

AgraFlora Organics International Inc.

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AgraFlora Organics completes acquisition of Germany's Good Company

AgraFlora Organics International Inc (CSE:AGRA) (OTCMKTS:AGFAF) said Friday it has closed the acquisition of 100% of the issued and outstanding shares of Germany's The Good Company GmbH.

On October 25, the Vancouver-based company acquired The Good Company, the parent company of German medical cannabis distributor, Farmako GmbH.

Farmako is a leading European medical cannabis distributor, headquartered in Frankfurt, with affiliated companies in the United Kingdom, Luxembourg and Denmark. Farmako has a distribution network of 19,800 pharmacies covering 100,000 patients.

READ: AgraFlora Organics to design onsite farm-gate retail facilities at its Ontario operations

In a statement, AgraFlora Organics CEO Brandon Boddy said the combined entity will be equipped with "world-class" upstream cultivation assets, as well as efficient European downstream capabilities that will "act as a beachhead" into the 700-million-person European marketplace.

"It will crystallize a defendable advantage within the edibles, cannabinoid-infused beverage and product formulation market verticals," said Boddy.

"Farmako's prestigious good distribution practice certification marks the highest standards of medical cannabis distribution in the world, permitting the bulk warehousing of medical cannabis on German soil, allowing for direct sales into an underserved marketplace," he added.

Boddy said the acquisition solidified AgraFlora as a global cannabis leader and further reinforced the firm's vertical integration.

Key licences in Germany

The company said Farmako has "unparalleled access" to Germany's growing medical cannabis marketplace as it has a medical wholesale distribution licence under the German Medicines Act. It also has a permit for narcotic drug handling issued by German Betaubungsmittelgesetz.

Most significantly, Farmako hauled in revenues of over \$2,750,000 in the 2019 fiscal year and has captured 8% share of Germany's medical cannabis market, said the company.

According to market data from Insight Health, a German patient is prescribed approximately 30 grams of medical cannabis per month. When extrapolated, this equates to annualized cannabis demand of 36 tons, pointed out the company, while noting that the country represented the "largest consumer base" for cannabis in the European Union.

Patients enjoy full reimbursement of 60% of all medical/pharmaceutical cannabis prescriptions, said the company.

Price: 0.05

Market Cap: \$21.85 m

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: AGRA

Listing: CSE

52 week	High	Low
	0.63	0.03

Sector: Cannabis

Website: agraflora.com

Company Synopsis:

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. The Company is a vertically integrated with significant cultivation, manufacturing, branding and distribution capabilities. Its flagship asset is a joint venture in a large-scale 2,200,000 sq. ft. greenhouse complex in Delta, BC, currently being retrofitted for cannabis production.

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The German medicinal cannabis market can be divided into two principal submarkets. The pharmaceutical cannabis market consists of cannabis-based drugs like Sativex, Dronabinol and Nabilone, while the medical cannabis market consists of plant-based cannabis products.

Progress in the UK market

AgraFlora's UK subsidiary, Farmako Ltd, has completed its UK Home Office inspection for the purpose of obtaining a controlled drug licence.

In 2019, Farmako Ltd received authorization for the wholesale distribution of medicinal products, including medical cannabis after completing a successful inspection by UK's Medicines and Healthcare Products Regulatory Agency, said the company.

The UK medicinal cannabis market is forecast to touch \$1.3 billion by 2024. Prohibition Partners estimates that up to 1% of the UK population could qualify as medical cannabis patients by 2028.

"Initially, Farmako Ltd will pursue the import of Bedrocan products from the Netherlands to the UK for end-patient distribution," said the company.

Within the UK, medical/pharmaceutical cannabis can be prescribed by physicians for multiple sclerosis, chemotherapy-induced nausea, severe treatment-resistant epilepsy in children, chronic pain in adults and appetite and weight loss associated with HIV/AIDS.

Prohibition Partners estimates that there are as many as 3.6 million active cannabis users in the UK.

AgraFlora is based in Vancouver and owns an indoor cultivation facility in London, Ontario, as well as an edibles manufacturing facility in Winnipeg, currently being retrofitted. The company is also a joint venture partner in Propagation Services Canada Inc, which operates a 2.2 million-square-foot greenhouse complex in Delta, British Columbia.

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