



Ontario
CERTIFICATE
This is to certify that these articles are effective on

CERTIFICAT
Ceci certifie que les présents statuts entrent en vigueur le

005008578

AUGUST 19 AOÛT, 2019

Barbara Shackitt

(17)

Director / Directrice
Business Corporations Act / Loi sur les sociétés par actions

Form 3
Business Corporations Act

Formule 3
Loi sur les sociétés par actions

**ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT) :

T	H	E	F	L	O	W	R	C	O	R	P	O	R	A	T	I	O	N

2. The name of the corporation is changed to (if applicable) : (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT) :

3. Date of incorporation/amalgamation:
Date de la constitution ou de la fusion :

2019, 01, 01

(Year, Month, Day)
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors is/are: minimum and maximum number of directors is/are:
Nombre d'administrateurs : nombres minimum et maximum d'administrateurs :

Number minimum and maximum
Nombre minimum et maximum

or

5. The articles of the corporation are amended as follows:
Les statuts de la société sont modifiés de la façon suivante :

The annexed pages 1A to 1M are incorporated in this form.

SERIES 1 VOTING CONVERTIBLE REDEEMABLE PREFERRED SHARES

The articles of The Flowr Corporation (the “**Corporation**”) be amended to designate the first series of Preferred shares as “Series 1 Voting Convertible Redeemable Preferred shares” (the “**Series 1 Preferred Shares**”) of which 32,632,545 shall be authorized. In addition to the rights, privileges, restrictions and conditions attaching to the Preferred shares as a class, the Series 1 Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. **Defined Terms.** For purposes hereof, the following terms shall have the following meanings:

“**Act**” means the *Business Corporations Act* (Ontario) and the regulations thereto, as now in effect and as it may be amended from time to time.

“**affiliate**” has the meaning set forth in the Act.

“**Acquisition**” means either (A) a merger, amalgamation, arrangement, reorganization, or other business combination or similar transaction involving the Corporation in which (i) the consent or approval of the board of directors of the Corporation and the holders of Common Shares is required to complete the transaction, (ii) less than 10% of the total consideration payable pursuant to the transaction is cash consideration, and (iii) the holders of Common Shares on a Partially-Diluted Basis immediately before the completion of the transaction would hold less than 50% of the common shares or other equity securities of the Corporation’s successor or of the continuing or surviving entity immediately following the completion of such transaction, assuming the conversion of all of the Series 1 Preferred Shares and ULC Shares immediately prior to the completion of the transaction; or (B) (i) a share sale transaction that would result in a direct or indirect change of control of the Corporation; or (ii) the sale, lease, exchange or transfer of all or substantially all of the assets of the Corporation (in the case of (i) and (ii), to a Person that is not an affiliate of the Corporation, but for avoidance of doubt does not include an internal reorganization the result of which would have the Corporation continue to have ultimate control of such entities).

“**As Converted Preferred Share Basis**” means, on any day, the aggregate number of Common Shares into which the Series 1 Preferred Shares are convertible on such day calculated in accordance with the Articles of Amalgamation of the Corporation and the Conversion Agreement and for such purpose it shall be assumed that all outstanding Series 1 Preferred Shares are fully convertible on the applicable day.

“**Australia Planting Milestone**” has the meaning set forth in the Conversion Agreement.

“**Australia Planting Milestone Conversion Date**” has the meaning set forth in Section 6(a)(iv).

“**Board**” means the board of directors of the Corporation.

“Business Day” means any day other than a Saturday, Sunday, a statutory or civic holiday or a day when banks are closed for business in the City of Toronto, Ontario.

“Common Shares” means the Common shares in the capital of the Corporation, as constituted from time to time.

“Common Shares on a Partially-Diluted Basis” means the aggregate number of (i) issued and outstanding Common Shares, (ii) Common Shares into which all of the issued and outstanding Series 1 Preferred Shares are convertible (on an As Converted Preferred Share Basis), and (iii) the Common Shares into which all of the issued and outstanding ULC Shares are convertible, and excludes, for certainty, any other Equity Rights that are directly or indirectly exercisable or exchangeable for or convertible into Common Shares or other shares in the capital or equity interests of the Corporation.

