Court File No.: CV-22-00688966-00C

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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**")

MOTION RECORD

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

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INDEX

TAB 1

Court File No. CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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. (the "**Applicants**")

NOTICE OF MOTION
(Re: Approval of Sale Transaction and Related Relief)

The Flowr Corporation ("**Flowr**"), The Flowr Canada Holdings ULC ("**Flowr Holdings**" or the "**Vendor**"), The Flowr Group (Okanagan) Inc. ("**Flowr Okanagan**" or the "**Purchased Entity**") and Terrace Global Inc. (collectively, the "**Flowr Group**" or the Applicants) will make a motion to Mr. Justice Cavanagh on Friday, December 16, 2022 at 10 a.m. Eastern Standard/Daylight Time or as soon after that time as the motion can be heard via Zoom videoconference.

PROPOSED METHOD OF HEARING: The motion is to be heard by video conference at the following location:

Zoom link to be uploaded on Caselines.

THE MOTION IS FOR:

1. An Order (the "**Approval and Vesting Order**") substantially in the form attached at Tab 3 of the Applicants' Motion Record herein, *inter alia*:

(a) approving the Amended and Restated Purchase Agreement (the "**Sale Agreement**") among Flowr Holdings, Flowr Okanagan, and Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc., the "**Purchaser**"), dated as of December 1, 2022, and the transaction contemplated therein (the "**Transaction**");

(b) adding 14588495 Canada Inc. ("**ResidualCo**") as an Applicant to these CCAA Proceedings;

(c) vesting in the Purchased Entity all of the Vendor's right, title and interest in and to the Transferred Assets, free and clear from any Encumbrances, except for the Permitted Encumbrances;

(d) vesting in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares (being all of the issued and outstanding common shares of Flowr Okanagan), free and clear from any Encumbrances;

(e) vesting absolutely and exclusively in ResidualCo, all Excluded Assets and Excluded Liabilities;

(f) discharging all Encumbrances against the Purchased Entity and its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situated (including, for certainty, the Transferred Assets and Retained Assets)[1] (collectively, the "**Purchased Entity Property**") other than the Permitted Encumbrances;

[1] Transferred Assets are as defined at Schedule D to the Sale Agreement and the Retained Assets are as defined at section 4.1 of the Sale Agreement to be Flowr Okanagan's equipment, Assumed Contracts, Permits and Licenses, Books and Records, Business and undertakings.

(g) approving releases ("**Releases**") in favour of (i) the current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, (ii) the Monitor and its legal counsel, and (iii) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors (the "**Released Parties**");

(h) expanding the Monitor's powers regarding ResidualCo; and

(i) granting certain related relief;

2. An Order (the "**Ancillary Order**") substantially in the form attached at Tab 4 of the Applicants' Motion Record herein, *inter alia*:

(a) extending the stay of proceedings (the "**Stay Period**") to February 26, 2023; and

(b) approving the Pre-Filing Report of the Monitor dated October 20, 2022 (the "**Pre-Filing Report**"), the First Report of the Monitor dated October 27, 2022 (the "**First Report**"), the Second Report of the Monitor dated November 2, 2022 (the "**Second Report**"), and the Third Report of the Monitor, to be filed (the "**Third Report**"), and the conduct and activities of the Monitor as set out therein; and

3. Such further and other relief that the Monitor may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

4. Capitalized terms used herein and not defined shall have the meanings ascribed to them under or the Sale Agreement or the Amended and Restated Initial Order dated October 20, 2022 (the "**ARIO**") or the SISP Order dated October 28, 2022 (the "**SISP Order**");

Background to the Applicants

5. The Flowr Group is a licenced producer and distributor of cannabis with its head office being located in Toronto, Ontario and its operations being located in Kelowna, British Columbia;

6. The Flowr Group, through Flowr Okanagan, is licensed by Health Canada to sell cannabis products;

7. The Flowr Group focuses on producing premium cannabis products for recreational consumers throughout Canada, utilizing its purpose-built twenty indoor grow room cultivation and processing facilities located at the property known municipally as 9590 McCarthy Road, Kelowna, British Columbia, in the Okanagan Valley;

8. Despite its out-of-Court restructuring efforts, the Applicants' ordinary course monthly cash expenditures exceeded its cash receipts, and the Applicants were facing a liquidity crisis;

9. Accordingly, the Applicants brought the application returnable on October 20, 2022 before the Ontario Superior Court of Justice (Commercial List) for an initial Order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c, C-36, as amended (the "**CCAA**");

Initial Order and CCAA Proceedings

10. On October 20, 2022, Mr. Justice Cavanagh granted the Initial Order in favour of the Applicants;

11. Pursuant to the Initial Order, among other things;

(a) The Applicants are companies to which the CCAA applies;

(b) Ernst & Young Inc. was appointed as Monitor of the Applicants in these proceedings;

(c) A stay of proceedings was granted for an initial Stay Period up to October 30, 2022;

(d) a DIP Commitment Letter between the Applicants and 1000343100 Ontario Inc. (in that capacity, the "**DIP Lender**") was approved and the Court authorized borrowings thereunder in an amount up to $500,000 (plus interest, fees and expenses), and granted a charge in favour of the DIP Lender (the "**DIP Lender's Charge**");

(e) The following charges against the Property were granted, in the following priority rankings:

(i) First – Administration Charge (to the maximum amount of $350,000);

(ii) Second – DIP Lender's Charge; and

(iii) Third – Directors' Charge (to the maximum amount of $600,000);

12. Following the granting of the Initial Order, the Applicants brought motions for the ARIO and the SISP Order.

Amended and Restated Initial Order

13. On October 28, 2022 Mr. Justice Cavanagh granted the ARIO;

14. Pursuant to the ARIO, among other things;

(a) The Stay Period was extended to January 13, 2022;

(b) the authorized amount of borrowings under the DIP Commitment Letter was increased to $2,000,000 to reflect the financing requirements of the Applicants during the Stay Period;

(c) the Administration Charge was increased from $350,000 to $500,000 to reflect the additional work to be undertaken during these CCAA Proceedings and more accurately reflect projected professional fees;

(d) the Directors' Charge was increased from $600,000 to $800,000 to reflect the potential monthly director liabilities as sized with the assistance of the Monitor;

(e) a key employee retention plan (the "**KERP**") was approved and a charge over the Property of the Applicants in favour of the proposed KERP beneficiaries in the aggregate amount of $800,000 was granted ranking behind the Directors' Charge;

SISP Order

15. On October 28, 2022 Mr. Justice Cavanagh granted the SISP Order, which provides, among other things:

(a) a November 7, 2022 deadline to publish notice of the Applicants' sale and investment solicitation process (the "**SISP**") and circulate related teasers and non-disclosure agreements;

(b) a Bid Deadline of November 25, 2022 to receive binding offers from Potential Bidders participating in the SISP;

(c) an Auction date of December 1, 2022; and

(d) the hearing of the Sale Approval Motion by no later than December 16, 2022, subject to the availability of the Court;

Stalking Horse Purchase Agreement Order

16. The SISP Order granted the DIP Lender the exclusive option to submit a stalking horse agreement for the purchase and sale of the Flowr Group's assets and business operations;

17. On October 31, 2022, Flowr Holdings, Flowr Okanagan and the DIP Lender (in that capacity, the "**Stalking Horse Bidder**") finalized negotiations and entered into a stalking horse purchase agreement (the "**Stalking Horse Purchase Agreement**");

18. On November 3, 2022, Mr. Justice Cavanagh granted an order approving the Stalking Horse Purchase Agreement and related Break Fee (the "**Stalking Horse Order**");

19. Pursuant to the terms of the SISP Order, the Stalking Horse Purchase Agreement, once approved by the Court, was deemed a Qualified Bid under the SISP;

The SISP and Resulting Auction

20. Following issuance of the SISP Order, the Monitor, in consultation with the Applicants, undertook the SISP**.** The Monitor, among other things, developed a list of Known Potential Bidders; advised the Known Potential Bidders of the opportunity to purchase or invest in all or part of the Applicants' assets and business operations (the "**Opportunity**"); gave broad, public notice of the Opportunity through Global Newswire, The Globe and Mail (National Edition), and the Monitor's Website; and provided interested parties access to a data room (following execution of a non-disclosure agreement) and otherwise facilitated due diligence of the Opportunity.

21. On November 25, 2022, the Monitor received a binding offer (the "**260 Ontario Bid**") under the SISP from 2608241 Ontario Inc. ("**260 Ontario**"). The 260 Ontario Bid was determined by the Monitor, in consultation with the Applicants, to be a Qualified Bid. The Monitor also determined that the 260 Ontario Bid was the Lead Bid and advised that two Qualified Bidders that an auction (the "**Auction**") would take place on December 1, 2022, in accordance with the SISP Order**.**

22. The Auction was held virtually on December 1, 2022, through Microsoft Teams. The Auction was attended by, among others, representatives of the Stalking Horse Bidder including their legal counsel, representatives of 260 Ontario including their legal counsel, representatives of the Applicants and their legal counsel, representatives of the Monitor including their legal counsel, and a Court reporter**;**

23. Over seven hours, the Stalking Horse Bidder and 260 Ontario submitted escalating Overbids;

24. During the Auction, and before submitting its first Overbid (being the second bid in the Auction), 260 Ontario challenged the Staking Horse Bidder's inclusion of common shares of Avant Brands Inc. ("**Avant Common Shares**") in its opening Overbid;

25. 260 Ontario was advised by the Monitor that parties were permitted to bid with non-cash cash-equivalent consideration and, where such consideration was offered, the Monitor would work with the bidder to value the non-cash consideration**;**

26. The Monitor also advised the Qualified Bidders that, to the extent such amendment was necessary, the SISP was amended to permit bidding with non-cash cash-equivalent consideration;

27. Ultimately, following the Stalking Horse Bidder's third Overbid, and after submitting two Overbids of its own, 260 Ontario withdrew from the Auction. The Stalking Horse Bidder's third Overbid therefore became the Successful Bid and the Auction was concluded**;**

28. The Successful Bid consists of total consideration in the amount of $5,115,000 plus the amount of the Closing DIP Loan and the Assumed Liabilities after taking into account the Break Fee in the amount of $185,000, as follows:

(a) $4,015,000; plus

(b) freely tradeable Avant Common Shares with value of $1,100,000 (the "**Avant Share Value**"), which is to be calculated at a 15% discount to the volume weighted average price per Avant Common Share on the Toronto Stock Exchange for the 10 consecutive trading days preceding the Closing Date; plus

(c) a debtor-in-possession loan facility pursuant to the DIP Term Sheet (the "**Closing DIP Loan**"), providing such further funding to the Applicants as is reasonably necessary to, among other things, close the Transaction and address Post-Closing Expenses; plus

(d) the value of the Assumed Liabilities;

29. The Purchase Price under the Sale Agreement will be satisfied through:

(a) a credit bid of the amounts advanced by the Purchaser in its capacity as DIP Lender, including the Closing DIP Loan (collectively, the "**Credit Bid**");

(b) the Avant Share Value;

(c) an amount in cash equal to the Purchase Price less the Credit Bid, and the Avant Share Value, a portion of which may be payable in non-cash consideration in certain circumstances; and

(d) the assumption of the Assumed Liabilities**;**

30. The Purchase Price is to be paid to the Monitor as consideration for the Purchased Shares**;**

31. Following the Auction, the Stalking Horse Bidder changed its name to Avant Brands K1 Inc. and the Stalking Horse Purchase Agreement was finalized into the Sale Agreement to reflect the Successful Bid;

32. The Sale Agreement is substantially similar to the Stalking Horse Purchase Agreement previously approved by this Court. The modifications to this agreement are intended to do the following:

(a) to update the Purchase Price and related definitions to reflect the Successful Bid;

(b) to clarify what will be funded by the Closing DIP Loan and to address Post-Closing Expenses;

(c) to permit the Pre-Closing Reorganization to be amended prior to Closing to account for the acquisition of tax losses in Flowr (because the SISP generated no bids for Flowr); and

(d) to delete from the agreement Article 5, which dealt with the SISP and Auction procedures;

Approval of Sale Agreement and Transaction

33. The Applicants seek the Approval and Vesting Order, approving the Sale Agreement and the Transaction whereby, subject to the approval of this Court and the satisfaction of other closing conditions, the Purchaser will acquire 100% of Flowr Okanagan's issued and outstanding shares. Following the Pre-Closing Reorganization, Flowr Okanagan will hold only the Retained Assets (including the Transferred Assets) and the Assumed Liabilities;

34. Due to the regulated nature of the cannabis industry, the Transaction is structured to effect the transfer into Flowr Okanagan the Transferred Assets and transfer out of Flowr Okanagan and into Residual Co the Excluded Assets and Excluded Liabilities;

35. The Transaction will preserve (i) the Applicants' cannabis licenses, upon which their going concern value is wholly reliant, (ii) the employment of a significant number of its employees, and (iii) economic activity for suppliers and customers;

36. The Applicants and the Monitor anticipate that the net proceeds from the Transaction will exceed the estimated liquidation value of the Applicants' business and assets;

37. The Sale Agreement is the product of a Court-approved SISP and competitive Auction and is commercially reasonable in the circumstances;

38. The Applicants are of the view that the Sale Agreement and the Transaction contemplated thereunder is in their best interests and their employees' and other stakeholders' best interests;

Additional Relief Sought on This Motion

39. In addition to seeking approval of the Sale Agreement and Transaction through the Approval and Vesting Order, the Applicants are also seeking the approval of certain other relief, which is critical to consummating the structure of the Transaction and the orderly and efficient conclusion of this CCAA Proceeding, including the following;

<u>Adding ResidualCo as an Applicant in this CCAA Proceeding</u>

40. In order to consummate the proposed Transaction, the Applicant is seeking to add ResidualCo as an Applicant in this CCAA Proceeding. Doing so will allow the Purchaser to acquire all issued and outstanding shares of Flowr Okanagan, along with the Purchased Entity Property,[2] free and clear of all Encumbrances (except for Permitted Encumbrances), while allowing the claims of the Applicants' stakeholders to continue against ResidualCo;

41. ResidualCo is a corporation that has been incorporated under the federal laws of Canada. Immediately after the Excluded Assets and Excluded Liabilities are channeled to ResidualCo, ResidualCo will be balance sheet insolvent and the claims against ResidualCo will be in excess of the statutory threshold of $5 million;

Reverse Vesting to ResidualCo.

42. In order to effect the Transaction as structured, all Excluded Assets and Excluded Liabilities must be channeled to ResidualCo;

43. This channeling is necessary to preserve critical licences necessary for the operation of the purchased business. The Applicants' Licenses would likely be lost if they were transferred to the Purchaser by way of a traditional vesting structure given the regulatory regime within which the Applicants operate. A loss of the Licenses would require the Purchaser to re-enter the licensing process at considerable expense and with significant prejudice to the viability of the business;

Approving the Releases

44. The Sale Agreement requires that the Approval and Vesting Order include the granting of Releases in favour of the current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, the Monitor and its legal counsel, and the Purchaser and its current and former directors, officers, employees, legal counsel and advisors (the "**Released Parties**");

45. The Released Parties have made material contributions to this restructuring. Since the initiation of this proceeding, the Released Parties have worked diligently towards, or otherwise facilitated, a going concern restructuring of the Applicants;

46. The Releases are critical to the consummation of the Transaction and the orderly wind-down of these CCAA Proceedings;

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[2] Which, for certainty, includes the Transferred Assets and the Retained Assets.

47. The Releases will benefit the Applicants' creditors and other stakeholders by protecting the Applicants and ResidualCo against potential contribution and indemnity claims, minimizing potential claims against the Applicants, and thus maximizing the proceeds of the Transaction;

48. The requested releases are necessary to bring finality to the CCAA Proceedings, facilitate the release of the Court-ordered charges, without requiring a reserve for potential claims which would prevent the Transaction from closing, and to protect the Released Parties from the Released Claims;

49. The Releases explicitly do not release or discharge any claim that is not permitted to be released, pursuant to section 5.1(2) of the CCAA;

<u>Expanding the Monitor's Powers over ResidualCo</u>.

50. ResidualCo has been incorporated for the sole purchase of standing in the place of the Applicants to make distributions to creditors. ResidualCo will not have an operating business nor a board of directors. ResidualCo will need a decision maker while it carries out its purpose;

51. As a well-respected and experienced Licensed Insolvency Trustee, and having been involved in this CCAA Proceeding from its inception, the Monitor has the experience necessary to oversee ResidualCo while achieving an expeditious path forward to the conclusion of this CCAA Proceeding;

52. The expansion of the powers of the Monitor over ResidualCo will facilitate the efficient administration and wind down of this CCAA Proceeding;

<u>Extension of the Stay of Proceedings</u>

53. The Applicants are seeking to extend the Stay Period to February 26, 2023;

54. The proposed Stay Period extension should provide sufficient time to close the Transaction;

55. The Applicants have been acting in good faith and with due diligence, and will continue to do;

56. The Monitor projects that the Applicants will, with the Closing DIP Loan, have sufficient liquidity to continue their operations through February 26, 2023;

57. No creditor will be materially prejudiced by the proposed Stay Period extension;

58. It is just and convenient and in the interests of the Applicants and their stakeholders that the Stay Period be extended to February 26, 2023;

General

59. The Monitor supports all of the relief sought on this Motion;

60. The provisions of the CCAA and the statutory, inherent and equitable jurisdiction of this Court;

61. The *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, including Rules 1.04, 1.05, 2.03, 3.02, 16, 37, and 59.06;

62. Sections 97, 100, 106 and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43; and

63. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The Affidavit of Darren Karasiuk sworn October 20, 2022 and the exhibits attached thereto, filed;

(b) The Affidavit of Darren Karasiuk sworn October 31, 2022 and the exhibits attached thereto, filed;

(c) The Affidavit of Darren Karasiuk sworn December 9, 2022 and the exhibits attached thereto filed;

(d) The Pre-Filing Report;

(e) The First Report of the Monitor;

(f) The Second Report of the Monitor;

(g) The Third Report of the Monitor;

(h) Such further and other evidence as counsel may advise and this Court may permit.

December 9 , 2022

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Lawyers for the Applicants

TO: THE SERVICE LIST ATTACHED HERETO AS **SCHEDULE " A "**

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

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ONTARIO
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(COMMERCIAL LIST)
Proceeding commenced at TORONTO

NOTICE OF MOTION
(Re Approval of Sale Transaction and Related Relief)
(Returnable December 16, 2022)

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Lawyers for the Applicants

TAB 2

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AFFIDAVIT OF DARREN KARASIUK
(sworn December 9, 2022)

December 9, 2022

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AFFIDAVIT OF DARREN KARASIUK
(sworn December 9, 2022)

I, Darren Karasiuk, of the City of Mississauga, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the Chief Executive Officer and a Director of The Flowr Corporation ("**Flowr**") and am a Director of The Flowr Canada Holdings ULC ("**Flowr Holdings**" or the "**Vendor**"), and The Flowr Group (Okanagan) Inc. ("**Flowr Okanagan**" or the "**Purchased Entity**", and collectively with Flowr, Flowr Holdings, and Terrace Global Inc. ("**Terrace**"), the "**Applicants**" or the "**Flowr Group**"). I have held these positions since my appointment on or about August 10, 2022.

2. As CEO of Flowr, my primary responsibilities include managing the Flowr Group's overall operations and resources, making strategic corporate decisions and acting as the main point of contact between Flowr's board of directors and the senior management team.

3. As such, I have personal knowledge of the matters to which I herein depose. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true. All references to currency in this Affidavit are references to Canadian dollars, unless otherwise indicated.

4. Capitalized terms used herein and not defined shall have the meanings ascribed to them under the SISP order dated October 28, 2022 (the "**SISP Order**") or the Amended and Restated Purchase Agreement (the "**Sale Agreement**") among Flowr Holdings, Flowr Okanagan, and Avant Brands K1 Inc., (formerly 1000343100 Ontario Inc., the **"Purchaser**"), dated as of December 1, 2022 or the Amended and Restated Initial Order dated October 20, 2022 (the "**ARIO**").

I. RELIEF SOUGHT

5. I swear this affidavit in support of a motion by the Applicants seeking an order (the "**Approval and Vesting Order**") substantially in the form attached at Tab 3 of the Motion Record herein:

(a) approving the Sale Agreement and the transaction contemplated therein (the "**Transaction**");

(b) adding ResidualCo (as defined below) as an Applicant to these CCAA Proceedings;

(c) vesting in the Purchased Entity all of the Vendor's right, title and interest in and to the Transferred Assets, free and clear from any Encumbrances, except for the Permitted Encumbrances;

(d) vesting in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares (being all of the issued and outstanding common shares of Flowr Okanagan), free and clear from any Encumbrances;

(e) vesting absolutely and exclusively in ResidualCo, all Excluded Assets, Excluded Contracts and Excluded Liabilities;

(f) discharging all Encumbrances against the Purchased Entity and its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situated (including, for certainty, the Transferred Assets and Retained Assets[1]) (collectively, the "**Purchased Entity Property**"), other than the Permitted Encumbrances;

(g) approving releases ("**Releases**") in favour of (1) the current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, (2) the Monitor and its legal counsel, and (3) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors ("**Released Parties**");

(h) expanding the Monitor's powers regarding ResidualCo; and

(i) granting certain related relief.

6. I also swear this affidavit in support of a motion by the Applicants seeking an order (the "**Ancillary Order**") substantially in the form attached at Tab 4 of the Motion Record herein:

(a) approving the Pre-Filing Report of the Monitor dated October 20, 2022, the First Report of the Monitor dated October 27, 2022, the Second Report of the Monitor dated November 2, 2022, and the Third Report of the Monitor, to be filed (the

[1] Transferred Assets are as defined at Schedule D to the Sale Agreement and the Retained Assets are as defined at section 4.1 of the Sale Agreement to be Flowr Okanagan's equipment, Assumed Contracts, Permits and Licenses, Books and Records, Business and undertakings.

“**Third Report**”), and the conduct and activities of the Monitor as set out therein; and

(b) extending the stay of proceedings (the “**Stay Period**”) to February 26, 2023.

II. BACKGROUND OF THE APPLICANTS AND THESE CCAA PROCEEDINGS

7. The Flowr Group is a licenced producer and distributor of cannabis with its head office being located in Toronto, Ontario and its operations being located in Kelowna, British Columbia. The Flowr Group, through Flowr Okanagan, is licensed by Health Canada to sell cannabis products.

8. The Flowr Group’s operations are conducted substantially through Flowr Okanagan, which is the main operating entity that holds the licenses and certifications necessary for the operation of the Flowr Group’s business.

9. The background of the Applicants and the circumstances leading to the commencement of these CCAA Proceedings are set out in my Affidavit sworn on October 20, 2022 in respect of the Applicants’ initial CCAA application, which is located on Caselines at Master: A25.

A. Initial Order

10. On October 20, 2022, Mr. Justice Cavanagh granted an initial order (the “**Initial Order**”) under the CCAA in favour of the Applicants.

