ENTRY INTO THE US WITH THE ACQUISITION OF GREEN ROADS

TSX: VLNS, OTCQX: VLNCF
TheValensCompany.com
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USE OF NON-GAAP MEASURES

Adjusted EBITDA is a non-GAAP measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines Adjusted EBITDA as loss and comprehensive loss from operations, as reported, before interest, tax, depreciation and amortization, and adjusted for removing share-based payments, unrealized gains and losses from short term investments and other one-time and non-cash items including impairment losses. Management believes adjusted EBITDA is a useful financial metric to assess its operating performance on an adjusted basis as described above. A description of these financial measures, including a reconciliation of such measures, to the extent possible, against the most directly comparable IFRS measure, can be found starting on page 7 of the MD&A for the three-month period ended February 28, 2021.
TRANSACTION OVERVIEW

FIRST PIECE OF THE PUZZLE IN VALENS US STRATEGY

- Green Roads represents the first piece of the puzzle in Valens US strategy, securing a leading CBD business with distribution across physical retailers and online direct-to-consumer

- Owned manufacturing with domestic and international distribution capabilities, Valens views this as the most attractive entry point in the US CBD marketplace, similar to the platform Valens has built in the Canadian market

- Upfront purchase price of US$40 million represents 1.8x fiscal 2020 revenue. Including the fully realized earnout of US$20M, the acquisition represents ~4.5x fiscal 2022 EBITDA

- Strategic benefits of the transaction include:
  1. Access to the largest cannabinoid market in the world, with the US CBD market currently estimated at nearly C$6B
  2. Acquisition of the largest privately held CBD player in the US, ranked 2nd by market share
  3. Proven team with significant experience producing and distributing cannabinoid-based health & wellness products
  4. Speed to market with a facility that is already operational and producing significant revenue
  5. Located in Florida, one of the more progressive cannabinoid states

(1) Based on US$22.3M of 2020 revenue for Green Roads standalone, presently unaudited
(2) US CBD market size and market share as per latest estimates from Brightfield Group, Q3 2020 being the latest available market share data
(3) USD/CAD exchange rate of 1.25 as of April 23rd, 2021
### TRANSACTION OVERVIEW

**TERMS OF THE ACQUISITION**

<table>
<thead>
<tr>
<th>Proposed Transaction</th>
<th>Acquisition of all of the issued and outstanding shares of Green Roads</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction Size</strong></td>
<td>US$40,000,000 upfront, up to a total of US$60,000,000 if full EBITDA milestones are achieved</td>
</tr>
</tbody>
</table>
| **Consideration**    | • US$25,400,000 in common shares of Valens  
• Up to US$14,600,000 in cash (common shares and cash collectively the “Upfront Consideration”)  
• Up to US$20,000,000 payable by way of common shares or cash at Valens option upon achieving the Milestones (as defined below) |
| **Milestones**       | Full consideration upon achieving LTM EBITDA of US$13,300,000 by Dec 31st, 2022 |
| **Lock-Ups**         | Standard and customary, subject to typical blackout periods |
| **Timing**           | Transaction expected to close June 2021 |
MARKET SIZE

IMMEDIATE INCREASE IN TOTAL ADDRESSABLE MARKET

- Provides Valens with access to the largest cannabinoid market in the world, tripling its total addressable market
- Despite significant impacts from COVID-19 store closures in 2020, the US CBD industry is poised for a rebound

Addressable Market Size

- Canadian market size per Statistics Canada and Stifel GMP forecasts
- US CBD market size estimates as per Brightfield Group
- USD/CAD exchange rate of 1.25 as of April 23rd, 2021

Market Size Forecasts

(1) Canadian market size per Statistics Canada and Stifel GMP forecasts
(2) US CBD market size estimates as per Brightfield Group
(3) USD/CAD exchange rate of 1.25 as of April 23rd, 2021
OVERVIEW OF GREEN ROADS

EXPERIENCED TEAM, NIMBLE PRODUCTION CAPACITIES

Green Roads is a leading US CBD company based in Florida with existing distribution and manufacturing operations:

- Product offering spans all major categories including tinctures, topicals, edibles, and more
- Owned manufacturing facility for tinctures and topicals, while leveraging co-manufacturers for more specialized products
- Operates a distribution facility which supports its B2B and B2C business lines

Green Road's CBD products are available in multiple major US retailers:

- In recent months, Green Roads have made strides in bolstering their online presence to drive further E-commerce sales

Green Roads Product Portfolio

Strong Customer Satisfaction

- 30,000+ Five-star reviews
- 94% Of Green Roads customers say they are likely to purchase again
- 96% Of customers say they would recommend Green Roads to a friend

7,000 Retail locations

200,000+ Customers currently opted-in to Green Road’s email list
KEY MANAGEMENT

OVERVIEW

LAURA BALDWIN FUENTES  
CEO and Founder

DALE BAKER  
President and COO

JOHN WAZOWICZ  
CFO

LEE SOSIN  
CMO

PAM KROP  
General Counsel and SVP International

KEN MARK  
CTO
COMPETITIVE LANDSCAPE

THE GREEN ROADS BRAND RESONATES WITH CONSUMERS

- Green Roads is the 2nd largest US CBD company by market share, with a consistent positive trend of increasing market share sequentially.