“Conversion Agreement” means the share conversion agreement among the Corporation and the holders of Series 1 Preferred Shares dated on or about the date of these Articles, with respect to, among other matters, certain conditions upon which Series 1 Preferred Shares may be converted into Common Shares, as such agreement may be amended from time to time.

“Conversion Date” means, in relation to a Series 1 Preferred Share held by an applicable shareholder, as the context requires, the Immediate Conversion Date, the Initial Conversion Date, the EDQM Milestone Conversion Date, the Australia Planting Milestone Conversion Date, the Portugal Planting Milestone (Aljustrel) Conversion Date and/or the Portugal Planting Milestone (Sintra) Conversion Date.

“Conversion Expiry Date” has the meaning set forth in the Conversion Agreement.

“Conversion Notice” has the meaning set forth in Section 6(f).

“Conversion Rate” at any time means the number of Common Shares that a holder of Series 1 Preferred Shares is entitled to receive upon conversion of each Series 1 Preferred Share, which as of the Date of Issuance is one (1) Common Share per Series 1 Preferred Share, and is subject to adjustment in accordance with Section 6(j).

“Date of Issuance” means the date that the Corporation issues a news release containing an announcement of the issuance of the Series 1 Preferred Shares (which, for certainty, shall be the date that the Series 1 Preferred Shares are issued).

“EDQM Milestone” has the meaning set forth in the Conversion Agreement.

“EDQM Milestone Conversion Date” has the meaning set forth in Section 6(a)(iii).

“Equity Right” means, with respect to any person, any security (including any debt security or hybrid debt-equity security) or obligation convertible into or exercisable or exchangeable for, or giving any person any right to subscribe for or acquire, or any options, calls, warrants, restricted shares, deferred share awards, share units, “phantom” awards, dividend equivalents, participations, interests, rights or commitments relating to,

or any share appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares in the capital or earnings of such person.

“Immediate Conversion Date” has the meaning set forth in Section 6(a)(i).

“Initial Conversion Date” has the meaning set forth in Section 6(a)(ii).

“Junior Shares” means, collectively, the Common Shares and any other class of securities that is specifically designated as junior to the Series 1 Preferred Shares.

“Liquidation” has the meaning set forth in Section 5(a).

“Liquidation Value” means, with respect to any Series 1 Preferred Share on any given date, \$0.00001 per share (as adjusted for any share splits or consolidations, stock dividends, recapitalizations or similar transactions with respect to the Series 1 Preferred Shares).

“Milestones” means, as the context requires, the EDQM Milestone, the Australia Planting Milestone, the Portugal Planting Milestone (Aljustrel) and/or the Portugal Planting Milestone (Sintra), and **“Milestone”** means any one of them, as applicable.

“person” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

“Portugal Planting Milestone (Aljustrel)” has the meaning set forth in the Conversion Agreement.

“Portugal Planting Milestone (Sintra)” has the meaning set forth in the Conversion Agreement.

“Portugal Planting Milestone (Aljustrel) Conversion Date” has the meaning set forth in Section 6(a)(v).

“Portugal Planting Milestone (Sintra) Conversion Date” has the meaning set forth in Section 6(a)(vi).

“Recognized Marketplace” means the Toronto Stock Exchange, the TSX Venture Exchange, a “recognized exchange” or a “recognized quotation or trade reporting system” of a Securities Regulatory Authority as set forth in National Instrument 51-102 - *Ongoing Requirements for Issuers and Insiders*, an exchange registered as a “national securities exchange” under section 6 of the *U.S. Securities and Exchange Act of 1934*, or the Nasdaq Stock Market.

“Redemption” has the meaning set forth in Section 7(a).

“**Redemption Date**” has the meaning set forth in Section 7(a).

“**Redemption Notice**” has the meaning set forth in Section 7(a).

“**Redemption Price**” has the meaning set forth in Section 7(a).

“**Resource Commitment**” has the meaning set forth in the Conversion Agreement.

