



AGRAFLORA ORGANICS INTERNATIONAL INC.

NEWS RELEASE

AgraFlora Takes Steps to Obtain Additional EU-GMP Quality Cannabis for German Distribution

Vancouver British Columbia / June 5, 2020 – AgraFlora Organics International Inc. (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF) is pleased to announce that on June 3, 2020, its wholly owned subsidiary Farmako GmbH (“**Farmako**”) has entered into a binding supply term sheet (the “**Term Sheet**”) with ZenPharm Ltd (“**ZenPharm**”), a subsidiary of Zenabis Global Inc. (“**Zenabis**”) The Term Sheet serves as the basis to enter into a supply agreement which is expected to be completed in the coming weeks.

Under the conditions of the Term Sheet, ZenPharm will supply EU-GMP quality medical cannabis flower cultivated by Zenabis to Farmako for distribution to medical cannabis patients in Germany. The agreement is intended to facilitate the distribution of 1,500 kilograms of cannabis flower by Farmako in Germany over a 3 year term, with options for the parties to extend the supply relationship. Farmako will receive the products in Germany and distribute them nationally under its own brand to its roster of German pharmacies and doctors. The products provided by ZenPharm, initially including high potency THC flower and balanced THC and CBD flower, two product categories that management believes are in highest demand in Germany. Shipments to Farmako are expected to start in Q4 2020. The parties have further agreed to work collaboratively on additional product formulations to be added to the contemplated agreement in 2021, including cannabis oils and other novel dosage forms.

Farmako CEO Katrin Eckmans stated: “Having visited Zenabis’ Canadian facility at the end of 2019, I was very impressed. We have visited many facilities, and Zenabis’ ability to maintain the highest standards of professionalism and quality throughout the organization even while operating on a massive scale is commendable. Zenabis’ professional approach to growing cannabis, combined with Natrix Sciences’ experience with innovative and complex pharmaceutical products in Malta is a perfect interplay to provide a broad portfolio of high quality medical cannabis products for patients in Germany and across Europe.”

Germany is currently the lion market for medical cannabis in Europe, accounting for a market value of over EUR 170 million in a solid regulatory setting, resulting in other European countries further opening up and using the German regulatory framework as a role model. Since the German legalization of medical cannabis in March 2017, the market has more than doubled every year. In 2019, more than 6,700 kg of flower were imported to be dispensed to patients in German pharmacies (3,000 kg in 2018), with flower accounting for more than half of the overall German medical cannabis market. By the end of the second year following legalization, Germany saw more than 140,000 cannabis prescriptions issued, with insurance reimbursements having increased nearly 70% in 2019 compared to 2018. The second half of 2020 will show a diversification of available products on the market, and it is expected that market growth rates will continue at a high pace. [1] Source: Prohibition Partners, MJBizDaily

Angèle Azzopardi, Chief Executive Officer ZenPharm said, “Our Team is incredibly proud to carry this operation forward. This agreement not only showcases Zenabis’ commitment but also evidences the Zenabis, ZenPharm trans-Atlantic synergy in delivering medicinal cannabis products to Europe. We look forward to developing our relationship with Farmako, especially as more conventional dosage forms of medicinal cannabis products come to the market.”

"Zenabis and ZenPharm have presented themselves as professional and reliable partners to Farmako throughout the last year of our common work, with dedication to detail and also looking for a long-term, sustainable cooperation,” stated Brandon Boddy, Chairman and Chief Executive Officer of AgraFlora. “I believe this a great fit for Farmako, and we are very happy and proud about the signing and are looking forward to working with the team in Canada and Malta towards the initial shipment of medical cannabis grown by Zenabis to Frankfurt, serving patients in Germany.”

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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 Farmako GmbH

Farmako GmbH is a pharmaceutical wholesaler based in Frankfurt, Germany. The company focuses on the distribution of medical cannabis to pharmacies with the aim of securing the supply for cannabis patients and closing the gap between supply and demand for medical cannabis. Farmako is planning to expand its business model into other European countries with a corresponding legal basis, scaling towards its goal of being Europe’s leading distributor of medicinal cannabis. The company already distributes medical cannabis to pharmacies in Germany since March 2019 and is fully licenses in the UK to start distribution operations there in 2020. Farmako is a 100% subsidiary of AgraFlora Organics International Inc. For more information please visit: <https://www.farmako-global.com/>.

ON BEHALF OF THE BOARD OF DIRECTORS

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