

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: [1,939,506,778 as at April 30, 2021](#)

Date: [May 03, 2021](#)

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.

[.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 **April 2021**, the Issuer:

- Signed a definitive agreement to sell its wholly owned subsidiary, AAA Heidelberg Inc.
 - Entered into an agreement to sell The Edibles & Infusions Corp., an entity of which the Issuer owns 43%, to Organigram Holdings Inc.
 - Announced that Farmako GmbH, a wholly owned subsidiary of the Issuer, has begun supplying Stadapharm GmbH with its proprietary THC test kits.
 - Entered into a mutual release agreement with certain consultants, whereas among other things, the Issuer settled \$613,600 through the issuance of 12,272,000 common shares of the Company at a deemed price of \$0.05 per share.
 - 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.

On **April 12, 2021**, the Issuer announced that its wholly-owned subsidiary, Farmako GmbH ("Farmako") – a GDP certified pharmaceutical wholesaler with a focus on the cannabinoid therapy – has begun supplying STADAPHARM GmbH ("STADAPHARM") with its proprietary THC Testkits (the "THC Testkits"). The THC Testkits were developed and produced by Farmako in-house and will be supplied to STADAPHARM as a tool for pharmacists to detect THC and identify medical cannabis flowers and extracts in an easy, quick and cost-efficient way.

STADAPHARM, which is responsible for the Specialty Pharmaceuticals business within the STADA Group, will be entering the medical cannabis market in the second quarter of 2021. The company will launch its own THC-containing cannabis flower products and extracts and will also offer the THC Testkits, developed and produced by Farmako, along with its own products to pharmacists for the identity testing of medical cannabis.

Farmako has been supplying THC Testkits to pharmacies since December 2020. The THC Testkit, for which Farmako holds patent protection, facilitates identity testing of cannabis in only five minutes, without the need for further auxiliary devices or expensive reference substances – thus offering a better alternative to

the time-consuming and costly thin layer chromatography method of identity testing pharmaceutical ingredients or medicines containing THC. Further, the THC Testkit has been validated by the German testing laboratory DSI-pharm, Quality Services International GmbH, regarding its specificity for the purpose of identifying cannabis flowers and extracts according to German Pharmacopoeia.

Farmako has been active as reliable supplier of medical cannabis flowers since beginning of 2019. In Q4 2020 the product portfolio was enhanced by pharmaceutical grade CBD isolate (GMP) as well as the THC TestKit and IMC cannabis flowers. In the second quarter of 2021, Farmako will further complement its product range by offering its own high THC cannabis extracts at a fair price. In this way, Farmako takes root as a supplier with a comprehensive portfolio in the medical cannabis market and continues to present itself as reliable partner for the retail and wholesale market.

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 **April 2021**.

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.

Not applicable for the month of **April 2021**.

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 **April 2021**.

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.

On **April 1, 2021**, the Issuer announced the signing of a definitive agreement (the "Agreement") to sell its wholly-owned subsidiary, AAA Heidelberg Inc. ("AAA"), for cash consideration of approximately \$1 million (the "Transaction"). AAA operates an 8,800 square foot indoor growing facility in London, Ontario. The closing of the Transaction is subject to customary approvals and is expected to occur in the second quarter of 2021.

“With the positive developments being experienced in Delta, BC at our Propagation Services Canada facility, the AAA Heidelberg subsidiary was deemed to be non-core to the Company. Further, streamlining AgraFlora’s strategy, focusing on our core assets and benefiting from the cash proceeds of this Transaction are all high priorities for us at this transformative time,” said Elise Coppens, Chief Executive Officer and Director of AgraFlora. “On behalf of the Board of Directors, I would like to thank the purchaser for their professionalism and expediency during the course of this Transaction,” added Ms. Coppens.

On **April 6, 2021**, the Issuer 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. (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.

8. Describe the acquisition of new customers or loss of customers.
Not applicable for the month of **April 2021**.
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 **April 2021**.
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
Not applicable for the month of **April 2021**.
11. Report on any labour disputes and resolutions of those disputes if applicable.
Not applicable for the month of **April 2021**.
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 **April 2021**.
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.
On **April 20, 2021**, the Issuer announced that it has entered into a mutual release agreement (the "**Agreement**") with certain consultants (collectively, the "**Consultants**") pursuant to which the Consultants have agreed to terminate previous contracts and obligations arising out of those contracts. As a result, the Board of Directors has approved a settlement in the amount of \$613,600 through

the issuance of common shares of the Company (the "**Debt Settlement**"). Pursuant to the Debt Settlement, the Company issued an aggregate of 12,272,000 common shares of the Company to the Consultants at a deemed price of \$0.05 per share. The Consultants are unrelated to and unaffiliated with AgraFlora and are all arm's length to the Company.

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

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	12,272,000	Issued pursuant to a mutual release agreement ⁽¹⁾	N/A

Notes:

- (1) On **April 20, 2021**, the Issuer announced that it has entered into a mutual release agreement (the "**Agreement**") with certain consultants (collectively, the "**Consultants**") pursuant to which the Consultants have agreed to terminate previous contracts and obligations arising out of those contracts. As a result, the Board of Directors has approved a settlement in the amount of \$613,600 through the issuance of common shares of the Company (the "**Debt Settlement**"). Pursuant to the Debt Settlement, the Company issued an aggregate of 12,272,000 common shares of the Company to the Consultants at a deemed price of \$0.05 per share. The Consultants are unrelated to and unaffiliated with AgraFlora and are all arm's length to the Company.

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

Not applicable for the month of **April 2021**.

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

Not applicable for the month of **April 2021**.

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 May 3, 2021 (the "MD&A"). The MD&A is available on the Issuer's SEDAR profile at www.sedar.com and on the Issuer's disclosure hall with the CSE at 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 be brought about by the COVID-19 pandemic on global financial markets reduce resource prices, share prices and financial liquidity and thereby that severely limit the financing capital available.

[the balance of this page has been intentionally left blank]

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 May 3, 2021

Elise Coppens
Name of Director or Senior
Officer

"Elise Coppens"
Signature

CEO & Director
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
AgraFlora Organics International Inc.	April 2021	21/05/03
Issuer Address Suite 810 - 789 West Pender Street		
City/Province/Postal Code Vancouver, British Columbia, V6C 1H2	Issuer Fax No. 604-687-3141	Issuer Telephone No. 604-687-2038
Contact Name Elise Coppens	Contact Position CEO & Director	Contact Telephone No. 604-687-2038