



June 2, 2021

Dear Shareholders and Stakeholders of AgraFlora,

Two months have flown by since my last message to you all. We have been very busy at the company, onboarding Fiona Fitzmaurice as our new Chief Financial Officer, improving the balance sheet, focusing on operations and otherwise pointing AgraFlora in a clear direction. Please allow me to provide you with an update about our Delta facility, the Farmako subsidiary as well as some other news.

Propagation Services Canada – Delta, British Columbia

As the Company's top priority, we have been focusing the team's efforts on this asset and getting it to the milestone of generating revenue through the sale of cannabis. The first wholesale crop growing at the Delta greenhouse is on track for its cultivation, drying, processing and sale toward the end of this summer. We expect to sell the crop on a business-to-business basis to an LP with a sales license, either on a predetermined or spot basis, depending on the crop's quality and based on the results obtained via lab testing. Prior to that happening, however, some key operational steps need to take place in order to ensure that the crop matures in a healthy way and generates optimal yields.

As a point of interest, one of those steps is called "de-leafing" and we have about a 1.5-acre block of de-leafing to do on our crop. We use pipe rails for radiant heat, which also serve as tracks for our crop work and harvesting carts. This makes moving up and down 68-metre rows a lot easier and more efficient.

Lastly, because we are very excited about this and all future crops, we are working on a special announcement to better reflect and position our cannabis that grows by such a picturesque bay. Stay tuned...

Farmako GmbH – Frankfurt, Germany

Representing AgraFlora's presence in the middle part of the value chain, Farmako continues to distribute cannabis-related products internationally for the company in Europe. The team, led by Katrin Eckmans, is currently working hard to develop a line of Farmako Extracts with suppliers in North Macedonia and Poland. We expect that more about this will be announced in the near future.

Regarding the previously announced launch of Farmako's THC-Testkits, the subsidiary has delivered thousands of units to STADAPHARM for their distribution and sale as a 'big pharma' player. This mutually beneficial and trusted relationship underscores the growing importance of cannabis as medicine in this market, only four years after liberalisation of cannabis in Germany. As it turns out, launching the product at the end of last year was ideal from a timing perspective, since other players are now trying to enter the test kit market. However, Farmako used its first-mover advantage to secure a great distribution deal, establish a solid pharmacy-linked customer base and open the door for further wholesale deals. And because Farmako's THC-Testkit makes a pharmacist's job easier and helps maximize efficiency, the feedback from pharmacies so far has been overwhelmingly positive.

Financial Update

The company's financial statements and management discussion and analysis for both the audited year-ended 2020 and the unaudited first quarter of fiscal 2021 have been filed on SEDAR. For the period ending March 31, 2021, AgraFlora made major progress by reducing its total liabilities by CA\$20.6 million while recording a cash and marketable securities position of approximately CA\$1.5 million. Please note that this position does not include the current market value of the Organigram shares received from the sale of Edibles and Infusion Corporation ("EIC"), since that event took place in the second quarter of 2021 which means that it will be included in the next set of financial results. Although the sale of EIC significantly improves the company's working capital position on its own, management is also exploring the sale of its securities portfolio managed by JJ Wolf in the coming months to provide for additional working capital to grow the company in Canada, Germany and potentially in the United States.

Outlook

Entering the United States market, either directly, indirectly or as part of a transaction involving one or more third parties, remains a high priority for the management team and board of directors. We are excited about the potential upside in the US market and the magnitude of the opportunity that still exists south of the Canadian border. With the crop currently doing well at the Delta facility, Farmako growing its business and the company in a strong working capital position, I am confident that AgraFlora's path forward is clear and its future is bright.

I greatly appreciate your patience, understanding and continued support as shareholders and stakeholders of AgraFlora.

Sincerely,

Elise Coppens
CEO & Director

P.S.: Check out the new picture from Delta – the crop is looking great!



Pictured above: de-leafing a 1.5-acre block, May 2021.