



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AGRAFLORA ORGANICS ANNOUNCES CONSTRUCTION COMPLETE AT WINNIPEG BASED EDIBLES MANUFACTURING FACILITY

Vancouver British Columbia / May 15, 2020 – AgraFlora Organics International Inc. (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF) is pleased to announce that its subsidiary The Edibles and Infusions Corporation (“EIC”) has completed construction on its 51,000-Square-foot fully-automated edibles manufacturing facility in Winnipeg, Manitoba (the “**Edibles Facility**”). The company is now preparing to apply for a Standard Processing License (the “**Processing License**”) from Health Canada. It intends to submit the application for the Processing License before the end of May 2020.



Edibles and Infusions Production Facility – Winnipeg, Manitoba

The completed 51,000 square-foot Edibles Facility was built to meet or exceed regulatory standards with respect to security, cleanliness and product safety. The equipment to be used for manufacturing is of the highest quality and will allow EIC to pursue EU-GMP certifications in the future. The equipment utilizes specialized dosing technology that provides specific dosing to meet regulatory requirements and customer specifications, while also reducing the risk of contamination or degradation of the cannabis inputs. When fully operational, EIC expects to produce over 250,000 pieces of precisely dosed edibles per eight-hour shift. The facility can be run 24/7 if required and is anticipated to require only 30 staff at full operation due to the high level of planned automation. The Edibles Facility is designed to be flexible with respect to future product lines including chocolates and drinks, and scalable up to 1,000,000 pieces of precisely dosed edibles per eight-hour shift with additional manufacturing lines.

James Fletcher, one of the founders and the operational manager of EIC stated, "Our Edibles facility is designed to be, to our knowledge, the most technologically advanced and efficient cannabis facilities in Canada. Our team has almost 100 years of knowledge and experience in private label confectionery manufacturing. Rather than trying to scale up practices developed in unlicensed establishments, we have built a Facility which can produce cannabis edibles using world-class food manufacturing processes. As a

result, we will be able to provide our clients with the highest level of service and support as we work together to build lasting and valuable brands nationwide.”

The EIC management team has almost a century of manufacturing experience in the confectionery industry, combined with guidance from multiple legal Canadian cannabis companies. Outside of cannabis, the team operates under multiple regulatory regimes including US FDA and its workflows are SQF Level 2 Certified to ensure food safety and business efficiency.

EIC currently holds a Research and Development license (“**R&D License**”) from Health Canada that allows it to produce cannabis edibles for the purpose of recipe development, including palatability studies. The company intends to use the R&D License to perfect its recipes with clients to ensure that customers are satisfied with the flavor, shape, size and mouthfeel of each gummy produced. Utilizing the R&D License this way will allow EIC to develop commercial relationships and be ready to scale revenue quickly upon the issuance of the Processing License.

“Edibles are the most attractive cannabis 2.0 product category to AgraFlora, and within that category gummies have emerged in Canada and the United States as the clear winner. EIC positions AgraFlora to be a leader in cannabis gummies,” stated Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora. “To date, the gummy category has not been fully supplied as companies have struggled to scale up manufacturing. We chose our management team based on their experience and our expectation of being able to scale quickly post-license to meet the needs of Canadian consumers and brands. Given the recent increase in cost of capital, we feel that our timing to come to market in 2020 is perfect as brands will be able to enter the edibles space using EIC as a partner without the capital expense or time involved with scaling up in-house manufacturing capacity. We look forward to EIC powering what we expect will be some of Canada’s top edible brands in 2020 and beyond.”

Although there is no guarantee on licensing timelines, management estimates that first revenue post-licensing will be delivered in Q4 2020.

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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/>.

About Edibles and Infusions Corporation

Edibles and Infusions Corporation is a joint venture formed between AgraFlora and one of North America's leading confectionary manufacturing families. The Joint Venture partner is one of Canada's oldest confectionary companies with over 100 years of active operations, and currently supplies confectionary and candy to over 20,000 locations throughout North America. Edibles and Infusions is constructing a purpose built, highly automated facility located in Winnipeg, MB. The facility employs state-of-the-art manufacturing equipment to produce pharmaceutical-grade quality cannabis edibles with a precise level of consistency for improved dosing accuracy, consistent consumer experiences and increased consumer safety. Edibles and Infusions is one of a small group of Canadian companies to successfully obtain a Research and Development License from Health Canada for edibles formulation testing and expects to commence fully-licensed manufacturing operations in 2020.

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.