11. Pursuant to the Initial Order, among other things:

(a) the Applicants are companies to which the CCAA applies;

(b) Ernst & Young Inc. was appointed as Monitor of the Applicants in these CCAA Proceedings;

(c) a Stay Period was granted to October 30, 2022;

(d) a DIP Commitment Letter between the Applicants and the Purchaser (in that capacity, the "**DIP Lender**") was approved and the Court authorized borrowings thereunder in an amount up to $500,000 (plus interest, fees and expenses), and granted a charge in favour of the DIP Lender (the "**DIP Lender's Charge**");

(e) the following charges against the Property were granted with the following priority rankings (the "**Priority Charges**"):

    (1) first – Administration Charge (in the maximum amount of $350,000);

    (2) second – DIP Lender's Charge; and

    (3) third – Directors' Charge (in the maximum amount of $600,000).

12. Following the granting of the Initial Order, the Applicants brought a motion for the ARIO and the SISP Order.

B. Amended and Restated Initial Order

13. On October 28, 2022, Mr. Justice Cavanagh granted the ARIO.

14. Pursuant to the ARIO, among other things;

(a) the Stay Period was extended to January 13, 2023;

(b) the authorized amount of borrowings under the DIP Commitment Letter was increased to $2,000,000 to reflect the financing requirements of the Applicants during the Stay Period;

(c) the Administration Charge was increased from $350,000 to $500,000 to reflect the additional work to be undertaken during these CCAA Proceedings and more accurately reflect projected professional fees;

(d) the Directors' Charge was increased from $600,000 to $800,000 to reflect the potential monthly director liabilities as sized with the assistance of the Monitor; and

(e) a key employee retention plan (the "**KERP**") was approved and a charge over the Property of the Applicants in favour of the proposed KERP beneficiaries in the aggregate amount of $800,000 was granted, ranking behind the Directors' Charge.

C. SISP Order

15. On October 28, 2022, Mr. Justice Cavanagh also granted the SISP Order, which provided, among other things:

(a) a November 7, 2022 deadline to publish notice of the Applicants' sale and investment solicitation process (the "**SISP**") and circulate related teasers and non-disclosure agreements;

(b) a Bid Deadline of November 25, 2022 to receive binding offers from Potential Bidders participating in the SISP;

(c) an Auction date of December 1, 2022; and

(d) the hearing of the Sale Approval Motion by no later than December 16, 2022, subject to the availability of the Court.

D. Stalking Horse Purchase Agreement Order

16. The SISP Order granted the DIP Lender the exclusive option to submit a Stalking Horse Agreement.

17. On October 31, 2022, Flowr Holdings, Flowr Okanagan and the DIP Lender (in that capacity, the "**Stalking Horse Bidder**") finalized negotiations and entered into a stalking horse purchase agreement (the "**Stalking Horse Purchase Agreement**").

18. On November 3, 2022, Mr. Justice Cavanagh granted an order approving the Stalking Horse Purchase Agreement and related Break Fee of $185,000 (the "**Stalking Horse Order**"). The key terms of the Stalking Horse Purchase Agreement are summarized in my affidavit sworn October 31, 2022, in support of the Stalking Horse Order (the "**October 31 Affidavit**") and the Monitor's Second Report dated November 2, 2022, both of which are filed in these CCAA Proceedings.

19. Pursuant to the terms of the SISP Order, the Stalking Horse Purchase Agreement once approved by the Court was deemed a Qualified Bid under the SISP.

III. THE SISP AND RESULTING AUCTION

20. Following issuance of the SISP Order, the Monitor, in consultation with the Applicants, undertook the SISP. I understand from the Monitor that it, among other things:

(a) developed a list of 60 Known Potential Bidders;

(b) provided a letter to the Known Potential Bidders describing the SISP and the opportunity to purchase or invest in all or part of the Applicants' assets and business operations (the "**Opportunity**");

(c) between November 1 and 4, 2022, gave broad notice of the Opportunity through Global Newswire, The Globe and Mail (National Edition), and the Monitor's Website; and

(d) provided 4 interested parties access to a data room (following execution of a non-disclosure agreement) and otherwise facilitated due diligence of the Opportunity.

21. On November 25, 2022, the Monitor received a binding offer (the "**260 Ontario Bid**") under the SISP from 2608241 Ontario Inc. ("**260 Ontario**"). The 260 Ontario Bid was determined by the Monitor, in consultation with the Applicants, to be a Qualified Bid. The Monitor also determined that the 260 Ontario Bid was the Lead Bid and advised the two Qualified Bidders that an auction would take place on December 1, 2022 in accordance with the SISP Order.

22. Specifically, on November 29, 2022, the Monitor wrote to each Qualified Bidder to provide details of the 260 Ontario Bid (as it was the Lead Bid) and to provide an overview of the Auction Process. Copies of these letters, without enclosures, are attached hereto as **Exhibits "A"** and **"B"** (the "**Auction Process Letters**").

23. The Auction Process Letters, among other things, set forth the minimum overbid criteria as follows: "any bid made at the Auction by a Qualified Party subsequent to the announcement of the Initial Bid (each, an "**Overbid**") and any overbids must proceed in minimum additional increments of $100,000".

24. The required Overbid description in the Auction Process Letters differs from the wording of the SISP, which requires Overbids in minimum additional cash increments of $100,000. I understand from the Monitor that the different language was intended to amend the qualified bid criteria set out in sub-paragraphs 13(h)(i) and 13(i)(i) of the SISP and confirm that Overbids could include non-cash consideration.

25. The Auction was held virtually on December 1, 2022, through Microsoft Teams. The Auction was attended by, among others, representatives of the Stalking Horse Bidder including their legal counsel and financial advisor, representatives of 260 Ontario including their legal counsel and financial advisor, representatives of the Applicants including myself and our legal counsel, representatives of the Monitor including their legal counsel and a Court reporter.

26. At the Auction, 260 Ontario advised the Monitor that it was their view that the common shares of Avant Brands Inc. ("**Avant Common Shares**") were not appropriately included as part of the Stalking Horse Bidder's Overbid. In responding to this issue, the Monitor explained that the Auction Process Letters were intended to amend the SISP to allow for non-cash consideration as part of an Overbid. In any event, the Monitor expressly amended the Auction process described in the SISP by its counsel stating the following on the record:

> For clarity to all Auction participants: The Auction Process is amended, whether by the Auction Process Letter or today by this statement, to allow parties to bid with non-cash cash-equivalent consideration. Where such consideration is being offered, the Monitor will work with such Bidder to value the consideration.[2]

27. Following the Monitor's amendment, counsel for 260 Ontario stated that 260 Ontario reserved its rights "with regard to how the SISP is being conducted."[3] Nevertheless, 260 Ontario fully participated in the Auction.

28. Over seven hours, the Stalking Horse Bidder and 260 Ontario submitted escalating Overbids, with both parties submitting bids with non-cash consideration. Ultimately, following the Stalking Horse Bidder's third Overbid, and after submitting two Overbids of its own, 260 Ontario withdrew from the Auction. The Stalking Horse Bidder's third Overbid therefore became the Successful Bid and the Auction was concluded.

IV. THE SUCCESSFUL BID

29. The Successful Bid consists of total consideration in the amount of $5,115,000 plus the amount of the Closing DIP Loan and the Assumed Liabilities after taking into account the Break Fee in the amount of $185,000, as follows:[4]

    (a) $4,015,000; plus

    (b) freely tradeable Avant Common Shares with value of $1,100,000 (the "**Avant Share Value**"), which is to be calculated at a 15% discount to the volume

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[2] Partial Transcript of the Auction, p. 12, ll. 11-18, appended to the Third Report.
[3] Partial Transcript of the Auction, p. 13, ll. 10-13.
[4] The complete terms of the Successful Bid are set out in the Sale Agreement. The summary set out herein is for informational purposes only. To the extent there is any inconsistency between this affidavit and the Sale Agreement, the Sale Agreement prevails.

weighted average price per Avant Common Share on the Toronto Stock Exchange for the 10 consecutive trading days preceding the Closing Date; plus

(c) a debtor-in-possession loan facility pursuant to the DIP Term Sheet (the "**Closing DIP Loan**"), providing such further funding to the Applicants as is reasonably necessary to, among other things, close the Transaction and address Post-Closing Expenses (defined below); plus

(d) the value of the Assumed Liabilities.

30. The Purchase Price will be satisfied through:

(a) a credit bid of the amounts owing to the Purchaser in its capacity as DIP Lender, including the Closing DIP Loan (collectively, the "**Credit Bid**");

(b) the Avant Share Value;

(c) an amount in cash equal to the Purchase Price less the Credit Bid, and the Avant Share Value, a portion of which may be payable in non-cash consideration in certain circumstances; and

(d) the assumption of the Assumed Liabilities.

31. The amount of the cash portion of the purchase price may also be reduced in the event that employees with KERP entitlements elect to take Avant Common Shares (issued separately from the Avant Common Shares that form part of the Purchase Price) instead of cash as a portion of the cash consideration forming the Purchase Price is intended to fund the KERP. The Purchase Price is to be paid to the Monitor as consideration for the Purchased Shares.

32. In my view, the Closing DIP Loan is a critical component of the Successful Bid. The Closing DIP Loan was a provision of the Stalking Horse Purchase Agreement and is a provision of the Sale Agreement. At the Auction, the Applicants and the Monitor reviewed

the categories of items that may be required to be funded under the Closing DIP Loan with each Qualified Party and estimates of the expected costs regarding same to ensure that each Qualified Party understood the estimated amount of the Closing DIP Loan.

33. The Successful Bid provides the Applicants with certainty around the availability and terms of the Closing DIP Loan because the Closing DIP Loan is being advanced pursuant to the terms of the DIP Term Sheet by the Purchaser who is also the DIP Lender.

34. The most recent cash flow forecast that the Applicants have prepared with the assistance of the Monitor shows that the Applicants will have cash requirements in excess of those available to them under the DIP Facility once it is fully drawn. The Closing DIP Loan is therefore essential to ensure that the Applicants' cash needs can be funded in order to conclude the Transaction and to undertake the necessary steps to terminate these CCAA Proceedings both before and after the conclusion of the Transaction (the expenses incurred after the closing of the Transaction, being the "**Post-Closing Expenses**").

35. Regarding Post-Closing Expenses, the following language was added to the Sale Agreement as Section 3.5:

> The Parties acknowledge and agree that certain of the Wind-Down Costs may be incurred after Closing, but before the termination of the CCAA Proceedings (the "**Post-Closing Expenses**"). The Purchaser and the Monitor shall agree on any estimated amount of Closing DIP Loan required to fund the Post-Closing Expenses, and the Purchaser covenants and agrees to fund the agreed on Post-Closing Expenses under the Closing DIP Loan, by electing at its option to either: (i) continue to make advances under the Closing DIP Loan after Closing; or (ii) advance funds to the Monitor at Closing in an amount determined by the Monitor and the Purchaser, and supported by the cash flow forecast approved by the Monitor and the Purchaser. The Monitor shall continue to report on

> cash flow variances to the Purchaser in accordance with the DIP Term Sheet and provide a final reconciliation at the completion of the CCAA Proceedings. For greater certainty, it is acknowledged that any funds advanced by the Purchaser to fund the Post-Closing Expenses are not an asset of the Vendor, the Company or any of the other Applicants and shall not form part of any estate of the Applicants. Upon completion of the activities covered by the Wind-Down Costs and in any event no later than termination of the CCAA Proceedings, any funds advanced under the Closing DIP Loan but not used to fund the Post-Closing Expenses, shall be promptly returned to the Purchaser without deduction.
>
> In either case, the Purchase Price and the Credit Bid shall be adjusted upwards by an amount equal to the actual Post-Closing Expenses incurred and funded by the Closing DIP Loan from and after the Closing.

36. Under the Sale Agreement, Post-Closing Expenses are acknowledged to include costs and expenses that are reasonably necessary to close the Transaction including post-closing restructuring costs, orderly wind down costs (including with respect to Flowr and delisting it from the TSX Venture Exchange), and costs to prepare and file necessary tax returns and otherwise address Canada Revenue Agency ("**CRA**") matters, undertake a claims process in respect of the Applicants' directors and officers, effect distributions, discharge the Monitor, terminate these CCAA Proceedings and fund such other costs and expenses of the Flowr Group as may be agreed to by the Purchaser, in writing.

37. Following the Auction, the Purchaser changed its name to Avant Brands K1 Inc. and the Sale Agreement was finalized to reflect the Successful Bid. A copy of the fully executed Sale Agreement is attached hereto as **Exhibit "C"**.

38. The Sale Agreement is substantially similar to the Stalking Horse Purchase Agreement, described in my October 31 Affidavit. A copy of a blackline reflecting the changes from

the Stalking Horse Purchase Agreement is attached hereto as **Exhibit "D"**. The modifications to this agreement are intended to do the following:

(a) to update the Purchase Price and related definitions to reflect the Successful Bid;

(b) to clarify what will be funded by the Closing DIP Loan and to address Post-Closing Expenses;

(c) to permit the Pre-Closing Reorganization to be amended prior to Closing to account for the acquisition of tax losses in Flowr (because the SISP generated no bids for Flowr); and

(d) to delete from the agreement Article 5, which dealt with the SISP and Auction procedures.

V. APPROVAL OF THE SALE AGREEMENT AND TRANSACTION

39. The Applicants now seek the Approval and Vesting Order in order to approve the Sale Agreement and the Transaction whereby, subject to the approval of this Court and the satisfaction of other closing conditions, the Purchaser will acquire 100% of Flowr Okanagan's issued and outstanding shares. Following the Pre-Closing Reorganization defined and described below, Flowr Okanagan will hold only the Retained Assets (including the Transferred Assets – certain intellectual property relating to the Flowr brand owned by Flowr Holdings) and the Assumed Liabilities.

40. The Sale Agreement requires that the Approval and Vesting Order include the granting of the Releases.

41. The Transaction uses a reverse vesting structure to effect the transfer into Flowr Okanagan of the Transferred Assets and the transfer out of Flowr Okanagan and into Residual Co of

the Excluded Assets and Excluded Liabilities. I understand from the Monitor and the Applicants' counsel that this structure is commonly used in cannabis restructurings due to the highly regulated nature of the industry. I also understand that the economic effect of the Transaction on the Flowr Group's stakeholders will be the same, if not more advantageous, than what would be achieved in an asset sale.

42. The Sale Agreement is the product of a Court-approved SISP and competitive Auction and in my view is commercially reasonable in the circumstances. The parties to the Sale Agreement are sophisticated and were advised by professional financial and legal advisors. The Applicants are of the view that the Sale Agreement and the Transaction contemplated thereunder is in their best interests and their employees' and other stakeholders' best interests.

43. In my view, the Transaction is capable of implementation in a timely manner, with the timing of closing being tied to when the Transaction obtains certain Health Canada and other regulatory approvals.

44. The Transaction will minimize professional fees. The Applicants and Monitor will not be required to take the costly and time-consuming procedural steps required to facilitate a plan of compromise or arrangement. Further, as ResidualCo will not undertake any business, it will not incur any operating costs – thereby maximizing the cash available for the Applicants' creditors.

45. The Transaction will achieve the purpose of these CCAA Proceedings as described in my affidavit sworn in support of the Initial Order: to have "the business emerge from CCAA protection in a stronger form that preserves the enterprise value and employment for as

many of its employees as reasonably possible." Post-closing, Flowr's business will continue as a going-concern. The Purchaser has advised me that it intends to keep all of the employees in operational roles at the K1 Facility.

46. I have been advised by the Monitor that it supports approval of the Transaction.

VI. OTHER RELIEF IN THE APPROVAL AND VESTING ORDER AND ANCILLARY ORDER

47. In addition to seeking approval of the Sale Agreement and Transaction through the Approval and Vesting Order, the Applicants are also seeking the approval of other relief critical to the completion of the Transaction and the orderly and efficient conclusion of these CCAA Proceedings, including, among other things:

a) adding ResidualCo as an Applicant;

b) vesting all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo, and discharging all Encumbrances (other than the Permitted Encumbrances) against the Retained Assets;

c) granting the Releases; and

d) granting certain enhanced powers to the Monitor in respect of ResidualCo.

A. Adding ResidualCo as an Applicant

48. In order to consummate the proposed Transaction, the Applicant is seeking to add ResidualCo as an Applicant in these CCAA Proceedings. Doing so will allow the Purchaser to acquire all issued and outstanding shares of the Purchased Shares, along with

the Purchased Entity Property,[5] free and clear of all Encumbrances (except for Permitted Encumbrances), while allowing the claims of the Applicants' stakeholders to continue against ResidualCo.

49. ResidualCo is a corporation that has been incorporated under the federal laws of Canada. Immediately after the Excluded Assets and Excluded Liabilities are transferred to ResidualCo, ResidualCo will be balance sheet insolvent and the claims against ResidualCo will be in excess of the statutory threshold of $5 million.

50. I understand that the Monitor supports adding ResidualCo as an Applicant.

B. Reverse Vesting to ResidualCo

51. The Transaction is contingent upon a pre-closing reorganization (the "**Pre-Closing Reorganization**"), which will:

a) transfer the Transferred Assets to Flowr Okanagan; and

b) transfer all Excluded Assets and Excluded Liabilities to ResidualCo**.**

52. The Pre-Closing Reorganization, and in particular its reverse vesting component, is critical to the Transaction. I am advised by Ms. Mahar, that the reverse vesting structure will preserve critical licences necessary for the operation of the purchased business which Flowr Okanagan would not otherwise be able to transfer in the ordinary course. I also understand that the reverse vesting structure contemplated by the Transaction has been effectively implemented in other similar transactions for licensed cannabis companies and

[5] Which, for certainty, includes the Transferred Assets and the Retained Assets.

has the effect of minimizing regulatory hurdles and decreasing closing uncertainty. I am advised by Ms. Mahar that the Purchaser was not prepared to proceed with a Transaction in respect of Flowr Okanagan by way of an ordinary asset sale structure due to, among other things, the regulatory restrictions on transferring cannabis licenses.

53. Flowr Okanagan holds the following licenses:

a) standard cultivation and standard processing; and sales license issued under the under the *Cannabis Act*, S.C. 2018, c. 16 and the related Cannabis Regulations, SOR/2018-144 (collectively, the "**Cannabis License**");

b) a research license that was granted to it by Health Canada (the "**Research License**"); and

c) a license issued by the CRA under the excise duty framework (the "**CRA License**" and, together with the Cannabis License and the Research License, the "**Licences**")**.**

54. The Licences are essential to the Flowr Group's business. Without these licenses, the Flowr Group could <u>not</u>:

a) cultivate, produce, and package cannabis products;

b) sell cannabis products to the Canadian medical market and the adult-use recreational market; and

c) administer cannabis for research purposes and to test and review its products.

55. I understand from Ms. Mahar that the Licenses would likely be lost if they were transferred to the Purchaser by way of a traditional vesting order given the regulatory regime within

which the Applicants operate. A loss of the Licences would require the Purchaser to re-enter the licensing process with the attendant expense and delay.

56. A traditional vesting order would expose the Licensees on which the Flowr Group's business is founded and, in turn, on which its going concern value is wholly reliant, to significant risk, regulatory uncertainty, and significant delays.

57. I therefore believe that the risk and uncertainties created by a traditional vesting order would result in either a materially decreased purchase price for a going concern transaction, or the liquidation of the Flowr Group**.**

58. Without the Closing DIP Loan, the Applicants will not have sufficient liquidity to maintain going-concern operations for the period of time that would be required to complete a plan of compromise and arrangement. The Sale Agreement does not contemplate, and the Purchaser does not support, the Closing DIP Loan being used to facilitate a plan of compromise or arrangement.

59. The Applicants believe that the Sale Agreement provides the best outcome for their creditors in the circumstances given that, among other things:

a) the Sale Agreement is the product of a broad, transparent, and fair Court-approved SISP, the efforts of the Applicants and the Monitor to consummate value maximizing transactions, including marketing and sale or investment solicitation efforts of the Applicants prior to commencement of these CCAA Proceedings;

b) the Sale Agreement is the highest and best offer obtained in the SISP to maximize value for the Applicants' stakeholders;

c) the Sale Agreement provides certainty that the Applicants will have access to the Closing DIP Loan;

d) the Applicants' execution of the Sale Agreement is supported by the Monitor; and

e) closing of the Transaction is based only on customary conditions and requisite approvals.

60. I understand that the Monitor supports the reverse vesting relief sought by the Applicants.

C. Approving the Releases

61. The Applicants seek the approval of Releases in favour of the Released Parties (being the current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo; the Monitor and its legal counsel; and the Purchaser and its current and former directors, officers, employees, legal counsel and advisors).

62. The Releases are critical to the consummation of the Transaction and the orderly wind-down of these CCAA Proceedings. The Releases are also a condition precedent to the Transaction.

63. The Released Parties have made material contributions to this restructuring. Since the initiation of these CCAA Proceedings, the Released Parties have worked diligently towards, or otherwise facilitated, a going-concern restructuring of the Flowr Group. Such efforts resulted in a successful SISP, a competitive Auction, and the Sale Agreement.

64. The Releases will benefit the Applicants' creditors and other stakeholders by protecting the Applicants and ResidualCo against potential contribution and indemnity claims,

minimizing potential claims against the Applicants, and thus maximizing the proceeds of the Transaction.

65. The requested Releases are necessary to bring finality to these CCAA Proceedings, facilitate the release of the Court-ordered charges, without requiring a reserve for potential claims which would prevent the Transaction from closing, and to protect the Released Parties from Released Claims, which are defined to mean:

> "any and all present and future claims (including without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor's Certificate (a) undertaken or completed pursuant to the terms of this Order, (b) arising in connection with or relating to the Sale Agreement or the completion of the Transaction, (c) arising in connection with or relating to the within these CCAA proceedings, or (d) related to the management, operations or administration of the Applicants."[6]

66. As such, a final Approval and Vesting Order containing a release of the Released Parties is a joint condition of the Vendor and the Purchaser under the Sale Agreement.

67. The Releases explicitly do not release or discharge any claim that is not permitted to be released, pursuant to section 5.1(2) of the CCAA.

[6] Draft Approval and Vesting Order, para. 18, Motion Record, Tab 3.

68. I understand that the Monitor supports the Releases.

D. Expanding the Monitor's Powers

69. ResidualCo has been incorporated for the sole purchase of standing in the place of the Applicants to make distributions to creditors. ResidualCo will not have an operating business nor a board of directors. ResidualCo will need a decision maker while it carries out its purpose.

70. As a well-respected and experienced Licensed Insolvency Trustee and having been involved in these CCAA Proceedings from its inception, the Monitor has the experience necessary to oversee ResidualCo while achieving an expeditious path forward to the conclusion of these CCAA Proceedings. As such, it is appropriate to expand the powers of the Monitor over ResidualCo in order to complete the administration of these CCAA Proceedings.

