



## AGRAFLORA ORGANICS INTERNATIONAL INC.

### NEWS RELEASE

#### **AgraFlora Organics Reviews German Cannabis Industry; Begins Immediate Cannabis Supply Integration into Germany via Farmako Acquisition**

**Vancouver, British Columbia / October 31<sup>st</sup>, 2019 – AgraFlora Organics International Inc.** (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF), a growth oriented and diversified international cannabis company, is pleased to comment on Germany’s medical and pharmaceutical cannabis industries.

Germany, Europe’s largest economy and the most populous European Union (“EU”) member state introduced revised medical cannabis legislation in March 2017, affording the Country’s geometrically growing patient population access to an alternative form of therapy. Germany represents one of the ultimate global potentials for medical cannabis, due to:

- Estimated €420 billion in annual health care expenditures;
- 8,800,000 grams of total medicinal cannabis allowance in 2019;
- Median retail prices of between €20 and €25 per gram of medical cannabis flower;
- Largest consumer base for cannabis among all EU nations;
- Forecasted cannabis market size of €7.7 billion by 2028<sup>1</sup>; and
- Full reimbursement of 60% of all medical/pharmaceutical cannabis prescriptions.

Germany is presently the largest medicinal cannabis market in Europe and can be divided into two principal submarkets:

1. **Pharmaceutical Cannabis Market:** Representing cannabis-based pharmaceutical drugs, including Sativex, Dronabinol and Nabilone.
2. **Medical Cannabis Market:** Representing plant-based and plant-derived cannabis products (though Germany’s cannabis programs are still being developed, they are projected to be among the most robust in Europe).

Under current medical cannabis legislation, German public health insurers, which cover 90% of the population, are mandated to provide coverage for up to 140 grams of eligible cannabis medications per month; making Germany one of the most potentially valuable markets in Europe. Medical cannabis can be sold only through registered pharmacies, of which there are about 20,000 in Germany.

The German patient population for medical cannabis is experiencing exponential growth, with over approximately 100,000 patients now active as of October 2019, an increase from approximately 800 in 2017. Prohibition Partners has forecasted that Germany will eclipse 1,000,000 eligible medical cannabis patients by 2024.

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<sup>1</sup> Published by the data and intelligence firm Prohibition Partners, [the Germany Cannabis Report](#)

On October 25, 2019 AgraFlora announced the acquisition of 100 per cent of the issued and outstanding shares of The Good Company GmbH, the parent company of German European Union good distribution practice medical cannabis distributor, Farmako GmbH (“Farmako”).

Farmako is a leading European medical cannabis distributor, headquartered in Frankfurt, Germany, with affiliated companies in the United Kingdom, Luxembourg and Denmark. Farmako is equipped with the following German and European industry certifications and distribution licences, affording the company unparalleled access to Germany's exponentially growing medical cannabis marketplace:

- Medical wholesale distribution licence under German Medicines Act (“AMG”);
- Permit for narcotic drug handling as per German Betaubungsmittelgesetz (“BtMG”); and
- Certificate of EU-GDP.

Farmako's German distribution network extends over 19,800 pharmacies and comprises an aggregate patient population of over 100,000 unique individuals.

The German medical cannabis market remains dependent on imports to fulfill its expanding domestic demand curve. In 2017, Germany imported 1,200 kilograms of medicinal cannabis flower. German medical cannabis imports more than tripled in 2018, achieving total import quantities of approximately 4,400 kilograms; with more than half of eligible imports originating from Canadian suppliers.

CBD products are legal within the German operating theatre but must adhere to precise THC limits of less than 0.02%. CBD is marketed and sold in German under the following formats and form factors:

- CBD oil;
- CBD nicotine-free E-liquids;
- CBD capsules;
- CBD crystals;
- CBD-fused cosmetics; and
- Functional foods / CBD-infused edibles.

AgraFlora will pursue the processing of EU-GMP-compliant cannabis products from its flagship 2.2-million square foot Delta Greenhouse Facility for integration into Farmako's European distribution channels. EU-GMP certified cannabis products are eligible for import/export and sale in the European Union. European Good manufacturing practice (EU-GMP) certification is an internationally recognized system, mandated with ensuring all produced goods meet the highest consumer health and safety standard.

Planned German distribution of cannabis products produced at its Delta facility, at a forecasted unit contribution of 80 cents per gram, affords AgraFlora the opportunity to achieve unparalleled retail margins due to its seed-to-sale vertical integration.

The Company encourages current and prospective shareholders alike to download the Farmako corporate presentation by following the below stated URL:

<https://agraflora.com/download/28904/>

**About AgraFlora Organics International Inc.**

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. It owns an indoor cultivation operation in London, ON and is a joint venture partner in Propagation Services Canada Inc. and its large-scale 2,200,000 sq. ft. greenhouse complex in Delta, BC. The Company is also retrofitting a 51,500-square-foot good manufacturing practice ("GMP") edibles manufacturing facility in Winnipeg, Manitoba. AgraFlora has a successful record of creating shareholder value and is actively pursuing other opportunities within the cannabis industry. For more information please visit: [www.agraflora.com](http://www.agraflora.com).

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