



The Flowr Corporation completes sale of The Flowr Group (Okanagan) Inc. to Avant Brands

TORONTO, Feb. 03, 2023 -- The Flowr Corporation (the “**Company**” or “**Flowr**”) announces that its wholly owned subsidiary, The Flowr Canada Holdings ULC, has closed on the previously announced sale of all of the shares of The Flowr Group (Okanagan) Inc. (“**Flowr Okanagan**”), and certain other assets of the Company, comprising substantially all of the assets of the Company to Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc.) (the “**Purchaser**”), for total consideration of \$5,115,000 plus the amount of the Closing DIP Loan and the Assumed Liabilities (as those terms are defined in the Acquisition Agreement) (the “**Transaction**”). The Transaction was completed pursuant to an amended and restated purchase agreement among the Purchaser, Flowr Okanagan and Flowr Canada Holdings ULC dated December 1, 2022, as amended.

The aggregate purchase price for the Purchased Shares was equal to \$5,115,000, consisting of (a) \$3,850,000 payable in cash and satisfied in the manner described below; and (b) 7,402,186 common shares in the capital of Avant with a value of \$1,265,000 based on the deemed price of \$0.1708955 per Avant Share (the “**Avant Share Consideration**”), plus (i) the amount of the Closing DIP Loan (to the extent not otherwise repaid); and (ii) the value of the Assumed Liabilities (as those terms are defined in the Purchase Agreement), subject to certain adjustments (collectively, the “**Purchase Price**”).

The Purchase Price was satisfied through: (a) a credit bid of all amounts owing to the Purchaser under the DIP Term Sheet (as defined below), including any accrued and unpaid interest, expenses, fees and other amounts (collectively, the “**Credit Bid**”), (b) delivery of the Avant Share Consideration, (c) an amount in cash equal to the Purchase Price less the Credit Bid and the Avant Share Consideration, and (d) the assumption of certain liabilities, as set out in the Purchase Agreement.

The Company previously announced that the Purchaser had executed a term sheet (as amended, the “**DIP Term Sheet**”) with Flowr and its subsidiaries, Flowr Okanagan, Flowr ULC and Terrace Global Inc. (“**Terrace**” and collectively with Flowr, Flowr Okanagan and Flowr ULC, the “**Flowr Group**”), pursuant to which the Purchaser advanced a debtor-in-possession loan (the “**DIP Loan**”) in connection with the Flowr Group’s filing for protection from the Court under the CCAA. On January 31, 2023, the DIP Term Sheet was amended and the principal amount of the DIP Loan was increased by \$500,000 to an aggregate of \$2,500,000.

About The Flowr Corporation

The Flowr Corporation is a Canadian cannabis company with its operating campus, located in Kelowna, British Columbia.

Forward-Looking Information:

Certain statements made in this press release may constitute “forward-looking information” (collectively, “**forward-looking information**”) within the meaning of applicable securities laws. Forward-looking information may relate to anticipated events or results including but not limited to: (a) the closing of the Transaction; and (b) the timing for the delisting of the common shares of the Company from the TSX Venture Exchange. 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. 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 Company’s other publicly filed documents, which can be accessed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com. 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.

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