Estimated US CBD Market Share

<table>
<thead>
<tr>
<th>Quarter (Q)</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Market Share</td>
<td>1.6</td>
<td>3.2</td>
<td>3.7</td>
</tr>
<tr>
<td>% Market Share</td>
<td>1.2</td>
<td>2.0</td>
<td>2.1</td>
</tr>
<tr>
<td>% Market Share</td>
<td>1.3</td>
<td>2.8</td>
<td>1.8</td>
</tr>
<tr>
<td>% Market Share</td>
<td>0.6</td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td>% Market Share</td>
<td>0.8</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Valuation

- $526M
- $40M + Milestones
- Private $181M
- $50M

Notes:

(1) Market share based on latest estimates from Brightfield Group, Q3 2020 being the latest available data
(2) Enterprise value per Capital IQ, figures in USD, as of April 23rd, 2021
Exploit “Low Hanging” Opportunities
1. Best practice sharing: SOPs, R&D, QA, testing
2. Drive market share: capital injection for marketing & sales, introduction of Valens relationships, new distribution channel development
3. Expand product offerings: new formats, formulations, IP, introduction of rare cannabinoids
4. Segmentation of portfolio: brands across lifestyle, health & wellness, and medical segments
5. International expansion: focused resources on key target markets

Backward Integration in the Value Chain
1. Extraction: introduction of Valens core expertise and IP
2. Quality standards: increased efforts in quality control, stability, and testing protocols
3. R&D: shared learnings, platforms and IP

Expansion into US THC upon Federal Legalization
1. Product Portfolio: introduction of brands, products and associated IP
2. Distribution: leverage Valens network of relationships
3. M&A: acquisition of complementary businesses that drive value for Valens shareholders
• Acquisition will add ~12.7M shares as part of the upfront consideration (US$25.4M) along with cash of up to US$14.6M

• Upfront purchase price of US$40 million represents ~1.8x fiscal 2020 revenue (2) including the fully realized earnout of US$20M, represents ~4.5x fiscal 2022 EBITDA

• On a pro forma basis, the combination of Valens and Green Roads results in a business which generated total revenue of ~C$111.6M in fiscal 2020

• Based on the estimated capitalization post-closing, the combined entity is valued at ~4.7x 2020 revenue, a significant discount to Canadian Cannabis peers at ~12.0x

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**Estimated Pro Forma Capitalization**

<table>
<thead>
<tr>
<th>(C$MM unless otherwise noted)</th>
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</thead>
<tbody>
<tr>
<td><strong>Share Price</strong></td>
<td>$3.14</td>
</tr>
<tr>
<td><strong>Basic Shares O/S</strong></td>
<td>172.0</td>
</tr>
<tr>
<td><strong>Fully Diluted</strong></td>
<td>188.3</td>
</tr>
<tr>
<td><strong>Equity Value</strong></td>
<td>$591.3</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td>$31.1</td>
</tr>
<tr>
<td><strong>Proceeds from ITM Securities</strong></td>
<td>$41.3</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>$9.0</td>
</tr>
<tr>
<td><strong>Enterprise Value (EV)</strong></td>
<td>$528.0</td>
</tr>
</tbody>
</table>

- **2020 Revenue**
  - Valens Standalone: $83.8
  - Green Roads: $27.8
  - **Total 2020 Revenue**: $111.6

- **2020 EV/Revenue**
  - Canadian Cannabis Peer Average: 12.0x
  - Valens Pro Forma: 4.7x

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(1) Valens share price as at April 23rd, 2021; USD/CAD exchange rate of 1.25 as of April 23rd, 2021, Valens standalone shares outstanding and cash balance based on financials as at February 28th, 2021; presented using the Treasury Stock Method; includes the upfront consideration of US$25.4M in shares and US$14.6M of cash

(2) Based on US$22.3M of 2020 revenue for Green Roads standalone, presently unaudited
The Valens Company & Green Roads share the same commitment to bring purposeful cannabis to the people of the world, not only as an overarching corporate mission but as a personal objective for each and every individual. Our experienced teams are passionate about the transformative potential of cannabis. We each have our unique story, but we have a common goal of creating exceptional products with the end-user in mind.