

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Reporting Issuer**

AgraFlora Organics International Inc. (the “Company”)  
#804-750 West Pender Street  
Vancouver, BC V6C 2T7

**Item 2: Date of Material Change**

February 18, 2020.

**Item 3: News Release**

A news release was issued and disseminated on February 18, 2020 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

**Item 4: Summary of Material Changes**

The Company announced that its wholly owned subsidiary, Farmako GmbH (“**Farmako**”) has secured a special authorization from the German Federal Institute for Drugs and Medical Devices (“**BfArM**”) for the distribution of medical cannabis flowers that have undergone an ionizing radiation treatment (the “**AMRadV License**”).

**Item 5: Full Description of Material Change**

The Company announced that its wholly owned subsidiary, Farmako has secured the AMRadV License from the BfArM for the distribution of medical cannabis flowers that have undergone an ionizing radiation treatment. This is a critical milestone for Farmako, as the German medical cannabis wholesaler will now be able to import for sale in Germany medical cannabis that is EU-GMP certified, but which has been subject to sterilization by irradiation. To date, the German medical cannabis marketplace has been undersupplied due to a number of factors including the general scarcity of EU-GMP certified cannabis flowers available in the international market. The supply shortage is made worse because many EU-GMP exporting jurisdictions, such as Canada, commonly require the use of microbial sterilization prior to sale. Without the AMRadV License, such sterilized cannabis could not be made available for sale in Germany’s medical cannabis program.

Being one of a limited group of German companies with the AMRadV License and a growing network of 19,800 German pharmacies servicing over 100,000 patients, Farmako is well positioned for success in the German market. Germany’s medical cannabis market is estimated to be Europe’s largest medical cannabis markets and has the potential to develop into one of the world’s largest marketplaces for medical cannabis in the coming years.<sup>1</sup> Furthermore, expanded access to medical cannabis supply from a variety of source destinations as permitted by the AMRadV License, will allow Farmako to continue to position itself as a competitive pharmaceutical wholesaler; ensuring sustainable access to medical cannabis products for patients within the German marketplace.

Management believes Farmako has achieved a market share of approximately 8 per-cent of the German medical market. But with the patient population growing 12,400 per-cent since 2017 and the restrictions on sterilized cannabis flowers, Farmako has been unable to capture additional growth. With the additional license in hand, Farmako intends on rapidly expanding its international vendor network to increase its revenues and EBIT earned in the German market in 2020.

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<sup>1</sup> Published by the data and intelligence firm Prohibition Partners the Germany Cannabis Report.

### **About Farmako GmbH**

Farmako is one of Europe's leading distributors of medical cannabis with active revenue-generating operations in Germany, Europe's largest medicinal cannabis market. In 2020, Farmako expects to be one of the first, fully licensed distributors of medical cannabis in the United Kingdom. The Company is also pursuing medical cannabis distribution operations in Luxembourg and Denmark, two of Europe's fastest emerging medical cannabis markets. For more information please visit: <https://www.farmako-global.com/>

### **About AgraFlora Organics International Inc.**

AgraFlora Organics International Inc. is a leading cannabis company building shareholder value through the development of revenue generating operating assets in the global cannabis industry. AgraFlora is focused primarily on the Canadian cannabis industry; the world's most advanced and regulated legal cannabis market. Flagship Canadian assets include: Edibles & Infusions, a fully automated manufacturing facility in Winnipeg, MB for white-label and consumer branded edible production; Propagation Services Canada, a large-scale commercial greenhouse in Delta, BC focused on reshaping the Canadian flower market with high-potency, low cost cannabis flower, and AAA Heidelberg, a craft focused cannabis producer in London, ON. In addition, AgraFlora's wholly owned subsidiary Farmako GmbH is scaling towards its goal of being Europe's leading distributor of medical cannabis. Farmako currently has active distribution operations in Germany and expects to commence active operations in the United Kingdom in 2020. For more information please visit: <https://agraflora.com/>.

**Item 6: Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7: Omitted Information**

Not applicable.

**Item 8: Executive Officer**

For additional information:

**AgraFlora Organics International Inc.**

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**Item 9: Date of Report**

February 18, 2020.