November 21, 2022

[Name and Address of Bidder]

Dear [Bidder Name]:

RE: The Flowr Corporation Sale and Investment Solicitation Process – Bid Process Letter

Thank you for your continued interest in a possible purchase of, or investment in, all or part of the assets and business operations of The Flowr Corporation and certain of its subsidiaries (collectively, the "**Applicants**") pursuant to the Sale and Investment Solicitation Process (the "**SISP**") approved by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on October 28, 2022 (the "**SISP Order**") in the proceedings of the Applicants under the *Companies' Creditors Arrangement Act* (Canada). This letter provides an overview of the bid process procedures but is not intended to amend, restate or supersede the SISP and should be read together with the SISP. All capitalized terms used herein and not otherwise defined have the meanings given to them in the SISP.

Potential Bidders, Auction and Selection of Successful Bidder

Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their assets (the "**Property**") and business operations (the "**Business**") (a "**Bidder**") shall submit a binding offer (a "**Bid**") that complies with the requirements set out in Paragraph 13 of the SISP to Ernst & Young Inc, the court-appointed monitor (the "**Monitor**") by no later than **5:00 PM (Eastern Time) on November 25, 2022 (**the "**Bid Deadline**"). **To the extent possible, Potential Bidders are encouraged to submit their Bids by email**.

Attention: Alex Morrison, Karen Fung and Daniel Taylor
Ernst and Young Inc.
EY Tower, 100 Adelaide Street West
PO Box 1
Toronto, ON M5H 0B3

Email:Alex.F.Morrison@parthenon.ey.com,
Karen.K.Fung@parthenon.ey.com, Daniel.Taylor@parthenon.ey.com

The Bid must be either a **binding** offer to:

a) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); and/or
b) make an investment in, restructure, reorganize or refinance the Business of the Applicants (an "**Investment Proposal**");

The Applicants will be posting to the data room a copy of a form of binding purchase agreement. While the Applicants do not require the Potential Bidders to use this form, the Applicants are providing this to be of assistance to the bidders. For those that do use this template agreement, such Potential Bidder shall deliver, prior to the Bid Deadline: (i) a duly authorized and executed agreement, and (ii) a mark-up/blackline of the template agreement showing all amendments and modifications made.

The SISP further details the requirements for each of the Sale Proposal and Investment Proposal, however, a few items are highlighted below:

a) the Bid includes a letter stating that the Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
b) the Bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;
c) the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, but may be conditioned upon the Applicants receiving the required approvals or amendments relating to the licences required to operate the business, if necessary;
d) the Bid includes confirmation that, if the Bid is the Successful Bid and the Applicants has cash requirements in excess of the amounts available to them under the DIP Facility to get to a closing of the transaction then the Bidder will advance funds to the Applicants to allow them to fund their cash requirements by way of 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
e) the Bid contemplates closing the transaction set out therein on or before January 31, 2023.

As there has been a Stalking Horse Agreement (when referring to the bid, the "**Stalking Horse Bid**" and in referring to the DIP Lender, as purchaser, the "**Stalking Horse Bidder**") approved by the Court, the Monitor may only designate a Bid as a Qualified Bid (as defined below) where the proposed purchase price is equal to or greater than the purchase price contained in the Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus $235,000, which is the amount of the break fee ($185,000) plus $50,000. The purchase price under the Stalking Horse Bid is $3,888,888.88 plus the Closing DIP Loan (if any) and Assumed Liabilities (all as defined in the Stalking Horse Agreement). Further details, including the Stalking Horse Agreement can be viewed on the Monitor's website, www.ey.com/ca/flowr.

Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.

Following the Bid Deadline, the Applicants and the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants and with the approval of the Applicants, will designate the most competitive Bids that comply with the foregoing requirements to be "**Qualified Bids**". Only Bidders whose Bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s).

The Monitor, in consultation with the Applicants and with the approval of the Applicants, may waive strict compliance with any one or more of the requirements specified in the SISP and deem a non-compliant Bid to be a Qualified Bid.

The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.

The Monitor may, in consultation with the Applicants and with the approval of the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such Bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such transactions, (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the Bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Applicants and the Monitor.

If the Monitor receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an auction in accordance with the terms of this SISP (the "**Auction**"). Instructions to participate in the Auction will be provided to Qualified Parties not less than 24 hours prior to the Auction. The Auction date is currently set for December 1, 2022.

Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the "**Qualified Parties**"), shall be eligible to participate in the Auction. Each Qualified Party must inform the Monitor whether it intends to participate in the Auction by no later than 5:00 p.m. (Eastern Time) on the day prior to the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, then the Stalking Horse Bid shall be the Successful Bid.

At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), the Applicants shall, among other things, seek approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Applicants on and as of the date of approval of the Successful Bid by the Court.

Potential Bidders are reminded that binding offers must include written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction and a commitment to provide the required non-refundable deposit, in each case, in accordance with the requirements of the SISP.

General

In submitting a Bid, a Bidder acknowledges and represents that the Bidder, (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its offer; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants. The Monitor shall not have any liability whatsoever to any person or party, including without limitation any Qualified Parties or the Successful Bidder for any act or omission related to the process contemplated by the SISP. By submitting a bid, each Qualified Party or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever.

Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

The Applicants and the Monitor shall have the right to modify the SISP in accordance with its terms.

We would like to thank you again for your interest and we look forward to discussing this opportunity further with you.

Sincerely,

Ernst and Young Inc., in its capacity
as Monitor of the Applicants, and not in
its Corporate or Personal capacity.