of potential FDA scrutiny and has had a negative impact on the sales of all CBD products across the United States.

The FDA continues to not only publish guidance indicating their unwillingness to pursue rulemaking allowing the use of CBD in dietary supplements or conventional foods, but also issue warning letters to some CBD companies that are making health and wellness claims, which has increased regulatory uncertainty regarding CBD and has pushed U.S. retailers further away from CBD products.

As a result of the foregoing factors, the Company and other cannabis and CBD companies have suffered a decline in the price of their common shares and their overall market capitalizations. These declines represented an indicator of possible goodwill and intangible asset impairment for the Company.

Cannabis U.S.

As a result of foregoing factors, we performed a goodwill impairment assessment for the Company's Cannabis – U.S. segment as of June 30, 2022. On June 30, 2022, the estimated fair value of goodwill for the Cannabis – U.S. segment using the market-based approach. The most significant assumption used in applying the market approach was a market-based revenue multiple of 1.6x based on transaction multiples of somewhat similar CBD-based companies. We concluded that as of June 30, 2022, the recoverable amount was lower than its carrying amount and as a result, an impairment charge to goodwill of $25,169 was allocated to the Cannabis – U.S. segment for the six months ended June 30, 2022.

In addition, due to further erosion in the market values publicly traded CBD companies relating to the ongoing uncertainty regarding the regulatory status of CBD and the corresponding decline in retail sales of CBD products, we concluded that as of December 31, 2022, the recoverable amount of goodwill for the U.S. – Cannabis segment was lower than its carrying amount and as a result, an additional impairment charge to goodwill of $13,500 was allocated to the U.S. – Cannabis segment. Accordingly, we recognized a total goodwill impairment charge of $38,669 in 2022. For more information, see Note 11 to our audited annual financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

As of September 30, 2023, there were no goodwill impairment indicators for the Company's Cannabis – U.S. segment. Accordingly, the Company did not perform a goodwill impairment assessment for the Company's Cannabis – U.S. segment as of September 30, 2023. Given this, no goodwill impairment charge was required for the Cannabis – U.S. segment.

The carrying value of goodwill associated with our Cannabis – U.S. segment was $21,339 at September 30, 2023 and December 31, 2022.

Cannabis Canada

There were no goodwill impairment indicators for the Cannabis – Canada segment throughout 2022 and 2023. Accordingly, the Company did not perform a goodwill impairment assessment for the Company's Cannabis – Canada segment.

The carrying value of goodwill associated with our Cannabis – Canada segment was $44,779 at September 30, 2023 and $44,886 at December 31, 2022.

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Future Periods; Further Information

To the extent we continue to observe impairment indicators for our Cannabis – U.S. and/or Cannabis – Canada segments or our other reporting units, we may be required to perform quantitative goodwill impairment assessments for such reporting units in future periods.

For further information regarding our goodwill and any applicable impairment testing, see Note 11 to our audited annual financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 and Note 4 to our interim financial statements included in this Quarterly Report on Form 10-Q.

Intangible Assets

Factors Affecting Intangible Assets

Intangible assets include licenses, brands and trademarks, customer relationships, computer software and other indefinite-lived intangible assets, which were impacted by the same factors as those affecting goodwill (see "—Factors Affecting Goodwill" above).

Cannabis U.S.

As a result of foregoing factors, we performed a brand impairment assessment for the Company's Cannabis – U.S. segment as of June 30, 2022. On June 30, 2022, the estimated fair value of the Cannabis – U.S. brand was determined using a discounted cash flow projection. We concluded that as of June 30, 2022, the recoverable amount was lower than its carrying amount and as a result, an impairment charge to the brand intangible of $4,630 was allocated to the Cannabis – U.S. segment.

As of September 30, 2023, there were no brand impairment indicators for the Company's Cannabis – U.S. segment. Accordingly, the Company did not perform a brand impairment assessment for the Company's Cannabis – U.S. segment as of September 30, 2023.

Cannabis Canada

There were no impairment indicators for identifiable intangibles for the Cannabis – Canada segment throughout 2022 and 2023. Accordingly, the Company did not perform impairment assessments for the Company's Cannabis – Canada.

Future Periods; Further Information

To the extent we continue to experience intangible assets impairment indicators for our Cannabis – U.S. and/or Cannabis – Canada segments or our other reporting units, we may be required to perform quantitative intangible asset impairment assessments for such reporting units in future periods.

For additional information regarding our intangible assets and applicable impairment testing, see Note 11 to our audited annual financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 and Note 4 to our interim financial statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of September 30, 2023 March 31, 2024, our variable interest rate debt was primarily related to our Credit Facilities and Term Loans. Outstanding borrowings under our Credit Facility and Term Loans bear interest at either the (a) Secured Overnight Financing Rate ("SOFR") or (b) Canadian Prime Rate, as defined in the agreement, plus an applicable margin. As of September 30, 2023 March 31, 2024, we had approximately $4,000 aggregate principal amount of outstanding revolving loans under our Operating Loan with an interest rate of

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6.9% 7.1% and we had approximately $49,095 $46,083 in aggregate principal amounts with of our Term Loans with a weighted average interest rate of 9.2% 9.1%. The current interest rates for outstanding revolving loans under our Credit Facility and Term Loans reflect basis point increases of approximately 3.6% 0.9% over the comparable period in 2022. 2023.

Our interest expense is affected by the overall interest rate environment. Our variable rate interest debt subjects us to risk from increases in prevailing interest rates. This risk increases in the current inflationary environment, in which the Federal Reserve has increased interest rates, resulting in an increase in our variable interest rates and related interest expense. An additional 50 basis point increase in the applicable interest rates under our Credit Facility and Term Loan would have increased our interest expense by approximately $64 and $192 $59 for the three and nine months ended September 30, 2023, respectively $73 March 31, 2024 and $218 $66 for the three and nine months ended September 30, 2022, respectively.
March 31, 2023.

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 September 30, 2023 March 31, 2024 and 2022, 2023, the Canadian/U.S. foreign exchange rate was C$1.00 = US$0.7363 0.7383 and C$1.00 = US$0.7277, 0.7390, respectively. If 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 September 30, 2023 March 31, 2024 and 2022 2023 with the net foreign exchange gain or loss directly impacting net income (loss). :

	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Financial assets				
Cash and cash equivalents	$ 1,659	$ 1,280	$ 2,244	$ 1,182
Trade receivables	2,958	3,589	3,968	2,660
Inventories	8,408	8,003	7,397	7,827
Prepaid and deposits	573	1,189	503	971
Financial liabilities				
Trade payables and accrued liabilities	(5,842)	(6,411)	(4,793)	(5,345)
Loan payable	(3,549)	(4,492)	(3,286)	(3,757)
Deferred tax liability	(2,843)	(2,399)		
Net foreign exchange gain	$ 1,364	$ 759	$ 6,033	$ 3,538

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.

Other than the interest rate risk and foreign exchange risk discussed above, there have been no material changes to our market risks from those disclosed in Part II, Item 7A of our Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified by the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Principal Financial and Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure.

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 Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that,

as of September 30, 2023 March 31, 2024, our disclosure controls and procedures are not effective at a reasonable assurance level due to the material weakness described in Management's Report on Internal Control over Financial Reporting in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Material Weakness in Internal Controls Over Financial Reporting

As of December 31, 2022 December 31, 2023, 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 December 31, 2023, our internal control over financial reporting was not effective due to errors in the calculation of the fair value of its goodwill and intangible assets, which was subsequently modified, resulting in no change in management's determination of the fair value of its goodwill and intangible assets but, based on those the COSO criteria, because has been deemed to be a material weakness in internal control over financial reporting existed as of that date, as described below.

The Company did not operate effective controls over the calculation of the recoverable amount of goodwill and intangible assets. The Company's controls related to the calculation of the recoverable amount of goodwill failed to prevent or detect an error in the revision of certain of the formulas and significant assumptions within the calculation of recoverable amount. There was no impact on the Company's December 31, 2022 financial statements. reporting.

Remediation Plan and Status

In the nine three months ended September 30, 2023 March 31, 2024, the Company implemented remediation to improve the operation of its controls over the review of the determination of the recoverable amount of its goodwill and intangible assets. The Company will continue to review, optimize and enhance its financial reporting controls and procedures to ensure the remediation measures are effective and controls are operating effectively. The Company expects implementation of its remediation plan by December 31, 2023 December 31, 2024.

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Changes in Internal Control over Financial Reporting

The Company's management, including the Chief Executive Officer and Principal Financial and Accounting Officer, has reviewed the Company's internal control over financial reporting. There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act), other than to address the material weakness described in management's report on internal control over financial reporting, during the nine three months ended September 30, 2023 March 31, 2024 (as described above) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time the Company is engaged in legal proceedings in the ordinary course of business. We do not believe any current legal proceedings are material to our business.

Item 1A. Risk Factors

Our business, operations, and financial condition are subject to various risks and uncertainties. The risk factors described in Part I, Item 1A, "Risk Factors" contained in our Annual Report on Form 10-K, as filed with the SEC on March 9, 2023 March 13, 2024, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings filed with the SEC in connection with evaluating us, our business, and the forward-looking statements contained in this Quarterly Report on Form 10-Q. During the nine three months ended September 30, 2023 March 31, 2024, other than as described in the Quarterly Report on Form 10-Q and as set forth below, there have been no material changes from the risk factors previously disclosed under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K.

Our Common Shares may be delisted from the Nasdaq Capital Market if we do not regain compliance with the minimum bid price requirements by April 15, 2024.