“**Resource Commitment Outside Date**” has the meaning set forth in the Conversion Agreement.

“**Securities Regulatory Authorities**” has the meaning set forth in National Instrument 14-101 - *Definitions*, and “**Securities Regulatory Authority**” means any one of them.

“**ULC Shares**” means the class A preferred shares of The Flowr Canada Holdings ULC which are exchangeable into Common Shares.

2. **Interpretation.** In the provisions herein contained attaching to the Series 1 Preferred Shares:

- (a) Whenever payments are to be made, an action is to be taken or a notice is to be given hereunder on or by a day which is not a Business Day, such payment shall be made, such action shall be taken or notice given on or not later than the next succeeding Business Day.
- (b) All references herein to a holder of Series 1 Preferred Shares shall be interpreted as referring to a registered holder of the Series 1 Preferred Shares.
- (c) All references herein to “dollars” or “\$” shall mean the lawful currency of Canada.

3. **Voting Rights.**

- (a) Subject to Section 3(b), each holder of outstanding Series 1 Preferred Shares shall be entitled to vote with holders of outstanding Common Shares, voting together as a single class, with respect to any and all matters presented to the shareholders of the Corporation for their action or consideration (whether at a meeting of shareholders of the Corporation, by written resolution of shareholders in lieu of a meeting or otherwise), except, in each case, as provided by law. In any such vote, each Series 1 Preferred Share shall be entitled to a number of votes equal to the number of Common Shares into which such Series 1 Preferred Share is convertible as of the record date for such vote or written resolution or, if there is no specified record date, as of the date of such vote or written resolution (and for such purpose it shall be assumed that all outstanding Series 1 Preferred Shares are fully convertible on the applicable date unless otherwise provided in the Conversion Agreement). Each holder of outstanding Series 1 Preferred Shares shall be entitled to receive notice of all meetings of shareholders (or requests for written resolutions) in accordance with the Corporation’s by-laws.

- (b) Notwithstanding any other provision herein, the notice, attendance and voting rights in this Section 3 shall, in all instances, expire without any other substituted rights to the holder of Series 1 Preferred Shares, at 11:59 p.m. (Eastern time) on the Conversion Expiry Date.
4. **Dividends.** If the Corporation declares or pays a dividend or distribution on the Common Shares, whether such dividend or distribution is payable in cash, securities or other property, including the purchase or redemption by the Corporation of Common Shares for cash, securities or property, the Corporation shall simultaneously declare and pay, in preference to any Junior Shares, a dividend (or other benefit as listed above) on the Series 1 Preferred Shares on a *pro rata* basis with the Common Shares based on the number of Common Shares into which an outstanding Series 1 Preferred Share is convertible as of the record date of the applicable dividend or if no record date is fixed, the date as of which the registered holders of Common Shares entitled to such dividends are to be determined (and for such purpose it shall be assumed that all outstanding Series 1 Preferred Shares are fully convertible on the applicable date unless otherwise provided in the Conversion Agreement).
5. **Liquidation, Dissolution and Winding-Up.**
- (a) In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purposes of winding up its affairs (collectively, a “**Liquidation**”), the holders of Series 1 Preferred Shares then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders, before any payment shall be made to the holders of Junior Shares by reason of their ownership thereof, an amount in cash equal to the aggregate Liquidation Value of all Series 1 Preferred Shares held by such holder.
- (b) In addition to and after payment in full of all preferential amounts required to be paid to the holders of Series 1 Preferred Shares upon a Liquidation under Section 5(a), the holders of Series 1 Preferred Shares then outstanding shall be entitled to participate with the holders of Junior Shares then outstanding, *pro rata* as a single class based on the aggregate number of outstanding Junior Shares on an as-converted basis immediately before the Liquidation, in the distribution of all the remaining assets and funds of the Corporation available for distribution to its shareholders (and for such purpose it shall be assumed that all outstanding Series 1 Preferred Shares are fully convertible on the applicable date unless otherwise provided in the Conversion Agreement).
6. **Conversion.**
- (a) Upon and subject to the provisions of this Section 6 and the terms of the Conversion Agreement:
- (i) immediately after the issuance of the Series 1 Preferred Shares on the Date of Issuance (the “**Immediate Conversion Date**”), 3,263,255 of the

outstanding Series 1 Preferred Shares (being ten percent (10%) of the aggregate number of Series 1 Preferred Shares issued on the Date of Issuance) shall automatically convert into an aggregate of 3,263,255 Common Shares;

