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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 21ST
	)	
JUSTICE STEELE	)	DAY OF JULY, 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, TERRACE GLOBAL INC. AND 14588495 CANADA INC. (collectively, the "**Applicants**")

APPLICANTS

ORDER
(Re: Distribution Order, Stay Extension and Other Relief)

THIS MOTION, made by the Applicants and Ernst & Young Inc., in its capacity as Court-appointed Monitor of the Applicants (the "**Monitor**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order, *inter alia*, (i) authorizing and directing the Monitor, for and on behalf of the Applicants to make certain Distributions (as defined and specified below), (ii) terminating the Subordinated Convertible Debenture Indenture dated April 27, 2020 (the "**Debenture Indenture**") between The Flowr Corporation and Computershare Trust Company of Canada ("**Computershare**") and releasing and discharging all liabilities of Computershare thereunder; (iii) approving the activities and conduct of the Monitor described in the Sixth Report of the Monitor dated July 14, 2023 (the

"**Sixth Report**"), and (iv) extending the Stay Period to and including January 31, 2024, was heard this day by judicial video-conference via Zoom in Toronto, Ontario.

ON READING the Notice of Motion of the Applicants, the Sixth Report, and on hearing the submissions of counsel for the Applicants, the Monitor, and such other counsel as were present and wished to be heard, no one else appearing for any party although duly served as appears from the affidavits of service of Alina Stoica dated July 17, 2023 and July 19, 2023, filed:

SERVICE AND DEFINITIONS

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.

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meanings given to them in the Sixth Report.

DISTRIBUTIONS

3. **THIS COURT ORDERS** that the Monitor, for and on behalf of the Applicants, be and is hereby authorized and directed, without any personal and corporate liability whatsoever to any Person, and without further Order of the Court to make the following distributions (collectively, the "**Distributions**"):

   a. from the Avant Brands Inc. common shares (the "**Avant Shares**") held by the Applicants, a distribution to the Debenture Holders based upon their registered Debenture holdings as of the Filing Date received from Computershare of all Avant Shares on a *pro rata* basis up to the amount of their indebtedness on the Filing Date;

b. from the funds held by the Monitor, in trust for the Applicants, subject to any reserve established by the Monitor in its sole discretion to ensure sufficient funds are available to address any priority claims including without limitation the Charges granted under the Initial Order (the "**Reserve**"), a cash distribution to the Debenture Holders on a *pro rata* basis based upon their registered Debenture holdings as of the Filing Date as received from Computershare to the Debenture Holders up to the amount of their indebtedness.

4. **THIS COURT ORDERS** that the Monitor is hereby authorized to take all necessary steps and actions to effect the Distributions in accordance with the provisions of this Order, and shall not incur any liability as a result of making the Distributions.

5. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these CCAA proceedings;

(b) any application for a bankruptcy or receivership order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") or other applicable legislation in respect of the Applicants and any bankruptcy or receivership order issued pursuant to any such applications;

(c) any assignment in bankruptcy made in respect of the Applicants; and

(d) any provisions of any federal or provincial legislation,

the Distributions shall be made free and clear of all Encumbrances (as defined in the Approval and Vesting Order) and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicants and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under 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.

6. **THIS COURT ORDERS AND DECLARES** that the Distributions shall not constitute a "distribution" for the purposes of section 107 of the *Corporations Tax Act* (Ontario), section 22 of the *Retail Sales Tax Act* (Ontario), section 117 of the *Taxation Act*, 2007 (Ontario), section 159 of the Tax Act, section 270 of the *Excise Tax Act* (Canada), section 86 of the *Employment Insurance Act* (Canada), or any other similar applicable federal, provincial or territorial tax legislation (collectively, the "**Tax Statutes**"), and the Monitor, in making the Distributions, is merely a disbursing agent and is not exercising any discretion in making the Distributions, and no Person is "distributing" such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of the Distributions and the Monitor is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of or as a result of the Distributions made by it in accordance with this Order and any claims of this nature are hereby forever barred.

MONITOR PROTECTIONS

7. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor pursuant to the previous Orders granted by the Court in these proceedings, the Monitor shall not be liable for any act or omission on the part of the Monitor pertaining to the discharge of its duties under this Order, save and except for any claim or liability arising out of any gross

negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA, any other applicable law or any previous Orders granted by the Court in these proceedings.

8. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order and without in any way limiting the protections for the Monitor set forth in this Order or any previous Orders granted by the Court in these proceedings, the Monitor shall have no obligation to make any distribution, except with respect to the distribution of all of the Avant Shares, unless the Monitor is satisfied after establishing any Reserves it determines is necessary.

DEBENTURE INDENTURE AND COMPUTERSHARE

9. **THIS COURT ORDERS** that Debenture Indenture be and is hereby terminated and Computershare be and is hereby permanently released and discharged from any duties and liabilities in acting in its capacity as trustee under the Debenture Indenture arising after the date of this Order.

APPROVAL OF THE MONITOR'S REPORT AND ACTIVITIES

10. **THIS COURT ORDERS** that the Sixth Report is hereby approved, and the activities and conduct of the Monitor set out therein is hereby ratified and 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 approvals.

STAY EXTENSION

11. **THIS COURT ORDERS** that the Stay Period is hereby extended until and including January 31, 2024.

GENERAL

9. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal and regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America 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 and 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 and the Monitor and their respective agents in carrying out the terms of this Order.

Digitally signed by Jana Steele
Date: 2023.07.21 11:58:08 -04'00'

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

ORDER
(RE: DISTRIBUTION ORDER, STAY EXTENSION AND OTHER RELIEF)

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