On April 20, 2023, the Company received notification from Nasdaq that the Company is not in compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market as the bid price of the Common Shares on Nasdaq closed below $1.00 (the "Minimum Bid Requirement") for 30 consecutive trading days from March 7 to April 19, 2023 (the "Notification"). As set forth in the Notification, the Company had until October 17, 2023 to regain compliance with the Minimum Bid Requirement, which has subsequently been extended by Nasdaq until April 15, 2024 (the "Compliance Period"). However, if the Company fails to remedy this deficiency during the Compliance Period, Nasdaq will provide notice that the Company's Common Shares are subject to delisting.

We can provide no assurance that we will regain compliance with the Minimum Bid Requirement by the end of the Compliance Period. Additionally, even if we regain compliance with the Minimum Bid Requirement there can be no assurance that we will continue to maintain compliance with the other Nasdaq requirements for listing our Common Shares on Nasdaq. The delisting of our Common Shares from the Nasdaq Capital Market would likely result in decreased liquidity and increased volatility in the price and trading of our Common Shares and may adversely affect our ability to raise additional capital or to enter into strategic transactions. The delisting of our Common

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Shares from the Nasdaq Capital Market would also make it more difficult for our shareholders to sell our Common Shares in the public market.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Repurchases of Equity Securities

The Company did not repurchase any of its Common Shares during the nine three months ended September 30, 2023 March 31, 2024.

Item 3. Defaults Upon Senior Securities.

Not applicable. applicable.

Item 4. Mine Safety Disclosure.

Not applicable. applicable.

Item 5. Other Information.

During the quarter ended September 30, 2023 March 31, 2024, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

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

Exhibit Number	Description of Document
10.1	Employment Agreement, dated as of September 1, 2023, by and between Stephen C. Ruffini and the Company
10.2	Employment Agreement, dated as of October 20, 2023, by and between Orville Bovenschen and the Company
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.

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101.INS	Inline XBRL Instance Document Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document With Embedded Linkbase Documents
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	The cover Cover page for the Company's Quarterly Report on Form 10-Q has been formatted in as Inline XBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements 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.

VILLAGE FARMS INTERNATIONAL, INC.

By: /s/ Stephen C. Ruffini

Name: Stephen C. Ruffini

Title: Executive Vice President and Chief Financial Officer

(Authorized Signatory and Principal Financial and Accounting Officer)

Date: November 8, 2023 May 8, 2024

Exhibit 10.1

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EXECUTIVE EMPLOYMENT AGREEMENT

This Agreement *(the "Agreement")* entered into as of this **1st day of September 2023** by and between Village Farms International, Inc. *(the "Company"),* a corporation incorporated under the Canada Business Corporation Act, and **Stephen C. Ruffini***(the "Executive")*. The Company and Executive are referred to herein collectively as *"Parties"* and individually as *"Party."*

WHEREAS, the Executive currently serves as Executive Vice President and Chief Financial Officer of the Company, Village Farms Canada Limited Partnership *("VFCLP")*, Village Farms, L.P. *("VFLP")*, and VF Clean Energy, Inc. *("VFCE" and together with the Company, VFCLP and VFLP, the "Village Farms Group")*; and

WHEREAS, the Executive and VFLP are parties to that certain Executive Employment Agreement, dated as of June 1, 2020 *(the "Prior Agreement")*, the term of which expired as of June 30, 2023: and

WHEREAS, the Company and the Executive desire to enter into this Agreement to govern the terms and conditions of Executive's employment with the Village Farms Group effective from July 1, 2023 *(the "Effective Date")*.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Company and the Executive agree as follows:

SECTION 1.Employment Duties

For the Term *(as described below)*, the Company hereby employs the Executive, and the Executive hereby accepts employment with the Company, to render service as **Executive Vice President and Chief Financial Officer** of the Company and the other respective members of the Village Farms Group, with such powers, duties and responsibilities customary to the positions of Executive Vice President and Chief Financial Officer as from time to time may be assigned by the Chief Executive Officer of the Company *(the "CEO")* consistent with such positions. In addition, the Executive shall be required to serve as a member of the board of directors of the Company *(the "Board")*, if nominated and appointed by the Company's stockholders and any other boards of directors or governing bodies of the Village Farms Group and other affiliates. The Executive agrees to devote substantiallyall of his business time to the business affairs of the Village Farms Group as directed by the Chief Executive Officer and/or the Board and to perform all duties and fulfill all responsibilities incident to his employ□ment in a manner reasonably expected of senior executives in similar posi□tions, except the Executive may devote a reasonable portion of his business time to projects and businesses outside the Village Farms Group, provided each such project and/or business has been approved in writing by the CEO or the Board. The foregoing shall not be construed to prohibit the Executive from sitting on boards of directors of companies that are not engaged in a Competitive Business *(as defined below)*, engaging in charitable activities and satisfying military obligations. The Executive's services under this Agreement shall be performed primarily at the Company's principal executive office in Lake Mary, Florida, subject to reasonably necessary travel requirements of his position and duties hereunder. The Executive shall be responsible for each facet of the Company's financial operations, and the Executive will report directly to the Chief Executive Officer of the Village Farms Group.

SECTION 2.Term

Unless sooner terminated as provided in Section 4, the Executive's term of employment under this Agreement shall run for a period of three (3) years, plus one month, from the Effective Date to June 30, 2026 *(the "Initial Term")*; provided that, the Executive's term of employment under this Agreement will automatically be extended for one additional year commencing on July 1, 2026 and on each anniversary thereafter *(each a "Renewal Term")*, unless terminated earlier under Section 4 or unless the Company gives written notice of non-renewal to the Executive at least ninety (90) days before the expiration of the Initial Term or then-current Renewal Term, as applicable. The Initial Term and any Renewal Terms are referred to collectively as the *"Term."* A termination of the Executive's employment due to notice of non-renewal of the Term by the Company shall be treated as termination *"Without Cause"* under Section 4(d) and the Executive shall receive the applicable payments and benefits set forth in Section 4(g).

SECTION 3.Compensation and Benefits

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For all services to be rendered by the Executive in any capacity during the Term, including, without limitation, services for the Village Farms Group, the Company and/or another member of the Village Farms Group will pay and provide to Executive, the following:

a) **Salary.** An initial salary at a rate of **$540,000 per year**, to be reviewed annually and subject to such increases but not decreases and the granting of such other compensation, if any, as the CEO, pursuant to approval by the Compensation Committee of Village Farms International, Inc., may approve. Salary payments shall be made to the Executive in a manner consistent with the payroll policies of the paying entity.

b) **Share-based Compensation Plan.** The Executive shall be eligible to participate in the Company's Share-based Compensation Plan dated January 1, 2010 *(also referred to as the Company's "LTIP" plan)* or any similar long-term incentive plans implemented during the Term. The Compensation Committee will vest any unvested options if the Executive is Terminated by the Company Without Cause or for Good Reason by the Executive per Section 4 of this Agreement.

c) **Short Term Incentives.** The Executive shall be eligible to earn an annual short term incen□tive performance bonus *(the "STIP Bonus")* for each year of the Term in addition to the Executive's Salary, based on such performance goals and objectives as the CEO and Compensation Committee of the Board *(the "Compensation Committee")* shall establish within ninety (90) days following the commencement of such year. The CEO will determine the extent to which an annual bonus is paid based on achievement of such performance goals or objectives, with the maximum bonus being 50% of the Executive's Salary. Presuming Section 4(g) is not in effect, in order to be eligible to receive an STIP Bonus, the Executive must be employed on the date that the Company's auditors complete the audit for the year to which the STIP bonus relates, provided that if the Executive's employment with the Company terminates upon expiration of the Term, then the Executive shall be entitled to 25% of any STIP Bonus that would otherwise have been earned for such year, payable at the time such STIP Bonus would have been paid had the Executive's employment not terminated.

d) **Fringe Benefits.**

i. Any benefits to which the Executive becomes entitled under any employee benefit plan, retirement plan, *(including without limitation any profit sharing/401(k) plan and deferred compensation plan)* and other fringe benefits plan *(including without limitation, medical, dental, group life – including accidental death and dismemberment and business travel insurance plans and programs)* from time to time in effect for full time salaried employees of the Village Farms Group generally; provided, however, that the degree or amount thereof shall be subject to the terms of the applicable plan documents, generally applicable policies of the Village Farms Group and to action by the Board or the Compensation Committee provided in or contemplated by such plan. Nothing contained in this Agreement shall impair the right of the Board, the Compensation Committee or any other committee, group or person concerned with the administration of such plan to exercise in good faith the full discretion reposed in them by such plan. For avoidance of doubt, the Executive shall not be entitled to reimbursement of any moving expenses.

ii. Such additional benefits as may be generally made available from time to time by the Company and the Village Far Group for the benefit of executives of the Executive's level or its employees generally.

e) **Business Expenses.** Reimbursement by the Company or another member of the Village Farms Group, subject to such requirements with respect to substantiation and documentation as may be reasonably specified

by the Company, for all reasonable and necessary travel and other business expenses incurred by the Executive in the performance of his duties hereunder.

f) **Vacation.** Four (4) weeks per calendar year to be taken at the same time as any vacation entitlement the Executive may have pursuant to any employment agreement the Executive may have with any other member of the Village Farms Group. The Executive may not be entitled to payments in lieu of vacation time, nor may accrued vacation time in excess of one (1) week be

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carried over from year to year without advance written approval of the CEO.

g) **Personal Days, Etc.** The Executive will be entitled to as many holidays, sick days and personal days as are in accordance with the Company's policy then in effect generally for its senior executives.

