FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Flower One Holdings Inc. (“Flower One”, the “Issuer” or the “Company”).

Trading Symbol: FONE

Number of Outstanding Listed Securities: 402,398,262

Date: September 2, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

1. Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive, disclose this fact.

**No changes of significance other than as noted immediately below:**

**On August 11, 2021, the Company reported its financial results for the quarter and six-month period ended June 30, 2021. These Interim Financial Statements and accompanying MD&A can be found on the Company’s SEDAR profile. Highlights included:**

* **The Company reported record revenue of $18.3M, ahead of its guidance of $16M-$18M and representing a 373% increase over the same period of the prior year and a sequential increase of 32% compared to the first quarter 2021.**
* **The Company holds two of the top three flower brands in Nevada (Cookies and in-house brand, NLVO), while its various bulk and white label offerings represent more sales by volume than the top selling brands in the state.**
* **Adjusted EBITDA loss was $0.6M compared with Adjusted EBITDA loss of $1.9M in the same period of the prior year and an Adjusted EBITDA loss of $1.3M during the first quarter of 2021.**
* **The Company consummated the restructuring of its Convertible Debentures, significantly reducing the Company’s debt and ongoing debt service obligations for those Convertible Debentures.**

**The Company also announced the official appointments of Kellen O’Keefe and Salpy Boyajian as members of the Company’s executive team. Kellen O’Keefe has been named the Company’s full-time CEO, whereas previously he was Interim CEO, in addition to his current position as President. Salpy Boyajian has been appointed as the Company’s Executive Vice President in addition to her position as the Chairman of the Board.**

**On August 10, 2021, the Company announced its strategic brand partnership with ALTWELL, a leading California health and wellness cannabinoid-based brand owned by Alternative Biologics. In addition to this exclusive brand partnership, Nikki Brown, ALTWELL co-founder, was appointed as the first member of the Company’s Advisory Board, effective August 10, 2021.**

1. Provide a general overview and discussion of the activities of management.

**The Company continues to operate its facilities in North Las Vegas. The Company’s customers (licensed dispensaries in Nevada) continue to operate and respond to tourism’s partial rebounded but recently re-instituted, partial restrictions.**

1. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**N/A – none noted**

1. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**N/A – none noted**

1. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**N/A – none noted**

1. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer’s affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**N/A – none noted**

1. Describe any acquisitions by the Issuer or dispositions of the Issuer’s assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A – none noted**

1. Describe the acquisition of new customers or loss of customers.

**N/A – none noted**

1. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**N/A – none noted**

1. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**N/A – none noted**

1. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A – none noted**

1. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**On September 6, 2019, certain Plaintiffs filed a complaint against the Nevada Department of Taxation (“NDOT”) regarding the dispensary licensing decisions issued in December 2018. The complaint is against the NDOT; however, the Plaintiffs are asking for a judicial review of the process undertaken by the NDOT in the making of decisions regarding the granting of dispensary licenses in December 2018, and the Plaintiffs are therefore required to include the names of all entities who applied for a dispensary license in connection with the decision issued in December 2018 in order to preserve jurisdiction to bring such claim. The Company had applied for, and was denied, a dispensary license pursuant to the December 2018 decision and has therefore been named as a defendant/respondent.** **The Company has filed a notice of non-participation and request for dismissal with NDOT.**

1. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None**

1. Provide details of any securities issued and options or warrants granted.

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| --- | --- | --- | --- |
| **Security** | **Number Issued** | **Details of Issuance** | **Use of Proceeds(1)** |
| Common shares | **0** | **n/a** | **n/a** |
| Warrants | **0** | **n/a** | **n/a** |
| Options | **0** | **n/a** | **n/a** |

*(1) State aggregate proceeds and intended allocation of proceeds.*

Provide details of any loans to or by Related Persons.

**N/A – none noted**

1. Provide details of any changes in directors, officers or committee members.

**N/A – none noted**

1. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

**Details and discussions on trends can be found in the Company’s: (1) Audited Financial Statement and accompanying MD&A (both for the Financial Period ended December 31, 2020), which were filed on June 11, 2021, and (2) Interim Financial Statements and accompanying MD&A (both for the Financial Period Ended June 30, 2021), which were filed on August 11, 2021.** **The documents can be found on the Company’s SEDAR profile.**

**Certificate Of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated September 2, 2021.

Name of Director or Senior Officer Richard Groberg

(Signed) “*R.S. Groberg*”

Signature

***R.S. Groberg***

Acting Chief Financial Officer

Official Capacity

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| ***Issuer Details***  Name of Issuer  **Flower One Holdings Inc.** | For Month End  **August 2021** | Date of Report  YY/MM/DD  **21/09/02** |
| Issuer Address  Suite 600 – 20 Richmond St. East | | |
| City/Province/Postal Code  Toronto, ON, M5C 2R9 | Issuer Fax No.  (416) 840-5528 | Issuer Telephone No.  (416) 913-9642 |
| Contact Name  Richard Groberg | Contact Position  Acting CFO | Contact Telephone No.  (702) 827-6831 |
| Contact Email Address  [rgroberg@flowerone.com](mailto:Dkane@flowerone.com) | Web Site Address  [www.flowerone.com](http://www.flowerone.com) | |