



## **THE NATURAL SCIENCE OF CANNABIS™**

Fall 2019

TSXV: FLWR | USOTC: FLWPF



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- yield trends;
- pricing for the Company's products;
- future market demand trends;
- gross profits for products;
- inventory levels;
- operating cost estimates;
- ability to develop and market future product launches;
- anticipated timing of future product launches; and
- cost to develop future products.

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# Why Flowr?



**Expansive**  
Global Market



**Cultivation Expertise** Validated  
Through R&D Partnership with  
Hawthorne



Facilities Designed to **Maximize**  
**Yield and Profitability**



**Quality Products and Premium**  
**Brands** Expected to Drive  
Profitability

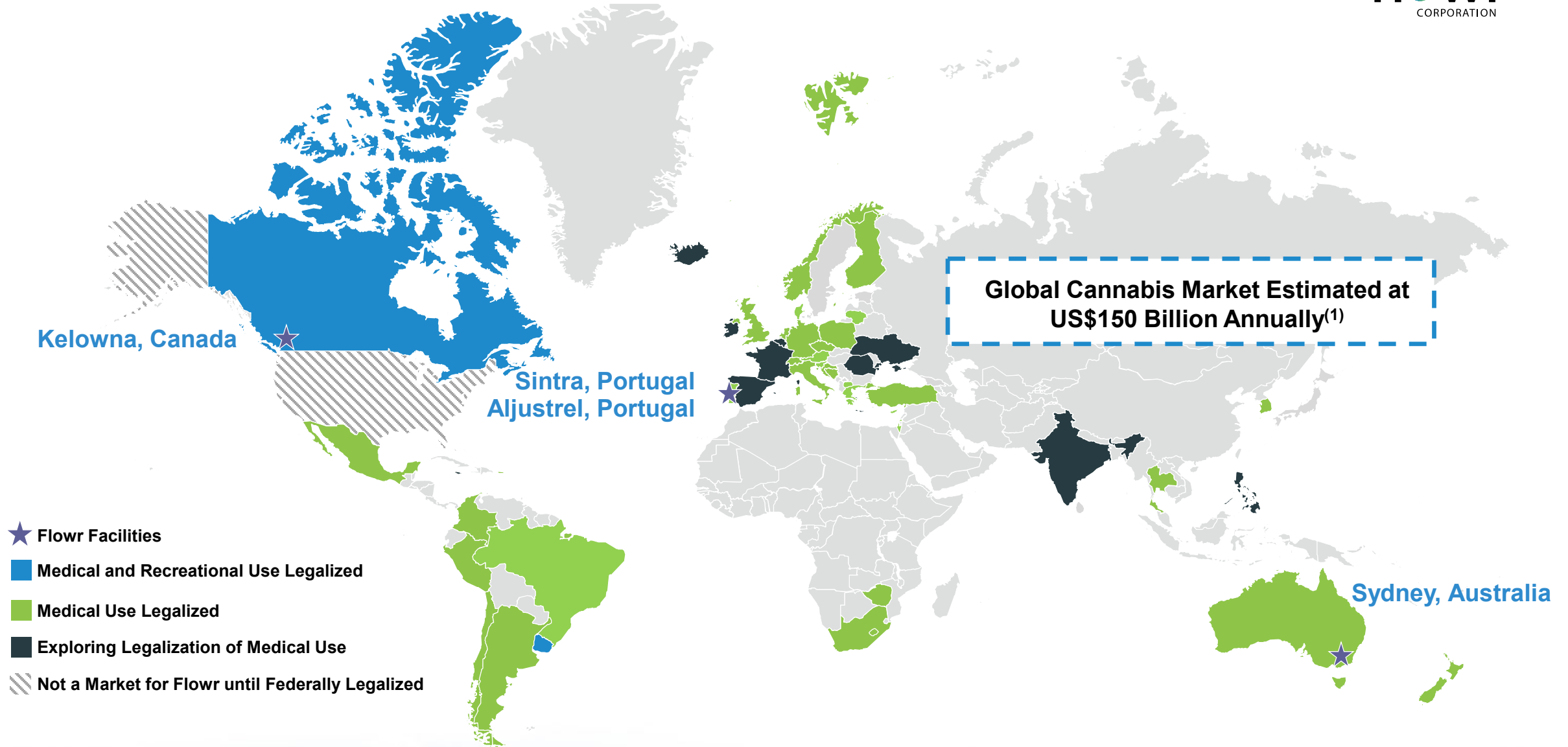


Infrastructure to Execute **Global**  
**Strategy**



Management Team with **Aligned**  
**Interests**

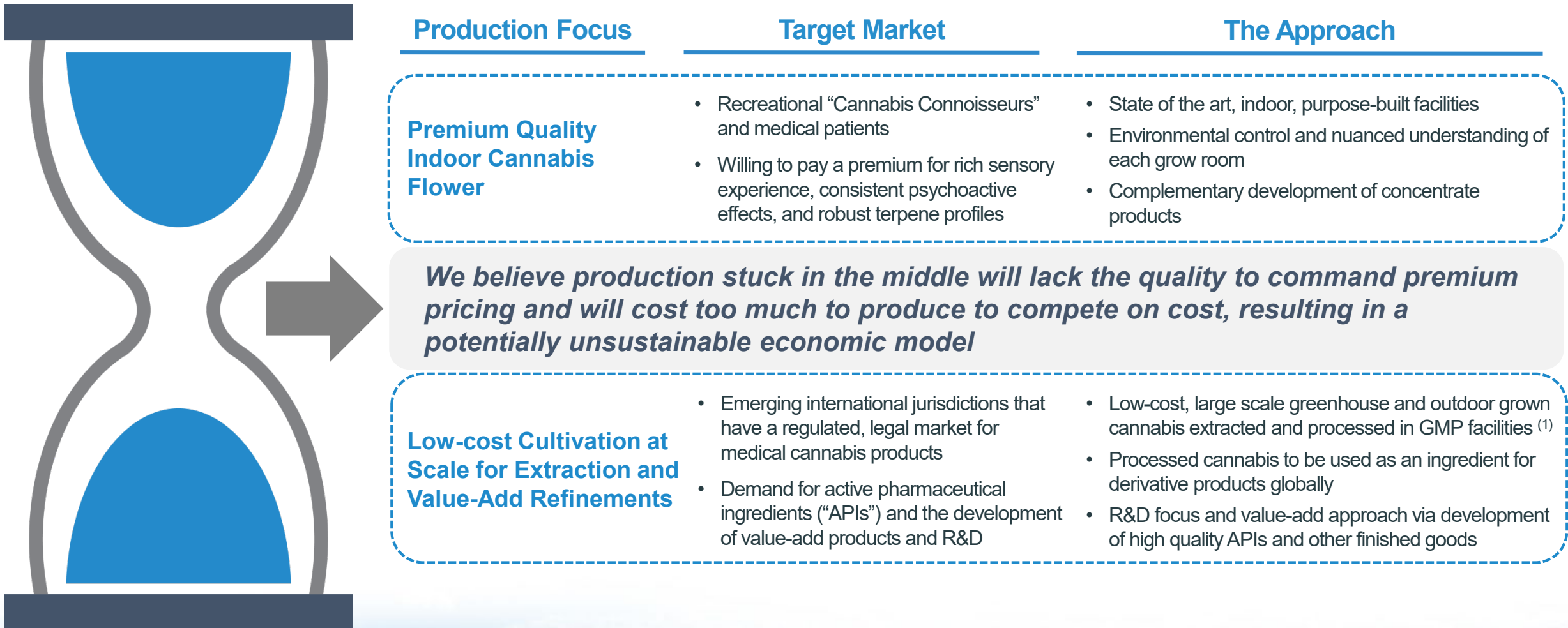
# Significant Global Opportunity



1. Includes legal and illicit market; as per The United Nations Office on Drugs and Crime – 2018 estimate.

# Our Approach to the Market

Over the medium to long term, we believe that the global cannabis flower market will bifurcate into two distinct and economically sustainable strategies with a number of uneconomical strategies “stuck in the middle”



1. Subject to receipt of GMP licenses.

# Flowr at a Glance

Rapidly growing cannabis company strategically positioned to be an industry leader globally

## Our Foundations

Cannabis Expertise

Consistency and Quality

Purpose-Built Facilities

Culture of Innovation & R&D

## Our Partners

### Canadian Recreational Distribution

British Columbia   Manitoba   Nova Scotia  
Alberta   Saskatchewan   Ontario

### Canadian Medical Distribution



### Global Medical Platform



### R&D Partnership



## The Outcome

*Premium brand with high yields that drive profitability*



*Trusted provider at a high price point*



*Production of Pharmaceutical-grade products to capture a potentially significant global opportunity <sup>(1)</sup>*