E. Extension of Stay of Proceedings

71. The Applicants are seeking to extend the Stay Period to February 26, 2023.

72. The Applicants are acting with due diligence and in good faith to implement the Transaction, which will see the Business continue as a going concern. It is hoped that an extension to February 26, 2023 will allow time for the closing of the Transaction. The Applicants will continue to act in good faith and with due diligence to close the Transaction.

73. I am not aware of any creditors who would be materially prejudiced by the proposed extension of the Stay Period.

74. The Applicants, with the assistance of the Monitor, have prepared a cash flow forecast (the "**Forecast**") to February 26, 2023 (the "**Cash Flow Period**"), which will be appended to the Third Report. The Forecast shows that, with the Closing DIP Loan, the Applicants have sufficient liquidity to continue their operations during the Cash Flow Period.

75. I understand that the Monitor supports the extension of the Stay Period.

VII. CONCLUSION

76. The Applicants therefore seek the Approval and Vesting Order and the Ancillary Order in the form of the drafts located at Tabs 3 and 4, respectively, of the Motion Record.

77. I swear this affidavit in support of the Applicants' motion for the Approval and Vesting Order and the Ancillary Order, and for no other purpose.

SWORN before me at the City of Toronto, in the Province of Ontario, this 9th day of December 9, 2022 in accordance with O. Reg. 431/20 Administering Oath or Declaration Remotely ______________________________ Commissioner for Taking Affidavits ALINA STOICA	______________________________ **DARREN KARASIUK**

This is Exhibit “A” referred to in the affidavit

of Darren Karasiuk, sworn before me this
this December 9, 2022

A COMMISSIONER FOR TAKING AFFIDAVITS

November 29, 2022

2608241 Ontario Inc
Attention: Roey Fishman & Dustin Laren
Email: roey@carmelcannabis.ca; dustin@carmelcannabis.ca

with a copy to:
Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130
Toronto, Ontario M5X 1A4
Attention: Jesse Mighton
Email: mightonj@bennettjones.com

Dear Roey and Dustin:

RE: The Flowr Corporation Sale and Investment Solicitation Process

Thank you for your continued participation in 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) ("**CCAA**") for the Flowr Corporation and certain of its subsidiaries (collectively, the "**Applicants**"). Ernst & Young Inc is the court-appointed monitor of the Applicants (the Monitor), in these CCAA proceedings. All capitalized terms used herein and not otherwise defined have the meanings given to them in the SISP.

This letter provides to advise you that:

a) the Monitor received one (1) Bid from 2608241 Ontario Inc. (the "**Carmel Bid**") by the Bid Deadline. The Monitor, in consultation with the Applicants, has reviewed the Carmel Bid and has determined that it is a Qualified Bid and has advised the Bidder in accordance with the SISP;
b) as there is a Court approved Stalking Horse Bid and at least one Qualified Bid, the Monitor will move forward under the SISP and conduct and administer an Auction in accordance with the terms of the SISP Order;
c) this letter provides an overview of the auction 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 Order; and
d) you have been invited to participate in Auction on December 1, 2022, at 11:00 a.m. ET via videoconferences.

Lead Bid

Pursuant to the SISP Order, the Monitor is providing all Qualified Bidders with details of the Lead Bid.

The Carmel Bid has been identified as the Lead Bid with a purchase price of $4,123,900 + Closing DIP Loan + Assumed Liabilities. We note that the purchase price includes the break fee of $185,000, therefore the net recovery to the estate less the Break Fee is $3,938,900 + Closing DIP Loan + Assumed Liabilities.

A copy of the Lead Bid and a blackline of the Lead Bid to the Stalking Horse Agreement is attached.

Participation in the Auction

Each Qualified Party, including the Stalking Horse Bidder, must inform the Monitor whether it intends to participate in the Auction no later than 5:00 p.m. Eastern Time on the November 30, 2022. Therefore, if you wish to participate in the Auction, you must notify the Monitor, by email to:

Attention: Alex Morrison, Karen Fung and Daniel Taylor

Email: alex.f.morrison@parthenon.ey.com, karen.k.fung@parthenon.ey.com, daniel.taylor@parthenon.ey.com

If no Qualified Party provides such expression of intent, the Stalking Horse Bidder, shall be the Successful Bid.

The Auction shall be governed by the following procedures:

(a) **Participation at the Auction.** Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent overbids at the Auction.

(b) **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;

(c) **Minimum Overbid.** The Carmel Offer has been identified as the Lead Bid with a purchase price of $4,123,900 + Closing DIP Loan + Assumed Liabilities. (the "**Initial Bid**"), and any bid made at the Auction by a Qualified Party subsequent to the Monitor's announcement of the Initial Bid (each, an "**Overbid**") and any overbids must proceed in minimum additional increments of $100,000;

(d) **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

(e) **Bidding Conclusion.** 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 with full knowledge and written confirmation of the then-existing highest bid(s);

(f) **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded; and

(g) **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules as the Auction as it sees fit.

Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will review each Qualified Bid and identify the highest or otherwise best bid received at the Auction (the "**Successful Bid**" and the Qualified Party making such bid, the "**Successful Party**").

The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with and approval from the Applicants, subject to the milestones set forth for a hearing of the Sale Approval Motion no later than December 16, 2022.

We would like to thank you again for your interest and we look forward to your response.

Sincerely,

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

Execution Copy

SHARE PURCHASE AGREEMENT

This Agreement is made as of the ____ day of ___________, 2022 (the "**Effective Date**"), among:

THE FLOWR CANADA HOLDINGS ULC
(the "**Vendor**")

– and –

THE FLOWR GROUP (OKANAGAN) INC.
(the "**Company**")

– and –

2608241 ONTARIO INC.
(the "**Purchaser**")

WHEREAS pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued October 20, 2022 (as may be further amended or amended and restated from time to time, the "**Initial Order**"), the Vendor, the Company, The Flowr Corporation and Terrace Global Inc. (collectively, the "**Flowr Group**") were granted, among other things, creditor protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "**CCAA**") and Ernst & Young Inc. was appointed as the CCAA monitor of the Flowr Group (in such capacity, the "**Monitor**");

AND WHEREAS on October 28, 2022 the Court issued the SISP Order ("**SISP Order**"), among other things, approving a sale and investment solicitation process in respect of the Property of the Flowr Group, in the form appended as Schedule "A" to the SISP Order (the "**SISP**");

AND WHEREAS on November 3, 2022, the Court issued the Order (Re: Approval of Stalking Horse Agreement), among other things, approving the Stalking Horse Purchase Agreement as Stalking Horse Bid under the SISP;

AND WHEREAS this agreement (the "**Agreement**") has been submitted by the Purchaser in accordance with the SISP;

AND WHEREAS the Vendor has agreed to sell and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor's right, title and interest in and to the Purchased Shares, subject to and in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the "**Parties**", and each, a "**Party**") hereby acknowledge and agree as follows:

This is Exhibit “B” referred to in the affidavit

of Darren Karasiuk, sworn before me this
this December 9, 2022

A COMMISSIONER FOR TAKING AFFIDAVITS

November 29, 2022

1000343100 Ontario Inc.
Attention: Stephen Arbib & Norton Singhavon
Email: sarbib@menain.com; ns@avantbrands.ca

Copy to:
Norton Rose Fulbright Canada
222 Bay Street, Suite 3000, PO Box 53
Toronto Ontario M5K 1E7
Attention: Eric Reither and Jennifer Stam
Eric.reither@nortonrosefulbright.com
Jennifer.stam@nortonrosefulbright.com

Dear Stephen and Norton:

RE: The Flowr Corporation Sale and Investment Solicitation Process

Thank you for your continued participation in 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) ("**CCAA**") for the Flowr Corporation and certain of its subsidiaries (collectively, the "**Applicants**"). Ernst & Young Inc is the court-appointed monitor of the Applicants (the Monitor), in these CCAA proceedings. All capitalized terms used herein and not otherwise defined have the meanings given to them in the SISP.

This letter provides to advise you that:

a) the Monitor received one (1) Bid from 2608241 Ontario Inc. (the "**Carmel Bid**") by the Bid Deadline. The Monitor, in consultation with the Applicants, has reviewed the Carmel Bid and has determined that it is a Qualified Bid and has advised the Bidder in accordance with the SISP;
b) as there is a Court approved Stalking Horse Bid and at least one Qualified Bid, the Monitor will move forward under the SISP and conduct and administer an Auction in accordance with the terms of the SISP Order;
c) this letter provides an overview of the auction 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 Order; and
d) you have been invited to participate in Auction on December 1, 2022, at 11:00 a.m. ET via videoconferences.

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A copy of the Lead Bid and a blackline of the Lead Bid to the Stalking Horse Agreement is attached.

Participation in the Auction

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Attention: Alex Morrison, Karen Fung and Daniel Taylor

Email: alex.f.morrison@parthenon.ey.com, karen.k.fung@parthenon.ey.com, daniel.taylor@parthenon.ey.com

If no Qualified Party provides such expression of intent, the Stalking Horse Bidder, shall be the Successful Bid.

The Auction shall be governed by the following procedures:

(a) **Participation at the Auction.** Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent overbids at the Auction.

(b) **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;

(c) **Minimum Overbid.** The Carmel Offer has been identified as the Lead Bid with a purchase price of $4,123,900 + Closing DIP Loan + Assumed Liabilities. (the "**Initial Bid**"), and any bid made at the Auction by a Qualified Party subsequent to the Monitor's announcement of the Initial Bid (each, an "**Overbid**") and any overbids must proceed in minimum additional increments of $100,000;

(d) **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

(e) **Bidding Conclusion.** 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 with full knowledge and written confirmation of the then-existing highest bid(s);

(f) **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded; and

(g) **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules as the Auction as it sees fit.

Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will review each Qualified Bid and identify the highest or otherwise best bid received at the Auction (the "**Successful Bid**" and the Qualified Party making such bid, the "**Successful Party**").

The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with and approval from the Applicants, subject to the milestones set forth for a hearing of the Sale Approval Motion no later than December 16, 2022.

We would like to thank you again for your interest and we look forward to your response.

Sincerely,

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

Enclosed

This is Exhibit “C” referred to in the affidavit

of Darren Karasiuk, sworn before me this
this December 9, 2022

A COMMISSIONER FOR TAKING AFFIDAVITS

AMENDED AND RESTATED PURCHASE AGREEMENT

This amended and restated purchase agreement dated as of the 1st day of December, 2022 (the "**Effective Date**") amends and restates the Stalking Horse Agreement (defined below), among:

THE FLOWR CANADA HOLDINGS ULC
(the "**Vendor**")

– and –

THE FLOWR GROUP (OKANAGAN) INC.
(the "**Company**")

– and –

AVANT BRANDS K1 INC. (formerly, 1000343100 ONTARIO INC.)
(the "**Purchaser**")

WHEREAS pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued October 20, 2022 (as may be further amended or amended and restated from time to time, the "**Initial Order**"), the Vendor, the Company, The Flowr Corporation and Terrace Global Inc. (collectively, the "**Flowr Group**") were granted, among other things, creditor protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "**CCAA**") and Ernst & Young Inc. was appointed as the CCAA monitor of the Flowr Group (in such capacity, the "**Monitor**");

AND WHEREAS in connection with the proceedings initiated by the Initial Order (the "**CCAA Proceedings**"), on October 28, 2022, the Flowr Group sought and obtained approval of the Court to run a SISP (as defined below);

AND WHEREAS on November 3, 2022, the Court approved the Stalking Horse Agreement for the Purchased Shares (as defined below) for the purposes of serving as the stalking horse bid in the SISP;

AND WHEREAS pursuant to the SISP, the Monitor conducted an auction on December 1, 2022 and at the conclusion of the auction, the Purchaser's bid was declared the Successful Bid (as defined in the SISP) on the terms set out in this Agreement;

AND WHEREAS on the terms set out herein, the Vendor has agreed to sell and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor's right, title and interest in and to the Purchased Shares, subject to and in accordance with the terms and conditions set forth in this Agreement,

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the "**Parties**", and each, a "**Party**") hereby acknowledge and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"**Affiliate**" has the meaning given to the term "affiliate" in the *Business Corporations Act* (Ontario).

"**Agreement**" means this amended and restated purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and "**Article**" and "**Section**" mean and refer to the specified article, section and subsection of this Agreement.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority, and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"**Approval and Vesting Order**" means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction and vesting in the Purchaser (or as it may direct) all the right, title and interest of the Vendor in and to the Purchased Shares, free and clear from any Encumbrances and releasing (A) current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, (B) the Monitor and its legal counsel, and (C) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors.

"**Assumed Contracts**" means the Contracts listed in Schedule "**I**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Assumed Contracts may be amended, restated, supplemented or otherwise modified from time to time).

"**Assumed Liabilities**" means (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule "**H**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; and (b) all Liabilities which relate to (i) the Business under any Assumed Contracts, (ii) any Permits and Licenses forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

"**Authorization**" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“Avant Common Shares” means common shares of Avant Brands Inc.

“Avant Share Value” has the meaning given to it in Section 3.2(b).

“**Books and Records**” means (i) all of the Company’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records, and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Vendor, the Company, or any other member of the Flowr Group or any of their respective Affiliates including information, documents and records relating to the Assumed Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Business**” means the business conducted by the Company, being a licensed producer and distributor of cannabis, with operations located in Kelowna, British Columbia and its head office located in Toronto, Ontario, engaged in the cultivation, processing and sale of cannabis and cannabis products for medicinal and recreational use.

“**Business Day**” means a day on which banks are open for business in Toronto, Ontario and Kelowna, British Columbia, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario or the Province of British Columbia.

“**Cannabis Licenses**” means all Authorizations related to cannabis and issued by a Governmental Authority to the Company, including Authorizations to plant, grow, cultivate, extract, produce, process, package, store, destroy, market, promote, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation those listed in Schedule “**F**” hereto.

“**Cash Purchase Price**” has the meaning set out in Section 3.2(c).

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Vendor, after the date upon which the conditions set forth in Article 9 have been satisfied or waived, other than any conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Vendor and the Purchaser in writing).

"**Closing DIP Loan**" has the meaning set out in Section 5.2.

"**Closing Time**" means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

"**Contracts**" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which the Company is a party or by which the Company is bound or in which the Company has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

"**Company**" means The Flowr Group (Okanagan) Inc.

"**Court**" has the meaning set out in the recitals hereto.

"**DIP Loan**" means the borrowings under the DIP Facility (as defined in the DIP Term Sheet).

"**DIP Term Sheet**" means the debtor-in-possession term sheet dated as of October 20, 2022 among the Purchaser, as lender, and the members of the Flowr Group, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

"**Discharge**" means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

"**Effective Date**" has the meaning set out in the preamble hereto.

"**Employee**" means any individual who is employed by the Company as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty excludes any employee whose employment will be terminated pursuant to Section 9.2(f).

"**Encumbrance**" means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, write of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

"***Excise Act***" means the *Excise Act, 2001*, S.C. 2002, c.22.

"***Excise Tax Act***" means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

"**Excise License**" means cannabis license 85070 2630 RD0001 obtained by the Company under the *Excise Act*.

"**Excluded Assets**" means the properties, rights, assets and undertakings of the Company (or where, applicable, the other members of the Flowr Group) listed as "Excluded Assets" on Schedule "**A**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"**Excluded Asset Bill of Sale**" has the meaning set out in Section 4.1.

"**Excluded Asset Promissory Note**" has the meaning set out in Section 4.1.

"**Excluded Contracts**" means those contracts and other agreements of the Company that are not Assumed Contracts and for greater certainty, includes those contracts and agreements which are listed on Schedule "**B**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"**Excluded Liabilities**" has the meaning set out in Section 2.2(a).

"**Excluded Liabilities Promissory Note**" has the meaning set out in Section 4.2.

"**Excluded Liabilities Assumption Agreement**" has the meaning set out in Section 4.2.

"**Filing Date**" means October 20, 2022.

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"**GST/HST**" means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

"**Health Canada Approval**" means the approval issued by Health Canada in connection with the change of control contemplated by the Transaction.

"***Income Tax Act***" means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

"**Initial Order**" has the meaning set out in the recitals hereto.

"**Interim Period**" means the period from the Effective Date to the Closing Time.

"**KERP**" means the Key Employee Retention Plan developed by the Flowr Group, with input from the Monitor, and approved by the Court pursuant to the Initial Order.

"**KERP Entitlement**" means the dollar amount of the retention bonus payable to applicable Employees in accordance with the terms and conditions of the KERP.

"**Liability**" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Monitor**" has the meaning set out in the recitals hereto.

"**Monitor's Certificate**" has the meaning set out in Section 9.2(k).

"**Organizational Documents**" means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"**Outside Date**" means 11:59 pm (Toronto time) on March 31, 2023 or such later date and time as the Company and the Purchaser may agree to in writing; provided that the Purchaser may by notice to the Vendor extend the "Outside Date" by 30-days at any time prior to the Outside Date provided any application for the approvals contemplated by Section 9.2(a) or any appeal therefrom remains outstanding.

"**Other Flowr Contracts**" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Other Flowr Entity is a party or by which any Other Flowr Entity is bound or in which any such Other Flowr Entity has, or will at Closing have, any rights or by which any of its property or assets are or may be affected.

"**Other Flowr Entity**" means any of the Vendor, The Flowr Corporation, Terrace Global Inc., Holigen Holdings Limited, GreyCan Pty Ltd. and RPK Biopharma Unipessoal, LDA.

"**Parties**" has the meaning set out in the recitals hereto.

"**Party**" has the meaning set out in the recitals hereto.

"**Permits and Licenses**" means the orders, permits, licenses, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority, including: (i) those related to the Business, the Retained Assets, Transferred Assets and Assumed Contracts; (ii) the Excise License; and (iii) the Cannabis Licenses.

"**Permitted Encumbrances**" means those Encumbrances related to the Retained Assets and/or Transferred Assets set forth in Schedule "**E**" , as the same may be modified by the Purchaser prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"**Post-Closing Expenses**" has the meaning set out in Section 3.5.

"**Pre-Closing Reorganization**" means the transactions, acts or events described in Exhibit "**A**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order, which unless otherwise expressly provided therein are to occur immediately prior to the Closing Time.

"**Purchase Price**" has the meaning set out in Section 3.1.

"**Purchased Shares**" means all of the issued and outstanding shares of the Company.

"**ResidualCo**" means a corporation to be incorporated as a wholly-owned subsidiary of the Vendor to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

"**Retained Assets**" has the meaning set out in Section 4.1.

"**Retained Employee**" means any Employee that is not a Terminated Employee.

"**SISP**" means the sale and investment solicitation process, conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule "**G**" hereto.

"**Stalking Horse Agreement**" means the stalking horse purchase agreement dated as of the 31st day of October, 2022 among the Vendor, the Company and the Purchaser and approved by the Court on November 3, 2022.

"**Taxes**" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

"**Terminated Employee**" means those Employees whose employment will be terminated prior to Closing pursuant to Section 9.2(f), as determined by the Purchaser by written notice to the Company at least ten (10) Business Days prior to the Closing Date.

"**Terminated Employee KERP Payments**" has the meaning set out in Section 5.2.

"**Transaction**" means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Shares.

"**Transferred Assets**" means those assets listed on Schedule "**D**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof, which are owned by Other Flowr Entities, but will be transferred to the Company prior to Closing as part of the Pre-Closing Reorganization and will constitute Retained Assets.

"**Wind-Down Costs**" has the meaning given to it in Section 5.2.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section" or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other Person other than the Vendor, the Company or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to $, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

EXHIBITS

Exhibit A	-	Pre-Closing Reorganization

SCHEDULES

Schedule A	-	Excluded Assets
Schedule B	-	Excluded Contracts
Schedule C	-	Excluded Liabilities
Schedule D	-	Transferred Assets
Schedule E	-	Permitted Encumbrances
Schedule F	-	Permits and Licenses
Schedule G	-	SISP and Bidding Procedures
Schedule H	-	Assumed Liabilities
Schedule I	-	Assumed Contracts

The Parties acknowledge that as of the Effective Date, the Schedules (other than Schedules F and G) are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Vendor.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2
PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Purchased Shares

Subject to the terms and conditions of this Agreement, effective as of the Closing Time, the Vendor shall sell and transfer the Purchased Shares to the Purchaser, and the Purchaser shall purchase the Purchased Shares from the Vendor, free and clear of all Encumbrances.

2.2 Excluded Liabilities of the Company

(a) Pursuant to the Approval and Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Company or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "**C**", (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Company or the Purchased Shares or Transferred Assets, Retained Assets, Employees, Permits and Licenses, or Books and Records following the Closing Time.

(b) Subject to the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Vesting Order, and the Company, the Purchased Shares, the Retained Assets, the Transferred Assets, and the Company's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the Purchased Shares shall be FIVE MILLION ONE HUNDRED FIFTEEN THOUSAND DOLLARS (CDN $5,115,000) plus the Closing DIP Loan (if any) and the Assumed Liabilities, subject to adjustment as provided in this Agreement (the "**Purchase Price**"). The Purchase Price shall be paid to the Monitor as consideration for the Purchased Shares.

3.2 Satisfaction of Purchase Price

The Purchaser shall pay the Purchase Price to the Monitor, for the benefit of the Vendor and ResidualCo, at the Closing Time, in accordance with the following:

(a) Credit Bid. an amount equivalent to all amounts owing to the Purchaser under the DIP Term Sheet as of the Closing Time including any accrued and unpaid interest, expenses, fees and other amounts, (the "**Credit Bid Amount**") shall be treated as credited against (in satisfaction of that amount of) the Purchase Price and which the Purchaser shall cause the release thereof at Closing in favour of the Vendor and other borrowers under the DIP Term Sheet;

(b) Avant Shares. delivery of free trading Avant Common Shares with a cash equivalent value of $1,100,000 (the "**Avant Share Value**") based on the value set out below; and

(c) Balance of Purchase Price. an amount equal to the Purchase Price less the Credit Bid Amount and the Avant Share Value in immediately available funds (the "**Cash Purchase Price**");

(d) Assumed Liabilities. an amount equal to the amount of the Assumed Liabilities which the Company shall retain on the Closing Date, in accordance with the Pre-Closing Reorganization, and which shall be satisfied by the Company performing the Assumed Liabilities.

For the purposes of section 3.2(b), the Avant Share Value shall be calculated at a 15% discount to the volume weighted average price per Avant Common Share on the Toronto Stock Exchange for the 10 consecutive trading days preceding the Closing Date. This results in Avant Common Shares with a gross share value of $1,294,117.65 to be issued based on the value of the 10-day VWAP of the Avant Common Shares trading on the TSX measured on the close of trading on the trading day prior to the date of this Agreement.

3.3 Monitor to hold Purchase Price

The Purchase Price shall be held by the Monitor for the benefit of the Vendor and ResidualCo, and any Claim against the Company or the Purchased Shares shall continue to exist solely as against ResidualCo from and after Closing.

