

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 3 RD
	)	
JUSTICE CAVANAGH	)	DAY OF NOVEMBER, 2022

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c.C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF THE FLOWR CORPORATION, THE FLOWR
CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC.,
AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

ORDER
(Re: Approval of Stalking Horse Agreement)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, and c. C-36, as amended (the "**CCAA**") was heard this day by Zoom video conference.

ON READING the Notice of Motion dated October 31, 2022, the Affidavit of Darren Karasiuk sworn on October 20, 2022 and the Exhibits thereto (the "**Initial Karasiuk Affidavit**"), the Affidavit of Darren Karasiuk sworn on October 31, 2022 and the Exhibits thereto (the "**Second Karasiuk Affidavit**"), the pre-filing report of Ernst & Young Inc., in its capacity as proposed monitor of the Applicants (the "**Monitor**"), dated October 20, 2022 (the "**Pre-Filing Report**"), the First Report of the Monitor dated October 27, 2022 (the "**First Report**"), and the Second Report of the Monitor dated November 2, 2022 (the "**Second Report**"), and on hearing the submissions of counsel for Applicants, counsel for the Monitor and counsel for the DIP Lender,

no one appearing for any other party although duly served as appears from the affidavit of Alina Stoica sworn November 2, 2022, filed,

SERVICE AND DEFINED TERMS

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them under the SISP Order dated October 28, 2022.

THE STALKING HORSE PURCHASE AGREEMENT

3. **THIS COURT ORDERS** that The Flowr Canada Holdings ULC (the “**Vendor**”) and The Flowr Group (Okanagan) Inc. (the “**Company**”) are hereby authorized and empowered to enter into the stalking horse purchase agreement dated October 31, 2022 (the “**Stalking Horse Purchase Agreement**”) between the Vendor, the Company and 1000343100 Ontario Inc. (in such capacity, the “**Stalking Horse Bidder**”) and attached as Exhibit “A” to the Second Karasiuk Affidavit, *nunc pro tunc*, and such minor amendments as may be acceptable to each of the parties thereto, with the approval of the Monitor; provided that nothing herein approves the sale and vesting of any Property to the Stalking Horse Bidder pursuant to the Stalking Horse Purchase Agreement and that the approval of any sale and vesting of any such Property shall be considered by this Court on a subsequent motion made to this Court if the Stalking Horse Purchase Agreement is the Successful Bid pursuant to the SISP.

4. **THIS COURT ORDERS** that the Break Fee, as defined in the Stalking Horse Purchase Agreement, is hereby approved and, in the event the Stalking Horse Bidder is not the Successful Party under the SISP, the Applicants are hereby authorized and directed to pay the Break Fee to the Stalking Horse Bidder in the manner and circumstances described in the Stalking Horse Purchase Agreement.

5. **THIS COURT ORDERS** that the Stalking Horse Agreement be and is hereby approved and accepted for the purposes of being the Stalking Horse Bid under the SISP.

GENERAL

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

8. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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1985, c.C-36 AS AMENDED
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FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR
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Court File No.: CV-22-00688966-00CL

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Proceeding commenced at Toronto

**ORDER DATED NOVEMBER 3, 2022
(RE: STALKING HORSE AGREEMENT)**

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