*Cutting edge techniques and new product development including vapes, edibles and more*



flowr

1. Subject to receipt of GMP licensing for cultivation facilities.

# Highly Complementary Holigen Acquisition



*Highly Complementary Acquisition*



*Access to Rapidly Expanding European Medical Market*



*Addition of 7 million sq. ft. outdoor growing area when fully cultivated with potential annual capacity of ~500,000 kg when fully operational*



*Local Presence in Australia to Serve as Gateway to Asia-Pacific Region <sup>(1)</sup>*



*GMP Designed Facilities, expected to be fully GMP-licensed*



*Low-Cost, High Volume Production Facilities*



*Government Support via Project of National Interest*



*Cannabis Distributor Partnership to Provide Export Pathway to Other Countries*



*R&D Capabilities Enabling Production and Development of APIs*



*Pharma-Centric Management Team led by Pauric Duffy and Peter Comerford*



<sup>1</sup>. If and when regulations permit



# Portugal: Proposed Large-Scale, Low-Cost Production Manufacturing with R&D

Holigen's two Portuguese assets are expected to serve as a strategic gateway to European medical markets

## Aljustrel Facility

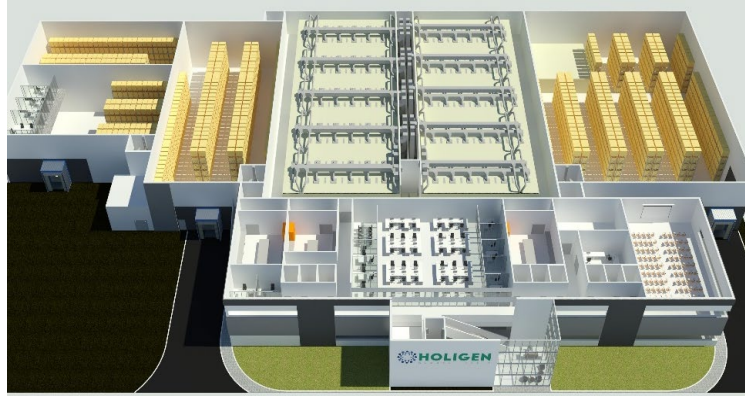
Expected **7,000,000 sq. ft.** when fully cultivated with potential ~500,000 kg capacity

Designated as a **Project of National Interest** by Portuguese government

**Cultivation license** and **final GMP approval** expected in 2020

Designed to have **GMP-compliant filling lines** for APIs and finished goods

Proposed processing and manufacturing facilities **strategically located** in proximity to water and power sources



## Path to Joint Venture API Production

## Sintra Facility

Currently licensed to **cultivate, extract, import and export** medical cannabis <sup>(1)</sup>

Expected to have sophisticated R&D and laboratory capabilities to **bring APIs and finished goods to market**

Includes smaller indoor growing areas for **high quality cannabis**

**GMP inspection** expected September 2019

**Mother plants** already growing



R&D



Cultivation



Extraction and Processing



Product Development

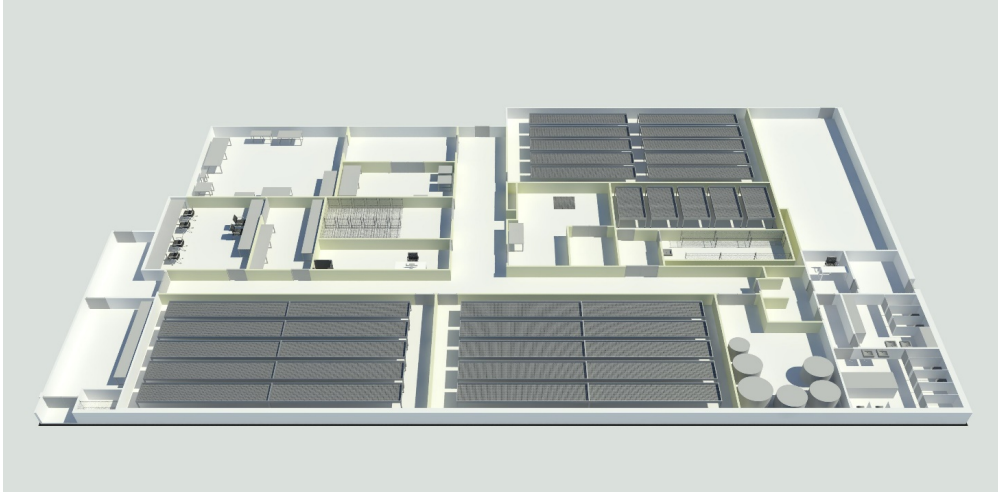


Distribution and Warehousing

1. License for manufacturing of cannabis and derived products for medical use required to conduct full range of intended activities; expected in 2019.