- (ii) forty percent (40%) of the aggregate number of the Series 1 Preferred Shares issued on the Date of Issuance, as adjusted, (including any fraction of a Series 1 Preferred Share) held by the holders thereof shall automatically convert six (6) months from the Date of Issuance (the “**Initial Conversion Date**”) into an aggregate number of Common Shares equal to the Conversion Rate multiplied by the number of Series 1 Preferred Shares so converted;
- (iii) if the EDQM Milestone has been considered or deemed achieved prior to the Conversion Expiry Date, fifteen percent (15%) of the aggregate number of the Series 1 Preferred Shares issued on the Date of Issuance, as adjusted, (including any fraction of a Series 1 Preferred Share) held by the holders thereof shall automatically convert on the later of (A) twelve (12) months from the Date of Issuance and (B) the date specified in the applicable Conversion Notice in respect of the achievement of the EDQM Milestone (the later of the two being the “**EDQM Milestone Conversion Date**”), into an aggregate number of Common Shares equal to the Conversion Rate multiplied by the number of Series 1 Preferred Shares so converted;
- (iv) if the Australia Planting Milestone has been considered or deemed achieved prior to the Conversion Expiry Date, seventeen and one-half percent (17.5%) of the aggregate number of the Series 1 Preferred Shares issued on the Date of Issuance, as adjusted, (including any fraction of a Series 1 Preferred Share) held by the holders thereof shall automatically convert on the date specified in the applicable Conversion Notice in respect of the achievement of the Australia Planting Milestone (being the “**Australia Planting Milestone Conversion Date**”), into an aggregate number of Common Shares equal to the Conversion Rate multiplied by the number of Series 1 Preferred Shares so converted;
- (v) if the Portugal Planting Milestone (Aljustrel) has been considered or deemed achieved prior to the Conversion Expiry Date, ten percent (10%) of the aggregate number of the Series 1 Preferred Shares issued on the Date of Issuance, as adjusted, (including any fraction of a Series 1 Preferred Share) held by the holders thereof shall automatically convert on the date specified in the applicable Conversion Notice in respect of the achievement of the Portugal Planting Milestone (Aljustrel) (being the “**Portugal Planting Milestone (Aljustrel) Conversion Date**”), into an aggregate number of Common Shares equal to the Conversion Rate multiplied by the number of Series 1 Preferred Shares so converted; and

