



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AgraFlora Organics Receives Controlled Drug License in UK

Vancouver, British Columbia / January 23rd, 2020 – 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 announce that Farmako GmbH (“Farmako”), through its wholly owned subsidiary Farmako Limited has received its Home Office Controlled Drug License (the “License”).

Farmako Limited was awarded the License less than one month following the successful completion of its inspection by the UK Home Office in December 2019. Having obtained the License, Farmako Limited intends to commence wholesaling medical cannabis in the UK by mid-year 2020, including the importation of Bedrocan products from the Netherlands to the UK for patient distribution.

“The UK medicinal cannabis market has been estimated to reach US\$1.3 billion by 2024, with up to 1% of the UK’s population expected to be eligible to receive medicinal cannabis prescriptions by 2028¹,” said Katrin Eckmans, CEO of Farmako. “Obtaining the License is a key milestone for our European business, positioning Farmako Limited as an early leader in the rapidly developing UK medicinal cannabis market.”

The UK cannabis market is still in its early stages with recent legislative changes allowing specialist physicians to prescribe medical fulfilled through a pharmacy model. In addition, UK medical cannabis patients benefit from broad insurance coverage for medical cannabis provided by the UK’s National Health Service. Management believes access to broadly available insurance coverage for medicinal cannabis is one of the attractive features of the UK medicinal cannabis market. Farmako Limited’s management believes pending regulatory changes in the UK may create a more permissive environment for the importation and warehousing of Schedule 2 Controlled Drugs, including medicinal cannabis. Should this regulatory change occur, management believes it will further strengthen Farmako Limited’s position by creating synergies with the Company’s operations outside of the UK.

The License was issued by the UK Home Office in accordance with the Misuse of Drugs Act 1971 and its associated Misuse of Drugs Regulations. Farmako Limited is now fully licensed to pursue pharmaceutical/medical cannabis trading in the UK having previously obtained its certification for compliance with Good Distribution Practice (“GDP”) and having previously been granted the authorization for wholesale distribution (“WDA”) of medicinal products including medical cannabis from the UK’s Medicines and Healthcare Products Regulatory Agency (the “MRHA”).

Farmako Limited’s expeditious receipt of a UK Home Office Controlled Drug License further validates the Company’s ability to execute in underserved medicinal cannabis markets primed for growth. This

¹ https://prohibitionpartners.com/report-uploads/The%20UK%20Cannabis%20Report.pdf?utm_source=The+UK+Cannabis+Report&utm_campaign=e20535cbbe-AUTOMATION__UK_Cannabis_Report&utm_medium=email&utm_term=0_d7705e0d28-e20535cbbe-78720305

License award provides Farmako with early mover access to the high-profile UK marketplace and when coupled with broad National Health Service insurance coverage for medical cannabis to ensure patient outcomes, will be key strategic element of AgraFlora's global cannabis revenue generating trading platform over the coming quarters.

About Farmako GmbH

Farmako is a leading European medical cannabis distributor, headquartered in Frankfurt, Germany, with affiliated companies or wholly owned subsidiaries in the United Kingdom, Luxembourg and Denmark. Farmako has been actively distributing medical cannabis in Germany since 2019 through its German distribution network extending to over 20,000 pharmacies that comprise an aggregate patient population of over 100,000 unique patients. Farmako holds a Medical wholesale distribution licence under German Medicines Act (“AMG”), a Permit for narcotic drug handling as per German Betaubungsmittelgesetz (“BtMG”), a Certificate of EU-GDP, as well as a UK Home Office Controlled Drug License.

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.

ON BEHALF OF THE BOARD OF DIRECTORS

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Forward-looking Information Cautionary Statement

Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or

uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the business plans for AgraFlora Organics described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which are available at www.sedar.com.