



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MADAM

)

MONDAY, THE 30TH

)

JUSTICE KIMMEL

)

DAY OF JANUARY, 2023

**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: Amending and Restating the Approval and Vesting Order dated December 16, 2022)

THIS MOTION, made by the Applicants, 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., for an Amended and Restated Approval and Vesting Order dated December 16, 2022 substantially in the form found at Tab 3 of the Applicants' Motion Record dated January 23, 2023 (the "**Motion Record**") was heard this day via Zoom videoconference.

ON READING the Motion Record and the Fourth Report of Ernst & Young Inc., in its capacity as Monitor of the Applicants (the "**Monitor**") dated January 27, 2023 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 service of Alina Stoica sworn January 27, 2023:

1. **THIS COURT ORDERS** that the Approval and Vesting Order dated December 16, 2022 shall be and is hereby amended and restated in accordance with the changes blacklined in **Schedule “A”** attached hereto and that a clean version of the Amended and Restated Approval and Vesting Order be issued.



Digitally signed by
Jessica Kimmel
Date: 2023.01.30
16:14:51 -05'00'

SCHEDULE “A”

AMENDED AND RESTATED APPROVAL AND VESTING ORDER

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**”)

AMENDED AND RESTATED 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 “C” 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 the Applicants; and (ix) granting certain related relief, was heard this day via Zoom videoconference.

ON READING the Motion Record of the Applicants ~~and~~ dated December 9, 2022, the Third Report of Ernst & Young Inc., in its capacity as Monitor of the Applicants (the "**Monitor**") dated December 13, 2022, the Motion Record of the Applicants dated January 23, 2023 and the Fourth Report of the Monitor dated January 27, 2023 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~~ affidavits of Alina Stoica sworn December 13, 2022 and January 27, 2023:

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 or the Purchased Entity 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 steps shall have occurred, occur and shall be deemed to have occurred in the sequence as set out in the Pre-Closing Reorganization and as set out below, provided that the Pre-Closing Reorganization steps as set out below may be amended to implement the Transaction on such terms as may be agreed by the Parties, with the consent of the Monitor or further Order of the Court:

- (a) The liability owed by the Company to The Flowr Corporation in the amount of \$5,900,000 will be set-off against the liability owed by The Flowr Corporation to the Company in the amount of \$4,035,827 such that after such set-off the Company will be indebted to The Flowr Corporation in the amount of \$1,864,173;
- (b) The Vendor will transfer the intercompany receivable owed by the Company to the Vendor in the amount of \$87,018,000 to 1397087 B.C. Ltd. ("**SubCo**") in consideration of a non-interest bearing promissory note in the amount of \$1 (the "**SubCo Note**") (being the fair market value of the transferred receivable) and will make an election under subsection 80.01(4) of the *Income Tax Act* (Canada) to deem the note settled for the cost amount as determined under subsection 80.01(4) and subsection 53(1)(f.1) of the *Income Tax Act* (Canada);
- (c) Subco will be wound up into the Company and dissolved;
- (d) ~~(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;

(e) ~~(b)~~ the Transferred Assets Shares shall form part of the Purchased Shares for the purposes of the Transaction;

(f) ~~(e)~~ 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;

(g) ~~(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;

(h) ~~(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;

(i) the Purchaser will acquire the SubCo Note at the same time as it acquires the Purchased Shares;

(j) ~~(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;

(k) ~~(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;

(l) ~~(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

(m) ~~(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(~~f~~k) above and the proceeds of the Excluded Assets Promissory Note as set out in 5(~~g~~l) (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, effective upon the filing of the Monitor's Certificate, 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 the Applicants (which for greater certainty shall not include the Purchased Entity) or 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 the Applicants and ResidualCo;
- (c) cause the Applicants and 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 the Applicants and 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 the Applicants and 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 the Applicants or ResidualCo (including any governmental authority) in the name of or on behalf of the Applicants or ResidualCo;
- (g) claim or cause the Applicants and ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which the Applicants and ResidualCo ~~is~~are 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.

| ~~67355609.1~~[67355669.2](#)

**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.

				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~~ registered with the ~~following litigation~~ Canada Intellectual Property Office:

~~{to be added}~~

<u>Charged Entity</u>	<u>Jurisdiction</u>	<u>Date</u>	<u>Secured Party</u>	<u>Description</u>
<u>The Flowr Canada Holdings ULC</u>	<u>Federal</u>	<u>June 22, 2020</u>	<u>ATB Financial, as administrative agent</u>	<u>Security Agreement placed on file</u>

~~67355609-1~~ 67355669.2

Schedule “C”
Permitted Encumbrances

[None.]

1985, c.C-36 AS AMENDED

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

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”)

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER
(RETURNABLE DECEMBER 16, 2022)

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Kyla Mahar LSO#: 44182G

kmahar@millerthomson.com
Tel: 416.597.4303

Patrick Corney LSO#: 65452N

pcorney@millerthomson.com
Tel: 416.595.8555

Stephanie De Caria LSO#: 68055L

sdecaria@millerthomson.com
Tel: 416.595.2600 / Fax: 416.595.8695

Lawyers for the Applicants

Document comparison by Workshare Compare on Monday, January 30, 2023
12:38:26 PM

Input:	
Document 1 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/67355609/1
Description	#67355609v1<Legal> - Approval and Vesting Order (Final - as brought to court Dec 16-22)
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/67592549/1
Description	#67592549v1<Legal> - Amended and Restated Approval and Vesting Order (FINAL Jan 30, 2023)
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	23
Moved from	0
Moved to	0
Style changes	0
Format changes	0

Total changes	78
---------------	----

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER
**(Re: Amending and Restating the Approval and Vesting
Order dated December 16, 2022)**

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Kyla Mahar LSO#: 44182G
kmahar@millerthomson.com
Tel: 416.597.4303
Patrick Corney LSO#: 65452N
pcorney@millerthomson.com
Tel: 416.595.8555
Gina Rhodes LSO#: 78849U
grhodesd@millerthomson.com
Tel: 416.597.4321

Lawyers for the Applicants