- (vi) if the Portugal Planting Milestone (Sintra) has been considered or deemed achieved prior to the Conversion Expiry Date, seven and one-half percent (7.5%) of the aggregate number of the Series 1 Preferred Shares issued on the Date of Issuance, as adjusted, (including any fraction of a Series 1 Preferred Share) held by the holders thereof shall automatically convert on the date specified in the applicable Conversion Notice in respect of the achievement of the Portugal Planting Milestone (Sintra) (being the “**Portugal Planting Milestone (Sintra) Conversion Date**”), into an aggregate number of Common Shares equal to the Conversion Rate multiplied by the number of Series 1 Preferred Shares so converted.
- (b) Notwithstanding the Conversion Dates set forth in Section 6(a) and subject to the Conversion Agreement, if the Resource Commitment is not satisfied by the Corporation by the Resource Commitment Outside Date in respect of either the Australia Planting Milestone, the Portugal Planting Milestone (Aljustrel) or the Portugal Planting Milestone (Sintra), then the Australia Planting Milestone Conversion Date, the Portugal Planting Milestone (Aljustrel) Conversion Date or the Portugal Planting Milestone (Sintra) Conversion Date (as the case may be) shall be two (2) years from the Date of Issuance, and the achievement of such Milestone shall not be a condition to the conversion of the Series 1 Preferred Shares referred to in Section 6(a)(iv) (in the case of the Australia Planting Milestone), 6(a)(v) (in the case of the Portugal Planting Milestone (Aljustrel)) or 6(a)(vi) (in the case of the Portugal Planting Milestone (Sintra)).
- (c) Notwithstanding the Conversion Dates set forth in Section 6(a) and subject to the Conversion Agreement, if at the time of closing of an Acquisition, any Series 1 Preferred Shares are issued and outstanding, and
 - (i) such Series 1 Preferred Shares are not subject to a Redemption Notice issued in accordance with Section 7; and
 - (ii) the Corporation has not given notice to the Shareholders pursuant to Section 3.3 of the Conversion Agreement,then all Milestones shall be deemed satisfied and, for certainty, the achievement of any Milestone shall not be a condition to the conversion of the Series 1 Preferred Shares.
- (d) Notwithstanding any other provision herein but subject to the terms of the Conversion Agreement, the conversion rights in this Section 6 shall, in all instances, expire without any other substituted rights to the holder of Series 1 Preferred Shares, at 11:59 p.m. (Eastern time) on the Conversion Expiry Date.
- (e) No fractional interest in a Common Share shall be issued on conversion of any Series 1 Preferred Shares in accordance with this Section 6 and any such fractional interest shall be rounded to the next whole number of Common Share. A holder of Series 1 Preferred Shares shall not be entitled to receive a cash

payment or any other compensation in respect of any such fractional interest in Common Shares.

- (f) As of an applicable Conversion Date, all applicable Series 1 Preferred Shares shall be converted into the number of Common Shares calculated under Section 6(a) without any further action by the relevant holder of such Series 1 Preferred Shares, except as expressly provided herein. As promptly as practicable following the considered or deemed achievement of a Milestone, the Corporation shall send each holder of Series 1 Preferred Shares written notice of such event (the “**Conversion Notice**”), stating the aggregate number of Series 1 Preferred Shares to be converted, the applicable Conversion Date and the manner and place designated for surrender by the holder to the Corporation of its certificate(s) representing the Series 1 Preferred Shares to be converted. Upon each Conversion Date, the same *pro rata* portion of Series 1 Preferred Shares held by each holder of Series 1 Preferred Shares shall be converted under Section 6(a). Upon receipt of a Conversion Notice, each holder shall (A) surrender to the Corporation the certificate(s) representing the applicable number of Series 1 Preferred Shares being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed share transfers relating thereto) or, if the certificate(s) are lost, stolen or missing, accompanied by a statutory declaration as to loss executed by the holder, and (B) deliver to the Corporation a certificate certifying that such shareholder is the registered and beneficial holder of the Series 1 Preferred Shares so surrendered and has good and marketable title thereto, free and clear of all liens. Upon the surrender of such certificate(s) and accompanying materials, each surrendered certificate shall be cancelled and the Corporation shall immediately or contemporaneously deliver to the relevant holder a certificate or the equivalent in any non-certificated inventory system in such holder’s name (or the name of such holder’s nominee as directed in writing by the holder and subject to delivery by the holder of any necessary transfer documents) for the number of Common Shares to which such holder shall be entitled upon conversion of the applicable Series 1 Preferred Shares; provided that, if less than all the Series 1 Preferred Shares represented by a surrendered certificate are converted, then a new share certificate representing the unconverted Series 1 Preferred Shares shall be issued in the name of the applicable registered holder of the cancelled share certificate.
- (g) All Series 1 Preferred Shares converted as provided in Section 6 shall no longer be deemed outstanding as of the effective time of the applicable conversion, and all rights of the holder in respect of such Series 1 Preferred Shares shall immediately cease and terminate as of such time, other than the right of the holder thereof to receive (i) accrued or declared and unpaid dividends, or (ii) Common Shares in exchange therefor against presentation and surrender of the certificate(s) representing such Series 1 Preferred Shares, and once converted such Series 1 Preferred Shares shall no longer be deemed issued and outstanding.
- (h) The issuance of certificates or the equivalent in any non-certificated inventory system for Common Shares upon conversion of Series 1 Preferred Shares under

Section 6 shall be made without payment of additional consideration by, or other charge, cost or tax to, the holder in respect thereof, nor any charge or fee assessed by the Corporation.