3.4 Adjustments to Purchase Price; KERP Entitlements

The Parties acknowledge and agree that a portion of the Purchase Price is intended to fund KERP Entitlements. Accordingly, a portion of the Purchase Price shall be satisfied, and the Cash Purchase Price shall be reduced, on a dollar for dollar basis, to account for: (a) any non-cash consideration which Employees (in each of their sole discretion) may elect, prior to Closing, to accept in lieu of their KERP Entitlement (provided that such adjustment to the Cash Purchase Price shall be equal to the amount of the Employee's KERP Entitlement that is no longer payable in cash); and (b) the Terminated Employee KERP Payments, if any. There shall be no other adjustments or reductions to the Cash Purchase Price and, for certainty, any amount of the Closing DIP Loan (if any) that is not utilized for Terminated Employee KERP Payments shall increase the Purchase Price and the Credit Bid Amount in each case by that amount such that the Cash Purchase Price is not reduced.

3.5 Adjustments to Purchase Price and Credit Bid; Closing DIP Loan

The Parties acknowledge and agree that certain of the Wind-Down Costs may be incurred after Closing, but before the termination of the CCAA Proceedings (the "**Post-Closing Expenses**"). The Purchaser and the Monitor shall agree on any estimated amount of Closing DIP Loan required to fund the Post-Closing Expenses, and the Purchaser covenants and agrees to fund the agreed on Post-Closing Expenses under the Closing DIP Loan, by electing at its option to either: (i) continue to make advances under the Closing DIP Loan after Closing; or (ii) advance funds to the Monitor at Closing in an amount determined by the Monitor and the Purchaser, and supported by the cash flow forecast approved by the Monitor and the Purchaser. The Monitor shall continue to report on cash flow variances to the Purchaser in accordance with the DIP Term Sheet and provide a final reconciliation at the completion of the CCAA Proceedings. For greater certainty, it is acknowledged that any funds advanced by the Purchaser to fund the Post-Closing Expenses are not an asset of the Vendor, the Company or any of the other Applicants and shall not form part of any estate of the Applicants. Upon completion of the activities covered by the Wind-Down Costs and in any event no later than termination of the CCAA Proceedings, any funds advanced under the Closing DIP Loan but not used to fund the Post-Closing Expenses, shall be promptly returned to the Purchaser without deduction.

In either case, the Purchase Price and the Credit Bid shall be adjusted upwards by an amount equal to the actual Post-Closing Expenses incurred and funded by the Closing DIP Loan from and after the Closing.

ARTICLE 4
TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Company shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including the Transferred Assets, the Company's equipment, its Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the "**Retained Assets**"), excluding inventory sold or consumed in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order, the DIP Term Sheet and the approval of the Monitor. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts, which the Company shall transfer to ResidualCo, in accordance with the Pre-Closing Reorganization, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order as evidenced by a bill of sale and assignment of contracts (the "**Excluded Assets Bill of Sale**"), all in consideration of an interest-free promissory note (the "**Excluded Assets Promissory Note**") issued by the Company to ResidualCo in an amount equal to the portion of the Cash Purchase Price that exceeds the Excluded Liabilities Promissory Note (as defined below), which Excluded Asset Promissory Note will be cancelled at Closing in accordance with the Approval and Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

On the Closing Date, the Excluded Liabilities shall be assumed by ResidualCo and the Company shall issue to ResidualCo an interest free promissory note (the "**Excluded Liabilities Promissory Note**") in an amount equal to a portion, to be agreed upon between the Parties, of the Cash Purchase Price in consideration for ResidualCo assuming the Excluded Liabilities, which Excluded Liabilities Promissory Note will be cancelled at Closing in accordance with the Approval and Vesting Order. In accordance with the Pre-Closing Reorganization and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo and evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Vendor (the "**Excluded Liabilities Assumption Agreement**"). Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Shares, the Company and the Retained Assets as of and from and after the Closing Time.

4.3 Tax Matters

Pursuant to the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

ARTICLE 5
FURTHER FUNDING

5.1 INTENTIONALLY DELETED

5.2 Further Funding

In the event that the Flowr Group has cash requirements in excess of the amounts available to them under the DIP Facility once fully drawn, then provided that the Company and/or Vendor are not then in default under the DIP Facility or their obligations under this Agreement, then the Purchaser shall advance, by way of a non-revolving debtor-in-possession loan facility (the "**Closing DIP Loan**") pursuant to the DIP Term

Sheet, such further funding to the Flowr Group as is reasonably necessary to close the Transaction in accordance with the cash flow projections approved by the Monitor and the Purchaser, which the parties understand will include post-closing restructuring costs, orderly wind down costs including with respect to The Flowr Corporation and delisting same from the TSX Venture Exchange (if necessary), the costs to prepare and file the necessary tax returns and related matters in respect of the Canada Revenue Agency, costs to undertake a D&O claims process (if necessary), distribution and discharge of the Monitor and the CCAA Proceedings ("**Wind-Down Costs**") and fund such other costs and expenses of the Flowr Group as may be agreed to by the Purchaser, in writing. It shall be a condition of the Purchaser that the Closing DIP Loan be secured by the DIP Lender's Charge (as defined in the Initial Order). Without limiting the foregoing, the Parties acknowledge and agree that the Closing DIP Loan shall be used, as necessary, to fund the KERP Entitlements of Terminated Employees whose employment is terminated prior to Closing ("**Terminated Employee KERP Payments**").

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Vendor is a corporation incorporated and existing under the *Business Corporations Act* (British Columbia), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Vendor of this Agreement has been authorized by all necessary corporate action on the part of the Vendor.

(c) No Conflict. The execution, delivery and performance by the Vendor of this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Vendor, any agreement binding on the Vendor or any Applicable Law applicable to the Vendor, the Flowr Group or any of its affiliates, the Retained Assets or the Purchased Shares, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.

(e) Proceedings. There are no proceedings pending against the Vendor or, to the knowledge of the Vendor, threatened, with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Vendor from fulfilling any of its obligations set forth in this Agreement, and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.

(f) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order and the Health Canada Approval, the Vendor does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.

(g) Residency. The Vendor is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

(h) Title to Purchased Shares. The Vendor is the sole registered and beneficial owner of the Purchased Shares, with good and valid title thereto, and the Vendor will transfer good and valid title to the Purchased Shares to the Purchaser, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. There are no issued and outstanding shares or other securities of the Company other than the Purchased Shares, nor are there any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for shares or any other securities of the Company.

(i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Vendor or the Company of any of the Purchased Shares or the Retained Assets.

6.2 Representations and Warranties in respect of the Company

The Vendor and the Company hereby represent and warrant to and in favour of the Purchaser as of the date hereof and as of the Closing Time, and acknowledge that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (British Columbia), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and, subject to obtaining the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.

(c) No Conflict. The execution, delivery and performance by the Company of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company, any agreement binding on the Vendor or any Applicable Law applicable to the Vendor, the Flowr Group or any of its affiliates, the Retained Assets or the Purchased Shares, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.

(e) Authorized and Issued Capital. The authorized capital of the Company consists of an unlimited number of Class A Voting Participating Common Shares, Class B Voting Participating Common Shares and Class C Voting Participating Common Shares, of which 550,000 Class A Voting Participating Shares, 250,000 Class B Voting Participating Shares and 200,000 Class C Voting Participating Shares are issued and outstanding. The Purchased Shares: (i) constitute all of the issued and outstanding securities in the capital of the Company; (ii) have all been duly authorized and validly issued as fully paid and non-assessable; (iii) have been issued by the Company in compliance with all Applicable Laws; and (iv) are registered in the name of, and are legally and beneficially owned by, the Vendor. None of the Purchased Shares have been issued in violation of any pre-emptive, right of first offer or refusal or similar rights. The Company is a private issuer (as such term is defined in Section 2.4 of National Instrument 45-106).

(f) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any of the Purchased Shares, any Retained Assets or for the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Company. The Company has good and valid title to the Retained Assets free and clear of all Encumbrances (other than Permitted Encumbrances).

(g) Proceedings. There are no proceedings pending against the Company or, to the knowledge of the Company, threatened with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.

(h) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order and the Health Canada Approval, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.

(i) Cannabis Licenses. The Cannabis Licenses and the Excise License are in full force and effect. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition of any interest in, or the creation of any Encumbrance in respect of, the Cannabis Licenses or the Excise License. In addition, subject to obtaining the Health Canada Approval, there are no terms, conditions, or other restrictions imposed on the Cannabis Licenses or the Excise License that would delay, restrict, or prevent the Company or the Vendor from fulfilling any of their obligations set forth in this Agreement.

(j) Compliance with Laws. The Company is conducting and has conducted the Business in compliance with all Applicable Laws in all material respects.

(k) Assumed Contracts. The list and copies of Contracts and Other Flowr Contracts provided by the Company and Vendor pursuant to Section 7.4(b), are correct and complete in all material respects, inclusive of all amendments, modifications and supplements thereto.

6.3 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time, and acknowledges that, the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario) as of the date hereof and may, as of the Closing Time be continued under the *Business Corporations Act* (British Columbia), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.

(c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.

(e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

6.4 As is, Where is

The representations and warranties of the Company shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

ARTICLE 7
COVENANTS

7.1 Closing Date

(a) The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

(b) Without limiting the foregoing, the Parties shall assist with submissions, share information and make any other efforts required to obtain any approval (including the Health Canada Approval) or Permits and Licences from any Governmental Authority necessary to effect the Closing.

(c) Each of the Parties shall, as promptly as possible, make, or cause to be made, all filings and submissions (including with respect to the Cannabis Licences), as applicable, required under any Applicable Law to effect the Closing.

(d) The Vendor and the Company shall cause such individuals as the Purchaser may determine in its sole discretion to be appointed or assigned to be as of the Closing Time: (i) a director or officer of the Company; (ii) another individual who exercises direct control over the Company; (iii) directors or officers of any corporation that exercises direct control over the Company; or (iv) the responsible person, the head of security, or the master grower, and their alternates, as those terms are defined in the *Cannabis Regulations* (Canada).

7.2 Motion for Approval and Vesting Order

As soon as practicable after the date of this Agreement and in any event by no later than December 9, 2022, the Vendor shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and grant the releases contemplated thereby. The Vendor shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Vendor in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

7.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Pre-Closing Reorganization), the Vendor and Company shall, unless consented to by the Purchaser under the DIP Term Sheet, comply with the DIP Term Sheet and continue to maintain the Business, operations of the Company and Retained Assets and cause the Other Flowr Entities to maintain the Transferred Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences.

7.4 Access During Interim Period

(a) During the Interim Period, the Vendor and the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its Representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Vendor's and Company's customers and contractual counterparties. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Vendor and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

(b) in order to consider, analyze and complete or modify Schedules "**D**" (Transferred Assets) and "**I**" (Assumed Contracts) in accordance with the terms of this Agreement, the Company and Vendor undertake to provide to the Purchaser, promptly and in any event no later than November 20, 2022, true and complete copies of: (a) all Contracts and Other Flowr Contracts; (b) a list of inventory, property, plant & equipment and any other material assets owned by all Other Flowr Entities; (c) a list of all employees employed by the Company and Other Flowr Entities; and (d) a list of any outstanding legal proceeding against the Company and Other Flowr Entities.

7.5 Insurance Matters

Until Closing, the Vendor and the Company shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the Vendor and the Company in the ordinary course of business.

ARTICLE 8
CLOSING ARRANGEMENTS

8.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

8.2 Pre-Closing Reorganization

(a) Subject to the other terms of this Agreement, the Company shall effect the Pre-Closing Reorganization on the terms and using the steps set out at Exhibit "**A**"; *provided that* the Purchaser and Company shall cooperate to ensure that the Pre-Closing Reorganization is completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser; and *provided further* that the Purchaser shall be entitled to require, as a part of the Pre-Closing Reorganization, that the Transferred Assets be transferred to and vested in the Company free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order provided that such Transferred Assets have been identified by the Purchaser at least 8 days prior to the hearing for such Approval and Vesting Order.

(b) The Purchaser and the Vendor shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

(c) In addition to the foregoing, the Parties agree that this Agreement and the Pre-Closing Reorganization may be amended prior to Closing to account for the acquisition of the tax losses in The Flowr Corporation, there having been no bids received for or in respect of The Flowr Corporation in the SISP.

8.3 Vendor Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

(a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;

(b) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable stock transfer powers duly executed in blank, in either case, by the Vendor;

(c) confirmation, in form and substance satisfactory to the Purchaser, that all applicable Governmental Authorities have approved the change of control contemplated by the Transaction such that the Permits and Licenses, including the Cannabis Licenses, will be valid and in good standing immediately following the Closing;

(d) a certificate of an officer of the Vendor dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendor and the Company have performed in all material respects the covenants to be performed by them prior to the Closing Time;

(e) the Organizational Documents of the Company and the corporate Books and Records;

(f) a side letter addressed to the Purchaser and further to which any applicable Other Flowr Entities making the representations and warranties contemplated by Section 9.2(l); and

(g) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

8.4 Company Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Monitor the following:

(a) the Excluded Asset Promissory Note;

(b) the Excluded Liability Assumption Agreement, signed by the Company and ResidualCo;

(c) the Excluded Asset Bill of Sale, signed by the Company and ResidualCo; and

(d) the Excluded Liabilities Promissory Note.

8.5 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor and the Company (or to the Monitor, as applicable), the following:

(a) the Avant Common Shares contemplated by Section 3.2(b);

(b) the Cash Purchase Price;

(c) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

(d) such other agreements, documents and instruments as may be reasonably required by the Vendor and the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 9
CONDITIONS OF CLOSING

9.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

(a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.

(b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and

(c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 9.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

9.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Regulatory Approval. The Purchaser shall have obtained the Health Canada Approval, in a form satisfactory to the Purchaser, acting reasonably.

(b) Pre-Closing Reorganization. The Pre-Closing Reorganization shall have been completed in the order and in the timeframes contemplated hereunder.

(c) Company's Deliverables. The Vendor and the Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.

(d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 and Section 6.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

(e) No Breach of Covenants. The Company and the Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company and the Vendor on or before the Closing Date.

(f) Company Employees. The Company shall have terminated the employment of any employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order. Notwithstanding the foregoing, Terminated Employees that are subject to the KERP shall be entitled to receive their KERP Entitlements, and nothing in this Agreement shall limit or terminate such entitlement, which will be funded, as necessary, in accordance with Section 5.2.

(g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets and the proceeds from the Purchase Price; and (iii) the Company, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Assumed Liabilities, if any) such that, from and after Closing the Business and property of the Company shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.

(h) Partial Termination of CCAA Proceeding. Upon Closing, the CCAA Proceeding shall have been terminated in respect of the Company, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo, the Vendor and the rest of the Flowr Group.

(i) Disclaimer of Excluded Contracts. The Company shall have sent notices of disclaimer for all known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets.

(j) Permits and Licenses. The Permits and Licenses, including the Cannabis Licenses and Excise License, shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing and no Governmental Authority whose consent is not required to the Transaction shall have objected to the completion of the Transaction or indicated that such Permits and Licenses will not remain in full force and effect following completion of the Transaction.

(k) Monitor's Certificate. The Monitor shall have provided an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

(l) Representations as to Transferred Assets/by Other Flowr Entities. To the extent any assets, properties or undertakings of an Other Flowr Entity have been designated as a Transferred Asset hereunder, such Other Flowr Entity shall have provided to the Purchaser those representations and warranties set out in Sections 6.1(a) through (i) as modified for such Other Flowr Entit(ies) and Transferred Asset(s) *mutatis mutandis*, which representations and warranties (except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement) shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

9.3 Conditions Precedent in favour of the Vendor and the Company

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.

(b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.3 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

(c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

(d) Monitor's Certificate. The Monitor shall have provided an executed copy of the Monitor's Certificate confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 9.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 9.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 10
TERMINATION

10.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

(a) by the mutual written agreement of the Vendor (with the consent of the Monitor) and the Purchaser; or

(b) by the Vendor (with the consent of the Monitor) or the Purchaser upon written notice to the other Parties if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Vesting Order is not obtained on or before December 16, 2022 (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of Section 10.2.

ARTICLE 11
GENERAL

11.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for the Vendor (or any trustee in bankruptcy of the estate of the Vendor) to comply with Applicable Law, the Purchaser will retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendor (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the Vendor, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

11.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

(a) in the case of the Purchaser, as follows:

1000343100 ONTARIO INC.

Attention: Stephen Arbib & Norton Singhavon
Email: sarbib@menain.com; ns@avantbrands.ca

with a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7

Attention: Eric Reither & Jennifer Stam
Email: eric.reither@nortonrosefulbright.com;
jennifer.stam@nortonrosefulbright.com

and to:

Cassels, Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON, M5H 3C2

Attention: Jane Dietrich & Jeremy Bornstein
Email: jdietrich@cassels.com; jbornstein@cassels.com

(b) in the case of the Vendor or the Company, as follows:

The Flowr Canada Holdings ULC
60 Adelaide Street East
Toronto, Ontario M5C 3E4

Attention: Darren Karasiuk
Email: dkarasiuk@flowr.ca

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON M5H 4A9

Attention: Kyla Mahar
Email: kmahar@millerthomson.com

(c) in each case, with a further copy to the Monitor as follows:

Ernst & Young Inc.
P.O. Box 1, 100 Adelaide Street West
Toronto, Ontario M5H 0B3

Attention: Alex Morrison
Email: alex.f.morrison@parthenon.ey.com

with a copy to:

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Attention: Rebecca Kennedy & Rachel Nicholson
Email: rkennedy@tgf.ca; rnicholson@tgf.ca

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

11.3 Public Announcements

The Vendor shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Vendor in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Vendor or any of its Affiliates under Applicable Laws or stock exchange rules, the Vendor shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

11.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

11.5 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

11.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

11.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements; provided that nothing in this Agreement affects the rights and obligations of the Parties under the DIP Term Sheet. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

11.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; provided that nothing in this Agreement affects the rights and obligations of the Parties under the DIP Term Sheet.

11.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

11.10 Assignment

(a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Vendor, the Company, ResidualCo or the Monitor, provided that: (x) (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Vendor, the Company and the Monitor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder; and (y) the Purchaser may assign the benefits of this Agreement to a lender or lenders as security for obligations owed to it or them, all without the consent of (but upon notice to) the Vendor, the Company and the Monitor.

(b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Vendor or the Company without the Consent of the Purchaser.

11.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

11.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

11.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

11.14 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

11.15 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in this CCAA Proceeding, the Vendor, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Company and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[*Signature Page Follows*]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

AVANT BRANDS K1 INC. (FORMERLY 1000343100 ONTARIO INC.)

By: ______________________________

Name: David Lynn

Title: Director

By: ______________________________

Name: Stephen Arbib

Title: Director

I/We have authority to bind the Corporation

THE FLOWR CANADA HOLDINGS ULC

By: ______________________________

Name:

Title:

I have authority to bind the Corporation.

THE FLOWR GROUP (OKANAGAN) INC.

By: ______________________________

Name:

Title:

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

AVANT BRANDS K1 INC. (FORMERLY 1000343100 ONTARIO INC.)

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

I/We have authority to bind the Corporation

THE FLOWR CANADA HOLDINGS ULC

By: ______________________________

Name: Darren Karasiuk

Title: Director

I have authority to bind the Corporation.

THE FLOWR GROUP (OKANAGAN) INC.

By: ______________________________

Name: Darren Karasiuk

Title: Director

I have authority to bind the Corporation.

EXHIBIT "A"
PRE-CLOSING REORGANIZATION

1. The Transferred Assets shall be transferred to the Company.

2. ResidualCo shall be incorporated by the Vendor with nominal consideration for common shares and shall be added to the CCAA Proceeding as an Applicant, but shall take no other steps or actions in respect thereof.

3. The Excluded Assets and Excluded Liabilities shall be transferred to, and vested in, ResidualCo pursuant to the Approval and Vesting Order.

SCHEDULE "A"
EXCLUDED ASSETS

1. Inventory sold in the ordinary course of Business in the Interim Period.

2. Excluded Contracts.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE "B"
EXCLUDED CONTRACTS

*All Contracts that are not Assumed Contracts.

SCHEDULE “C”
EXCLUDED LIABILITIES

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.

2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.

3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.

4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.

5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.

6. Any and all Liabilities that are not Assumed Liabilities.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE "D"
TRANSFERRED ASSETS

1. Intellectual property rights of the Vendor used by or currently being developed for use in the business of the Company, including any and all rights, trademarks, service marks, brand names, logos, design rights and similar designations relating to the "Flowr" brand.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE "E"
PERMITTED ENCUMBRANCES

Nil.

SCHEDULE "F"
CANNABIS LICENSES

Regulatory Authority	**Authorization Type**	**Details**	**Licensee**	**Issuance Date**	**Expiry Date**	**Licence No.**
Health Canada	Federal Cannabis Licence	Federally authorized licence holder with licences for Standard Cultivation, Standard Processing, Sale for Medical Purposes	Flowr Group (Okanagan) Inc.	08/10/2022	12/1/2023	LIC-DG4JA5DWP1-2020-16
Health Canada	Federal Cannabis Licence	Federally authorized licence holder with licence for Research	Flowr Group (Okanagan) Inc.	09/2/2022	06/30/2026	LIC-AQ4YORB346-2021-3

SCHEDULE “G”
SISP AND BIDDING PROCEDURES

(attached)

Sale and Investment Solicitation Process

Introduction

1. On October 20, 2022, The Flowr Corporation ("**Flowr**") and certain of its subsidiaries (collectively, the "**Applicants**") 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 (which was amended and restated on **[October 28, 2022]**), among other things:

   (a) stayed all proceedings against the Applicants, their assets and their respective directors and officers;

   (b) appointed Ernst & Young Inc. as the monitor of the Applicants (in such capacity, the "**Monitor**");

   (c) authorized the Applicants to enter into a debtor-in-possession financing facility (the "**DIP Facility**") with 1000343100 Ontario Inc. ("**DIP Lender**") pursuant to a Commitment Letter dated October 20, 2022 (the "**DIP Commitment Letter**"), as well as the related charge in favour of the DIP Lender (the "**DIP Charge**") over all of the Applicants' present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof to secure the amounts outstanding under or in connection with the DIP Facility; and

   (d) authorized the Applicants to pursue all avenues of sale or investment of their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.

2. Further to the Applicants' restructuring efforts and the terms of the DIP Facility, the Monitor will conduct the sale and investment solicitation process (the "**SISP**") described herein, with the assistance of the Applicants, and pursuant to a Court order dated **[October 28, 2022]** (the "**SISP Order**"). The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction. The Applicants intend to provide all qualified interested parties with an opportunity to participate in the SISP.

3. In accordance with the terms of the DIP Facility, the DIP Lender has the exclusive option to submit 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**") in order to provide certainty in the marketplace for the Applicants. Where the Stalking Horse Bidder submits its Stalking Horse Bid, the Monitor or the Applicants shall bring a motion before the Court seeking the approval of the Stalking Horse Bid. In the event the Stalking Horse Bid is approved by the Court, the Stalking Horse Bid shall automatically be considered as a Qualified Bid (as defined herein) for the purposes of the Auction (as defined herein).