SECTION 4. TERMINATION

Notwithstanding the provisions of Section 2 of this Agreement, the Executive's employment with the Company shall terminate under the following circumstances:

a) **Death.** In the event of the Executive's death *("Death")*, this Agreement shall terminate immediately.

b) **Disability.** If the Executive, due to physical or mental illness, becomes so disabled as to be unable to perform substantially all of his duties for a continuous period of ninety (90) days *("Disability")*, either the Company or the Executive may terminate the Executive's employment under this Agreement; provided, however, that return to work for brief periods, not exceeding five three-day periods during the 90-day period, shall not be deemed to have eliminated the continuity of the 90-day period. If any question arises as to whether the Executive has become so disabled as to be unable to perform his duties due to physical or mental illness, the Executive shall submit to an examination by a physician selected by the mutual agreement of the Company and the Executive, at the Company's expense. The decision of the physician shall be certified in writing to the Company, shall be sent by the Company to the Executive or the Executive's representative, and shall be conclusive for purposes of this Agreement. If within twenty (20) days after the Company's request, the Executive shall fail to submit to a physical examination, a determina□tion by the Compensation Committee or the Board as to the Executive's Disability for purposes of this Agreement shall be conclusive. Any compensation payable to the Executive under this Agreement due to Disability shall be reduced by the amount of any disability payments the Executive receives as a result of Disability policies on which the Company has paid premiums.

c) **Termination by the Company for Cause.** This Agreement may be terminated by the CEO on behalf of the Company for Cause *(as defined herein)*, by notice to the Executive shall set forth the reasons for termination. The following acts or omissions by the Executive shall constitute *"Cause"* for immediate termination of this Agreement: **(i)** conduct by the Executive constituting a felony or other crime involving dishonesty, theft or an act of moral turpitude; **(ii)** conduct of the Executive which is materially injurious to the Village Farms Group, monetarily or otherwise; **(iii)** an act or acts of dishonesty by the Executive involving the Village Farms Group; **(iv)** willful and repeated refusal or failure of the Executive to perform his duties hereunder; or **(v)** a material breach by the Executive of any of the material provisions of this Agreement and failure of the Executive to cure same within thirty (30) days after notice thereof to the Executive; provided, however, that no such notice shall be required if the same breach occurs by the Executive after the initial breach has been cured.

d) **Termination by the Company Without Cause.** The Executive's employment under this Agreement may be terminated by the CEO without Cause *("Without Cause")* effective on ninety (90) days' notice to the Executive.

e) **Voluntary Termination by the Executive.** The Executive's employment under this Agreement may be terminated by the Executive *("Voluntary Termination")* effective on thirty (30) days' notice to the CEO.

f) **Termination for Good Reason by Executive.** The Executive may effect a termination for Good Reason *(as defined herein)* at any time upon thirty (30) days' notice to the CEO of such intention, provided that such notice is given within ninety (90) days after the event alleged to be the basis for Good Reason occurs. The Good Reason termination shall be effective as of the date set forth in such notice. At the sole discretion of the CEO, Executive attendance during the notice period may not be necessary. For purposes of this Agreement, *"Good Reason"* shall mean **(i)** a change materially adverse to Executive in the nature or scope of his position, authorities, powers, functions, responsibilities *(including reporting responsibilities)* or duties continuing for more than ten (10) days after notice thereof from the Executive; **(ii)** the Company's material breach of any material provision of this Agreement continuing for more than ten (10) days after notice thereof from the Executive; **(iii)** the Executive's primary office location is moved to a location which would result in more than fifteen (15) miles additional commute for the Executive, other

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than if the Executive initiated the change in location; or **(iv)** a Change in Control which means, for purposes of this Agreement, the occurrence of:

i. Any consolidation or merger of the Company, VFLP or VF Canada GP, Inc. in which any of the Village Farms Group is not continuing or surviving corporation or which contemplates that all or substantially all of the business and/or assets of the Company or VFLP, shall be controlled by another entity *(other than any member of the Village Farms Group)*;

ii. Any sale, lease, exchange or transfer *(in one transaction or series of related transactions)* of all or substantially all the assets of the Company, VFLP or VF Canada GP, Inc.;

iii. Approval and consummation by the stockholders of the Company, VFLP or VF Canada GP, Inc. of any plan or proposal the liquidation or dissolution of the Company, VFLP or VF Canada GP, Inc. unless such plan or proposal provides that all assets of the Company, VFLP or VF Canada GP, Inc. as applicable, are transferred to any of the Village Farms Group up such liquidation or dissolution; or

iv. Any entity *(other than any member of the Village Farms Group)* acquires *(directly or indirectly)* more than 50% of the voting securities of the Company, VFLP or VF Canada GP, Inc.

g) **Termination Benefits.**

i. If the Executive's employment is terminated due to Cause or Voluntary Termination *(other than for Good Reason)*, the Village Farms Group's obligation to make Salary payments and to provide any other benefits or entitlements to the Executive under Section 3 of this Agreement shall cease upon the last day of employment.

ii. If the Executive's employment is terminated due to Death or Disability, the Village Farms Group shall continue to make Salary payments at the Executive's then-current Salary (*or to the Executive's heirs in the case of Death),* reimburse Executive *(or Executive's heirs in the case of Death)* for expenses incurred prior to such Death or Disability *(as described in 4(g)(ii) below)*, and benefits *(as described in 4(g)(iii) and (iv) below)* shall continue in the event of Disability, and to the extent then applicable to heirs of the deceased in the event of Death, until the end of the current Term or twelve (12) months, whichever is greater.

iii. If the Executive's employment is terminated by the Company Without Cause *(including as a result of the Company's issuance of a notice of non-renewal of the Term pursuant to Section 2)*, or is terminated by the Executive for Good Reason, the Executive shall be entitled to receive, as liquidated damages, the following payments and benefits, subject to, in the case of items (a) and (d) below, the Executive's execution and timely

return to the Company of a release of claims in a form consistent with the Company's standard form of release for employees receiving severance:

a) A lump sum severance in an amount equal to 1.5 times his the-current Salary *(such amount, the "Severance Pay")*, payable within thirty (30) days of the Executive's

last day of employment. Notwithstanding the foregoing, if the Executive is a *"specified employee' (as defined under Section 409A of the Code)*, such payment shall not be made until the first payroll date to occur following the six-month anniversary of the last day of the Executive's employment;

b) A pro rata portion of any STIP Bonus that would otherwise have been earned by the Executive for calendar year of termination, based on the number of days during such year that Executive was employ by the Company, payable at the time such STIP Bonus would have been paid had the Executiv employment not terminated;

c) Any unpaid reimbursable expenses outstanding as of the date of termination;

d) All benefits, if any, that had accrued to the Executive through the date of termination under the plans a programs in which he participated as an executive of the Company, in the manner and in accordance w the terms of such plans and programs; and

e) Continued participation on the same basis *(including without limitation, cost contributions)* as the other senior executives of the Village Farms Group in all medical, dental and life insurance coverage

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other senior executives of the Village Farms Group in all, medical, dental and life insurance coverage in which he was participating on the date of termination for a period of period of eighteen (18) months to the extent such continued participation is permitted under the plans and policies providing for such coverage. With respect to medical and dental coverage, such coverage shall be provided, if elected by the Executive, pursuant to *"COBRA"* coverage; provided that the Company will either waive the premium costs for such coverage or reimburse the Executive for the cost of such premiums. The Company may modify its obligation to provide such benefits to the extent reasonably necessary to avoid any penalty or excise taxes imposed on it under the Patient Protection and Affordable Care Act of 2010, as amended, provided that it does so in a manner that to the extent possible, as determined by the Company in its discretion, preserves the economic benefit and original intent of such benefit but does not cause such a penalty or excise tax.

SECTION 5. **NONDISCLOSURE, INVENTIONS AND NONCOMPETITION**

a) **Nondisclosure and Inventions.**

i. **Definitions.** For purposes of this Section 5, the following terms shall have the meanings set forth below.

"Competitive Business" means any business engaged in providing products and services competitive with those products and services offered by any member of the Village Farms Group at the time of termination of Executive's employment.

"Confidential Information" means all information relating to any member of the Village Farms Group and their respective customers and suppliers considered by any member of the Village Farms Group to be confidential including, without limitation, **(a)** business plans, research, developments and marketing strategies, customer names and lists, product and service prices and lines, processes, designs, ideas, formulae, methods, financial information, costs, supplies and **(b)** the Trade Secrets *(as defined below)*. *"Confidential Information"* shall not include the foregoing that is or becomes **(i)** in the public domain other than through acts by the Executive, **(ii)** already lawfully in the Executive's possession at the time of disclosure by the Company as evidenced by the Executive's written records, **(c)** disclosed to the Executive by a third party who is not prohibited from disclosing the information pursuant to any fiduciary, contractual, or other duty to any member of the Village Farms Group, or **(d)** required by law, rule, regulation or court order to be disclosed.

"Inventions" means discoveries, concepts, ideas, methods, formulae, techniques, developments, know-how, inventions, and improvements relating to the business of any member of the Village Farms Group, whether or not patentable, conceived of or made by Executive at any time, whether before, during, or after business hours, or with the use of the facilities of any member of the Village Farms Group, materials, or personnel, either solely or jointly with others after the Effective Date and during Executive's employment by the Village Farms Group.