- (i) The Corporation shall not issue any Common Shares to holders of Series 1 Preferred Shares in the event such Common Shares cannot be validly issued pursuant to applicable laws or the rules and regulations of any exchange on which the securities of the Corporation are listed. For as long as the Corporation is prohibited from legally issuing such Common Shares, then (i) it shall advise the holder(s) of Series 1 Preferred Shares of such prohibition, including providing regular updates on the progress of the lifting of such temporary prohibition, (ii) it shall refuse to accept any Series 1 Preferred Shares tendered for conversion, with the holders of such shares maintaining all rights attributed to such shares, (iii) it shall not redeem any Series 1 Preferred Shares eligible for conversion in accordance with the Conversion Agreement but for which Common Shares may not be legally issued, (iv) it shall continue to pay dividends and provide such other benefits in respect of the Series 1 Preferred Shares, and (v) it shall use its best efforts to have such prohibition lifted at the earliest possible opportunity.
- (j) The Conversion Rate in effect at any date will be subject to adjustment from time to time as provided in this Section 6(j):
 - (i) If at any time after the Date of Issuance the outstanding Common Shares shall be subdivided into a greater, or consolidated into a lesser, number of shares the Conversion Rate shall be adjusted immediately after the record date for such subdivision or consolidation by multiplying the Conversion Rate in effect on such record date by a fraction of which the denominator shall be the total number of Common Shares outstanding immediately prior to such subdivision or consolidation and of which the numerator shall be the total number of Common Shares outstanding on the record date after giving effect to such subdivision or consolidation.
 - (ii) The Corporation may defer issuing to the holder of any Series 1 Preferred Share converted after the record date for an event set out in Section 6(j)(i) and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument (the “**Instrument**”) evidencing such holder’s rights to receive the applicable number of Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on or after the applicable Conversion Date or such later date as such holder would, but for the provisions of this Section 6(j)(ii), have become the holder of record of such additional Common Shares, and during such time as the Corporation defers issuing such additional Common Shares, each holder of an Instrument shall maintain its

rights to vote as though the Instrument represented Common Shares validly-issued, accrue and be paid in respect of dividends and other benefits of the Common Shares as though the Instrument represented Common Shares validly-issued, and transfer the Instrument, subject to any restrictions on transfer between the holder thereof and the Corporation. For avoidance of doubt, any right exercised or payment made in respect of the Instrument may not also be exercised or paid in respect of the Series 1 Preferred Shares represented by the Instrument.

- (iii) The adjustments provided for in this Section 6(j) are cumulative and the adjusted Conversion Rate shall be computed to the nearest two decimal places and will be made successively whenever an event referred to therein occurs. Notwithstanding the foregoing, no adjustment of the Conversion Rate shall be made in any case in which the resulting increase or decrease in the Conversion Rate would be less than one percent (1%) of the Conversion Rate immediately before such adjustment, but in such case any adjustment that would otherwise have been required then to be made shall be carried forward and made at the time of and together with the next subsequent adjustment to the Conversion Rate which, together with any and all such adjustments so carried forward, shall result in an increase or decrease in the Conversion Rate by not less than one percent (1%).
- (iv) If at any time after the Date of Issuance the Corporation takes any action affecting the Common Shares, other than an action described in Section 6(j)(i), which in the reasonable opinion of the Board would have a material adverse effect upon the rights of the holders of Series 1 Preferred Shares, the Conversion Rate shall be adjusted in such manner and at such time, or such other adjustment to the exercise privilege shall be made, as the Board reasonably determines to be equitable in the circumstances, subject to the prior written consent of any regulatory authorities, including applicable stock exchanges or markets, if required. Failure of the Board to take any such action shall be conclusive evidence that the Board has determined that it is equitable to make no adjustment in the circumstances.
- (v) If the Corporation sets a record date for any purpose contemplated in this Section 6(j) and thereafter abandons that purpose, the applicable adjustment contemplated by this Section 6(j) shall not be made.
- (vi) If at any time after the Date of Issuance there is any reclassification of the Common Shares outstanding or any other capital reorganization of the Corporation other than through an Acquisition then, in each such event, each holder of any Series 1 Preferred Shares which is converted after the effective date of such event but prior to the Conversion Expiry Date will upon conversion thereof be entitled to receive, and shall accept, in lieu of the number of Common Shares to which such holder was theretofore entitled upon such conversion, the kind and number or amount of shares or other securities or property which such holder would have been entitled to receive as a result of such event if, on the effective date thereof, such

