

## **International Exit: Farmako becomes part of AgraFlora**

- **AgraFlora, a listed Company and the fourth largest cannabis producer from Canada, acquires Farmako GmbH, the third largest independent wholesaler for pharmaceutical Cannabis in Germany.**
- **The transaction creates a fully integrated, vertical supply chain from production to distribution.**
- **Total volume of the transaction amounts to 15 million euros and consists of an exchange of shares and cash**

**Frankfurt, 25.10.2019.** Farmako, the Frankfurt based pharmaceutical wholesale company, becomes part of AgraFlora Organics International Inc. from Canada. The listed company (CSE: AGRA / Frankfurt: PU31), the fourth largest producer of cannabis worldwide, acquires 100 percent of the shares in The Good Company GmbH, the parent company of Farmako GmbH. The purchase price for the third largest independent wholesaler of medical cannabis in Germany has a volume of 15 million euros.

Farmako was founded at the end of 2018 and has achieved revenues of 1.6 million euros in the distribution of pharmaceutical cannabis since its operational start in March 2019. The company received the necessary permits and licenses for distribution in February 2019 and has now positioned itself as one of the leading distributors in the German market. The distribution network comprises around 20,000 pharmacies which Farmako can supply with pharmaceutical cannabis. Farmako also has a license in the United Kingdom and affiliated companies in Denmark and Luxembourg.

AgraFlora is the fourth largest producer of cannabis in the world with 251 tons production capacity for 2020 (forecast). Farmako will become AgraFlora's exclusive distributor in Germany and Europe. This will create an integrated value chain from production to distribution that guarantees the supply of high-quality cannabis to patients in Europe.

### **Farmako focuses on patient care**

"There are nearly 100,000 patients in Germany now who use medical cannabis. To provide them access to the necessary medicine is our primary goal. With AgraFlora we have found a strong partner: The combination of their cultivation capacities and our distribution network ensures full vertical integration and will secure the supply of pharmaceutical cannabis in the future", says Katrin Eckmans, CEO of Farmako GmbH.

### **AgraFlora sees great potential in Germany and Europe through the acquisition**

Bandon Boddy, Chairman and CEO of AgraFlora: "From the beginning, the market opportunity for medical cannabis in Germany has been an integral part of AgraFlora's global growth strategy. We have long prioritized Germany as one of the most exciting medical cannabis markets in the world given its progressive regulations; rapidly expanding patient population and insurance coverage for over 60 per cent of prescriptions- the acquisition of Farmako confirms our thesis."

"We have chosen the best out of various available options such as financing rounds and pure cash sale. We consider AgraFlora's share price to be undervalued and are convinced of a positive development. The combination of share exchange and cash gives the founders and shareholders many opportunities to further increase the sales proceeds", says Sebastian Diemer, founder of Farmako.

### **Proceeds from sale of shares and cash**

The total volume of the exit is at least 15 million euros and consists of an exchange of shares and cash. The majority of the sale proceeds will go to the founders and shareholders of Farmako GmbH as shares in AgraFlora. Farmako will still remain as a company. AgraFlora also redeems shareholder loans and provides Farmako with fresh capital.

### **About Farmako**

Farmako GmbH is a pharmaceutical wholesaler based in Frankfurt. The company focuses on the distribution of medical cannabis to pharmacies with the aim of securing the supply for cannabis patients and catching up with the gap between supply and demand. Farmako is planning to expand its business model into other European countries with a corresponding legal basis. Farmako already has affiliated companies in Luxembourg, Denmark and Great Britain. <https://www.farmako-global.com>

### **About AgraFlora**

AgraFlora Organics International Inc. is a growth-oriented and diversified company focused on the international cannabis industry. The Vancouver-based company is a joint venture partner of Propagation Service Canada. The two partners operate the 205,000 square meter greenhouse complex for the production of medical cannabis. The production site is the second largest production facility in Canada after Smiths Falls Production (Canopy Growth Corp., the world's largest cannabis company). AgraFlora will distribute its EU-GMP compliant cannabis products through Farmako in future. EU-GMP-certified cannabis products are approved for import/export and sale in the European Union. [www.agraflora.com](http://www.agraflora.com)

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