"Trade Secrets" means any and all technology and information relating to businesses of the Village Farms Group or their respective patents, methods, formulae, software, know-how, designs, products, processes, services, research development, inventions, systems, engineering, and manufacturing which have been designated and treated as trade secrets by any member of the Village Farms Group and which provide competitive advantage to any member of the Village Farms Group.

b) **Confidentiality; Company to Own Inventions.**

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i. **Receipt of Confidential Information.** The Executive acknowledges that during Executive's employment as an Executive of the Village Farms Group and as a result of the confidential relationship with the Village Farms Group estab□lished thereby, the Executive shall be receiving Confidential Information and that the Confidential Information is a highly valuable asset of the Village Farms Group.

ii. **Nondisclosure.** During the Executive's employment as an executive of the Village Farms Group and for two (2) years after termination thereof, regardless of the reason for the termination, the Executive shall in strict confidence and shall not use for any purpose whatsoever or divulge, disseminate, or disclose to any third party *(other than in the furtherance of the business purposes of the Village Farms Group)* all Confidential Information; provided however, that the foregoing obligation with respect to Confidential Information consisting of customer names shall cease at such time as the Executive's obligations under Section 5(b)(i) cease. Notwithstanding the foregoing or anything else contained herein to the contrary, this Agreement shall not preclude the Executive from disclosing Confidential Information to a governmental body or agency or to a court if and to the extent that a restriction on such disclosure would limit the Executive from exercising any protected right afforded the Executive under applicable law, including the ability to receive an award for information provided to a governmental body.

iii. **Disclosure and Ownership.** The Executive shall inform the Company promptly and fully of all Inventions by a written report, setting forth in detail a description of the invention, the procedures used, and the results achieved. All Inventions shall be and remain the sole property of the member of the Village Farms Group designated by the CEO. The Executive promptly shall execute and deliver to the designated member of the Village Farms Group any instruments deemed necessary by it to effect disclosure and assignment of all Inventions to such designated member of the Village Farms Group including, without limitation, assignments of all patent, trademark and copyright and waiver of any moral rights satisfactory to the Company. Upon request of the Company or the designated member of the Village Farms Group, during and after the Executive's employment with the Company, the Executive shall execute patent and copyright applications and any other instruments, reasonably deemed necessary by the Company or the designated member of the Village Farms Group for the prosecution of such patent appli□cations or the acquisition of letters patent or registration of copyrights in the United States and foreign countries

based on such Inventions; provided, however, that if the Executive takes any action in connection with the foregoing obligation after the Executive's employment with the Village Farms Group is terminated, the designated member of the Village Farms Group shall compensate the Executive at a reasonable rate to be agreed upon by the parties and shall promptly reimburse the Executive for any expenses incurred in satisfying such obligation.

iv. **Works for Hire.** To the extent the Inventions consist of origi□nal works of authorship which are made by the Executive *(solely or jointly with others)* within the scope of the Executive's employment and which are protectable by copy□right, the Executive acknowledges that all such original works of authorship are *"works for hire"* as that term is defined in the United States Copyright Act (17 U.S.C., Section 101).

v. **Executive acknowledges receipt of the following notice under the Defend Trade Secrets Act.** An individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret if he (i) makes such disclosure in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and such disclosure is made solely for the purpose of reporting or investigating a suspected violation of law; or (ii) such disclosure was made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal.

c) **Noncompetition.** In consideration of the Executive's employment as an executive of the Company and in consideration of this Agreement, the Executive hereby covenants as follows:

i. **Covenants.** Without the prior written consent of the CEO, during the Executive's tenure as an executive of the

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Village Farms Group and for eighteen (18) months after leaving the employment of the Village Farms Group, whether voluntarily or involuntarily, the Executive shall not directly or indirectly, personally, by agency, as an employee, through a corporation, partnership, limited liability company, or by any other entity, artifice, or device:

a. own, manage, operate, control, employ or have any financial interest in or consult to, or lend Executive's name to any enterprise, company, or other entity engaged in a Competi□t Business;

b. assist others in engaging in any Competitive Business in the manner described in the forego clause;

c. solicit or service in any way in connection with or relating to a Competitive Business, on behal the Executive or on behalf of or in conjunction with others, any supplier, client, customer, prospective supplier, client, or customer, who had been serviced by any member of the Villa Farms Group in the one year period immediately preceding the date of termination, or a prospective supplier, client, or customer to whom a formal business presentation substantiated offering of services had been made by Executive within the 12 mon immedi□ately preceding the date of termination; or

d. induce employees of any member of the Village Farms Group to terminate their employment w such member of the Village Farms Group or engage in any Competitive Business; within a geographic areas or market segments in which the Company or any other member of the Villa Farms Group is engaged in business at the time of the termination of the Executiv employment with the Company. The covenants in this Section 5(b)(i) shall be specifica enforceable. However, the covenants in this Section 5(b)(i) shall not be construed to

prohibit the ownership of not more than five percent of the equity of any publicly held entity engaged in a Competitive Business, so long as the Executive is not otherwise engaged with such entity in any of the other activities specified in clauses (a) through (d). Notwith□standing the foregoing, if the severance payment provided for in Section 4(g) is required to be made to the Executive and such payment is not made within 15 business days following the date on which the Company *(by notice to the CEO)* is given notice by the Executive that payment was not timely made, then the Executive's obligations under this Section 5(b) shall terminate.

ii. **Severability of Covenants.** For purposes of this Section 5(b), the Executive and the Company intend that the above cove□nants-not-to-compete shall be construed as separate covenants, one for each activity and each geographic area. If one or more of these covenants are adjudicated to be unenforceable, such unenforceable covenant shall be deemed eliminated from this Section 5(b) to the extent necessary to permit the remaining separate covenants to be enforced.

SECTION 6.Conflicting Agreements

The Executive represents and warrants that he is free to enter into this Agree□ment, that he has not made and will not make any agreements in conflict with the Agreement, and that he will not disclose to any member of the Village Farms Group, nor use for the bene□fit of any member of the Village Farms Group, any trade secrets or confidential information that are the property of any former employer or employers.

SECTION 7.Indemnification

The Village Farms Group shall indemnify the Executive for acts undertaken as an officer, director or agent of the Village Farms Group to the fullest extent provided under applicable law. The Company or another member of the Village Farms Group will obtain officer and

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director liability insurance in an amount believed by the Board to be reasonable to the extent that such insurance can be obtained at commercially reasonable rates.

SECTION 8.ASSIGNMENT

a) **Nonassignability.** Neither this Agreement nor any right or interest here□under shall be assignable **(i)** by the Executive without the prior written consent of the Company, or **(ii)** by the Company without the prior written consent of the Executive, except that the Company may assign its rights hereunder in connection with the sale or disposition of the business and assets of the Company as a whole or in part.

b) **No Attachment.** Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alien□ation, sale, assignment, encumbrance, charge, pledge or assignment by operation of law; and any attempt, voluntary or involuntary, to effect such action shall be void and of no effect.

SECTION 9.BINDING AGREEMENT

This Agreement shall be binding upon the Company and inure to the benefit of the Company and the Executive and any of their respective successors and permitted assigns, and any such successor or permitted assignee shall be deemed to be substitutes for the Company or the Executive, as the case may be, under the provisions of this Agreement.

SECTION 10.SEVERABILITY

If any provision of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement, or the application of such provision in circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and be enforceable to the fullest extent

permitted by law. If any provision contained in this Agreement shall be held to be excessively broad as to scope, activity or subject so as to be unenforceable at law, such provision shall be construed by limiting and reducing it so as to be enforce□able to the extent compatible with the applicable law as it shall then appear.

SECTION 11.NOTICE

All notices or other communications which are required or permitted to be given to the Parties under this Agreement shall be sufficient in all respects only if given in writing and delivered in person, by telecopy, by overnight courier, or by certified mail, postage prepaid, return receipt requested, to (i) with respect to notices to the Company, the current address of the Company's principal office *(Attn: Chief Executive Officer)*, and (ii) with respect to notices to the Executive, the current home address of the Executive *(as indicated in the Company's records)*. Notice shall be deemed given on the date of delivery, in the case of personal delivery or telecopy, or on the delivery or refusal date, as specified on the return receipt, in the case of overnight courier or certified mail.

SECTION 12.WAIVERS

The failure of any Party to require the performance of any term or obligation of the Agreement, or the waiver by any Party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

SECTION 13.ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the Executive and the Company with respect to the Executive's employment. As of the Effective Date, this Agreement supersedes any prior agreement or arrangement with the Village Farms Group, including without limitation the Prior Agreement. No modification or waiver of any provisions of this Agreement shall be made unless made in writing and signed by the Executive and by such other person on behalf of the Company as the CEO may designate for such purpose.

SECTION 14.GOVERNING LAW

The interpretation, construction and application of this Agreement shall be governed by the internal laws of the State of Florida without application of any conflict of law principles.

SECTION 15.ARBITRATION

Any controversy or claim arising out of or related to this Agreement *(except for equitable or injunctive actions pursuant to Section 5 above,*

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or claims by the Executive for workers' compensation or unemployment compensation) shall be settled by arbitration in Trenton, New Jersey, under the Commercial Rules of the Arbitration Association in effect at the time such controversy or claim arises *(the "Rules")* by one arbitrator appointed by the American Arbitration Association in accordance with the Rules, the arbitrator also apportioning the costs of arbitration. The award of the arbitrator shall be in writing, shall be final and binding upon the parties, shall not be appealed from or contested in any court and may, in appropriate circumstances, include injunctive relief. Should any party fail to appear or be represented at the arbitration proceedings after due notice in accordance with the Rules, then the arbitrator may nevertheless render a decision in the absence of said party, and such decision shall the same force and effect as if the absent party had been present, whether or not it shall be adverse to the interests of that party. Any award rendered hereunder may be entered for enforcement, if necessary, in any court of

competent jurisdiction, and the party against whom enforcement is sought shall bear the expenses, including attorney's fees, of enforcement.

