

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1 – Name and Address of Company:**

Terrace Global Inc. (“**Terrace**” or the “**Company**”)  
365 Bay Street, Suite 800  
Toronto, Ontario  
M5H 2V1

**Item 2 - Date of Material Change:**

December 22, 2020

**Item 3 – News Release:**

On December 24, 2020, a news release in respect of the material change was disseminated through the facilities of GlobeNewswire and subsequently filed on SEDAR.

**Item 4 – Summary of Material Change:**

On December 22, 2020, Terrace completed its previously announced arrangement (the “**Arrangement**”) with The Flowr Corporation (“**Flowr**”).

**Item 5 – Full Description of Material Change:**

**5.1 Full Description of Material Change**

On December 22, 2020, Terrace completed the Arrangement with Flowr. The Arrangement was completed pursuant to the *Business Corporations Act* (Ontario), pursuant to which Flowr acquired all of the issued and outstanding common shares in the capital of Terrace (the “**Terrace Shares**”). The Terrace Shares are scheduled to be delisted from the TSX Venture Exchange and Terrace intends to submit an application to the applicable securities regulators to cease to be a reporting issuer and terminate its public reporting obligations.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

**Item 7 - Omitted Information:**

Not applicable.

**Item 8 – Executive Officer:**

Francisco Ortiz von Bismarck, Chief Executive Officer

Tel: 416-361-3121

**Item 9 – Date of Report:**

January 6, 2021