Opportunity

4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all or one or more components of the Applicants' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

5. 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.

Timeline

6. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Deadline to publish notice of SISP and deliver Teaser Letter and NDA to Known Potential Bidders	November 7, 2022
Bid Deadline	November 25, 2022
Auction Date	December 1, 2022
Hearing of the Sale Approval Motion (as defined below)	No later than December 16, 2022, subject to the availability of the Court

7. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Applicants and after consultation with the DIP Lender.

Solicitation of Interest: Notice of the SISP

8. As soon as reasonably practicable, but in any event by no later than November 7, 2022:

    (a) the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in the Applicants pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, "**Known Potential Bidders**");

(b) the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition), and any other newspaper or journal as the Applicants, in consultation with the Monitor, consider appropriate, if any;

(c) the Monitor will issue a press release with Canada Newswire or comparable newswire entity setting out the information contained in the Notice and such other relevant information which the Monitor, in consultation with the Applicants, consider appropriate, designating dissemination in Canada; and

(d) the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel, and substantially in the form of the NDA executed by the DIP Lender (an "**NDA**").

9. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder by no later than November 7, 2022 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

10. Any party who wishes to participate in the SISP (a "**Potential Bidder**"), other than the Stalking Horse Bidder, must provide to the Applicants and the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

11. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered a NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such 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 and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

12. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

Formal Binding Offers

13. 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 all of the following requirements to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (Eastern Time) on November 25, 2022** or as may be modified in the Bid process letter that may be circulate by the Monitor to Potential Bidders, with the approval of the Applicants and in consultation with the DIP Lender (the "**Bid Deadline**"):

(a) the Bid must be either a binding offer to:

(i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); and/or

(ii) make an investment in, restructure, reorganize or refinance the Business or the Applicants (an "**Investment Proposal**");

(b) the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and is consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Bidders;

(c) 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;

(d) 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;

(e) the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;

(f) 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;

(g) the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;

(h) for a Sale Proposal, the Bid includes:

(i) the purchase price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;

(ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;

(iii) a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;

(iv) a description of the conditions and approvals required to complete the closing of the transaction;

(v) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

(vi) any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction; and

(vii) a commitment by the Bidder to provide a non-refundable deposit in the amount of not less than 10% of the Purchase Price offered upon the Bidder being selected as the Successful Bidder;

(i) for an Investment Proposal, the Bid includes:

(i) a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;

(ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars;

(iii) the underlying assumptions regarding the pro forma capital structure;

(iv) a specific indication of the sources of capital for the Bidder and the structure and financing of the transaction;

(v) a description of the conditions and approvals required for to complete the closing of the transaction;

(vi) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

(vii) any other terms or conditions of the Investment Proposal; and

(viii) a commitment by the Bidder to provide a non-refundable deposit in the amount of not less than 10% of the total new investment contemplated in the bid upon the Bidder being selected as the Successful Bidder;

(j) the Bid includes acknowledgements and representations of the Bidder 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;

(k) the Bid is received by the Bid Deadline;

(l) the Bid includes confirmation that, if the Bid is the Successful Bid and the Flowr Group 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 Flowr Group 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

(m) the Bid contemplates closing the transaction set out therein on or before January 31, 2023.

14. 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**". No Bids received shall be deemed not to be Qualified Bids without the approval of the Monitor. Only Bidders whose bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s).

15. In the event that a Stalking Horse Agreement is approved by the Court, the Monitor may only designate a Bid as a Qualified Bid where the proposed purchase price is equal to or greater than that contained in any Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, *plus* the amount of any break fee *plus* $50,000.

16. 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 above and deem such non-compliant Bids to be a Qualified Bid; provided, however, that the Monitor shall not waive compliance with paragraph 14 above without the consent of the DIP Lender.

17. 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.

18. In the event that there is not a Stalking Horse Bid, if the Monitor, in consultation with the Applicants, are not satisfied with the number or terms of the Qualified Bids, the Monitor may, in consultation with the Applicants and with the approval of the Applicants, extend the Bid Deadline, or the Monitor may seek Court approval of an amendment to the SISP, in each case after consultation with the DIP Lender.

19. 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.

Evaluation of Competing Bids

20. 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.

Auction

21. If the Monitor receives at least one additional Qualified Bid where there is a court approved Stalking Horse Bid, or two Qualified Bids where there is no court approved 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, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.

22. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid, if any (collectively, the "**Qualified Parties**"), shall be eligible to participate in the Auction. No later than 5:00 p.m. Eastern Daylight Time on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in 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, the Stalking Horse Bidder, if any, shall be the Successful Bid (as defined below).

Auction Procedure

23. The Auction shall be governed by the following procedures:

    (a) **Participation at the Auction.** Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (Eastern Time) two (2) Business Days after the Bid Deadline;

    (b) **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;

    (c) **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the "**Initial Bid**"), and any bid made at the Auction by a Qualified Party subsequent to the Monitors announcement of the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments of $100,000;

    (d) **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all

Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

(e) **Bidding Conclusion.** 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 with full knowledge and written confirmation of the then-existing highest bid(s); and

(f) **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded.

(g) **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules as the Auction as it sees fit.

Selection of Successful Bid

24. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

(a) review each Qualified Bid, considering the factors set out in paragraph 13 and, among others things:

(i) the amount of consideration being offered, and, if applicable, the proposed form, composition and allocation of same;

(ii) the value of any assumption of liabilities or waiver of liabilities not otherwise accounted for in paragraph 26(a)(i);

(iii) the likelihood of the Qualified Party's ability to close a transaction by January 31, 2023, after completion of the Auction and timing thereof (including factors such as the transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals); the likelihood of the Court's approval of the Successful Bid; the net benefit to the Applicants; and

(iv) any other factors the Applicants may, consistent with its fiduciary duties, reasonably deem relevant; and

(b) identify the highest or otherwise best bid received at the Auction (the "**Successful Bid**" and the Qualified Party making such bid, the "**Successful Party**").

25. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with and Approval from the Applicants, subject to the milestones set forth in paragraph 6.

Sale Approval Motion Hearing

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

Confidentiality and Access to Information

27. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.

28. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Potential Bidders or Bidders.

Supervision of the SISP

29. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.

30. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.

31. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lender or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the

result from gross negligence or wilful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Monitor.

32. 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, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

33. Without limiting in any way the intent and effect of the applicable provisions of the DIP Facility in respect of the SISP, the Applicants and the Monitor shall have the right to modify the SISP (including, without limitation, pursuant to the Bid process letter) with the prior written approval of the Applicants and consultation with the DIP Lender if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

Schedule "1"

Address of Monitor

To the Monitor:
Ernst and Young Inc.
EY Tower, 100 Adelaide Street West
PO Box 1
Toronto, ON M5H 0B3
Attention: Alex Morrison, Karen Fung and Allen Yao
Email: alex.f.morrison@parthenon.ey.com
karen.k.fung@parthenon.ey.com
allen.yao@parthenon.ey.com

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SCHEDULE "H"
ASSUMED LIABILITIES

Post-filing liabilities for goods and services incurred by the Company and related to the Business based on a A/P listing provided by the Monitor to the Purchaser the day before Closing.

SCHEDULE "I"

ASSUMED CONTRACTS

The following is a comprehensive list of Assumed Contracts:

1. Lease dated December 1, 2016 among the Company, as tenant, and 0954717 B.C. Ltd., as landlord, in respect of the premises known municipally as 9590 McCarthy Road, Kelowna, British Columbia, as amended by that certain Lease Amending Agreement dated as of April 15, 2021 between 0954717 B.C. Ltd., as landlord, The Flowr Group (Okanagan) Inc., as tenant, and The Flowr Corporation.

2. Master Cannabis Supply Agreement dated June 16, 2021 between Ontario Cannabis Retail Corporation, doing business as the Ontario Cannabis Store (as Purchaser) and The Flowr Group (Okanagan) Inc. (as Supplier).

3. Licensed Producer Supply Agreement for Non-Medical Cannabis dated July 31, 2018 between Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 (as Province and Purchaser) and The Flowr Group (Okanagan) Inc. (as Licensed Producer).

4. Sale, Distribution and Marketing Agreement dated April 9, 2020 between The Flowr Group (Okanagan) Inc. and Rose Lifescience Inc., as amended by that certain Addendum to the Sale, Distribution and Marketing Agreement dated March 16, 2021, that certain Addendum to the Sale, Distribution and Marketing Agreement dated August 5, 2021, and that certain Amendment No. 3 to the Sale, Distribution and Marketing Agreement dated October 15, 2021.

5. 2022 Sublease dated October 17, 2022 between Connected Supply Chain Solutions and The Flowr Group (Okanagan) Inc.

6. Subject to Section 9.2(f), all Employee Contracts for Employees employed by the Company on the Closing Date.

[**Note: Balance of schedule to be completed prior to Closing.]**

This is Exhibit “D” referred to in the affidavit

of Darren Karasiuk, sworn before me this
this December 9, 2022

A COMMISSIONER FOR TAKING AFFIDAVITS

~~Execution Version~~

~~STALKING HORSE~~AMENDED AND RESTATED PURCHASE AGREEMENT

This ~~Agreement is made~~amended and restated purchase agreement dated as of the ~~31~~1st day of ~~October~~December, 2022 (the "**Effective Date**") amends and restates the Stalking Horse Agreement (defined below), among:

THE FLOWR CANADA HOLDINGS ULC
(the "**Vendor**")

– and –

THE FLOWR GROUP (OKANAGAN) INC.
(the "**Company**")

– and –

AVANT BRANDS K1 INC. (formerly, 1000343100 ONTARIO INC.)
(the "**Purchaser**")

WHEREAS pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued October 20, 2022 (as may be further amended or amended and restated from time to time, the "**Initial Order**"), the Vendor, the Company, The Flowr Corporation and Terrace Global Inc. (collectively, the "**Flowr Group**") were granted, among other things, creditor protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "**CCAA**") and Ernst & Young Inc. was appointed as the CCAA monitor of the Flowr Group (in such capacity, the "**Monitor**");

AND WHEREAS in connection with the proceedings initiated by the Initial Order (the "**CCAA Proceedings**"), on October 28, 2022, the Flowr Group ~~intends to seek the~~sought and obtained approval of the Court to run a SISP (as defined below)~~ pursuant to which this Agreement will serve as~~;

AND WHEREAS on November 3, 2022, the Court approved the Stalking Horse ~~Bid (as defined below)~~Agreement for the Purchased Shares (as defined below) for the purposes of serving as the stalking horse bid in the SISP;

AND WHEREAS ~~in~~pursuant to the ~~event that this Agreement is selected as~~SISP, the Monitor conducted an auction on December 1, 2022 and at the conclusion of the auction, the Purchaser's bid was declared the Successful Bid (as defined ~~below)~~ in the SISP) on the terms set out in this Agreement;

AND WHEREAS on the terms set out herein, the Vendor has agreed to sell and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor's right, title and interest in and to the Purchased Shares, subject to and in accordance with the terms and conditions set forth in this Agreement,

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the "**Parties**", and each, a "**Party**") hereby acknowledge and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"**Affiliate**" has the meaning given to the term "affiliate" in the *Business Corporations Act* (Ontario).

"**Agreement**" means this amended and restated purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and "**Article**" and "**Section**" mean and refer to the specified article, section and subsection of this Agreement.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority, and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"**Approval and Vesting Order**" means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction and vesting in the Purchaser (or as it may direct) all the right, title and interest of the Vendor in and to the Purchased Shares, free and clear from any Encumbrances and releasing (A) current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, (B) the Monitor and its legal counsel, and (C) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors.

"**Assumed Contracts**" means the Contracts listed in Schedule "**I**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Assumed Contracts may be amended, restated, supplemented or otherwise modified from time to time).

"**Assumed Liabilities**" means (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule "**H**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; and (b) all Liabilities which relate to (i) the Business under any Assumed Contracts, (ii) any Permits and Licenses forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

~~"**Auction**" has the meaning set out in Section 5.1(e).~~

"**Authorization**" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

"~~**Bid Deadline**~~**Avant Common Shares**" means common shares of Avant Brands Inc.

"**Avant Share Value**" has the meaning ~~set out~~given to it in ~~Schedule "G"~~Section 3.2(b).

"**Books and Records**" means (i) all of the Company's files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records, and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Vendor, the Company, or any other member of the Flowr Group or any of their respective Affiliates including information, documents and records relating to the Assumed Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

~~"**Break Fee**" has the meaning set out in Section 5.1(b).~~

"**Business**" means the business conducted by the Company, being a licensed producer and distributor of cannabis, with operations located in Kelowna, British Columbia and its head office located in Toronto, Ontario, engaged in the cultivation, processing and sale of cannabis and cannabis products for medicinal and recreational use.

"**Business Day**" means a day on which banks are open for business in Toronto, Ontario and Kelowna, British Columbia, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario or the Province of British Columbia.

"**Cannabis Licenses**" means all Authorizations related to cannabis and issued by a Governmental Authority to the Company, including Authorizations to plant, grow, cultivate, extract, produce, process, package, store, destroy, market, promote, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation those listed in Schedule "**F**" hereto.

"**Cash Purchase Price**" has the meaning set out in Section 3.2(~~b~~c).

"**CCAA**" has the meaning set out in the recitals hereto.

"**CCAA Proceedings**" has the meaning set out in the recitals hereto.

"**Claims**" means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

"**Closing**" means the closing and consummation of the Transaction.

"**Closing Date**" means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Vendor, after the date upon which the conditions set forth in Article 9 have been satisfied or waived, other than any conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Vendor and the Purchaser in writing).

"**Closing DIP Loan**" has the meaning set out in Section 5.2.

"**Closing Time**" means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

"**Contracts**" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which the Company is a party or by which the Company is bound or in which the Company has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

"**Company**" means The Flowr Group (Okanagan) Inc.

"**Court**" has the meaning set out in the recitals hereto.

"**DIP Loan**" means the borrowings under the DIP Facility (as defined in the DIP Term Sheet).

"**DIP Term Sheet**" means the debtor-in-possession term sheet dated as of October 20, 2022 among the Purchaser, as lender, and the members of the Flowr Group, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

"**Discharge**" means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

"**Effective Date**" has the meaning set out in the preamble hereto.

"**Employee**" means any individual who is employed by the Company as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty excludes any employee whose employment will be terminated pursuant to Section 9.2(f).

"**Encumbrance**" means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, write of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

"***Excise Act***" means the *Excise Act, 2001*, S.C. 2002, c.22.

"***Excise Tax Act***" means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

"**Excise License**" means cannabis license 85070 2630 RD0001 obtained by the Company under the *Excise Act*.

"**Excluded Assets**" means the properties, rights, assets and undertakings of the Company (or where, applicable, the other members of the Flowr Group) listed as "Excluded Assets" on Schedule "**A**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"**Excluded Asset Bill of Sale**" has the meaning set out in Section 4.1.

"**Excluded Asset Promissory Note**" has the meaning set out in Section 4.1.

"**Excluded Contracts**" means those contracts and other agreements of the Company that are not Assumed Contracts and for greater certainty, includes those contracts and agreements which are listed on Schedule "**B**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

"**Excluded Liabilities**" has the meaning set out in Section 2.2(a).

"**Excluded Liabilities Promissory Note**" has the meaning set out in Section 4.2.

"**Excluded Liabilities Assumption Agreement**" has the meaning set out in Section 4.2.

"**Filing Date**" means October 20, 2022.

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"**GST/HST**" means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

"**Health Canada Approval**" means the approval issued by Health Canada in connection with the change of control contemplated by the Transaction.

"***Income Tax Act***" means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

"**Initial Order**" has the meaning set out in the recitals hereto.

"**Interim Period**" means the period from the Effective Date to the Closing Time.

"**KERP**" means the Key Employee Retention Plan developed by the Flowr Group, with input from the Monitor, and approved by the Court pursuant to the Initial Order.

"**KERP Entitlement**" means the dollar amount of the retention bonus payable to applicable Employees in accordance with the terms and conditions of the KERP.

"**Liability**" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Monitor**" has the meaning set out in the recitals hereto.

"**Monitor's Certificate**" has the meaning set out in Section 9.2(k).

"**Organizational Documents**" means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"**Outside Date**" means 11:59 pm (Toronto time) on March 31, 2023 or such later date and time as the Company and the Purchaser may agree to in writing; provided that the Purchaser may by notice to the Vendor extend the "Outside Date" by 30-days at any time prior to the Outside Date provided any application for the approvals contemplated by Section 9.2(a) or any appeal therefrom remains outstanding.

"**Other Flowr Contracts**" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Other Flowr Entity is a party or by which any Other Flowr Entity is bound or in which any such Other Flowr Entity has, or will at Closing have, any rights or by which any of its property or assets are or may be affected.

"**Other Flowr Entity**" means any of the Vendor, The Flowr Corporation, Terrace Global Inc., Holigen Holdings Limited, GreyCan Pty Ltd. and RPK Biopharma Unipessoal, LDA.

"**Parties**" has the meaning set out in the recitals hereto.

"**Party**" has the meaning set out in the recitals hereto.

"**Permits and Licenses**" means the orders, permits, licenses, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority, including: (i) those related to the Business, the Retained Assets, Transferred Assets and Assumed Contracts; (ii) the Excise License; and (iii) the Cannabis Licenses.

"**Permitted Encumbrances**" means those Encumbrances related to the Retained Assets and/or Transferred Assets set forth in Schedule "**E**" , as the same may be modified by the Purchaser prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"**Post-Closing Expenses**" has the meaning set out in Section 3.5.

"**Pre-Closing Reorganization**" means the transactions, acts or events described in Exhibit "**A**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order, which unless otherwise expressly provided therein are to occur immediately prior to the Closing Time.

"**Purchase Price**" has the meaning set out in Section 3.1.

"**Purchased Shares**" means all of the issued and outstanding shares of the Company.

"**ResidualCo**" means a corporation to be incorporated as a wholly-owned subsidiary of the Vendor to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

"**Retained Assets**" has the meaning set out in Section 4.1.

"**Retained Employee**" means any Employee that is not a Terminated Employee.

"**SISP**" means the sale and investment solicitation process, ~~to be~~ conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule "**G**" hereto.

~~"**SISP Order**" means an order of the Court, in form and substance acceptable to the Purchaser, approving the SISP.~~

~~"**Stalking Horse Approval Order**" means an order of the Court, in form and substance acceptable to the Purchaser, approving: (i) this Agreement as the Stalking Horse Bid in the SISP; and (ii) the Break Fee.~~

~~"**Stalking Horse Bid**" has the meaning set out in Section 5.1(a).~~

~~"**Successful Bid**" has the meaning set out in Section 5.1(e).~~

~~"**Successful Bidder**" has the meaning set out in Section 5.1(e)~~**Stalking Horse Agreement**" means the stalking horse purchase agreement dated as of the 31st day of October, 2022 among the Vendor, the Company and the Purchaser and approved by the Court on November 3, 2022.

"**Taxes**" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

"**Terminated Employee**" means those Employees whose employment will be terminated prior to Closing pursuant to Section 9.2(f), as determined by the Purchaser by written notice to the Company at least ten (10) Business Days prior to the Closing Date.

"**Terminated Employee KERP Payments**" has the meaning set out in Section 5.2.

"**Transaction**" means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Shares.

"**Transferred Assets**" means those assets listed on Schedule "**D**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof, which are owned by Other Flowr Entities, but will be transferred to the Company prior to Closing as part of the Pre-Closing Reorganization and will constitute Retained Assets.

"**Wind-Down Costs**" has the meaning given to it in Section 5.2.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Vendor, the Company or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to $, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

EXHIBITS

Exhibit A	-	Pre-Closing Reorganization

SCHEDULES

Schedule A	-	Excluded Assets
Schedule B	-	Excluded Contracts
Schedule C	-	Excluded Liabilities
Schedule D	-	Transferred Assets
Schedule E	-	Permitted Encumbrances
Schedule F	-	Permits and Licenses
Schedule G	-	SISP and Bidding Procedures
Schedule H	-	Assumed Liabilities
Schedule I	-	Assumed Contracts

The Parties acknowledge that as of the Effective Date, the Schedules (other than Schedules F and G) are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Vendor.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2
PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Purchased Shares

Subject to the terms and conditions of this Agreement, effective as of the Closing Time, the Vendor shall sell and transfer the Purchased Shares to the Purchaser, and the Purchaser shall purchase the Purchased Shares from the Vendor, free and clear of all Encumbrances.

2.2 Excluded Liabilities of the Company

(a) Pursuant to the Approval and Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Company or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "**C**", (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Company or the Purchased Shares or Transferred Assets, Retained Assets, Employees, Permits and Licenses, or Books and Records following the Closing Time.

(b) Subject to the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Vesting Order, and the Company, the Purchased Shares, the Retained Assets, the Transferred Assets, and the Company's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the Purchased Shares shall be ~~THREE~~FIVE MILLION ~~EIGHT~~ONE HUNDRED ~~AND EIGHTY-EIGHT~~FIFTEEN THOUSAND ~~EIGHT HUNDRED AND EIGHTY EIGHT CANADIAN~~ DOLLARS ~~AND EIGHTY-EIGHT CENTS~~ (CDN $~~3,888,888.88~~5,115,000) plus the Closing DIP Loan (if any) and the Assumed Liabilities, subject to adjustment as provided in this Agreement (the "**Purchase Price**"). The Purchase Price shall be paid to the Monitor as consideration for the Purchased Shares.

3.2 Satisfaction of Purchase Price

The Purchaser shall pay the Purchase Price to the Monitor, for the benefit of the Vendor and ResidualCo, at the Closing Time, in accordance with the following:

(a) Credit Bid. an amount equivalent to all amounts owing to the Purchaser under the DIP Term Sheet as of the Closing Time including any accrued and unpaid interest, expenses, fees and other amounts, (the "**Credit Bid Amount**") shall be treated as credited against (in satisfaction of that amount of) the Purchase Price and which the Purchaser shall cause the release thereof at Closing in favour of the Vendor and other borrowers under the DIP Term Sheet;

(b) Avant Shares. delivery of free trading Avant Common Shares with a cash equivalent value of $1,100,000 (the "**Avant Share Value**") based on the value set out below; and

(c) ~~(b)~~ Balance of Purchase Price. an amount equal to the Purchase Price less the Credit Bid Amount and the Avant Share Value in immediately available funds (the "**Cash Purchase Price**"); ~~and~~

(d) ~~(c)~~ Assumed Liabilities. an amount equal to the amount of the Assumed Liabilities which the Company shall retain on the Closing Date, in accordance with the Pre-Closing Reorganization, and which shall be satisfied by the Company performing the Assumed Liabilities.

For the purposes of section 3.2(b), the Avant Share Value shall be calculated at a 15% discount to the volume weighted average price per Avant Common Share on the Toronto Stock Exchange for the 10 consecutive trading days preceding the Closing Date. This results in Avant Common Shares with a gross share value of $1,294,117.65 to be issued based on the value of the 10-day VWAP of the Avant Common Shares trading on the TSX measured on the close of trading on the trading day prior to the date of this Agreement.