# Australia - GMP-designed Facility for Asia-Pacific Markets, once Legalized: Sydney

Holigen's asset in Australia serves as a strategic gateway to the Asia-Pacific medical cannabis market <sup>(1)</sup>



Strategy to **source low-cost cannabis from Portugal** to develop medical products and enhance Australian manufacturing scale

**Licensed to cultivate and manufacture cannabis products** <sup>(2)</sup>

**GMP** approved for labelling, secondary packaging and release for supply of medical cannabis products for therapeutic use in 2018

**Established Anspec** distribution partnership

1. *If and when regulations permit.*
2. *Medical cannabis permit, cannabis research permit, cannabis manufacture permit and wholesale license required to conduct full range of expected activities; all permits and licenses expected to be in place in 2020.*

# Purpose-Built Facilities on a Single Campus Drive Premium Quality



**R&D**  
Expected Completion

**Q4 2019**

**K1**  
Expected Completion

**Q4 2019**

**K2**  
4X the Projected  
Capacity of K1

**TBD**












- Once fully constructed, operational and licensed, K1 & K2 are expected to produce a maximum of **50,000 kg of premium dried flower annually**, and Flowr Forest is expected to produce up to 10,000 kg of dried flower annually, which will represent the **full infrastructure needed to execute the Canadian strategy**
- **Yields per square foot that Flowr believes exceed industry norms** – key to driving superior profitability
- Greenhouse and outdoor cultivation facilities expected to **add significant production to support additional recreational form factors** once regulated for sale

**Flowr Forest**

**Greenhouse and  
Outdoor Cultivation**

# Current and Planned Infrastructure to Serve Global Markets

## Global portfolio of infrastructure

Target Markets	Highlights	Facility / Location	Expected Operational Date <sup>(4)</sup>	Type	Est. Capacity <sup>(1)</sup>
 CANADA	<b>Premium-quality indoor product</b>	K1 Facility 	Q4 2019	Indoor	10,000kg
		K2 Facility 	TBD	Indoor	40,000kg
		Flowr Forest 	H2 2019 (first phase)	Outdoor/Greenhouse	10,000kg
		Hawthorne R&D 	Q4 2019	R&D	N/A
 EUROPE	<b>Low-cost production at significant scale</b>	Sintra 	H2 2019	Indoor + R&D	1,800kg
		Aljustrel 	H2 2020	Outdoor	500,000kg
 AUSTRALIA	<b>GMP-certified <sup>(2)</sup> export gateway</b>	Sydney Phase 1 	H1 2020	Indoor	1,000kg
		Sydney Phase 2 	TBD	Indoor + R&D	TBD <sup>(3)</sup>

1. Subject to licensing, zoning and permitting. Estimated Capacity reflects the facility's potential production capacity when fully completed/built-out and operational, based on targeted yields and maximum growing capacity where applicable, and includes both dried cannabis flower and dried cannabis flower equivalents.

2. For labeling, secondary packaging and release for supply. Full GMP approval expected in 2020.

3. Flowr has the option to construct Sydney - Phase 2 facility based on Phase 1 specifications.

4. The Expected Operational Date reflects the anticipated time to reach the initial phase of commercialization for each facility, which, except for the K1 Facility, will be before construction is fully completed and prior to reaching estimated capacity, as the Company constructs in stages. Other than the K1 Facility (which is expected to be fully complete/built-out and operational upon receipt of an amendment to the Company's Health Canada license for new phases by Q4 2019), Flowr expects that the construction and development of the facilities described in the table above will be completed over the course of the next two to three years. Such construction is expected to be completed in stages, with completed portions of the applicable facility becoming operational while other portions are under construction.