holder had been the registered holder of the number of Common Shares to which such holder was theretofore entitled upon such conversion.

- (vii) For greater certainty and notwithstanding anything else in this Section 6(j), no adjustment shall be made in the conversion rights attached to the Series 1 Preferred Shares if the issue of Common Shares (or securities convertible or exchangeable into Common Shares) is being made pursuant to the conversion terms of the Series 1 Preferred Shares or in connection with (A) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation or its affiliates, (B) the conversion or exercise or redemption of any convertible securities issued on or before the Date of Issuance, (C) the satisfaction of any other existing instruments issued on or before the Date of Issuance, (D) a joint venture, strategic alliance or other commercial relationship with any person (including persons who are customers or suppliers to, or have strategic relationships with, the Corporation) relating to the operation of the Corporation's business and not for the primary purpose of raising equity capital, (E) a transaction in which the Corporation, directly or indirectly, acquires another business or its tangible or intangible assets, or (F) debt financings of the Corporation or its affiliates, any of (A) through (F) of which are approved by the Board, acting reasonably, in compliance with the Corporation's policies and applicable law.

7. **Redemption.**

- (a) Following the Conversion Expiry Date, and provided there is no legal challenge to redemption under these articles or the terms of the agreements between the Corporation and holders of the Series 1 Preferred Shares, or at any time permitted in the Conversion Agreement, subject to any restrictions on redemption of shares by the Corporation in these articles, the Conversion Agreement, the Act or any other applicable law, the Corporation shall redeem, out of funds legally available therefor, all of the then outstanding Series 1 Preferred Shares (a "**Redemption**") for a price per share equal to the Liquidation Value for such Series 1 Preferred Share plus any declared but unpaid dividends (less any tax required to be deducted and withheld by the Corporation) (the "**Redemption Price**"). As promptly as practicable following the Conversion Expiry Date, or such other permitted redemption date specified in the Conversion Agreement, but subject to limitations on redemption in these articles, the Conversion Agreement, the Act, or any other applicable law, and before redeeming any Series 1 Preferred Shares, the Corporation shall send each holder of Series 1 Preferred Shares written notice of the Redemption (the "**Redemption Notice**"), stating the Corporation's intention to redeem the Series 1 Preferred Shares hereunder, the date specified for the Redemption (the "**Redemption Date**"), the Redemption Price, and the manner and place designated for surrender by the holder to the Corporation of its certificate(s) representing the Series 1 Preferred Shares to be redeemed. Upon such Redemption, the Corporation shall redeem all of the Series 1 Preferred

Shares then outstanding and not yet tendered for conversion or otherwise unavailable for conversion as provided in these articles, the Conversion Agreement, the Act, or any other applicable law. In exchange for the surrender to the Corporation by the respective holders of Series 1 Preferred Shares of their certificate(s) representing such Series 1 Preferred Shares in accordance with Section 7(b), the aggregate Redemption Price for all Series 1 Preferred Shares held by each holder of Series 1 Preferred Shares shall be payable in cash in immediately available funds to the respective holders of the Series 1 Preferred Shares on the Redemption Date, and the Corporation shall contribute all of its assets to the payment of the Redemption Price, and to no other corporate purpose, except to the extent prohibited by the Act.