3.3 Monitor to hold Purchase Price

The Purchase Price shall be held by the Monitor for the benefit of the Vendor and ResidualCo, and any Claim against the Company or the Purchased Shares shall continue to exist solely as against ResidualCo from and after Closing.

3.4 Adjustments to Purchase Price~~.~~; KERP Entitlements

The Parties acknowledge and agree that a portion of the Purchase Price is intended to fund KERP Entitlements. Accordingly, a portion of the Purchase Price shall be satisfied, and the Cash Purchase Price shall be reduced, on a dollar for dollar basis, to account for: (a) any non-cash consideration which Employees (in each of their sole discretion) may elect, prior to Closing, to accept in lieu of their KERP Entitlement (provided that such adjustment to the Cash Purchase Price shall be equal to the amount of the Employee's KERP Entitlement that is no longer payable in cash); and (b) the Terminated Employee KERP Payments, if any. There shall be no other adjustments or reductions to the Cash Purchase Price and, for certainty, any amount of the Closing DIP Loan (if any) that is not utilized for Terminated Employee KERP Payments shall increase the Purchase Price and the Credit Bid Amount in each case by that amount such that the Cash Purchase Price is not reduced.

3.5 Adjustments to Purchase Price and Credit Bid; Closing DIP Loan

The Parties acknowledge and agree that certain of the Wind-Down Costs may be incurred after Closing, but before the termination of the CCAA Proceedings (the "**Post-Closing Expenses**"). The Purchaser and the Monitor shall agree on any estimated amount of Closing DIP Loan required to fund the Post-Closing

Expenses, and the Purchaser covenants and agrees to fund the agreed on Post-Closing Expenses under the Closing DIP Loan, by electing at its option to either: (i) continue to make advances under the Closing DIP Loan after Closing; or (ii) advance funds to the Monitor at Closing in an amount determined by the Monitor and the Purchaser, and supported by the cash flow forecast approved by the Monitor and the Purchaser. The Monitor shall continue to report on cash flow variances to the Purchaser in accordance with the DIP Term Sheet and provide a final reconciliation at the completion of the CCAA Proceedings. For greater certainty, it is acknowledged that any funds advanced by the Purchaser to fund the Post-Closing Expenses are not an asset of the Vendor, the Company or any of the other Applicants and shall not form part of any estate of the Applicants. Upon completion of the activities covered by the Wind-Down Costs and in any event no later than termination of the CCAA Proceedings, any funds advanced under the Closing DIP Loan but not used to fund the Post-Closing Expenses, shall be promptly returned to the Purchaser without deduction.

In either case, the Purchase Price and the Credit Bid shall be adjusted upwards by an amount equal to the actual Post-Closing Expenses incurred and funded by the Closing DIP Loan from and after the Closing.

ARTICLE 4
TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Company shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including the Transferred Assets, the Company's equipment, its Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the "**Retained Assets**"), excluding inventory sold or consumed in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order, the DIP Term Sheet and the approval of the Monitor. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts, which the Company shall transfer to ResidualCo, in accordance with the Pre-Closing Reorganization, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order as evidenced by a bill of sale and assignment of contracts (the "**Excluded Assets Bill of Sale**"), all in consideration of an interest-free promissory note (the "**Excluded Assets Promissory Note**") issued by the Company to ResidualCo in an amount equal to the portion of the Cash Purchase Price that exceeds the Excluded Liabilities Promissory Note (as defined below), which Excluded Asset Promissory Note will be cancelled at Closing in accordance with the Approval and Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

On the Closing Date, the Excluded Liabilities shall be assumed by ResidualCo and the Company shall issue to ResidualCo an interest free promissory note (the "**Excluded Liabilities Promissory Note**") in an amount equal to a portion, to be agreed upon between the Parties, of the Cash Purchase Price in consideration for ResidualCo assuming the Excluded Liabilities, which Excluded Liabilities Promissory Note will be cancelled at Closing in accordance with the Approval and Vesting Order. In accordance with the Pre-Closing Reorganization and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo and evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Vendor (the "**Excluded Liabilities Assumption Agreement**"). Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Shares, the Company and the Retained Assets as of and from and after the Closing Time.

4.3 Tax Matters
Pursuant to the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

~~**ARTICLE 5**~~
~~**SISP, BIDDING PROCEDURES**~~

~~**5.1 SISP**~~

~~(a) The Vendor shall bring a motion for the SISP Order to be heard on or before November 1, 2022 and a motion for the Stalking Horse Approval Order to be heard on before November 4, 2022. The Stalking Horse Approval Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or "stalking horse bid" in respect of the Purchased Shares (the "**Stalking Horse Bid**"); and (ii) as a deemed "Qualified Bid", with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined below). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Shares with the Company having the Retained Assets, and that the within Stalking Horse Bid may be the Successful Bid for the Purchased Shares with the Company having the Retained Assets.~~

~~(b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to a break fee in the amount of $185,000 (inclusive of HST, if any) (the "**Break Fee**"), which Break Fee shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.~~

~~(c) The payment of the Break Fee shall be approved in the Stalking Horse Approval Order and shall, if payable pursuant to Section 5.1(b), be payable to the Purchaser, on behalf of the Vendor, within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.~~

~~(d) The Parties acknowledge and agree that the aggregate foregoing Break Fee amount represents a fair and reasonable estimate of the costs and damages that will be incurred by the Purchaser as a result of preparing and entering into, and not completing the Transactions contemplated by this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares and/or Retained Assets. For certainty, the Break Fee does not form part of the Purchase Price.~~

~~(e) In the event that one or more Persons submits a Qualified Bid (as defined in the SISP) on or before the Bid Deadline, the Vendor, in consultation with the Monitor, shall conduct an auction (the "**Auction**") for the determination and selection of a winning bid (the "**Successful Bid**" and the Person submitting such bid being the "**Successful Bidder**").~~

~~(f) Upon the selection of a Successful Bidder, there shall be a binding agreement of purchase and sale between the Successful Bidder and the Vendor. The Vendor shall forthwith bring a motion following the selection of the Successful Bidder for an order approving the agreement reached with the Successful Bidder and to vest the Purchased Shares in the Successful Bidder and, if granted, shall proceed with closing the transaction forthwith.~~

~~(g) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the other Successful Bid: (i) this Agreement shall be terminated (subject to Section 10.2 and the Purchaser's entitlement to the Break Fee); (ii) the Purchaser shall be entitled to the Break Fee; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.~~

~~(h) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Vendor shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction contemplated hereby forthwith.~~

ARTICLE 5
FURTHER FUNDING

5.1 INTENTIONALLY DELETED

5.2 Further Funding

In the event that the Flowr Group has cash requirements in excess of the amounts available to them under the DIP Facility once fully drawn, then provided that~~: (a) the Stalking Horse Bidder is the Successful Bidder or no Qualified Bids (other than the Stalking Horse Bid) are received by the Bid Deadline; and (b)~~ the Company and/or Vendor are not then in default under the DIP Facility or their obligations under this Agreement, then the Purchaser shall advance, by way of a non-revolving debtor-in-possession loan facility (the "**Closing DIP Loan**") pursuant to the DIP Term Sheet, such further funding to the Flowr Group as is reasonably necessary to close the Transaction in accordance with the cash flow projections approved by the Monitor and the Purchaser, which the parties understand will include post-closing restructuring costs, orderly wind down costs including with respect to The Flowr Corporation and delisting same from the TSX Venture Exchange (if necessary), the costs to prepare and file the necessary tax returns and related matters in respect of the Canada Revenue Agency, costs to undertake a D&O claims process (if necessary), distribution and discharge of the Monitor and the CCAA Proceedings ("**Wind-Down Costs**") and fund such other costs and expenses of the Flowr Group as may be agreed to by the Purchaser, in writing. It shall be a condition of the Purchaser that the Closing DIP Loan be secured by the DIP Lender's Charge (as defined in the Initial Order). Without limiting the foregoing, the Parties acknowledge and agree that the Closing DIP Loan shall be used, as necessary, to fund the KERP Entitlements of Terminated Employees whose employment is terminated prior to Closing ("**Terminated Employee KERP Payments**").

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Vendor is a corporation incorporated and existing under the *Business Corporations Act* (British Columbia), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Vendor of this Agreement has been authorized by all necessary corporate action on the part of the Vendor.

(c) No Conflict. The execution, delivery and performance by the Vendor of this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Vendor, any agreement binding on the Vendor or any Applicable Law applicable to the Vendor, the Flowr Group or any of its affiliates, the Retained Assets or the Purchased Shares, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.

(e) Proceedings. There are no proceedings pending against the Vendor or, to the knowledge of the Vendor, threatened, with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Vendor from fulfilling any of its obligations set forth in this Agreement, and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.

(f) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order and the Health Canada Approval, the Vendor does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.

(g) Residency. The Vendor is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

(h) Title to Purchased Shares. The Vendor is the sole registered and beneficial owner of the Purchased Shares, with good and valid title thereto, and the Vendor will transfer good and valid title to the Purchased Shares to the Purchaser, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. There are no issued and outstanding shares or other securities of the Company other than the Purchased Shares, nor are there any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for shares or any other securities of the Company.

(i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Vendor or the Company of any of the Purchased Shares or the Retained Assets.

6.2 Representations and Warranties in respect of the Company

The Vendor and the Company hereby represent and warrant to and in favour of the Purchaser as of the date hereof and as of the Closing Time, and acknowledge that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (British Columbia), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and, subject to obtaining the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.

(c) No Conflict. The execution, delivery and performance by the Company of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company, any agreement binding on the Vendor or any Applicable Law applicable to the Vendor, the Flowr Group or any of its affiliates, the Retained Assets or the Purchased Shares, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.

(e) Authorized and Issued Capital. The authorized capital of the Company consists of an unlimited number of Class A Voting Participating Common Shares, Class B Voting Participating Common Shares and Class C Voting Participating Common Shares, of which 550,000 Class A Voting Participating Shares, 250,000 Class B Voting Participating Shares and 200,000 Class C Voting Participating Shares are issued and outstanding. The Purchased Shares: (i) constitute all of the issued and outstanding securities in the capital of the Company; (ii) have all been duly authorized and validly issued as fully paid and non-assessable; (iii) have been issued by the Company in compliance with all Applicable Laws; and (iv) are registered in the name of, and are legally and beneficially owned by, the Vendor. None of the Purchased Shares have been issued in violation of any pre-emptive, right of first offer or refusal or similar rights. The Company is a private issuer (as such term is defined in Section 2.4 of National Instrument 45-106).

(f) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any of the Purchased Shares, any Retained Assets or for the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Company. The Company has good and valid title to the Retained Assets free and clear of all Encumbrances (other than Permitted Encumbrances).

(g) Proceedings. There are no proceedings pending against the Company or, to the knowledge of the Company, threatened with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.

(h) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order and the Health Canada Approval, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.

(i) Cannabis Licenses. The Cannabis Licenses and the Excise License are in full force and effect. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition of any interest in, or the creation of any Encumbrance in respect of, the Cannabis Licenses or the Excise License. In addition, subject to obtaining the Health Canada Approval, there are no terms, conditions, or other restrictions imposed on the Cannabis Licenses or the Excise License that would delay, restrict, or prevent the Company or the Vendor from fulfilling any of their obligations set forth in this Agreement.

(j) Compliance with Laws. The Company is conducting and has conducted the Business in compliance with all Applicable Laws in all material respects.

(k) Assumed Contracts. The list and copies of Contracts and Other Flowr Contracts provided by the Company and Vendor pursuant to Section 7.4(b), are correct and complete in all material respects, inclusive of all amendments, modifications and supplements thereto.

6.3 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time, and acknowledges that, the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario) as of the date hereof and may, as of the Closing Time be continued under the *Business Corporations Act* (British Columbia), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.

(c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

(d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.

(e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

6.4 As is, Where is

The representations and warranties of the Company shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

ARTICLE 7
COVENANTS

7.1 Closing Date

(a) The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

(b) Without limiting the foregoing, the Parties shall assist with submissions, share information and make any other efforts required to obtain any approval (including the Health Canada Approval) or Permits and Licences from any Governmental Authority necessary to effect the Closing.

(c) Each of the Parties shall, as promptly as possible, make, or cause to be made, all filings and submissions (including with respect to the Cannabis Licences), as applicable, required under any Applicable Law to effect the Closing.

(d) The Vendor and the Company shall cause such individuals as the Purchaser may determine in its sole discretion to be appointed or assigned to be as of the Closing Time: (i) a director or officer of the Company; (ii) another individual who exercises direct control over the Company; (iii) directors or officers of any corporation that exercises direct control over the Company; or (iv) the responsible person, the head of security, or the master grower, and their alternates, as those terms are defined in the *Cannabis Regulations* (Canada).

7.2 Motion for Approval and Vesting Order

As soon as practicable after the ~~selection~~date of this Agreement~~ as the Successful Bid in the SISP~~ and in any event by no later than December 9, 2022, the Vendor shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and ~~release~~grant the ~~officers and directors of the Company, its advisors, the Monitor and the Monitor's counsel~~releases contemplated thereby. The Vendor shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Vendor in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

7.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Pre-Closing Reorganization), the Vendor and Company shall, unless consented to by the Purchaser under the DIP Term Sheet, comply with the DIP Term Sheet and continue to maintain the Business, operations of the Company and Retained Assets and cause the Other Flowr Entities to maintain the Transferred Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences.

7.4 Access During Interim Period

(a) During the Interim Period, the Vendor and the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its Representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Vendor's and Company's customers and contractual counterparties. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Vendor and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

(b) in order to consider, analyze and complete or modify Schedules "**D**" (Transferred Assets) and "**I**" (Assumed Contracts) in accordance with the terms of this Agreement, the Company and Vendor undertake to provide to the Purchaser, promptly and in any event ~~within 20 days of the date hereof~~no later than November 20, 2022, true and complete copies of: (a) all Contracts and Other Flowr Contracts; (b) a list of inventory, property, plant & equipment and any other material assets owned by all Other Flowr Entities; (c) a list of all employees employed by the Company and Other Flowr Entities; and (d) a list of any outstanding legal proceeding against the Company and Other Flowr Entities.

7.5 Insurance Matters

Until Closing, the Vendor and the Company shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the Vendor and the Company in the ordinary course of business.

ARTICLE 8
CLOSING ARRANGEMENTS

8.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

8.2 Pre-Closing Reorganization

(a) Subject to the other terms of this Agreement, the Company shall effect the Pre-Closing Reorganization on the terms and using the steps set out at Exhibit "**A**"; *provided that* the Purchaser and Company shall cooperate to ensure that the Pre-Closing Reorganization is completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser; and *provided further* that the Purchaser shall be entitled to require, as a part of the Pre-Closing Reorganization, that the Transferred Assets be transferred to and vested in the Company free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order provided that such Transferred Assets have been identified by the Purchaser at least 8 days prior to the hearing for such Approval and Vesting Order.

(b) The Purchaser and the Vendor shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

(c) In addition to the foregoing, the Parties agree that this Agreement and the Pre-Closing Reorganization may be amended prior to Closing to account for the acquisition of the tax losses in The Flowr Corporation, there having been no bids received for or in respect of The Flowr Corporation in the SISP.

8.3 Vendor Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

(a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;

(b) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable stock transfer powers duly executed in blank, in either case, by the Vendor;

(c) confirmation, in form and substance satisfactory to the Purchaser, that all applicable Governmental Authorities have approved the change of control contemplated by the Transaction such that the Permits and Licenses, including the Cannabis Licenses, will be valid and in good standing immediately following the Closing;

(d) a certificate of an officer of the Vendor dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendor and the Company have performed in all material respects the covenants to be performed by them prior to the Closing Time;

(e) the Organizational Documents of the Company and the corporate Books and Records;

(f) a side letter addressed to the Purchaser and further to which any applicable Other Flowr Entities making the representations and warranties contemplated by Section 9.2(l); and

(g) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

8.4 Company Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Monitor the following:

(a) the Excluded Asset Promissory Note;

(b) the Excluded Liability Assumption Agreement, signed by the Company and ResidualCo;

(c) the Excluded Asset Bill of Sale, signed by the Company and ResidualCo; and

(d) the Excluded Liabilities Promissory Note.

8.5 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor and the Company (or to the Monitor, as applicable), the following:

<u>(a)</u> <u>the Avant Common Shares contemplated by Section 3.2(b);</u>

<u>(b)</u> ~~(a)~~ the Cash Purchase Price;

<u>(c)</u> ~~(b)~~ a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

<u>(d)</u> ~~(c)~~ such other agreements, documents and instruments as may be reasonably required by the Vendor and the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 9
CONDITIONS OF CLOSING

9.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

(a) <u>Approval and Vesting Order.</u> The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.

(b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and

(c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 9.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

9.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Regulatory Approval. The Purchaser shall have obtained the Health Canada Approval, in a form satisfactory to the Purchaser, acting reasonably.

(b) Pre-Closing Reorganization. The Pre-Closing Reorganization shall have been completed in the order and in the timeframes contemplated hereunder.

(c) Company's Deliverables. The Vendor and the Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.

(d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 and Section 6.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

(e) No Breach of Covenants. The Company and the Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company and the Vendor on or before the Closing Date.

(f) Company Employees. The Company shall have terminated the employment of any employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order. Notwithstanding the foregoing, Terminated Employees that are subject to the KERP shall be entitled to receive their KERP Entitlements, and nothing in this Agreement shall limit or terminate such entitlement, which will be funded, as necessary, in accordance with Section 5.2.

(g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets and the proceeds from the Purchase Price; and (iii) the Company, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Assumed Liabilities, if any) such that, from and after Closing the Business and property of the Company shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.

(h) Partial Termination of CCAA Proceeding. Upon Closing, the CCAA Proceeding shall have been terminated in respect of the Company, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo, the Vendor and the rest of the Flowr Group.

(i) Disclaimer of Excluded Contracts. The Company shall have sent notices of disclaimer for all known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets.

(j) Permits and Licenses. The Permits and Licenses, including the Cannabis Licenses and Excise License, shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing and no Governmental Authority whose consent is not required to the Transaction shall have objected to the completion of the Transaction or indicated that such Permits and Licenses will not remain in full force and effect following completion of the Transaction.

(k) Monitor's Certificate. The Monitor shall have provided an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

(l) Representations as to Transferred Assets/by Other Flowr Entities. To the extent any assets, properties or undertakings of an Other Flowr Entity have been designated as a Transferred Asset hereunder, such Other Flowr Entity shall have provided to the Purchaser those representations and warranties set out in Sections 6.1(a) through (i) as modified for such Other Flowr Entit(ies) and Transferred Asset(s) *mutatis mutandis,* which representations and warranties (except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement) shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

9.3 Conditions Precedent in favour of the Vendor and the Company

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.

(b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.3 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

(c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

(d) Monitor's Certificate. The Monitor shall have provided an executed copy of the Monitor's Certificate confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 9.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 9.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 10
TERMINATION

10.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

(a) by the mutual written agreement of the Vendor (with the consent of the Monitor) and the Purchaser; or

(b) by the Vendor (with the consent of the Monitor) or the Purchaser upon written notice to the other Parties if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Vesting Order is not obtained on or before December 16, 2022 (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1~~ or 5.1(g)~~, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of~~: (a)~~ Section 10.2~~; and (b) Section **Error! Reference source not found.** with respect to the Purchaser's entitlement to the Break Free~~.

ARTICLE 11
GENERAL

11.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for the Vendor (or any trustee in bankruptcy of the estate of the Vendor) to comply with Applicable Law, the Purchaser will retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendor (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the Vendor, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

11.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

(a) in the case of the Purchaser, as follows:

1000343100 ONTARIO INC.

Attention: Stephen Arbib & Norton Singhavon
Email: sarbib@menain.com; ns@avantbrands.ca

with a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7

Attention: Eric Reither & Jennifer Stam
Email: eric.reither@nortonrosefulbright.com;
jennifer.stam@nortonrosefulbright.com

and to:

Cassels, Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON, M5H 3C2

Attention: Jane Dietrich & Jeremy Bornstein
Email: jdietrich@cassels.com; jbornstein@cassels.com

(b) in the case of the Vendor or the Company, as follows:

The Flowr Canada Holdings ULC
60 Adelaide Street East
Toronto, Ontario M5C 3E4

Attention: Darren Karasiuk
Email: dkarasiuk@flowr.ca

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON M5H 4A9

Attention: Kyla Mahar
Email: kmahar@millerthomson.com

(c) in each case, with a further copy to the Monitor as follows:

Ernst & Young Inc.
P.O. Box 1, 100 Adelaide Street West
Toronto, Ontario M5H 0B3

Attention: Alex Morrison
Email: alex.f.morrison@parthenon.ey.com

with a copy to:

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Attention: Rebecca Kennedy & Rachel Nicholson
Email: rkennedy@tgf.ca; rnicholson@tgf.ca

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

11.3 Public Announcements

The Vendor shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Vendor in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Vendor or any of its Affiliates under Applicable Laws or stock exchange rules, the Vendor shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

11.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

11.5 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

11.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

11.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements; provided that nothing in this Agreement affects the rights and obligations of the Parties under the DIP Term Sheet. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

11.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; provided that nothing in this Agreement affects the rights and obligations of the Parties under the DIP Term Sheet.

11.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

11.10 Assignment

(a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Vendor, the Company, ResidualCo or the Monitor, provided that: (x) (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Vendor, the Company and the Monitor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder; and (y) the Purchaser may assign the benefits of this Agreement to a lender or lenders as security for obligations owed to it or them, all without the consent of (but upon notice to) the Vendor, the Company and the Monitor.

(b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Vendor or the Company without the Consent of the Purchaser.

11.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

11.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

11.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

11.14 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

11.15 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in this CCAA Proceeding, the Vendor, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Company and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[*Signature Page Follows*]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

AVANT BRANDS K1 INC. (FORMERLY 1000343100 ONTARIO INC.)

By: ________________________________

Name:

Title:

By: ________________________________

Name:

Title:

I/We have authority to bind the Corporation

THE FLOWR CANADA HOLDINGS ULC

By: ________________________________

Name:

Title:

I have authority to bind the Corporation.

THE FLOWR GROUP (OKANAGAN) INC.

By: ________________________________

Name:

Title:

I have authority to bind the Corporation.

EXHIBIT "A"
PRE-CLOSING REORGANIZATION

1. The Transferred Assets shall be transferred to the Company.

2. ResidualCo shall be incorporated by the Vendor with nominal consideration for common shares and shall be added to the CCAA Proceeding as an Applicant, but shall take no other steps or actions in respect thereof.

3. The Excluded Assets and Excluded Liabilities shall be transferred to, and vested in, ResidualCo pursuant to the Approval and Vesting Order.