# Three Pillars of Quality for Premium Flower



## Consistent

Our products deliver the consumer and the patient a **consistent experience for each usage occasion**



## Full Spectrum

**Our cultivation and processing practices deliver the fullest expression of the plant's genetic potential**, maximizing cannabinoids and realizing the broadest possible terpene spectrum in every product format



## Clean

We **focus on producing the cleanest possible cannabis** products, with a goal of producing product without the use of irradiation

# Producing Quality Cannabis at Scale Requires Expertise

Product supply shortages persist in Canada...



Flower believes the majority of planned industry capacity in Canada is expected to come from greenhouses

*Actual retail cannabis store in Regina, SK, closed due to cannabis shortage. <sup>(1)</sup>*

Consistent, quality production requires expertise and exacting control of every phase:

*Plant genetic development*



*Facility design & construction*



*Cultivation*



*Post-cultivation processing*



1. <https://www.cbc.ca/news/canada/saskatchewan/regina-recreational-cannabis-store-1.4914236>.

# Cultivation Expertise Validated by R&D Alliance with Hawthorne

 HAWTHORNE

Subsidiary of

**Scotts Miracle-Gro**

**A Global Leader in Gardening  
and Agricultural Services**

**NYSE: SMG**

Hawthorne conducted a review of Canadian federal licence holders in search of a partner with cultivation expertise and the ability to conduct industry-leading R&D work.



**Flowr/Hawthorne  
R&D Facility <sup>(1)</sup>**

**Kelowna, British Columbia**

- R&D facility dedicated to advancing cannabis cultivation techniques
- Staffed by Hawthorne and Flowr scientific personnel
- Planned 50,000 sq. ft. facility

## Research Objectives



**Systems**



**Analytics**



**Genetics**



**Products**

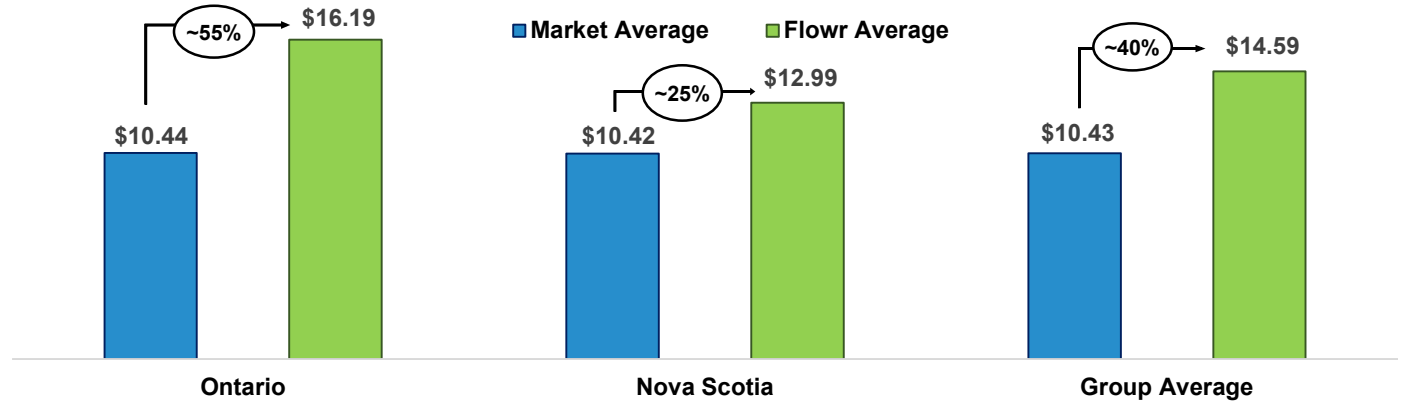
<sup>1</sup>. Facility currently under construction; expected completion in H2 2019.

# High Quality Recreational Products Command Market-Leading Pricing

**We believe high quality flower will remain difficult to grow, and will continue to command premium prices**



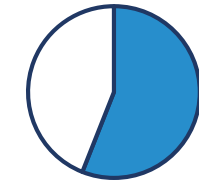
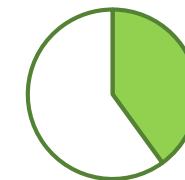
## Flowr's Products Price (per gram) ~40% Above Average (1)



## Mature Market Shows Support for Tiered Pricing & Premium Products (2)

**Robust appetite for premium products in a mature market:**

### Premium Price Tier (3)



1. Based on data received from the OCS and Nova Scotia Liquor Corporation, between October 17, 2018 to June 16, 2019. Comparable sales data is not currently available from other provinces in which Flowr's products are sold or, in the case of Alberta, retail price point comparisons are not available to the Company at this time.  
 2. Company estimates based on BDS Analytics' 2018 cannabis sales data in California.  
 3. Price points in excess of US\$10 per gram.