SECTION 16.409A

This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended *(the "Code")* or an exemption thereunder and will be construed and administered in accordance with Section 409A of the Code. Notwithstanding any other any provision of this Agreement may only be made upon an event and in a manner

that complies with Section 409A of the Code or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A of the Code either as separation pay due to an involuntary separation from service or as a short-term deferral will be excluded from Section 409A of the Code to the maximum extent possible. For purposes of Section 409A of the Code, each installment payment provided under this Agreement will be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment will only be made upon a *"separation from service"* under Section 409A of the Code. Notwithstanding the foregoing, the Village Farms Group makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event will Village Farms Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A of the Code.

SECTION 17.Code Section 280G

If any amounts or benefits provided for in this Agreement, when aggregated with any other payments or benefits payable or provided to the Executive *(the "Total Payments")* would (i) constitute *"parachute payments"* within the meaning of Section 280G of the Code *(which will not include any portion of payments allocated to the restrictive covenant provisions of Section 5 that are classified as payments of reasonable compensation for purposes of Section 280G of the Code)*, and (ii) but for this Section 17, would be subject to the excise tax imposed by Section 4999 of the Code *(the "Excise Tax")*, then the Total Payments will be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise tax, results in Executive's receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. To the extent any reduction in Total Payments is required by this Section 17, such reduction shall occur to the payments and benefits in the order that results in the greatest economic present value of all payments and benefits actually made to Executive.

SECTION 18.Recoupment

The Company's recoupment policies shall apply to all bonuses and awards payable to the Executive under this Agreement. If the Company restates its financial statements due to material noncompliance with any financial reporting requirements under applicable securities laws, any payments pursuant to this Agreement for or in respect of the year that is restated, may be recovered to the extent the payments made exceed the amount would have been paid as a result of the restatement. Additionally, without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations or policies thereunder or as is otherwise required by applicable law or stock exchange

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Protection Act and any implementing regulations or policies thereunder or as is otherwise required by applicable law or stock exchange listing conditions.

SECTION 19.CAPTIONS

The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and provisions hereof.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have signed, sealed and delivered this Agreement as of the date first written above.

VILLAGE FARMS INTERNATIONAL, Inc.

By:/s/ Michael A. DeGiglio

Michael A. DeGiglio

President and Chief Executive Officer

Executive:

/s/ Stephen C. Ruffini

Stephen C. Ruffini

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "**Agreement**") dated October 20, 2023

BETWEEN:

PURE SUNFARMS CORP., a corporation governed by the laws of British Columbia

(the "**Company**")

AND:

ORVILLE BOVENSCHEN, of --

(the "**Executive**")

BACKGROUND FACTS:

A. The Company is incorporated under the laws of British Columbia.

B. The Executive has been employed by the Company since January 16, 2023.

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C. The Company and the Executive are party to an Agreement dated January 31, 2023 (the “**Original Agreement**”).

D. The Company wishes to make available to the Executive and the Executive wishes to accept the updated term conditions of employment by amending and restating the Original Agreement.

E. The new terms and conditions of employment that the Company will make available to the Executive through this Agre include a change in the Executive’s position and duties, an increase in the Executive’s annual base salary ef September 1, 2023; an increase in the Executive’s annual target bonus opportunity; and eligibility for Performance- Restricted Share Units (as defined below), all in accordance with, and subject to, the terms of this Agreement. The Exe acknowledges that such new terms and conditions of employment would not be provided to the Executive except purs this Agreement.

F. The Company and the Executive wish to enter into this Agreement that will commence on the Effective Date to set fo amended and restated terms and conditions that will apply between the Company and the Executive.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties), the parties hereby agree as follows:

1. Commencement of Agreement

This Agreement becomes effective on the Effective Date. However, the Company will recognize the Executive’s start date with the Company as January 16, 2023, for all applicable purposes under this Agreement.

2. Term

The Executive will continue to be employed by the Company for an indefinite term (the “**Term**”) until the Executive’s employment is terminated in accordance with this Agreement.

3. Position and Duties

(a) The Company will employ the Executive as President (“**President**”), reporting to the Global Chief Executive Officer of Village Farms International, Inc. (the “**CEO**”). The Executive will be responsible for and perform the duties commensurate with the position of President and any other duties as may be assigned by the Company to the Executive in its sole discretion that reasonably relate to the Executive’s position. The Executive acknowledges and agrees that the Company may amend the Executive’s duties, responsibilities, title and reporting arrangements from time to time without causing breach of this Agreement, provided such amendments do not constitute constructive dismissal at law.

(b) The Executive will be employed at the Company’s offices in Delta, British Columbia, or such other locatio directed by the Company, provided that if the Company proposes to permanently relocate the Executive outs Lower Mainland of British Columbia, such relocation will be subject to the mutual agreement of the parties, reasonably. The Executive may also be expected to travel occasionally for business purposes, as required Company. The Company will reimburse the Executive for any pre-authorized expenses incurred by the Execu business-related travel for the Company in accordance with, and subject to, the terms of paragraph 9 Agreement.

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(c) The Executive acknowledges and affirms that the Executive will be employed by the Company in a fiduciary ca
and as such will owe full fiduciary duties to the Company.

(d) The Executive agrees that the Executive's hours of work will vary and be irregular and will be those hours requ
perform the duties and responsibilities of the Executive's position but, in any event, the Executive's employme
be on a full-time basis.

(e) This Agreement will continue to apply in the event that the Executive is transferred or promoted to any other p
with the Company and notwithstanding any changes in the Executive's compensation, title, duties, reporting c
terms and conditions of employment.

4. Service to Company

At all times during the Executive's employment with the Company, the Executive will:

(a) well and faithfully serve the Company;

(b) act in, and promote, the best interests of the Company;

(c) devote the whole of the Executive's working time, attention and energies to the business and affairs of the Con

(d) comply with all rules, regulations, policies and procedures of the Company as promulgated by the Compa
amended from time to time; and

(e) comply with all laws pertaining to the Executive's employment with the Company.

5. Base Salary

The Executive's base salary will be CAD $420,000per annum (the "**Base Salary**"). The Company will pay the Executive's Base Salary in accordance with the Company's payroll practices, as may be amended from time to time. The Company will prorate the Base Salary for any partial calendar years that the Executive is employed by the Company.

6. Short Term Incentive

(a) The Executive shall be eligible to receive an annual discretionary incentive payment (the "**Annual STIP Bonus**") under the Company's annual bonus plan based on a target bonus opportunity of 60% of the Executive's Base Salary, payable based upon the attainment of one or more Company and individual performance goals (the "**Performance Goals**"), as established by the Company in consultation with the Executive prior to the commencement of the relevant fiscal year; provided that the actual amount of any Annual STIP Bonus shall be entirely within the discretion of the Company. Any Annual STIP Bonus shall be contingent on the Executive not having ceased employment with the Company for any reason whatsoever during the relevant fiscal year and, for greater certainty, is not earned until the date that such Annual STIP Bonus is actually determined to be payable to the Executive (but subject to the Executive's continued employment with the Company on the date of payment). If the Company awards an Annual STIP Bonus to the Executive for a fiscal year, the Company will pay the Annual STIP Bonus to the Executive no later than the end of the first quarter of the subsequent fiscal year. The Executive shall not be entitled to credit with

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respect to the Annual STIP Bonus for any partial year of employment, and the Executive shall have no rights to any pro rata Annual STIP Bonus in the event of any cessation of employment howsoever caused (including any resignation or termination for cause) except and only as set forth in paragraph 6(b) of this Agreement below. The Annual STIP Bonus shall not form any part of the Executive's remuneration package and is solely discretionary in nature.

(b) In the event that the Company terminates the Executive's employment without cause pursuant to paragraph 13 Agreement, the Executive will remain eligible for only the following:

(i) If the Termination Date (as defined in paragraph 13(b) of this Agreement) is after the end of the most recently completed fiscal year but prior to the date of either the Company's determination of whether any Annual STIP Bonus is payable to the Executive for such most recently completed fiscal year or the payment date for any Annual STIP Bonus actually awarded by the Company to the Executive for such most recently completed fiscal year, the Executive will remain eligible for an Annual STIP Bonus for such most recently completed fiscal year ("**Final Full Fiscal Year Annual STIP Bonus**") in accordance with, and subject to, the terms herein. If the Company has not yet determined whether any Final Full Fiscal Year Annual STIP Bonus is payable to the Executive for such most recently completed fiscal year as of the Termination Date, the Company will assess the Performance Goals in accordance with its Annual STIP Bonus review process in a manner consistent with other eligible recipients employed by the Company. For greater certainty, if as of the Termination Date, the Company has awarded a Final Full Fiscal Year Annual STIP Bonus to the Executive but not yet paid it to him, the

Executive will receive such Final Full Fiscal Year Annual STIP Bonus. Any Final Full Fiscal Year Annual STIP Bonus awarded by the Company to the Executive will be paid at the same time as when the Company employed the Executive; and

(ii) A prorated Annual STIP Bonus ("**Prorated Annual STIP Bonus**") for the fiscal year in which the Executive's employment with the Company is terminated without cause prorated for the number of completed months that the Executive is actively employed by the Company prior to the Termination Date in accordance with, and subject to, the terms herein. The Company will determine whether any Prorated Annual STIP Bonus is payable to the Executive after the completion of the fiscal year in which the Executive's employment is terminated by the Company at the same time the Company makes such determinations for other eligible recipients employed by the Company. The Company will assess the Performance Goals in accordance with its Annual STIP Bonus review process in a manner consistent with other eligible recipients employed by the Company. Any Prorated Annual STIP Bonus awarded by the Company to the Executive will be paid at the same time as when the Company employed the Executive.