SCHEDULE "A"
EXCLUDED ASSETS

1. Inventory sold in the ordinary course of Business in the Interim Period.

2. Excluded Contracts.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE “B”
EXCLUDED CONTRACTS

~~The following is a non-exhaustive list of the Excluded~~*All Contracts~~:1.~~

~~[**Note: Balance of schedule to be completed prior to Closing**~~ that are not Assumed Contracts.~~]~~

SCHEDULE "C"
EXCLUDED LIABILITIES

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.

2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.

3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.

4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.

5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.

6. Any and all Liabilities that are not Assumed Liabilities.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE "D"
TRANSFERRED ASSETS

1. Intellectual property rights of the Vendor used by or currently being developed for use in the business of the Company, including any and all rights, trademarks, service marks, brand names, logos, design rights and similar designations relating to the "Flowr" brand.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE “E”
PERMITTED ENCUMBRANCES

Nil.

SCHEDULE "F"
CANNABIS LICENSES

Regulatory Authority	**Authorization Type**	**Details**	**Licensee**	**Issuance Date**	**Expiry Date**	**Licence No.**
Health Canada	Federal Cannabis Licence	Federally authorized licence holder with licences for Standard Cultivation, Standard Processing, Sale for Medical Purposes	Flowr Group (Okanagan) Inc.	08/10/2022	12/1/2023	LIC-DG4JA5DWP 1-2020-16
Health Canada	Federal Cannabis Licence	Federally authorized licence holder with licence for Research	Flowr Group (Okanagan) Inc.	09/2/2022	06/30/2026	LIC-AQ4YORB34 6-2021-3

SCHEDULE "G"
SISP AND BIDDING PROCEDURES

(attached)

SCHEDULE “H”
ASSUMED LIABILITIES

~~**[Note: Balance of schedule to be completed on or before November 25, 2022.]**~~

Post-filing liabilities for goods and services incurred by the Company and related to the Business based on a A/P listing provided by the Monitor to the Purchaser the day before Closing.

SCHEDULE "I"

ASSUMED CONTRACTS

The following is a comprehensive list of Assumed Contracts:

1. ~~The lease~~Lease dated December 1, 2016 among the Company, as tenant, and 0954717 B.C. Ltd., as landlord, in respect of the premises known municipally as 9590 McCarthy Road, Kelowna, British Columbia, as amended by that certain Lease Amending Agreement dated as of April 15, 2021 between 0954717 B.C. Ltd., as landlord, The Flowr Group (Okanagan) Inc., as tenant, and The Flowr Corporation.

2. Master Cannabis Supply Agreement dated June 16, 2021 between Ontario Cannabis Retail Corporation, doing business as the Ontario Cannabis Store (as Purchaser) and The Flowr Group (Okanagan) Inc. (as Supplier).

3. Licensed Producer Supply Agreement for Non-Medical Cannabis dated July 31, 2018 between Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 (as Province and Purchaser) and The Flowr Group (Okanagan) Inc. (as Licensed Producer).

4. Sale, Distribution and Marketing Agreement dated April 9, 2020 between The Flowr Group (Okanagan) Inc. and Rose Lifescience Inc., as amended by that certain Addendum to the Sale, Distribution and Marketing Agreement dated March 16, 2021, that certain Addendum to the Sale, Distribution and Marketing Agreement dated August 5, 2021, and that certain Amendment No. 3 to the Sale, Distribution and Marketing Agreement dated October 15, 2021.

5. 2022 Sublease dated October 17, 2022 between Connected Supply Chain Solutions and The Flowr Group (Okanagan) Inc.

6. Subject to Section 9.2(f), all Employee Contracts for Employees employed by the Company on the Closing Date.

[Note: Balance of schedule to be completed prior to Closing.]

Document comparison by Workshare Compare on Friday, December 9, 2022 3:36:39 PM

Input:	
Document 1 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/65871662/5
Description	#65871662v5<Legal> - Stalking Horse Purchase Agreement (October 31, 2022) - Execution Version
Document 2 ID	file://C:\Users\pcorney\AppData\Local\Temp\Workshare\wmtemp5494\Amended and Restated Purchase Agreement(CAN_DMS_149200961.11)69.docx
Description	Amended and Restated Purchase Agreement(CAN_DMS_149200961.11)69
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Insertions	76
Deletions	74
Moved from	1
Moved to	1
Style changes	0
Format changes	0

Total changes	152

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 *et al*.

Court File No. CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF DARREN KARASIUK
(Sworn December 9, 2022)

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Lawyers for the Applicants

TAB 3

Court File No. CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 16TH
	)	
JUSTICE CAVANAGH	)	DAY OF DECEMBER, 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.

(each an "**Applicant**" and collectively, the "**Applicants**")

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Order, *inter alia*, (i) approving the Amended and Restated Purchase Agreement (the "**Sale Agreement**") among The Flowr Canada Holdings ULC (the "**Vendor**"), The Flowr Group (Okanagan) Inc. (the "**Purchased Entity**"), and Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc., the "**Purchaser**") dated December 1, 2022 and attached as Exhibit "●" to the affidavit of Darren Karasiuk sworn December 9, 2022 (the "**Karasiuk Affidavit**") and the Transaction (as defined therein); (ii) adding 14588495 Canada Inc. ("**ResidualCo**") as an Applicant to these CCAA Proceedings; (iii) vesting in the Purchased Entity all of the Vendor's right, title and interest in and to the Transferred Assets, free and clear from any Encumbrances, except for the Permitted Encumbrances, (iv) vesting in the Purchaser all of the Vendor's right, title and interest of the Vendor in and to the Purchased Shares, free and clear from any Encumbrances; (v) vesting absolutely and exclusively in ResidualCo, all Excluded Assets, Excluded Contracts and

Excluded Liabilities; (vi) discharging all Encumbrances against the Purchased Entity and Purchased Entity Property (defined below) other than the Permitted Encumbrances; (vii) approving releases in favour of (1) the current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, (2) the Monitor and its legal counsel, and (3) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors; (viii) expanding the Monitor's powers regarding ResidualCo; and (ix) granting certain related relief, was heard this day via Zoom videoconference.

ON READING the Motion Record of the Applicants and the Third Report of Ernst & Young Inc. in its capacity as Monitor of the Applicants (the "**Monitor**") and on hearing the submissions of counsel for the Applicants, the Monitor, the DIP Lender, the Purchaser, and those other parties appearing as indicated by the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Alina Stoica sworn December [●], 2022:

SERVICE

1. **THIS COURT ORDERS** that the time for service 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.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction are hereby approved and the execution of the Sale Agreement (including the Pre-Closing Reorganization) by the Vendor and the Purchased Entity is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor including as contemplated by section 8.2(c) of the Sale Agreement. The Applicants are hereby authorized and directed to perform their obligations under the Sale Agreement and to take such additional steps and execute such additional documents as may be

necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Vendor to proceed with the Transaction and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser, substantially in the form attached as Schedule "**A**" hereto, the following shall occur and shall be deemed to have occurred in the sequence as set out in the Pre-Closing Reorganization:

(a) in consideration of 100 common shares of the Purchased Entity (the "**Transferred Assets Shares**") issued by the Purchased Entity to the Vendor with respect to the transfer of the Transferred Assets to the Purchased Entity, all of the Vendor's right, title and interest in and to the Transferred Assets shall vest absolutely and exclusively in the Purchased Entity, free and clear of and from any and all Claims and Encumbrances (each as defined below) and, for greater certainty, this Court orders that all of the Encumbrances in respect of the Transferred Assets are hereby expunged and discharged as against the Transferred Assets;

(b) the Transferred Assets Shares shall form part of the Purchased Shares for the purposes of the Transaction;

(c) in consideration of the Excluded Asset Promissory Note, all of the Purchased Entity's right, title and interest in and to the Excluded Assets and Excluded Contracts shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded Assets with the same nature and priority as they had immediately prior to their transfer;

(d) in consideration of the Excluded Liabilities Promissory Note, all Excluded Contracts and Excluded Liabilities (which, for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) of the Purchased Entity other than the Assumed Liabilities) shall be transferred to, assumed by and vest absolutely and exclusively in, ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Purchased Entity, and the Purchased Entity and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situated (including, for certainty, the Transferred Assets and the Retained Assets) (collectively, the "**Purchased Entity Property**"), shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims (as defined below), and all Encumbrances (as defined below) affecting or relating to the Purchased Entity Property are hereby expunged and discharged as against the Purchased Entity Property;

(e) in consideration of the Purchase Price, all of the right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other Order of the Court in these CCAA Proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia), *Personal Property Security Act* (Ontario), or any other personal property registry system; and (iii) those Claims listed on Schedule "**B**" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule

"**C**" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares;

(f) all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of the Purchased Entity or which require the issuance, sale or transfer by the Purchased Entity, of any shares or other securities of the Purchased Entity, or otherwise evidencing a right to acquire the Purchased Shares and/or the share capital of the Purchased Entity, or otherwise relating thereto, shall be deemed terminated and cancelled;

(g) the Monitor shall cause payment to be made on behalf of the Purchased Entity from the Purchase Price to ResidualCo in an amount equal to the principal amount of the Excluded Liabilities Promissory Note, and in full satisfaction of, the Excluded Liabilities Promissory Note, provided that such payment shall continue to be held by the Monitor of behalf of ResidualCo;

(h) the Monitor shall cause payment to be made on behalf of the Purchased Entity from the Purchase Price to ResidualCo in an amount equal to the principal amount of the Excluded Asset Promissory Note, and in full satisfaction of, the Excluded Asset Promissory Note, provided that such payment shall continue to be held by the Monitor of behalf of ResidualCo; and

(i) the Purchased Entity shall and shall be deemed to cease to be an Applicant in these CCAA Proceedings, and the Purchased Entity shall be deemed to be released from the purview of the Initial Order and all other Orders of this Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to the Purchased Entity) shall continue to apply in all respects.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof in connection with the Transaction.

7. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Applicants and the Purchaser regarding the fulfillment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares, the proceeds of the Excluded Liabilities Promissory Note as set out in paragraph 5(g) above and the proceeds of the Excluded Assets Promissory Note as set out in 5(h) (collectively, the "**Proceeds**") shall be allocated to ResidualCo, and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Proceeds, with the same priority as they had with respect to the Purchased Shares and the Purchased Entity Property immediately prior to the sale, as if (i) the Purchased Entity Property and Purchased Shares had not been sold and remained owned by and in the possession or control of the Person who owned and had possession or control immediately prior to the sale; and (ii) the Excluded Contracts and Excluded Liabilities had not been transferred to and vested in ResidualCo and had remained liabilities of the Purchased Entity immediately prior to the transfer.

9. **THIS COURT ORDERS** that, upon delivery of the Monitor's Certificate, the Purchaser, its counsel, Norton Rose Fulbright Canada LLP, and/or their respective agents, shall be authorized to file or register, as applicable, all such financing change statements and other instruments as may be necessary to cancel and discharge all registrations against the Purchased Entity pursuant to the *Personal Property Security Act* (British Columbia) and *Personal Property Security Act* (Ontario) or any similar legislation, including those listed on Schedule "B" hereto.

10. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Applicants or the Monitor, as the case may be, is authorized and permitted to disclose to the Purchaser all human resources and payroll information in the Purchased Entity's records pertaining to past and current employees of the Purchased Entity. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Purchased Entity.

11. **THIS COURT ORDERS AND DECLARES** that, at the Closing Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and the Purchased Entity shall be deemed released from any and all Claims with respect to or arising from any Taxes (including penalties and interest thereon) of, or that relate to, the Applicants, any Other Flowr Entities, or the Purchased Entity Property, including without limiting the generality of the foregoing all Taxes that could be assessed against the Purchaser or the Purchased Entity (including its affiliates and any predecessor corporations) pursuant to section 160 of the *Income Tax Act* (Canada), or any provincial equivalent (provided, as it relates to the Purchased Entity, such release shall not apply to (i) Taxes arising from the Transaction, (ii) Taxes in respect of the business and operations conducted by the Purchased Entity after the Closing Time) or (iii) that otherwise expressly form a part of the Assumed Liabilities. For greater certainty, nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.

12. **THIS COURT ORDERS** that except to the extent expressly contemplated by the Sale Agreement, all Assumed Contracts as at the delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

(a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any Applicant);

(b) the insolvency of any Applicant or the fact that the Applicants sought or obtained relief under the CCAA;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Sale Agreement, the Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or

(d) any transfer or assignment, or any change of control of the Purchased Entity, or other step arising from the implementation of the Sale Agreement, the Transaction or the provisions of this Order; and

any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under an Assumed Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Purchased Entity or the Vendor from performing their obligations under the Sale Agreement or be a waiver of defaults by the Purchased Entity or the Vendor under the Sale Agreement and the related documents.

13. **THIS COURT ORDERS**, for greater certainty, that: (a) nothing in paragraph 12 hereof shall waive, compromise or discharge any obligations of the Purchased Entity in respect of any Assumed Liabilities, and (b) the designation of any Claim as an Assumed Liability is without prejudice to the Purchased Entity's right to dispute the existence, validity or quantum of any such Assumed Liabilities, and (c) nothing in this Order or the Sale Agreement shall affect or waive the Purchased Entity's rights and defences, both legal and equitable, with respect to any of the Assumed Liabilities, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Assumed Liabilities.

14. **THIS COURT ORDERS** that from and after the Closing Time, all Persons shall be deemed to have waived any and all defaults of any Applicant then existing or previously committed by any Applicant, or caused by any Applicant, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Assumed Contract, existing between such Person and Purchased Entity arising directly or indirectly from the filing by the Applicants under the CCAA and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 12 hereof.

15. **THIS COURT ORDERS** that from and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking,

applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessment, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Purchased Entity or the Purchased Entity Property relating in any way to or in respect of any Excluded Assets, Excluded Contracts or Excluded Liabilities and any other claims, obligations and other matters which are waived, released, expunged or discharged pursuant to this Order.

16. **THIS COURT ORDERS** that, from and after the Closing Time:

(a) the nature of the Assumed Liabilities retained by the Purchased Entity, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;

(b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;

(c) any Person that prior to the Closing Time had a valid right or claim against the Purchased Entity under or in respect of any of the Excluded Contracts or the Excluded Liabilities (each an "**Excluded Liability Claim**") shall no longer have such right or claim against the Purchased Entity but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contracts and Excluded Liabilities from and after the Closing Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

(d) the Excluded Liability Claim of any Person against ResidualCo following the Closing Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Purchased Entity prior to the Closing Time.

17. **THIS COURT ORDERS AND DECLARES** that, as of the Closing Time:

(a) ResidualCo shall be a company to which the CCAA applies; and

(b) ResidualCo shall be added as an Applicant in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to (i) an "Applicant" or the "Applicants" shall refer to and include ResidualCo, *mutatis mutandis*, and (ii) the "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, of ResidualCo (the "**ResidualCo Property**"), and, for greater certainty, each of the Charges (as defined in the Initial Order) shall constitute a charge on the ResidualCo Property.

18. **THIS COURT ORDERS** that paragraph 32 of the Initial Order is hereby amended to add the following language immediately after $2,000,000: "plus any amounts borrowed under the Closing DIP Loan."

RELEASES

19. **THIS COURT ORDERS** that effective upon the filing of the Monitor's Certificate, (A) the current and former directors, officers, employees, legal counsel and advisors of the Applicants and ResidualCo; (B) the Monitor and its legal counsel; and (C) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor's Certificate (a) undertaken or completed pursuant to the terms of this Order, (b) arising in connection with or relating to the Sale Agreement or the completion of the Transaction, (c) arising in connection with or relating to

these CCAA Proceedings, or (d) related to the management, operations or administration of the Applicants (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

20. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Applicants;

the Sale Agreement, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the Transferred Assets in and to the Purchased Entity, and the transfer and vesting of the Purchased Shares in and to the Purchaser), and any payments by the Purchaser authorized herein or pursuant to the Sale Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and/or ResidualCo and shall not be void or voidable by creditors of the Applicants or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR'S ENHANCED POWERS

21. **THIS COURT ORDERS** that in addition to the powers and duties of the Monitor set out in the Initial Order or any other Order of this Court in these CCAA Proceedings, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required to:

(a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability Claim, and to carry out the Monitor's duties under this Order or any other Order of this Court in these CCAA Proceedings;

(b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;

(c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;

(d) open one or more new accounts (the "**ResidualCo Accounts**") into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited to and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties;

(e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing these CCAA Proceedings to an end;

(f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo (including any governmental authority) in the name of or on behalf of ResidualCo;

(g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;

(h) have access to all books and records that are the property of ResidualCo in ResidualCo's possession or control in addition to the Applicants' books and records in accordance with the terms of the Sale Agreement;

(i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof;

(j) consult with Canada Revenue Agency, Health Canada, or any other governmental body with respect to any issues arising in respect of these CCAA Proceedings; and

(k) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

GENERAL

22. **THIS COURT ORDERS** that, following the Closing Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Purchased Shares and the Purchased Entity Property.

23. **THIS COURT ORDERS** that, following the Closing Time, the title of these proceedings is hereby changed to:

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, TERRACE GLOBAL INC. AND 14588495 CANADA INC.

24. **THIS COURT DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

25. **THIS COURT DECLARES** that the Applicants shall be authorized to apply as they may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada or elsewhere, for orders which aid and complement this Order. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.

26. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada 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 the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Prevailing Eastern Time on the date hereof, provided that the transaction steps set out in Paragraph 5 shall be deemed to have occurred sequentially, one after the other, in the order set out in Paragraph 5.

Schedule "A"
Form of Monitor's Certificate

Court File No. CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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.

(each an "**Applicant**" and collectively, the "**Applicants**")

MONITOR'S CERTIFICATE

RECITALS

A. The Applicants commenced these proceedings under the *Companies' Creditors Arrangement Act* on October 20, 2022 (the "**CCAA Proceedings**").

B. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated October 20, 2022, Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of the Applicants in the CCAA Proceedings.

C. Pursuant to an Approval and Vesting Order of the Court dated December 16, 2022 (the "**Order**"), the Court approved the transaction (the "**Transaction**") contemplated by the Amended and Restated Purchase Agreement (the "**Sale Agreement**") among The Flowr Canada Holdings ULC (the "**Vendor**"), The Flowr Group (Okanagan) Inc. (the "**Purchased Entity**"), and Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc., the "**Purchaser**") dated December 1, 2022, and ordered, *inter alia*, that: (i) 14588495 Canada Inc. ("**ResidualCo**") be added as an Applicant to these CCAA Proceedings; (ii) all of the Vendor's right, title and interest in and to the Transferred Assets be vested in the Purchased Entity, free and clear from any Encumbrances, except for the Permitted Encumbrances, (iii) all of the Vendor’s right, title and interest into to the Purchased Shares be vested in the Purchaser, free and clear from any Encumbrances; (iv) all Excluded Assets, Excluded Contracts and Excluded Liabilities be vested absolutely and exclusively in ResidualCo; and (v) all Encumbrances against the Purchased Entity and Purchased Entity Property (defined below) other than the Permitted Encumbrances be discharged.

D. Capitalized terms used but not defined herein have the meanings ascribed to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and the Vendor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the Sale Agreement.

2. This Monitor’s Certificate was delivered by the Monitor at ________ on _______________, 2022.

Ernst & Young Inc., in its capacity as Monitor of the Applicants, and not in its personal capacity

Per: ______________________________

Name:

Title:

Schedule "B"
Encumbrances to be released and discharged

1. All Claims and Encumbrances under the following personal property system registrations:

Charged Entity	**Jurisdiction**	**Reg/File Number**	**Secured Party**	**Collateral Classification/ Description**
The Flowr Group (Okanagan) Inc.	Ontario	20191216100414621178 758590272	Vault Credit Corporation	Equipment and Other
The Flowr Group (Okanagan) Inc.	Ontario	20200421142218622690 761549634	Computershare Trust Company of Canada, as Trustee Computershare Trust Company of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
The Flowr Group (Okanagan) Inc.	Ontario	20220722102510312840 785141127	Her Majesty in Right of Ontario Represented by the Minister of Finance	Inventory, Equipment, Accounts, Other
The Flowr Group (Okanagan) Inc.	British Columbia	333454L	Britco Boxx Limited Partnership	Serial/VIN/Dot Nos. 13013-0-2 LM-WT12121354 LM-ST0212807 All goods, accessions, building materials of any kind leased from the secured party to the debtor party, and any proceeds thereof.

Charged Entity	Jurisdiction	Reg/File Number	Secured Party	Collateral Classification/ Description
The Flowr Group (Okanagan) Inc.	British Columbia	177710M	Computershare Trust Company of Canada, as Trustee Computershare Trust Company of Canada	All of the debtor's present and after-acquired personal property, including without limitation fixtures (and terms used herein that are defined in the Personal Property Security Act of British Columbia or the Regulations made thereunder have those defined meanings).
The Flowr Group (Okanagan) Inc.	British Columbia	369639N	Salt Capital Inc. o/a Capital Now Cannabis	All present and after acquired personal property as defined by the PPSA including account receivable.

[2. All Claims and Encumbrances under the following litigation:

[to be added]

Schedule "C"
Permitted Encumbrances

[None.]

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**")

Court File No.: CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER (RETURNABLE DECEMBER 16, 2022)

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Lawyers for the Applicants

TAB 4

~~Revised: January 21, 2014~~

Court File No. ~~———~~CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	~~WEEKDAY~~FRIDAY, THE ~~#~~16TH
	)	
JUSTICE ~~—~~CAVANAGH	)	DAY OF ~~MONTH~~DECEMBER, ~~20YR~~2022

~~B E T W E E N:~~

~~**PLAINTIFF**~~

~~Plaintiff~~

~~- and -~~

~~**DEFENDANT**~~

~~Defendant~~

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.

(each an "**Applicant**" and collectively, the "**Applicants**")

APPROVAL AND VESTING ORDER

THIS MOTION, made by ~~[RECEIVER'S NAME] in its capacity as the Court-appointed receiver~~the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.

C-36, as amended (the ~~"Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor")~~"**CCAA**"), for an ~~order~~Order, *inter alia*, (i) approving the ~~sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "~~Amended and Restated Purchase Agreement (the "**Sale Agreement**~~") between the Receiver and [NAME OF PURCHASER] (~~") among The Flowr Canada Holdings ULC (the "**Vendor**"), The Flowr Group (Okanagan) Inc. (the "**Purchased Entity**"), and Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc., the ~~"~~"**Purchaser**~~"~~") dated ~~[DATE]~~December 1, 2022 and ~~appended~~attached as Exhibit "●" to the ~~Report~~affidavit of ~~the Receiver dated [DATE] (the "Report")~~Darren Karasiuk sworn December 9, 2022 (the "**Karasiuk Affidavit**") and the Transaction (as defined therein); (ii) adding 14588495 Canada Inc. ("**ResidualCo**") as an Applicant to these CCAA Proceedings; (iii) vesting in the Purchased Entity all of the Vendor's right, title and interest in and to the Transferred Assets, free and clear from any Encumbrances, except for the Permitted Encumbrances, (iv) vesting in the Purchaser all of the ~~Debtor~~Vendor's right, title and interest of the Vendor in and to the ~~assets described in the Sale Agreement (~~Purchased Shares, free and clear from any Encumbrances; (v) vesting absolutely and exclusively in ResidualCo, all Excluded Assets, Excluded Contracts and Excluded Liabilities; (vi) discharging all Encumbrances against the ~~"~~Purchased ~~Assets")~~Entity and Purchased Entity Property (defined below) other than the Permitted Encumbrances; (vii) approving releases in favour of (1) the current and former directors, officers, employees, legal counsel and advisors of the Flowr Group and ResidualCo, (2) the Monitor and its legal counsel, and (3) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors; (viii) expanding the Monitor's powers regarding ResidualCo; and (ix) granting certain related relief, was heard this day ~~at 330 University Avenue, Toronto, Ontario~~via Zoom videoconference.