# Diverse Product Portfolio to Capture Global Opportunity

## Canadian Recreational Market



**Focused on the “Cannabis Connoisseur”**

- Values rich, sensory aromas and tastes
- Willing to pay more for quality
- Trusted source of information to family and friends – and become Flowr brand enthusiasts
- Development of new form factors, such as vapes, edibles and more

## Canadian Medical Market



**Focused on creating a consistent and trusted brand**

**Produced with the highest level of attention and care**

**Intended to deliver a consistent high-quality product and repeatable experience**

## Global Medical Market



(1)

**Cannabis oils for European and Australian medical markets under Holigen brand**

**Consistent and standardized formulation will provide comfort to patients and doctors**

## APIs & Potential Product Development Partnerships



Pharma



Food & Beverage



Generics



Health & Wellness

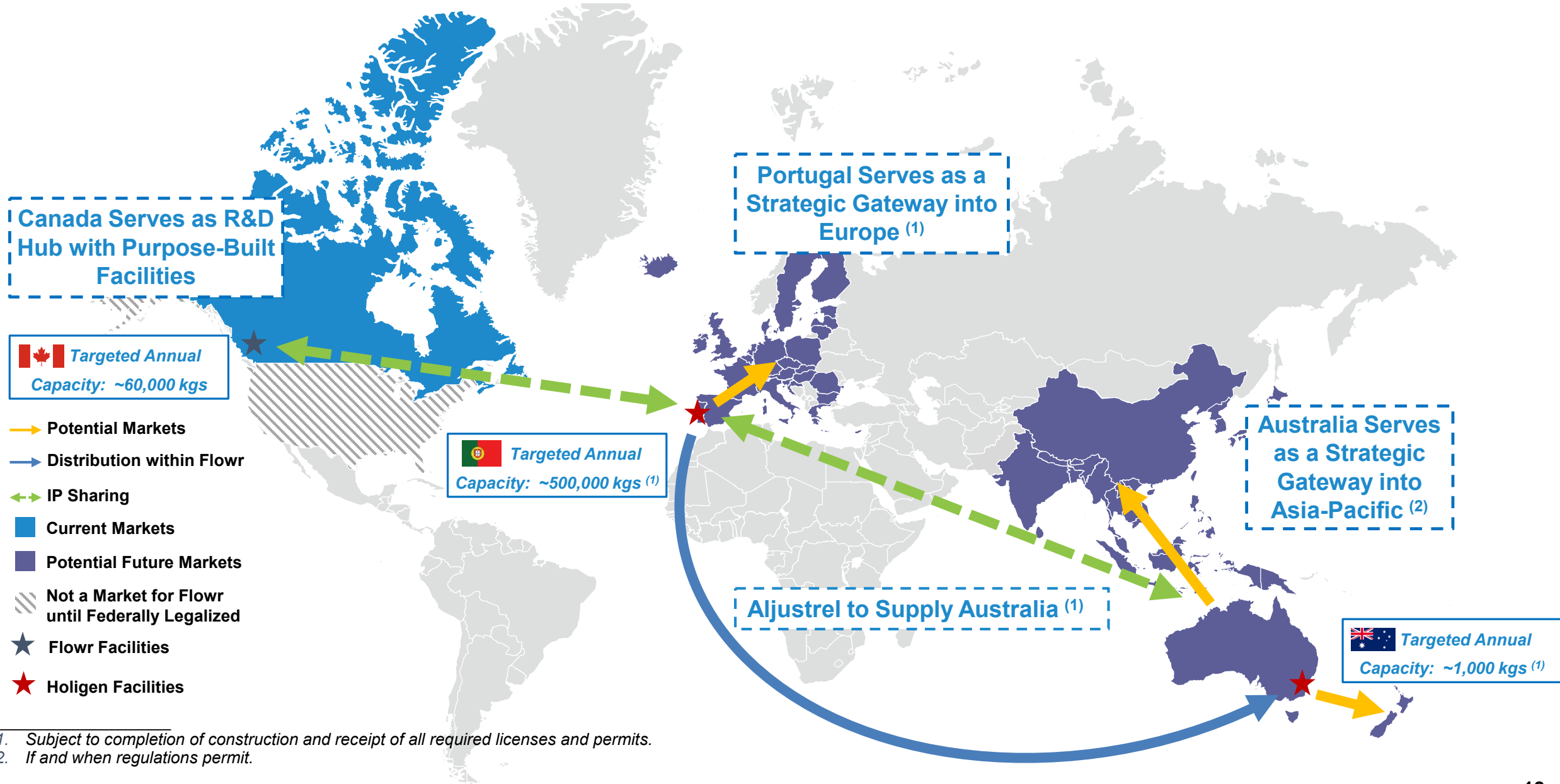
**GMP certification is required by pharmaceutical and consumer goods companies**

