



The Flowr Corporation Announces Sale of Holigen Holdings for \$35 million

Highlights:

- Flowr has entered into a definitive agreement to sell Holigen to Akanda for aggregate consideration of approximately \$35 million, including approximately \$5.1 million of indebtedness being assumed by Akanda under the transaction, representing value of approximately \$0.08 per share.
- The proposed Transaction also resulted in the immediate funding of operating expenses at Holigen.
- Flowr to preserve upside in E.U. business by receiving significant Akanda share consideration.
- The proposed Transaction significantly improves Flowr's financial position by increasing cash by approximately \$4.8 million and reducing indebtedness by approximately \$5.1 million.
- In connection with the proposed Transaction, Akanda has agreed to subscribe for \$1 million of common shares of Flowr, subject to the approval of the TSXV. The subscription ensures that both parties are aligned to the future success of both Flowr and Akanda.
- The parties will also enter into a transition services agreement whereby Flowr will assist Akanda and Holigen for a period of at least 90 days following closing of the proposed transaction.

TORONTO, April 20, 2022 -- The Flowr Corporation ("**Flowr**" or the "**Company**") (TSXV: FLWR, OTC: FLWPF) is pleased to announce that its wholly-owned subsidiary, Holigen Holdings Limited ("**HHL**") has entered into a share purchase agreement (the "**Purchase Agreement**") dated April 19, 2022 with Akanda Corp. (NASDAQ: AKAN) ("**Akanda**") and Canahealth Limited (the "**Purchaser**"), a wholly-owned subsidiary of Akanda. Pursuant to the Purchase Agreement, the Purchaser will acquire from HHL (the "**Transaction**") all of issued and outstanding shares of Holigen Limited ("**Holigen**"), an indirect wholly-owned subsidiary of the Company, together with certain intercompany receivables for aggregate consideration of approximately \$35 million. The Company's wholly-owned subsidiary, HHL, indirectly owns all of the issued and outstanding shares of RPK Biopharma Unipessoal, Lda. ("**RPK**"), which owns and operates the E.U. GMP facility located in Sintra, Portugal, and the outdoor medical facility located in Aljustrel, Portugal.

Pursuant to the terms of the Purchase Agreement, Holigen has agreed to sell Holigen to the Purchaser for total consideration payable of approximately \$35 million (the "**Purchase Price**") consisting of: (i) \$3,750,000 in cash; (ii) 1,900,000 common shares in the capital of Akanda (the "**Consideration Shares**") currently valued at U.S.\$10.30 based on the closing price of the Consideration Shares on April 19, 2022; (iii) the indirect assumption by Akanda of RPK's indebtedness of approximately \$5,100,000; and (iv) at least \$834,000 of interim funding to Holigen which has already been received by Flowr. In addition, Akanda has agreed to subscribe for \$1 million of common shares in the capital of Flowr (the "**Private Placement**") at a price per share of \$0.07 per share, subject to the approval of the TSX Venture Exchange (the "**TSXV**").

"The Transaction presents a meaningful windfall for all Flowr shareholders with the aggregate consideration of approximately \$35 million representing value of \$0.08 per share today. After a robust auction process, we were able to find a deal that gave Flowr a significant amount of cash on closing to solidify its balance sheet and also preserve the upside related to our European operations. We still believe the European market is on the cusp of regulatory change and we believe that Holigen will be able to take advantage of those opportunities with the capital support from Akanda," commented Tom Flow, Interim CEO and COO of Flowr. "We remain encouraged by our strategic decision to sell Holigen given our level of confidence in Tej Virk and the management team at Akanda. Mr. Virk has had top tier experience at BMO Capital Markets and Canopy Growth Corp. and has a clear roadmap for capitalizing on the emerging cannabis opportunity in Europe. With the capital resources available to Akanda and the opportunity to develop one of a handful of GMP facilities in Europe, we believe the future is very bright for Akanda."