ON READING the ~~Report~~Motion Record of the Applicants and the Third Report of Ernst & Young Inc. in its capacity as Monitor of the Applicants (the "**Monitor**") and on hearing the submissions of counsel for the ~~Receiver, [NAMES OF OTHER PARTIES APPEARING]~~Applicants, the Monitor, the DIP Lender, the Purchaser, and those other parties appearing as indicated by the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~Alina Stoica sworn ~~[DATE] filed[1]~~December [●], 2022:

~~[1] This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances~~

SERVICE

1. **THIS COURT ORDERS** that the time for service 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.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement.

APPROVAL AND VESTING

3. ~~1.~~ **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transaction ~~is~~are hereby approved~~,~~[2] and the execution of the Sale Agreement ~~by the Receiver~~[3](including the Pre-Closing Reorganization) by the Vendor and the Purchased Entity is hereby authorized and approved, with such minor amendments as the ~~Receiver~~parties thereto may deem necessary, with the approval of the Monitor including as contemplated by section 8.2(c) of the Sale Agreement. The ~~Receiver is~~Applicants are hereby authorized and directed to perform their obligations under the Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased ~~Assets~~Shares to the Purchaser.

4. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Vendor to proceed with the Transaction and that no shareholder or other approval shall be required in connection therewith.

~~order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

~~[2] In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

~~[3] In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

5. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of ~~a Receiver~~the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser, substantially in the form attached as Schedule "**A**" hereto ~~(the "Receiver's Certificate")~~, the following shall occur and shall be deemed to have occurred in the sequence as set out in the Pre-Closing Reorganization:

(a) in consideration of 100 common shares of the Purchased Entity (the "**Transferred Assets Shares**") issued by the Purchased Entity to the Vendor with respect to the transfer of the Transferred Assets to the Purchased Entity, all of the Vendor's right, title and interest in and to the Transferred Assets shall vest absolutely and exclusively in the Purchased Entity, free and clear of and from any and all Claims and Encumbrances (each as defined below) and, for greater certainty, this Court orders that all of the ~~Debtor'~~Encumbrances in respect of the Transferred Assets are hereby expunged and discharged as against the Transferred Assets;

(b) the Transferred Assets Shares shall form part of the Purchased Shares for the purposes of the Transaction;

(c) in consideration of the Excluded Asset Promissory Note, all of the Purchased Entity's right, title and interest in and to the ~~Purchased Assets described~~ Excluded Assets and Excluded Contracts shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded Assets with the same nature and priority as they had immediately prior to their transfer;

(d) in consideration of the Excluded Liabilities Promissory Note, all Excluded Contracts and Excluded Liabilities (which, for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) of the Purchased Entity other than the Assumed Liabilities) shall be transferred to, assumed by and vest absolutely and exclusively in, ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Purchased Entity, and the Purchased Entity and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situated (including, for certainty, the Transferred Assets and the Retained Assets) (collectively, the "**Purchased Entity Property**"), shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims (as defined below), and all Encumbrances (as defined below) affecting or relating to the Purchased Entity Property are hereby expunged and discharged as against the Purchased Entity Property;

(e) in consideration of the ~~Sale Agreement [and listed on Schedule B hereto]~~[4]Purchase Price, all of the right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the ~~"~~"**Claims**~~"~~[5]") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other Order of the ~~Honourable Justice [NAME] dated [DATE]~~Court in these CCAA Proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia), *Personal Property Security Act* (Ontario), or any other

~~[4] To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

~~[5] The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

personal property registry system; and (iii) those Claims listed on Schedule ~~C~~"**B**" hereto (all of which are collectively referred to as the ~~"~~"**Encumbrances**~~"~~", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule ~~D~~"**C**" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased ~~Assets~~Shares are hereby expunged and discharged as against the Purchased ~~Assets.~~Shares;

~~3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION} of a Transfer/Deed of Land in the form prescribed by the *Land Registration Reform Act* duly executed by the Receiver][Land Titles Division of {LOCATION} of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*][6], the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

(f) all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of the Purchased Entity or which require the issuance, sale or transfer by the Purchased Entity, of any shares or other securities of the Purchased Entity, or otherwise evidencing a right to acquire the Purchased Shares and/or the share capital of the Purchased Entity, or otherwise relating thereto, shall be deemed terminated and cancelled;

(g) the Monitor shall cause payment to be made on behalf of the Purchased Entity from the Purchase Price to ResidualCo in an amount equal to the principal amount of the Excluded Liabilities Promissory Note, and in full satisfaction of, the Excluded Liabilities Promissory Note, provided that such payment shall continue to be held by the Monitor of behalf of ResidualCo;

[6] ~~Elect the language appropriate to the land registry system (Registry vs. Land Titles).~~

(h) the Monitor shall cause payment to be made on behalf of the Purchased Entity from the Purchase Price to ResidualCo in an amount equal to the principal amount of the Excluded Asset Promissory Note, and in full satisfaction of, the Excluded Asset Promissory Note, provided that such payment shall continue to be held by the Monitor of behalf of ResidualCo; and

(i) the Purchased Entity shall and shall be deemed to cease to be an Applicant in these CCAA Proceedings, and the Purchased Entity shall be deemed to be released from the purview of the Initial Order and all other Orders of this Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to the Purchased Entity) shall continue to apply in all respects.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof in connection with the Transaction.

7. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Applicants and the Purchaser regarding the fulfillment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

8. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds[~~7~~] from the sale of the Purchased ~~Assets shall stand in the place and stead of the Purchased Assets~~Shares, the proceeds of the Excluded Liabilities Promissory Note as set out in paragraph 5(f) above and the proceeds of the Excluded Assets Promissory Note as set out in 5(g) (collectively, the "**Proceeds**") shall be allocated to ResidualCo, and that from and after the delivery of the ~~Receiver'~~Monitor's Certificate, all Claims and Encumbrances shall attach to the ~~net proceeds from the sale of the Purchased Assets~~Proceeds, with the same priority as they had with respect to the Purchased ~~Assets~~Shares and the Purchased Entity Property immediately prior to the sale[~~8~~], as if (i) the Purchased ~~Assets~~Entity Property and Purchased Shares

~~[7] The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

~~[8] This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

had not been sold and remained owned by and in the possession or control of the ~~person having that~~Person who owned and had possession or control immediately prior to the sale; and (ii) the Excluded Contracts and Excluded Liabilities had not been transferred to and vested in ResidualCo and had remained liabilities of the Purchased Entity immediately prior to the transfer.

~~5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.~~

9. **THIS COURT ORDERS** that, upon delivery of the Monitor's Certificate, the Purchaser, its counsel, Norton Rose Fulbright Canada LLP, and/or their respective agents, shall be authorized to file or register, as applicable, all such financing change statements and other instruments as may be necessary to cancel and discharge all registrations against the Purchased Entity pursuant to the *Personal Property Security Act* (British Columbia) and *Personal Property Security Act* (Ontario) or any similar legislation, including those listed on Schedule "B" hereto.

10. ~~6.~~ **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the ~~Receiver~~Applicants or the Monitor, as the case may be, is authorized and permitted to disclose ~~and transfer~~ to the Purchaser all human resources and payroll information in the ~~Company'~~Purchased Entity's records pertaining to ~~the Debtor's~~ past and current employees~~, including personal information of those employees listed on Schedule "●" to the Sale Agreement~~ of the Purchased Entity. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the ~~Debtor~~Purchased Entity.

11. **THIS COURT ORDERS AND DECLARES** that, at the Closing Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and the Purchased Entity shall be deemed released from any and all Claims with respect to or arising from any Taxes (including penalties and interest thereon) of, or that relate to, the Applicants, any Other Flowr Entities, or the Purchased Entity Property, including without limiting the generality of the foregoing all Taxes that could be assessed against the Purchaser or the Purchased Entity (including its affiliates and any predecessor corporations) pursuant to section 160 of the *Income Tax Act*

(Canada), or any provincial equivalent (provided, as it relates to the Purchased Entity, such release shall not apply to (i) Taxes arising from the Transaction, (ii) Taxes in respect of the business and operations conducted by the Purchased Entity after the Closing Time) or (iii) that otherwise expressly form a part of the Assumed Liabilities. For greater certainty, nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.

12. **THIS COURT ORDERS** that except to the extent expressly contemplated by the Sale Agreement, all Assumed Contracts as at the delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

(a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any Applicant);

(b) the insolvency of any Applicant or the fact that the Applicants sought or obtained relief under the CCAA;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Sale Agreement, the Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or

(d) any transfer or assignment, or any change of control of the Purchased Entity, or other step arising from the implementation of the Sale Agreement, the Transaction or the provisions of this Order; and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under an Assumed Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Purchased Entity or the Vendor from performing their obligations under the Sale Agreement or be a waiver of defaults by the Purchased Entity or the Vendor under the Sale Agreement and the related documents.

13. **THIS COURT ORDERS**, for greater certainty, that: (a) nothing in paragraph 12 hereof shall waive, compromise or discharge any obligations of the Purchased Entity in respect of any Assumed Liabilities, and (b) the designation of any Claim as an Assumed Liability is without prejudice to the Purchased Entity's right to dispute the existence, validity or quantum of any such Assumed Liabilities, and (c) nothing in this Order or the Sale Agreement shall affect or waive the Purchased Entity's rights and defences, both legal and equitable, with respect to any of the Assumed Liabilities, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Assumed Liabilities.

14. **THIS COURT ORDERS** that from and after the Closing Time, all Persons shall be deemed to have waived any and all defaults of any Applicant then existing or previously committed by any Applicant, or caused by any Applicant, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Assumed Contract, existing between such Person and Purchased Entity arising directly or indirectly from the filing by the Applicants under the CCAA and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 12 hereof.

15. **THIS COURT ORDERS** that from and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessment, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Purchased Entity or the Purchased Entity Property relating in any way to or in respect of any Excluded Assets, Excluded Contracts or Excluded Liabilities and any other claims, obligations and other matters which are waived, released, expunged or discharged pursuant to this Order.

16. **THIS COURT ORDERS** that, from and after the Closing Time:

(a) the nature of the Assumed Liabilities retained by the Purchased Entity, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;

(b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;

(c) any Person that prior to the Closing Time had a valid right or claim against the Purchased Entity under or in respect of any of the Excluded Contracts or the Excluded Liabilities (each an "**Excluded Liability Claim**") shall no longer have such right or claim against the Purchased Entity but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contracts and Excluded Liabilities from and after the Closing Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

(d) the Excluded Liability Claim of any Person against ResidualCo following the Closing Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Purchased Entity prior to the Closing Time.

17. **THIS COURT ORDERS AND DECLARES** that, as of the Closing Time:

(a) ResidualCo shall be a company to which the CCAA applies; and

(b) ResidualCo shall be added as an Applicant in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to (i) an "Applicant" or the "Applicants" shall refer to and include ResidualCo, *mutatis mutandis*, and (ii) the "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, of ResidualCo (the "**ResidualCo**

Property”), and, for greater certainty, each of the Charges (as defined in the Initial Order) shall constitute a charge on the ResidualCo Property.

18. **THIS COURT ORDERS** that paragraph 32 of the Initial Order is hereby amended to add the following language immediately after $2,000,000: “plus any amounts borrowed under the Closing DIP Loan.”

RELEASES

19. **THIS COURT ORDERS** that effective upon the filing of the Monitor’s Certificate, (A) the current and former directors, officers, employees, legal counsel and advisors of the Applicants and ResidualCo; (B) the Monitor and its legal counsel; and (C) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors (collectively, the “**Released Parties**”) shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor’s Certificate (a) undertaken or completed pursuant to the terms of this Order, (b) arising in connection with or relating to the Sale Agreement or the completion of the Transaction, (c) arising in connection with or relating to these CCAA Proceedings, or (d) related to the management, operations or administration of the Applicants (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

20. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) in respect of the ~~Debtor~~Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the ~~Debtor~~Applicants;

the ~~vesting of the Purchased Assets in~~Sale Agreement, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the Transferred Assets in and to the Purchased Entity, and the transfer and vesting of the Purchased Shares in and to the Purchaser), and any payments by the Purchaser authorized herein or pursuant to ~~this Order~~the Sale Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~Applicants and/or ResidualCo and shall not be void or voidable by creditors of the ~~Debtor~~Applicants or ResidualCo, as applicable, nor shall ~~it~~they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the ~~*Bankruptcy and Insolvency Act* (Canada)~~CCAA, the BIA or any other applicable federal or provincial legislation, nor shall ~~it~~they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

MONITOR’S ENHANCED POWERS

21. **THIS COURT ORDERS** that in addition to the powers and duties of the Monitor set out in the Initial Order or any other Order of this Court in these CCAA Proceedings, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required to:

(a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability

Claim, and to carry out the Monitor's duties under this Order or any other Order of this Court in these CCAA Proceedings;

(b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;

(c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;

(d) open one or more new accounts (the "**ResidualCo Accounts**") into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited to and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties;

(e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing these CCAA Proceedings to an end;

(f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo (including any governmental authority) in the name of or on behalf of ResidualCo;

(g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;

(h) have access to all books and records that are the property of ResidualCo in ResidualCo's possession or control in addition to the Applicants' books and records in accordance with the terms of the Sale Agreement;

(i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof;

(j) consult with Canada Revenue Agency, Health Canada, or any other governmental body with respect to any issues arising in respect of these CCAA Proceedings; and

(k) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

GENERAL

22. **THIS COURT ORDERS** that, following the Closing Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Purchased Shares and the Purchased Entity Property.

23. **THIS COURT ORDERS** that, following the Closing Time, the title of these proceedings is hereby changed to:

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, TERRACE GLOBAL INC. AND 14588495 CANADA INC.

24. **THIS COURT DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

25. **THIS COURT DECLARES** that the Applicants shall be authorized to apply as they may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada or elsewhere, for orders which aid and complement this Order. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.

26. ~~9.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada ~~or in the United States~~ to give effect to this Order and to assist the ~~Receiver~~Applicants, the Monitor and ~~its~~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 ~~Receiver~~Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the ~~Receiver~~Applicants, the Monitor and ~~its~~their respective agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Prevailing Eastern Time on the date hereof, provided that the transaction steps set out in Paragraph 5 shall be deemed to have occurred sequentially, one after the other, in the order set out in Paragraph 5.

~~Revised: January 21, 2014~~

Schedule "A~~—~~"
Form of ~~Receiver~~Monitor's Certificate

Court File No. ~~——————~~CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

~~B E T W E E N:~~

~~**PLAINTIFF**~~

~~Plaintiff~~

~~- and -~~

~~**DEFENDANT**~~

~~Defendant~~

~~**RECEIVER**~~

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.

(each an "**Applicant**" and collectively, the "**Applicants**")

MONITOR'S CERTIFICATE

RECITALS

A. The Applicants commenced these proceedings under the *Companies' Creditors Arrangement Act* on October 20, 2022 (the "**CCAA Proceedings**").

B. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the ~~"~~"**Court**~~"~~") dated ~~[DATE OF ORDER], [NAME OF RECEIVER]~~October 20, 2022, Ernst & Young Inc. was appointed as ~~the receiver~~monitor (the ~~"Receiver"~~"**Monitor**") of the ~~undertaking, property and assets of [DEBTOR] (the "Debtor")~~Applicants in the CCAA Proceedings.

~~B~~

C. Pursuant to an Approval and Vesting Order of the Court dated ~~[DATE]~~December 16, 2022 (the "**Order**"), the Court approved the ~~agreement of purchase and sale made as of [DATE OF AGREEMENT]~~transaction (the "**Transaction**") contemplated by the Amended and Restated Purchase Agreement (the ~~"~~"**Sale Agreement**~~"~~") ~~between the Receiver [Debtor] and [NAME OF PURCHASER] (~~among The Flowr Canada Holdings ULC (the "**Vendor**"), The Flowr Group (Okanagan) Inc. (the "**Purchased Entity**"), and Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc., the ~~"~~"**Purchaser**~~"~~") ~~and provided for the vesting in the Purchaser~~dated December 1, 2022, and ordered, *inter alia*, that: (i) 14588495 Canada Inc. ("**ResidualCo**") be added as an Applicant to these CCAA Proceedings; (ii) all of the ~~Debtor~~Vendor's right, title and interest in and to the ~~Purchased~~Transferred Assets~~, which vesting is to be effective with respect to~~ be vested in the Purchased ~~Assets upon the delivery by the Receiver to~~Entity, free and clear from any Encumbrances, except for the Permitted Encumbrances, (iii) all of the Vendor's right, title and interest into to the Purchased Shares be vested in the Purchaser~~ of a certificate confirming~~, free and clear from any Encumbrances; (~~i~~iv) ~~the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section ● of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver~~all Excluded Assets, Excluded Contracts and Excluded Liabilities be vested absolutely and exclusively in ResidualCo; and (v) all Encumbrances against the Purchased Entity and Purchased Entity Property (defined below) other than the Permitted Encumbrances be discharged.

~~C. Unless otherwise indicated herein, terms with initial capitals~~

D. Capitalized terms used but not defined herein have the meanings ~~set out~~ascribed to them in the ~~Sale Agreement~~Order.

THE ~~RECEIVER~~MONITOR CERTIFIES the following:

1. The ~~Purchaser has paid and the Receiver~~Monitor has received ~~the Purchase Price for the Purchased Assets payable on the Closing Date pursuant~~written confirmation from the Purchaser and the Vendor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the Sale Agreement~~;~~.

~~2. The conditions to Closing as set out in section ● of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and~~

~~3. The Transaction has been completed to the satisfaction of the Receiver.~~

4

2. This Monitor's Certificate was delivered by the ~~Receiver~~Monitor at ________ ~~[TIME]~~ on _______ ~~[DATE]~~_______, 2022.

~~[NAME OF RECEIVER]~~Ernst & Young Inc., in its capacity as ~~Receiver~~Monitor of the ~~undertaking, property and assets of [DEBTOR]~~Applicants, and not in its personal capacity

Per: ________________________________

Name:

Title:

Schedule "B~~ — Purchased Assets~~"
Encumbrances to be released and discharged

~~**Schedule C – Claims**~~

1. All Claims and Encumbrances under the following personal property system registrations:

Charged Entity	**Jurisdiction**	**Reg/File Number**	**Secured Party**	**Collateral Classification/ Description**
The Flowr Group (Okanagan) Inc.	Ontario	20191216100414621178 758590272	Vault Credit Corporation	Equipment and Other
The Flowr Group (Okanagan) Inc.	Ontario	20200421142218622690 761549634	Computershare Trust Company of Canada, as Trustee Computershare Trust Company of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
The Flowr Group (Okanagan) Inc.	Ontario	20220722102510312840 785141127	Her Majesty in Right of Ontario Represented by the Minister of Finance	Inventory, Equipment, Accounts, Other
The Flowr Group (Okanagan) Inc.	British Columbia	333454L	Britco Boxx Limited Partnership	Serial/VIN/Dot Nos. 13013-0-2 LM-WT12121354 LM-ST0212807 All goods, accessions, building materials of any kind leased from the secured party to the debtor party, and any proceeds thereof.
The Flowr Group (Okanagan) Inc.	British Columbia	177710M	Computershare	All of the debtor's

Charged Entity	Jurisdiction	Reg/File Number	Secured Party	Collateral Classification/ Description
			Trust Company of Canada, as Trustee Computershare Trust Company of Canada	present and after-acquired personal property, including without limitation fixtures (and terms used herein that are defined in the Personal Property Security Act of British Columbia or the Regulations made thereunder have those defined meanings).
The Flowr Group (Okanagan) Inc.	British Columbia	369639N	Salt Capital Inc. o/a Capital Now Cannabis	All present and after acquired personal property as defined by the PPSA including account receivable.

[2. All Claims and Encumbrances under the following litigation:

[to be ~~deleted and expunged from title to Real Property~~added]

Schedule ~~D~~ "C"
Permitted Encumbrances~~, Easements and Restrictive Covenants related to the Real Property~~

~~(unaffected by the Vesting Order)~~

[None.]

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**")

Court File No.: C

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Proceeding co

APPROVAL AN
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Document comparison by Workshare Compare on Friday, December 9, 2022 3:50:33 PM

Input:	
Document 1 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/66074185/1
Description	#66074185v1<Legal> - approval-and-vesting-order-EN (1)
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/66724234/1
Description	#66724234v1<Legal> - Approval and Vesting Order (draft Dec 9)
Rendering set	Standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	327
Deletions	178
Moved from	4
Moved to	4
Style changes	0
Format changes	0
Total changes	513

TAB 5

Court File No. CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 16TH
	)	
JUSTICE CAVANAGH	)	DAY OF DECEMBER, 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.

(each an "**Applicant**" and collectively, the "**Applicants**")

ORDER
(Re: Third Report, Conduct and Activities of the Monitor, and Stay Extension)

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 Motion Record of the Applicants and the Third Report of Ernst & Young Inc., dated [●] (the "**Third Report**") in its capacity as Monitor of the Applicants (the "**Monitor**"), and on hearing the submissions of counsel for the Applicants, the Monitor, Avant Brands K1 Inc. (in its capacities as DIP Lender and Purchaser), and those other parties appearing as indicated by the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Alina Stoica sworn December [●], 2022,

SERVICE

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.

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period, as defined in the Amended and Restated Initial Order granted by Mr. Justice Cavanagh dated October 20, 2022, is hereby extended up to and including February 26, 2023.

APPROVAL OF THE MONITOR'S REPORT AND ACTIVITIES

3. **THIS COURT ORDERS** that the Pre-Filing Report of the Monitor dated October 20, 2022, the First Report of the Monitor dated October 27, 2022, the Second Report of the Monitor dated November 2, 2022, and the Third Report, and the activities and conduct set out therein, be and are hereby approved, provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

4. **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.

5. **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.

6. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

7. **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.

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**")

Court File No.: CV-22-00688966-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER RE THIRD REPORT, CONDUCT AND ACTIVITIES OF THE MONITOR, STAY EXTENSION, AND SEALING (RETURNABLE DECEMBER 16, 2022)

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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**")

Court File No.: CV-22-00688966-00C

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

MOTION RECORD

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