7. Long Term Incentive

(a) **ParentCo Share-Based Compensation Plan.** During the Term, the Executive shall be eligible to continue to participate in the Village Farms International, Inc. (the "Parent-Co") Share-based Compensation Plan dated January 1, 2010 or any similar successor equity compensation plan as may be in place from time to time (the "Share-Based Compensation Plan"). Awards under the Share-Based Compensation Plan are discretionary

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and can only be granted by the Compensation Committee of ParentCo's Board of Directors. Executive's eligibility and award under the Share-based Compensation Plan have been pre-determined and agreed upon at **455,500 options**, by both Parties, as described in a separate document titled, *"Option Agreement"*, which is incorporated by reference into this Agreement. The pre-determined award will be subject to the terms and conditions established within the Plan and a separate award agreement between the Executive and the Parent-Co that sets forth the terms of the award .

(b) The Executive will be eligible to receive restricted share units subject to performance vesting conditions (the "**Performance-Based Restricted Share Units**") from the Company's Parent Company, Village Farms International, Inc. ("Village Farms") in accordance with, and subject to, the terms, conditions and restrictions of the Parent-Co Performance-Based Restricted Share Unit Agreement between the Executive and Village Farms. . For greater certainty, in the event that the Executive's employment with the Company terminates for any reason whatsoever, the Executive's rights, if any, in respect of the Performance-Based Restricted Share Units will be governed by the terms, conditions and restrictions of the Share-Based Compensation Plan. The Executive hereby represents and warrants that the Executive has read the Share-Based Compensation Plan, including the consequences of ceasing to be an Executive of the Company. The Company draws the Executive's attention to section 5.3 of the Plan and the definition of "Termination Date" in the Plan, and the Company also draws the Executive's attention to the fact that the Performance Based Restricted Share Units will vest over a particular period of time and as such, the Company makes no promise to the Executive that the Executive will receive all or any of the Performance-Based Restricted Share Units subject to the Share-Based Compensation Plan.

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(c) The Company's recoupment policies (the "VF Clawback Policy") shall apply to all bonuses and awards payable Executive under this Agreement. If the Company restates its financial statements due to material noncomplian any financial reporting requirements under applicable securities laws, any payments pursuant to this Agreem or in respect of the year that is restated, may be recovered to the extent the payments made exceed the a would have been paid as a result of the restatement. Additionally, without limitation of the foregoing, any ar paid hereunder shall be subject to recoupment in accordance with the Dodd-Frank Wall Street Reform and Cor Protection Act ("the SEC Clawback Rule") and any implementing regulations or policies thereunder or as is oth required by applicable law or stock exchange listing conditions.

8. Benefit Plans

(a) The Executive will continue to be eligible to participate in the Company's insurance health benefits plans (the "**Benefit Plans**") and the Company's Registered Retirement Savings Plan (the "**RRSPPlan**") that the Company may make available to its executives from time to time in its discretion, subject to the terms and conditions of the plan documents and the Executive's ability to qualify for such plans.

(b) The Executive acknowledges and agrees that the Company may amend or modify the Benefit Plans (or any b provided pursuant to the Benefit Plans) and the RRSP Plan at its sole discretion from time to time with or notice and, for greater certainty, the foregoing shall not constitute a constructive dismissal. The Ex understands and agrees that the Company is not liable or responsible in the event that the Executive is coverage for any benefits – in such circumstances the Executive agrees that the Executive has no legal re against the Company.

(c) The Executive agrees that the Company may deduct the Executive's share of any benefit contributions in acco

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(c) The Executive agrees that the Company may deduct the Executive's share of any benefit contributions in acco with the Benefit Plans from the Executive's pay in accordance with the Company's established payroll practices

(d) The Executive will receive a monthly cell phone stipend in the amount of $151.20.

(e) In the event that the Company promulgates, in its sole discretion, a long term incentive plan and/or an execut allowance plan for Executives of the Company who are similarly situated to the Executive, the Executive eligible to participate in such plan(s) in accordance with, and subject to, the terms and conditions of th document(s) as established by the Company in its sole discretion.

9. Expenses

The Executive will be reimbursed by the Company for all reasonable business expenses incurred in the course of the Executive's employment in accordance with Company policy. In order to be eligible for reimbursement for business expenses, the Executive must submit valid receipts at the time and in the form designated by the Company.

10. Vacation

The Executive is entitled to four (4) weeks of paid vacation per annum. This will be paid vacation through the Company continuing to provide the Executive with the Base Salary during the Executive's vacation. The Executive will take vacation at times approved by the Company. All vacation entitlement must be taken by the Executive in the year it is earned, unless otherwise approved by the Company in its sole discretion. The Company will prorate the Executive's annual vacation entitlement for any partial calendar years that the Executive is employed by the Company.

11. No Other Compensation or Benefits

The Executive expressly acknowledges and agrees that unless otherwise expressly agreed in writing by the Company subsequent to execution of this Agreement by the parties hereto, the Executive will not be entitled by reason of the Executive's employment by the Company to any remuneration, compensation or benefits other than as expressly set forth in this Agreement. The Executive further acknowledges that the compensation provided to the Executive in this Agreement represents compensation for all hours worked by the Executive in the performance of the Executive's duties for the Company.

12. Termination by the Executive

(a) The Executive may resign at any time, but only by giving the Company two (2) months' prior written notice of the effective date of such resignation (the "**Resignation Effective Date**"). In the event that the Executive resigns the Executive's employment, the Company will continue to pay the Executive the Base Salary up to the Resignation Effective Date; pay the Executive the value of any unused accrued vacation entitlement pro-rated for that portion of the calendar year up to the Resignation Effective Date or as may be required by the minimum provisions of the British Columbia *Employment Standards Act* (the "**ESA**"); and reimburse the Executive for any unpaid business expenses. The Executive will not be entitled to any further compensation or payments from the Company.

(b) The Company may waive the Executive's resignation notice provided pursuant to paragraph 12(a) of this Agreement, in whole or in part, and in such circumstances, the Executive's employment with the Company

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will end on the date specified by the Company and the Company will continue to provide the Executive with the following: (i) Base Salary payments in accordance with the Company's payroll practices through to the Resignation Effective Date; and (ii) benefit coverage under the Benefit Plans (except any benefit coverage which the Company's insurer(s) do not agree to extend following the end of the Executive's employment with the Company) through to the Resignation Effective Date.

13. Termination By the Company Without Cause

(a) The Executive understands that by complying with this paragraph 13 the Company satisfies its entire obligatior common law and statute to provide notice or pay in lieu of notice to the Executive in the event that the Exec employment is terminated without cause and the Executive hereby waives any claim to any other paym benefits from the Company.

(b) The Company may terminate the Executive's employment without cause at any time by providing the Executive with twelve (12) months' written notice, pay in lieu of written notice, or a combination thereof (with the Executive's effective termination date arising from his termination without cause defined as the "**Termination Date**"), subject to the conditions specified in this paragraph 13.

(c) In the event that the Company terminates the Executive's employment without cause in accordance with this paragraph 13 and for greater certainty, the Company will continue to pay the Executive's Base Salary up to the Termination Date; pay the value of any unused accrued vacation entitlement of the Executive pro-rated for that portion of the calendar year up to the Termination Date or as may be required by the ESA; and reimburse the Executive for any unpaid business expenses (with such accrued amounts owing by the Company to the Executive in connection with the Executive's cessation of employment with the Company defined as the "**Accrued Obligations**").

(d) If the Company elects to provide the Executive with pay in lieu of notice under paragraph 13(a) above, the amount of pay provided by the Company will consist of only the Executive's Base Salary (the "**Severance Amount**"), and the Severance Amount will not include any Annual Bonus payment or other bonus or incentive payment (including any long term incentives), vacation pay, allowance, benefits, or any other compensation, amount or entitlement that the Executive may be eligible to receive under this Agreement or otherwise. The Severance Amount will be subject to all required statutory deductions and withholdings. For greater certainty, the Executive will remain eligible for the Final Full Fiscal Year Annual STIP Bonus and the Prorated Annual STIP Bonus, as applicable, in accordance with, and subject to, the terms of paragraph 6(b) of this Agreement.

(e) The Severance Amount shall be paid in equal installments for the period of time covered by paragraph 13(a) (the "**Severance Period**") in accordance with the Company's established payroll practices at the time of the Executive's termination (the "**Severance Payments**"). The Executive will be subject to the common law duty to mitigate during the Severance Period. If the Executive mitigates in whole or in part during the Severance Period, the Company may deduct the Executive's mitigation earnings (regardless of: (i) the source of such earnings, i.e. employment, consulting, contract work, etc.; and (ii) whether such earnings are earned personally by the Executive or through a corporate entity controlled by the Executive) from the Severance Payments due under this Agreement. The Executive acknowledges and agrees that the Executive has a duty to report all of the Executive's mitigation earnings to the Company.

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(f) For greater certainty, in no circumstances will the Executive receive less notice or pay in lieu of notice fr Company arising from the Executive's termination without cause than the Executive is entitled to receive un ESA.

(g) The Executive understands that by complying with this paragraph 13 the Company satisfies its entire obligatio common law and statute to provide notice or pay in lieu of notice to the Executive in the event that the Exe employment is terminated without cause and the Executive hereby waives any claim to any other paym benefits from the Company.

14. Termination for Cause

The Company may terminate the Executive's employment with the Company at any time for cause without any notice, severance or other payments except Accrued Obligations owing by the Company to the Executive up to the effective date of his termination for cause. If the Company terminates for cause, and an adjudicator later determines that the Company did not have cause, the Executive agrees that the Executive will only be entitled to damages in respect of the termination of the Executive's employment in the amount that would have been payable on termination without cause under paragraph 13.