As part of the Transaction, Flowr has agreed to provide transition services to Akanda and Holigen for a period of at least 90 days after the closing of the Transaction.

The Transaction constitutes a Reviewable Disposition as defined in Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* ("**Policy 5.3**") of the TSXV and, as such, completion of the Transaction remains subject to approval of the TSXV. The closing of the Transaction is also subject to certain other conditions which are customary for a transaction of this nature, including the approval of the NASDAQ with respect to the issuance of the Share Consideration. The Company and Akanda are not "Non-Arm's Length Parties" within the meaning of applicable TSXV policies, and the Purchase Price and all ancillary agreements were arrived at through arm's-length negotiations. In connection with the Transaction, Holigen will pay an advisory fee to an arm's length third party equal to 7% of the Purchase Price, 50% of which is payable in cash and 50% of which is payable in Consideration Shares to be received by Holigen.

The Transaction was overseen by an independent committee (the "**Independent Committee**") of directors of Flowr and was unanimously approved by the Independent Committee as well as the board of directors of each of Flowr and Akanda. Hyperion Capital Inc. provided the Independent Committee with an opinion, dated April 5, 2022, to the effect that, as of the date of such opinion, the consideration to be received by Flowr pursuant to the proposed Transaction is fair, from a financial point of view, to Flowr, based upon and subject to the respective assumptions, limitations, qualifications and other matters set forth in such

opinions.

Further updates will be announced on the status of the Purchase Agreement and the Transaction as appropriate. All of the transactions contemplated by the Purchase Agreement, including the Private Placement, are subject to the approval of the TSXV.

At the closing of the Transaction, which is expected to be in the second quarter of 2022, Flowr expects to be able to reduce its existing senior indebtedness to \$2.6 million and have more than \$25 million in cash and marketable securities. Since December 2020, Flowr has been able to retire more than \$50 million in aggregate indebtedness.

None of the Consideration Shares to be issued pursuant to the Transaction have been or will be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws, and any securities issuable in the Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

About The Flowr Corporation

The Flowr Corporation is a cannabis company with operations in Canada. Its operating campus, located in Kelowna, BC, includes a purpose-built, GMP-designed indoor cultivation facility; an outdoor and greenhouse cultivation site; and a state-of-the-art R&D facility. From this campus, Flowr produces recreational and medicinal products. In 2020, Flowr’s BC Pink Kush was recognized as the top indica strain in Canada by KIND magazine.

Flowr aims to support improving outcomes through responsible cannabis use and, as an established expert in cannabis cultivation, strives to be the brand of choice for consumers and patients seeking the highest-quality craftsmanship and product consistency across a portfolio of differentiated cannabis products.

For more information, please visit flowrcorp.com or follow Flowr on Twitter: @FlowrCanada and LinkedIn: The Flowr Corporation.

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Forward-Looking Information:

Certain statements made in this press release may constitute “forward-looking information”, “future oriented financial information” or “financial outlooks” (collectively, “**forward-looking information**”) within the meaning of applicable securities laws. The forward-looking information are often, but not always, identified using words such as “seek”, “anticipate”, “plan”, “estimate”, “expect”, “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking information, readers should not place undue reliance on such information. The risks and uncertainties include, but are not limited to, whether the Purchaser and Holigen will be able to satisfy all conditions under the Purchase Agreement and whether the Company will be able to obtain regulatory and TSXV approval for the Transaction and the Private Placement. Forward-looking information is current as of the date it is made and is based on reasonable estimates and assumptions made by us at the relevant time in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances.

To the extent any forward-looking information in this press release constitutes “future oriented financial information” or “financial outlooks”, within the meaning of applicable securities laws, the purpose of such information being provided is to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

There can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking information as discussed in the “Risk Factors” section of the Company’s 2020 Annual Information Form dated April 28, 2021 (the “**AIF**”). A copy of the AIF and the Company’s other publicly filed documents can be accessed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com. The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.