

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: [AgraFlora Organics International Inc.](#) (the "Issuer" or the "Company" or "AgraFlora").

Trading Symbol: [AGRA](#)

Number of Outstanding Listed Securities: [1,490,807,232 as at September 30, 2020](#)

Date: [October 1, 2020](#)

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

[See Item 2 below for a general overview and discussion of the Issuer's activities for the month of September 2020.](#)

The Issuer confirms that the impact of COVID-19 on its business and operations has been minimal. The Issuer is continuing to move forward with obtaining its license to cultivate cannabis from Health Canada and is continuing with building out the Issuer's 2.2 million square foot Delta Greenhouse Facility (the "Delta Facility")

2. Provide a general overview and discussion of the activities of management.

During the month of **September 2020**:

- o The Issuer's wholly owned subsidiary Farmako GmbH executed a binding supply agreement with ZenPharm Ltd., a subsidiary of Zenabis Global Inc.
  - o The Issuer's wholly owned subsidiary, Farmako GmbH, entered into a binding distribution agreement with Adjupharm GmbH, the German subsidiary of IM Cannabis Corp.
  - o The Issuer tended to general management and administrative matters.
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Please refer to Item 5 below.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable for the month of September 2020.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

On **September 15, 2020**, the Issuer's wholly owned subsidiary Farmako GmbH executed the binding supply agreement with ZenPharm Ltd., a subsidiary of Zenabis Global Inc.

Pursuant to the supply agreement, 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 three-year term. Farmako will distribute the products to its established network of German pharmacies. The products will carry Farmako's branding, an important step in building brand awareness and loyalty with physicians, pharmacists and patients. The products initially include 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 November, 2020.

On **September 17, 2020**, the issuer announced that on Sept. 9, 2020, Agriflora Organics International Inc.'s wholly owned subsidiary, Farmako GmbH, entered into a binding distribution agreement with Adjupharm GmbH, the German subsidiary of IM Cannabis Corp.

Under the distribution agreement, Adjupharm will supply European Union-good manufacturing practice medical cannabis flower to Farmako for distribution to medical cannabis patients in Germany over a three-year term. Farmako will distribute the products in Germany under the IM brand to its established network of German pharmacies. The distribution agreement is expected to launch with first products in October, 2020.

The products provided by Adjupharm and distributed by Farmako include initially high-potency THC (tetrahydrocannabinol) flower. The portfolio is expected to be enhanced throughout Q1 2021 by balanced THC and CBD (cannabidiol) flower as well as CBD-dominant flower.

In addition to the IM-branded cannabis produced and procured by this distribution agreement, Farmako intends to launch additional in-house and third party branded medical cannabis products over the balance of 2020.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable for the month of September 2020.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable for the month of September 2020.

8. Describe the acquisition of new customers or loss of customers.

Not applicable for the month of September 2020.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

[Not applicable for the month of September 2020.](#)

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

[Not applicable for the month of September 2020.](#)

11. Report on any labour disputes and resolutions of those disputes if applicable.

[Not applicable for the month of September 2020.](#)

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

[Not applicable for the month of September 2020.](#)

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

[Not applicable for the month of September 2020.](#)

14. Provide details of any securities issued and options or warrants granted.

[Not applicable for the month of September 2020.](#)

15. Provide details of any loans to or by Related Persons.

[Not applicable for the month of September 2020.](#)

16. Provide details of any changes in directors, officers or committee members.

[Not applicable for the month of September 2020.](#)

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

[The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Management Discussion and Analysis dated June 30, 2020 \(the "MD&A"\). The MD&A is available on the Issuer's SEDAR profile at \[www.sedar.com\]\(http://www.sedar.com\) and on the Issuer's disclosure hall with the CSE at \[www.thecse.com\]\(http://www.thecse.com\).](#)

[Additional trends that are likely to impact the Issuer include:](#)

### **COVID-19**

[The outbreak of the coronavirus \("COVID-19"\) pandemic has impacted the Issuer's plans and activities. The Issuer may face disruption to operations, supply](#)

chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Issuer. There can be no assurance that the Issuer's personnel will not be impacted by these pandemic diseases and ultimately that the Issuer would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Issuer's operations and access to capital. There can be no assurance that the Issuer will not be impacted by adverse consequences that July be brought about by the COVID-19 pandemic on global financial markets July reduce resource prices, share prices and financial liquidity and thereby that July severely limit the financing capital available.

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## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated October 1, 2020

Brandon Boddy  
Name of Director or Senior  
Officer

"Brandon Boddy"  
Signature

Chairman, CEO & Director  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer  AgraFlora Organics International Inc.	For Month End  September 2020	Date of Report YY/MM/D  20/10/01
Issuer Address 750 West Pender Street		
City/Province/Postal Code Vancouver	Issuer Fax No. 604-685-6905	Issuer Telephone No. 604-682-2928
Contact Name  Brandon Boddy	Contact Position Chairman, CEO & Director	Contact Telephone No.  604-682-2928