15. Termination by Death of Executive

If the Executive dies, this Agreement will be considered frustrated at law and terminated by that death and the

Company will not be required to pay any amounts to any heir or estate of the Executive except the Accrued Obligations owing by the Company to the Executive up to the date of the Executive's death.

16. Return of Property and Cessation of Benefits

(a) Forthwith upon the termination of the Executive's employment with the Company for any reason whatsoeve any other time upon the request of the Company, the Executive will return to the Company and deliver up Company all of the Company's property that is within the Executive's possession or control.

(b) Subject to any requirements imposed by the ESA or unless otherwise specified in this Agreement, upon term of the Executive's employment for any reason whatsoever, (including, without limitation, the Executive's term without cause pursuant to paragraph 13 of this Agreement), the Executive's entitlement to benefits from the Co pursuant to the Benefit Plans (or otherwise including, participation in any RRSP Plan) will end effective the last the Executive's employment with the Company, which date will not be extended by any period of pay in lieu o of termination (whether statutory, contractual, or otherwise).

17. Outside Engagements & Conflicts of Interest

During the Term, the Executive agrees that:

(a) the Executive will not carry on or engage in any other business or occupation or become a director, officer, em independent contractor, or agent of, or hold a position or office with, any other company, organization, or without the prior written consent of the Company;

(b) the Executive will not, without the Company's prior written consent, hold any office, acquire any property or en any contract, arrangement, understanding or transaction with any other person or entity that would in any way or interfere with the Executive's duties or obligations under this Agreement or that would otherwise prev

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Executive from performing the Executive’s obligations hereunder; and

(c) the Executive will promptly, fully and frankly disclose to the Company in writing:

(i) the nature and extent of any interest the Executive has or may have, directly or indirectly, in any co arrangement, understanding or transaction or proposed contract, arrangement, understanding or tran with the Company or any subsidiary or affiliate of the Company; and

(ii) every office the Executive may hold or acquire, and every property the Executive may possess or a whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Co or the Executive’s duties and obligations under this Agreement;

and following such disclosure the Company may, in its sole discretion, determine that a conflict of interest exists and require the Executive to eliminate such conflict of interest.

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18. Confidential Information

In this Agreement, “**Confidential Information**” means any and all information in any form (whether written, electronic, graphic or otherwise) relating to the business, property, assets or operations of the Company or any of its affiliates, licensors, licensees, customers, investors, joint venturers, distributors, suppliers, or persons who have supplied information on a confidential basis to the Company or its affiliates, including, without limitation, business opportunities (including markets which have been investigated); trade secrets; intellectual property; methods, including production methods and techniques; models; passwords; financial information; product or proposed product information; prototypes; formulas; recipes; processes; marketing or business plans and strategies, forecasts, and pricing information; employee, licensor, licensee, customer, investor, joint venturer, distributor, and supplier information and records; computer software programs; agreements and contracts; customer lists; customer contacts; the buying habits and special requirements of customers; the types of products purchased from the Company or its affiliates by customers; financial or business projections; and any information from which the Company or its affiliates derives economic value or the disclosure of which could cause harm to the Company or its affiliates. For sake of clarity, the phrase “Confidential Information” is intended by the parties to be construed broadly and to encompass all information that has or could have commercial value to the Company or its affiliates. Notwithstanding the foregoing, “**Confidential Information**” will not include:

(a) information that is lawfully and generally available to the public other than as a result of disclosure, f negligence of the Executive;

(b) information the Executive can establish by written records was in the Executive’s possession prior to the Exec employment by the Company and was not subject to any obligation of confidentiality; and

(c) information the Executive can establish by written records was received without an obligation of confidentiality third party who did not acquire or hold such information under any obligation of confidentiality.

19. Obligation of Confidentiality

(a) The Executive acknowledges and agrees that during the course of the Executive’s employment with the Co the Executive will have access to, acquire and develop Confidential Information, and that the unauthorized disclosure of Confidential Information could have a material adverse effect on the financial, legal, commerc

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competitive position and interests of the Company and its affiliates.

(b) During the Executive's employment with the Company and at all times thereafter the Executive will:

(i) maintain the strict confidentiality of all Confidential Information;

(ii) not use the Confidential Information or disclose the Confidential Information except during the Executive's employment with the Company and only as strictly required to carry out the Executive's duties and responsibilities for the Company and on a confidential basis, and for no other purpose and in no other manner; and

(iii) take all precautions necessary to prevent unauthorized access to or use, disclosure or reproduction of the Confidential Information.

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(c) The Executive will, at the Company's direction during the Executive's employment, or upon the termination Executive's employment with the Company for any reason whatsoever, immediately return all Conf Information in the Executive's possession or control, in whatever form, to the Company. Upon the terminatior Executive's employment with the Company for any reason the Executive will, if directed by the Co permanently delete and destroy all Confidential Information and related records contained in the Exec computers and computer systems and in any other electronic or IT systems of the Executive.

(d) Nothing in this paragraph 19 will prevent the Executive's disclosure of Confidential Information that is require disclosed under applicable laws or legal process, provided that the Executive first gives the Company as much as is reasonably and lawfully possible in the circumstances before making any such disclosure and the Ex reasonably cooperates with the Company to obtain a protective order or other means of limiting the disclosure of the Confidential information.

20. Intellectual Property

For the purpose of this Agreement, "**Intellectual Property**" includes any and all products, materials, information, programs, designs, artwork, data, correspondence, discoveries, concepts, software, know-how, inventions, methods, trademarks, trade names, plans, training and marketing materials, strategies, trade secrets, improvements, modifications, derivative works, ideas, developments, and other intellectual property, whether or not they may be patented, copyrighted, trademarked or otherwise protected, which are disclosed to, made, developed, conceived, contributed to or worked upon by the Executive in connection with or arising from the Executive's duties or otherwise in the course of the Executive's employment by the Company, including without limitation, any materials and inventions: (i) that have been substantially facilitated by the use of the Company's intellectual property or resources, or (ii) the idea for which was gained during the Executive's employment with the Company.

TheExecutive agrees as follows:

(a) the Company is the exclusive owner of all right, title and interest in and to the Intellectual Property, including without limitation, all copyrights, patent rights, trade-marks, trade names, industrial designs, trade secrets and other intellectual property rights in and to all the Intellectual Property;

(b) for greater certainty, and to the extent that the Intellectual Property is not already owned by the Company

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pursuant to the preceding subsection or otherwise, the Executive hereby irrevocably and unconditionally assigns to the Company or its nominee all right, title and interest throughout the world that the Executive may have in any Intellectual Property, including without limitation, all copyrights, patent rights, trade-marks, trade names, industrial designs, trade secrets and other intellectual property in and to all the Intellectual Property, effective at the time each is created;

(c) if the Executive has any rights to the Intellectual Property that cannot be assigned to the Company, the Executive unconditionally and irrevocably waives the enforcement of such rights, and all claims and causes of action of any kind against the Company with respect to such rights, and agrees, at the Company's request and expense, to consent to and join in any action to enforce such rights. Without limiting the generality of the foregoing, the Executive hereby unconditionally waives any and all moral rights that the Executive may have in the Intellectual Property, including the right to the integrity of the work, the right

to be associated with the work or identified as its author, the right to restrain or claim damages for any distortion, mutilation or other modification of them, and the right to restrain their use or reproduction in any context or in connection with any product, service, cause or institution;

(d) to the extent that a formal transfer or assignment of any rights of the Executive in any of the Intellectual Property is required, or the consent of the Executive to the registration of any right in any Intellectual Property is required, the Executive will execute and deliver or, as applicable, will cause to be so executed and delivered, any further assignments, documentation and other instruments as may be reasonably required by the Company to effect the transfer, assignment or registration; and

(e) notwithstanding anything in this Agreement to the contrary if, due to the Executive's unavailability, mental or physical incapacity, or for any other reason, the Company is unable to secure the Executive's signature on any assignment agreement, patent application or any other document, application or other instrument contemplated by this paragraph, including without limitation any document required in order to apply for or to pursue any application for any Canadian, United States or foreign patent or copyright registrations covering any Intellectual Property assigned to the Company as per this Agreement, the Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Executive's agent in fact, to act for and on the Executive's behalf and stead to execute and, as necessary, file any such agreements, applications, instruments or other documents, and to do all other lawfully permitted acts to further the prosecution and issuance of patents and copyright registrations thereon with the same legal force and effect as if executed by the Executive.

21. Restrictive Covenants

(a) The Executive acknowledges and agrees that due to the nature of the Executive's position, the broad ra Confidential Information to which the Executive will have access to, and because the use of, or even the appe of the use of, the Confidential Information in certain circumstances may cause irreparable damage to the Co and its reputation, or to investors or customers of the Company, it is necessary for the Company and the Execu enter into certain post-employment restrictions. Accordingly, in exchange for the incentive compensation spec paragraph 7, the Severance Amount, and other good and valuable consideration, respectively, the recei sufficiency of which are hereby acknowledged, the Executive agrees to the post-employment restrictions s

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herein which will apply in circumstances where the Executive's employment terminates for any reason.

(b) The Executive covenants and agrees that for a period of (six) 6 months from the date that the Exec employment with the Company ends for any reason whatsoever, the Executive will not (except with the prior e written consent of the Company), directly or indirectly, engage in, be employed by, perform services for, or par in the ownership or operation of, any Competitive Business, in: (i) any operational or similar capacity through the Executive would perform services (in any manner) that are the same or similar to the duties performed Executive as President; or (ii) any capacity through which the Executive would perform services (in any mann are the same or similar to any duties performed by the Executive as President relating to the growth, cult extraction, production, sale, and/or distribution of cannabis for medical or non-medical purposes. For pu hereof, the Company and the Executive agree that

"**Competitive Business**" means: any business carried on in Canada (other than the business of the Company) that grows, cultivates, extracts, produces, sells, and/or distributes cannabis for medical or non-medical purposes.

