

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

AgraFlora Organics International Inc. (the “Company” or “AgraFlora”)
789 West Pender Street
Suite 810
Vancouver, BC
V6C 1H2

Item 2 Date of Material Change

April 5, 2021

Item 3 News Release

The press release attached as Schedule “A” was disseminated through Globe Newswire on April 6, 2021 with respect to the material change. The news release was subsequently filed on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Item 4 Summary of Material Change

On April 6, 2021, the Company announced that it and its fellow shareholders have entered into an agreement to sell The Edibles & Infusions Corporation (“EIC”), an entity of which AgraFlora owns 43% to Organigram Holdings Inc. (“OGI”), for consideration of \$22 million in shares of OGI, plus up to an additional \$13 million in shares of OGI receivable upon the EIC business achieving certain earn-out milestones.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Please see the press release attached as Schedule “A”.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following executive officer is knowledgeable about the material change and may be contacted about this report:

Nick Kuzyk
Investor Relations
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Email: ir@agraflora.ca
Website: www.agraflora.ca

Item 9 Date of Report

April 15, 2021.

Schedule “A”

[See Attached]



AGRAFLORA ORGANICS INTERNATIONAL INC.

- NEWS RELEASE -

AgraFlora and Other Owners Agree to Sell Edibles Business for \$35 Million to Organigram

\$22 Million in Shares of Organigram Received at Closing and Up To \$13 Million More Receivable Upon Achievement of Certain Earn-Out Milestones

Vancouver, British Columbia / April 6, 2021 (Globe Newswire) – AgraFlora Organics International Inc. (“AgraFlora” or the “Company”) (CSE: AGRA) (Frankfurt: PU31) (OTCPK: AGFAF) is pleased to announce that it and its fellow shareholders have entered into an agreement to sell The Edibles & Infusions Corporation (“EIC”), an entity of which AgraFlora owns 43%, to Organigram Holdings Inc. (TSX: OGI and NASDAQ: OGI) (“OGI”), for consideration of \$22 million in shares of OGI (the “EIC Transaction”), plus up to an additional \$13 million in shares of OGI (the “Additional Consideration”) receivable upon the EIC business achieving certain earn-out milestones (the “Milestones”). The EIC Transaction strongly positions AgraFlora for the future with its net share of up to \$35 million in aggregate proceeds as it continues to evolve its competitive strategy within the changing global cannabis industry.

“AgraFlora and Organigram have enjoyed working towards the closing of the EIC Transaction,” said Elise Coppens, Chief Executive Officer and Director of AgraFlora. “The EIC facility was designed to handle both smaller-batch artisanal manufacturing and, more importantly, large-scale nutraceutical-grade and high-efficiency production with a view to gaining EU GMP certification. Organigram found the facility’s design and flexibility attractive, while AgraFlora is now better positioned with its net share of the transaction proceeds to explore new opportunities, potentially in the United States. As such, we view this transaction as truly mutually beneficial,” added Ms. Coppens.

Key Transaction Terms

The gross purchase price receivable by AgraFlora and the other shareholders on closing of the EIC Transaction is \$22 million, receivable in full by the issuance of 5,045,872 common shares of OGI based on its closing price of \$4.36 on April 5, 2021. Upon satisfaction of the Milestones, OGI will issue up to an aggregate of an additional \$13 million of its common shares proportionately to AgraFlora and the other shareholders, for which the number of common shares will be determined upon achievement of each Milestone. The Milestones include:

1. \$3.5 million to be received in common shares of OGI on first listing prior to December 31, 2021 in either the Ontario or Alberta recreational market of EIC or Organigram branded product (which was manufactured at the EIC facility);
2. \$7.0 million to be received in common shares of OGI on the successful completion of \$15 million in net revenue during the 12 months ended December 31, 2022;
3. \$2.5 million to be received in common shares of OGI on the generation of \$7 million in Adjusted EBITDA for the 12 months ended December 31, 2022.

The purchaser is an arm's length party to AgraFlora. The EIC Transaction has been approved by AgraFlora's Board of Directors. Milestone payments to be received in common shares of OGI shall be priced at the closing price on the Toronto Stock Exchange ("TSX") on the day prior to settlement. The EIC Transaction has received approval from the TSX and has also received customary conditions and approvals from OGI's senior lenders.

Advisors

Borden Ladner Gervais LLP, Chaitons LLP, MLT Aikins Law and Purdy Law acted as legal advisors to the vendors.

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. Its flagship Canadian asset is Propagation Services Canada, a large-scale commercial greenhouse in Delta, BC focused on reshaping the Canadian flower market with high-potency, low-cost cannabis. In addition, AgraFlora's wholly-owned subsidiary, Farmako GmbH, is focused on becoming 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 2021. For more information about AgraFlora, please visit agraflora.ca and its profile page on SEDAR at www.sedar.com.

ON BEHALF OF THE BOARD OF DIRECTORS

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The CSE and Information Service Provider have not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

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.