- (b) On or before the Redemption Date, each holder of Series 1 Preferred Shares subject to the Redemption Notice shall (A) surrender the certificate(s) representing such Series 1 Preferred Shares to the Corporation, in the manner and place designated in the Redemption Notice, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed share transfers relating thereto) or, if the certificate(s) are lost, stolen or missing, shall deliver a statutory declaration as to loss in the manner and place designated in the Redemption Notice, and (B) deliver to the Corporation a certificate certifying that such shareholder is the registered and beneficial holder of the Series 1 Preferred Shares so surrendered and has good and marketable title thereto, free and clear of all liens. Upon the surrender of such certificate(s) and accompanying materials, each surrendered certificate shall be cancelled and the Corporation shall thereafter make payment of the applicable Redemption Price by certified cheque, bank draft or wire transfer to the registered holder of such certificate. The failure of a shareholder to surrender such certificate(s) and accompanying materials shall only delay payment of the Redemption Price to such holder and shall not prevent the Corporation from redeeming the Series 1 Preferred Shares.
- (c) The Corporation shall have the right, exercisable at any time, to deposit the aggregate Redemption Price of all Series 1 Preferred Shares called for redemption and not yet redeemed at the date on which such deposit is made, with any chartered bank or banks or with any trust company or trust companies in Canada to the credit of a special account or accounts in trust for the respective shareholders of such Series 1 Preferred Shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate(s) representing the same, if any. Such Series 1 Preferred Shares shall be deemed to be redeemed on the Redemption Date. Any interest allowed on such deposit shall belong to the Corporation. Subject to applicable law, redemption monies so deposited that remain unclaimed by the applicable holders of Series 1 Preferred Shares for a period of six (6) years from the applicable Redemption Date shall be forfeited to the Corporation.
- (d) If, on the applicable Redemption Date, the Redemption Price is paid (or deposited for payment pursuant to Section 7(c)) for any of the Series 1 Preferred Shares to be redeemed on such Redemption Date then, on such date, all rights of the holder

in respect of the Series 1 Preferred Shares so redeemed and paid (or deposited) shall immediately cease and terminate as of such time, other than (if money is deposited pursuant to Section 7 (c)) the right of the holder thereof to receive the aggregate Redemption Price, without interest, applicable to the respective Series 1 Preferred Shares against presentation and surrender of the certificate(s) representing such Series 1 Preferred Shares, and such Series 1 Preferred Shares shall no longer be deemed issued and outstanding.

- (e) The aggregate Redemption Price to be paid to each holder of Series 1 Preferred Shares for all of its Series 1 Preferred Shares shall be rounded up to the nearest whole cent.

8. **Notices.** Except as otherwise provided herein, all notices and other communications hereunder shall be in writing and shall be deemed to have been given:

- (a) when delivered by hand (with written confirmation of receipt) on the date of delivery if it is a Business Day and otherwise on the next Business Day;
- (b) when sent by a nationally recognized overnight courier (receipt requested) on the date of receipt by the addressee if it is a Business Day and otherwise on the next Business Day;
- (c) when sent by facsimile or email of a PDF document (with confirmation of transmission), on the date sent if sent prior to 4:00 p.m. (local time in place of receipt) on a Business Day and otherwise on the next Business Day; or
- (d) when mailed, by certified or registered mail, return receipt requested, postage prepaid, on the third (3rd) day after the mailing if it is a Business Day and otherwise on the next Business Day.

Such communications must be sent (i) to the Corporation, at its principal executive offices, and (ii) to any shareholder, subject to the Conversion Agreement, at such holder's address as it appears in the securities register of the Corporation (or at such other address for a shareholder as shall be specified in a notice given in accordance with this Section 8).

9. **Cancellation of Series 1 Preferred Shares.** Any Series 1 Preferred Shares redeemed, converted or otherwise acquired by the Corporation shall be cancelled and retired, as authorized and issued shares of the Corporation, and no such shares shall thereafter be reissued, sold or transferred.

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2019, 06, 24

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

THE FLOWR CORPORATION

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

"Francesco Tallarico"

(Signature)
(Signature)

Francesco Tallarico

Corporate Secretary

(Description of Office)
(Fonction)