(c) The Executive covenants and agrees that for a period of (twelve)12 months from the date that the Exec employment with the Company ends for any reason whatsoever, the Executive will not (except with the prior e written consent of the Company), directly or indirectly:

(i) solicit any person or entity who is a customer of the Company that the Executive dealt with in the co discharging the Executive's duties and responsibilities on behalf of the Company during the one (1 period prior to the end of the Executive's employment with the Company for or in connection w purpose involving growing, cultivating, extracting, producing, selling and/or distributing cannabis for r or non-medical purposes;

(ii) solicit any person or entity who is a customer of the Company that the Executive dealt with in the co discharging the Executive's duties and responsibilities on behalf of the Company during the one (1 period prior to the end of the Executive's employment with the Company for the purpose of induci person or entity to reduce or terminate the person's or entity's level of business with the Company; or

(iii) seek to recruit or solicit any employee of the Company to leave their employment with the Company.

22. Non-disparagement

During the Executive's employment with the Company and after the termination of the Executive's employment with the Company for any reason whatsoever, the Executive agrees that, except as may be required by law, the Executive will not take any action or make any statement or disclosure, written or oral, that is intended or reasonably likely to disparage the Company or its affiliates, or any of their past or present employees, officers or directors.

23. Remedies

The Executive acknowledges and agrees that any breach or threatened breach of paragraphs 18-22 inclusive of this Agreement would cause or result in irreparable harm, loss and damages to the Company for which the Company could not be adequately compensated by the Company's recovery of monetary damages, and that in the event of a breach or threatened breach of any of such paragraphs, the Company will have the right to seek an injunction, specific performance or other equitable relief or other relief, including an accounting of all the Executive's profits or benefits arising out of any such breach,

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and the Executive waives all defences to the strict enforcement of this Agreement. It is further acknowledged and agreed that the remedies of the Company specified in this paragraph are in addition to, and not in substitution for, any rights or remedies of the Company at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Company may have recourse to any one or more of its available rights or remedies as it shall see fit. The Executive acknowledges that paragraphs 18 through 22 of this Agreement shall survive the termination of the Executive's employment for any reason whatsoever. In the event that the Executive breaches or threatens to breach any provision of this Agreement, including but not limited to paragraphs 18 through 22, or commences any legal proceedings challenging the validity or enforceability of any of paragraphs 18 through 22, any remaining Severance Payments due

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to the Executive under paragraph 13(d) of this Agreement will immediately cease and the Company may seek return of any payments previously made to the Executive under paragraph 13(d), except any amount that the Executive is entitled to receive pursuant to the ESA.

24. Notification to Future Employers

The Executive agrees that the Executive will inform the Executive's prospective or subsequent employers or principals (the "**Future Employers**") of the terms and conditions of this Agreement or any other policy or agreement between the Executive and the Company that may be in effect at, or survive, the termination of the Executive's employment (the "**Surviving Obligations**"). If the Executive fails to satisfy the Company that the Executive has complied with the Executive's disclosure obligations under this provision, the Executive agrees that the Company may, at its discretion, contact any Future Employer and inform them of the Surviving Obligations.

25. Warranty By Executive

The Executive represents and warrants that the Executive is not a party to any agreement, or otherwise bound by any duty to another person or entity, that may restrict the Executive's ability to enter into this Agreement or perform the duties and responsibilities contemplated by this Agreement. The Executive further agrees that in the performance of the duties and responsibilities contemplated by this Agreement the Executive will not disclose or use any confidential or proprietary information belonging to any prior employer or other persons or entities.

26. Indemnity

The Company agrees, to the extent permitted by law, to indemnify and save the Executive harmless from and against any and all costs, charges, expenses, fees, damages or liabilities (including legal or other professional fees and any amount paid to settle an action or satisfy a judgment) which the Executive may reasonably suffer, sustain, incur or be required to pay

arising out of or incurred in respect of any action, suit, proceeding, investigation or claim which may be brought, commenced, made, prosecuted or threatened against the Executive howsoever arising and whether arising in law, equity or under statute, regulation or governmental ordinance of any jurisdiction, for or in respect of any act, deed, matter or thing done, made, permitted or omitted by the Executive arising out of, or in connection with the exercise by the Executive of the Executive's powers or the performance of the Executive's duties as an Executive of the Company provided that the indemnity provided for herein will not be available to the extent that in so acting the Executive:

(i) was not acting honestly and in good faith with a view to the best interests of the Company; or

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(ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, have reasonable grounds for believing that his conduct was lawful.

27. Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

28. Minimum Standards

If any provision of this Agreement provides for a lesser benefit to the Executive than the minimum standards contained in any applicable legislation, the minimum standard contained in any such legislation will prevail and be deemed to apply to the extent of the inconsistency.

29. Dispute Resolution

(a) The parties agree that subject to the exceptions specified below in subparagraph (b), all claims or disputes arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the provisions of the *Arbitration Act* (British Columbia). The arbitration shall take place in Vancouver, British Columbia and shall be conducted in the English language. The arbitration award shall be given in writing and shall be final and binding on the parties. The award shall give reasons and shall deal with the question of costs of arbitration and all related matters. The parties agree that the arbitration shall be kept confidential and that the existence of the proceeding and any element of it (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions and any awards) shall not be disclosed beyond the arbitrator, the parties, their counsel and any person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration or otherwise.

(b) The parties agree that the Company may enforce the terms of paragraphs 18-22 inclusive of this Agreem seeking injunctive or other relief in a court of competent jurisdiction in respect thereof.

30. Entire Agreement

The terms and conditions of this Agreement are in addition to, and not in substitution for, the obligations, duties and

responsibilities imposed by law on Executives of corporations generally, and the Executive agrees to comply with such obligations, duties and responsibilities. Subject to the foregoing, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes and replaces all prior written and oral agreements, offer letters, and representations made by either party, and all such agreements, offer letters, and representations are hereby cancelled and of no further force and effect, and both parties renounce any reliance on them. This Agreement may only be varied by further written agreement signed by the Executive and the Company.

31. Affiliates

The parties agree that for the purposes of this Agreement, "**affiliate**" means when used with respect to the Company, another person that either directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Company. For purposes of this definition, "**control**" means the possession, directly or indirectly, of

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common control with, the Company. For purposes of this definition, "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of equity, voting or other interests, as trustee or executor, by contract or otherwise.

32. Further Assurances

The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

33. Surviving Obligations

The termination of the Executive's employment with the Company for any reason whatsoever will not prejudice the rights and obligations of the parties under this Agreement.

34. Currency, Deductions and Withholdings

All payments by the Company to the Executive under this Agreement will be made in Canadian funds and will be subject to all required statutory deductions and withholdings.

35. Assignment

The Executive agrees that this Agreement may be assigned by the Company to any of its affiliates or, with the Executive's consent, to any successor (whether direct or indirect, by purchase, amalgamation, arrangement, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company. The Executive shall not be entitled to any payment or other consideration or to any advance notice of any such assignment and, for greater certainty, such assignment shall not constitute a constructive dismissal. The Executive may not assign or delegate the Executive's duties under this Agreement without the prior written consent of the Company.

36. Severability

If any provision of this Agreement or any part thereof will for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part will be severable and severed from this Agreement and the other provisions of this Agreement will remain in effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

37. Waiver

Any waiver of any breach or default under this Agreement will only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver will be implied by any other act or conduct or by any indulgence, delay or omission. Any waiver will only apply to the specific matter waived and only in the specific instance in which it is waived.

38. Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Electronic and pdf copies of signed signature pages shall be

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binding originals.

39. Independent Legal Advice

The Executive hereby acknowledges and confirms having the full opportunity to seek independent legal advice prior to signing this Agreement, and further acknowledges that the Executive has read, understood, and agreed to be bound by all of the terms and conditions contained herein.

[**signature page follows**]

IN WITNESS WHEREOF the parties have entered into this Agreement as of the day and year first above written.

PURE SUNFARMS CORP.

Per: /s/ Michael A. DeGiglio
Michael A. DeGiglio
Global Chief Executive Officer
Village Farms International, Inc.

Signed by **ORVILLE BOVENSCHEN** in the presence of:	)	
/s/ Kim Davies	)	
Witness Signature	)	
	)	/s/ Orville Bovenschen
Kim Davies	)	**ORVILLE BOVENSCHEN**
Name	)	
Vancouver, BC	)	
Address	)	
Human Resources	)	
Occupation	)	

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 Quarterly Report on Form 10-Q of Village Farms International, Inc. for the quarter ended September 30, 2023 March 31, :
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 mak

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statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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 15 15(f)) for the registrant and have:

   (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;

   (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 f external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about th effectiveness of the disclosure controls and procedures as of, the end of the period covered by this report based on such evaluation; an

   (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 li to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (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

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's interna control over financial reporting.

November May 8, 2023 2024

/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

I, Stephen C. Ruffini, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Village Farms International, Inc. for the quarter ended September 30, 2023 March 31, 2

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 mak statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by 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 financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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:

   (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;

   (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;

   (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, as of the end of the period covered by this report based on such evaluation; 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'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

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):

   (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

   (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.

November May 8, 2023 2024

/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

In connection with the Quarterly Report of Village Farms International, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, 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

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations Company.

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November May 8, 2023 2024

/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 Quarterly Report of Village Farms International, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, 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. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations Company.

November May 8, 2023 2024

/s/ Stephen C. Ruffini

Name: Stephen C. Ruffini
Title: Chief Financial Officer
(Principal Financial Officer)

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