



## The Flowr Corporation and certain subsidiaries (“Flowr” or the “Company”)

### SUMMARY

On October 20, 2022, Flowr and certain of its subsidiaries were granted an initial order (as amended or amended and restated from time to time, the “Initial Order”) under the *Companies’ Creditors Arrangement Act* (the “CCAA” and the “CCAA Proceedings”) by the Ontario Superior Court of Justice (the “Court”). The Initial Order appointed Ernst & Young Inc. as Monitor of the Company (the “Monitor”).

On October 28, 2022, Flowr received Court approval of a sale and investment solicitation process (the “SISP”), to solicit interest in an acquisition or refinancing of Flowr or a sale of the assets and/or the business of Flowr by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction (the “Opportunity”). The Monitor will be overseeing, assisting and be in consultation with Flowr throughout the SISP.

If you are interested in pursuing this opportunity, please sign back the non-disclosure agreement (“NDA”).

### BUSINESS OVERVIEW

Flowr is a cultivator, processor, and seller of cannabis and is in full compliance with Health Canada regulations. The Company currently sells product through authorized distributors and retailers in 4 provinces and territories in Canada. The Company also sells wholesale cannabis to other cannabis license holders across Canada and has international supply agreements for the European and Israeli markets. The Company’s state-of-the-art 20 room indoor purpose-built cultivation facility is a key differentiator in their business, with operations and processes designed to produce premium cannabis and mitigate crop risk.

### KEY INVESTMENT ATTRIBUTES

Company built to capitalize on international market opportunity

- The cannabis industry continues to evolve and grow as it is still a nascent market providing a substantial growth opportunity globally with strong demand for Canadian cannabis.
- Flowr’s operations and product innovation are focused on consistency, predictability and reliability in order to differentiate the Company’s products from its competition and to capitalize on growing demand for premium cannabis.
- At the same time, the Company already has the production capacity to meet the growing international market. Flowr’s K1 Facility, located in Kelowna, British Columbia, provides the Company with a strategic advantage in the purpose-built design, self-contained modular grow rooms and robust production scale which will allow the Company to succeed in the international wholesale, contract growing and domestics markets.
- Flowr has a significant amount of its current capacity now under negotiation or contract with European and Israeli buyers providing the Company with the potential for stable revenue streams in the coming years at compelling prices.

World class cultivation facilities

- Flowr’s 85,000 sq. ft. indoor licensed facility is designed and built to meet International Council for Harmonization’s good manufacturing practices standards and has a forecasted production capacity of ~8,000 kg grams of high-quality flower per year.
- The K1 Facility has a total of 20 separate growing rooms, a purpose-built irrigation system, and an automated packaging line that was commissioned in 2020.
- The custom designed indoor growing rooms provide a highly customizable and controlled environment. All unnecessary parts/equipment are stored outside the growing rooms to reduce risk of containment and the self-contained modular rooms ensure a consistent, high-quality output.
- Flowr’s K1 facility is fully staffed with seasoned cannabis professionals in all key functions.

## SISP PROCESS

Recipients of this document should direct any questions or requests for additional information to the Monitor contacts on the final page and should not contact anyone at the Company other than as directed or arranged by the Monitor.

As mentioned, the Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of Flowr as a going concern or a sale of all, substantially all or one or more components of Flowr's assets (the "Property") and business operations (the "Business") as a going concern or otherwise. The summary below, outlines the high level SISP, full details can be found in the Court-Approved SISP Order. Copies of all court documents can be found on the Monitor's Website at [www.ey.com/ca/flowr](http://www.ey.com/ca/flowr). The SISP is summarized as follows:

### INTEREST

1. Any party who wishes to participate in the SISP (a "Potential Bidder") must provide the following to Flowr and the Monitor: an executed NDA and a letter setting forth the identity, contact information and direct and indirect principals of the Potential Bidder.
2. Provide information to the Monitor as to their financial wherewithal to close a transaction.
3. Once the Monitor has received an executed NDA and is satisfied with the Potential Bidder's financial wherewithal to close a transaction, it shall provide the Potential Bidder access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room containing information about the Applicants and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request.

### FORMAL BINDING BID DEADLINE

1. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a "Bidder") shall submit a binding offer (a "Bid") that complies with certain requirements to the Monitor by no later than 5:00 PM (Eastern Time) on November 25, 2022 ("Bid Deadline"). Some of the elements that will be considered to determine if a Bid is a Qualified Bid (as defined below) include:
  - a. Whether the Bidder has a *bona fide* interest in completing a sale or investment;
  - b. Whether the Bidder has the financial capabilities to consummate such transaction;
  - c. Confirmation that, if the Bid is a Successful Bid, and Flowr has cash requirements in excess of the amounts available in the DIP Facility to get to closing of the transaction, then the Bidder will advance the funds to Flowr to allow them to fund their cash requirements by way of a non-revolving facility in a manner that does not impair the priority of the DIP Facility or otherwise is satisfactory to the DIP Lender; and
  - d. Whether the Bid has proposed a purchase price equal to or greater than that contained in the Stalking Horse Bid plus the break fee plus \$50,000.
2. The Monitor, in consultation with, and with the approval of Flowr, will designate the most competitive bids that comply with the foregoing requirements to be "Qualified Bids". In the event that there is a stalking horse agreement approved by the Court, this too will become a Qualified Bid.
3. The Monitor will then conduct and administer an Auction, if applicable, whereby parties that provided a Qualified Bid, including the Stalking Horse Bid (collectively, the "Qualified Parties"), shall be eligible to participate in the Auction.
4. The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids. Before the conclusion of the Auction, the Monitor, in consultation with Flowr, will review each Qualified Bid and identify the highest or otherwise best bid received at the Auction (the "Successful Bid").
5. Flowr will seek court approval to consummate the Successful Bid.

## KEY CONTACTS

All communication relating to this Opportunity should be directed to the Monitor:

Ernst & Young Inc.  
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Toronto, ON  
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Hotline: 1-833-681-0537 or 416-932-4923

Email: [flowr.monitor@ca.ey.com](mailto:flowr.monitor@ca.ey.com)

Attention: Daniel Taylor