**Potential high value partner with large scale cannabis production plus integrated R&D and GMP facilities (2) in the EU**

1. Product rendering.

2. Subject to receipt of GMP licenses.

# Strategic Assets to Capture Global Opportunities



# Experienced Management Team with Aligned Interests

## Management



### Vinay Tolia, CEO

- Co-founder of Bengal Capital Trading LLC, a Chicago-based options volatility hedge fund
- Early investor and advisor in numerous cannabis companies



### Alex Dann, CFO

- Over 25 years of experience leading financial operations and strategic planning for multinational public corporations
- Previous CFO at Era Resources and Avion Gold Corporation



### Pauric Duffy, Managing Director, Europe

- Founder and sole initial private investor in Holigen
- Significant experience in construction and life science



### Peter Comerford, Managing Director, Australia

- CEO of Anspec, a medicinal cannabis wholesaler/distributor/service provider in Australia
- Significant experience in manufacturing & healthcare



### Alexandre Jalleau, SVP Marketing

- Over 20 years of experience in marketing for various major CPG groups internationally
- Previous head of marketing for British American Tobacco and Japan Tobacco International

## Board



### Steve Klein, Chairman

- Co-founder and current CEO of Apple Core Holdings, a diversified investment company
- Former tax attorney at Skadden, Arps, Meagher and Flom LLP



### Dr. J. André de Barros Teixeira, Executive Director

- Former President of Coca-Cola Russia/Ukraine/Belarus, VP of Innovation for Interbrew, VP of R&D International for Campbell Soup Co, Chief R&D and Quality Officer at Goodman Fielder



### Don Duet, Independent Director

- Formerly led the Technology Division at Goldman Sachs
- Serves as a Senior Advisor to McKinsey & Company and as an Advisory Board Member to Centana Growth Partners



### Karen Basian, Independent Director

- 25 years experience in the consumer products, financial services and technology sectors
- President of KB Capital Management as well as serves on the Board of Directors of goeasy where she chairs the HR and Compensation Committee



### Dr. Lyle Oberg, Executive Director

- Flowr's Chief Medical & Policy Officer was formerly a medical doctor practicing in Alberta
- Former Minister of Finance for Alberta and a member of the provincial legislature from 1993 – 2008

## Skin in the game

- Insiders, led by Steve Klein and Vinay Tolia, collectively own approximately 60% of the Company on a partially diluted basis which includes only the Series 1 Preferred Shares that were converted to Common Shares on the closing of the Holigen acquisition and the conversion of all of the class A preferred shares in the capital of The Flowr Canada Holdings ULC (but does not including equity incentives, such as options, warrants and restricted share units)

# Capitalization

## Use of Proceeds from Recent Equity Financing

	(C\$mm)
Holigen Purchase Price (Cash Portion)	\$8.2
Fees & Expenses Including Underwriting Fees (Offering & Acquisition)	\$3.2
R&D Facility Capex	\$3.8
Flowr Forest Capex	\$5.4
Holigen - Sintra Capex	\$6.8
Holigen - Aljustrel Capex	\$0.8
Holigen - Australia Capex	\$3.5
General Corporate Purposes	<u>\$11.8</u>
<b>Total Proceeds from Offering</b>	<b>\$43.5</b>

## Liquidity

	(C\$mm)
<b>Cash (as at June 30<sup>th</sup>)</b>	<b>\$9.5</b>

# Why Flowr?



**Expansive**  
Global Market



**Cultivation Expertise** Validated  
Through R&D Partnership with  
Cultivation Industry Leader



Facilities Designed to **Maximize**  
**Yield and Profitability**



**Quality Products and Premium**  
**Brands** Expected to Further Drive  
Profitability



Infrastructure to Execute **Global**  
**Strategy**



Management Team with **Aligned**  
**Interests**