

## FORM 7

### **MONTHLY PROGRESS REPORT**

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

Trading Symbol: FONE

Number of Outstanding Listed Securities: 307,008,829

Date: April 5, 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**

- (a) 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.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) 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.

**Cultivation, production and sales continue under the new leadership of the Company, as announced in late January of 2021.**

In March of 2021, the Company announced its intention to consummate a proposed restructuring transaction involving the convertible debentures (the “March Debentures”) issued by Flower One pursuant to a debenture indenture dated March 28, 2019 (the “March Debenture Indenture”) and the convertible debentures (the “November Debentures”, together with the March Debentures, the “Debentures”) issued by Flower One pursuant to a debenture indenture dated November 15, 2019 (as supplemented by the supplemental debenture indenture dated as of December 18, 2019, the “November Debenture Indenture”). The proposed restructuring transaction has received support from more than a majority of the principal amount of the March Debentures and the November Debentures to date. This represents a further step in the Company’s previously announced restructuring initiative on February 1, 2021, which involves: (i) the right-sizing of its capital structure to reduce the debt service burdens on the business and improve cash flow, (ii) new investment being made into the Company to satisfy the terms of that certain loan modification and forbearance agreement dated January 26, 2021, and (iii) providing the Company with the runway it requires to maximize value to its stakeholders. The Company intends to implement the proposed restructuring transaction pursuant to certain amendments (the “Amendments”) to the March Debenture Indenture and the November Debenture Indenture and intends to convene meetings (the “Meetings”) of the holders of the Debentures to consider and vote on the Amendments. Flower One expects to convene the Meetings on April 15, 2021.

In connection with the Meetings, the Company announced on March 25, 2021 that it had mailed the notices of meetings and management information circulars to the respective holders of the March Debentures and the November Debentures in connection with the Meetings.

In March of 2021, the Company also announced the consummation of two tranches of its previously announced convertible debenture unit financing (the “Offering”), which raised aggregate gross proceeds, including the previously announced January 2021 closing, of approximately CAD\$24,134,219.89 (USD\$19,004,519.88), from a number of strategic investors including JW Asset Management. The second tranche of the convertible debenture unit financing raised aggregate gross proceeds of CAD\$8,757,643.92 (USD\$6,896,217.02); and, the final tranche of the convertible debenture unit financing raised aggregate gross proceeds of CAD\$2,550,383.99 (USD\$2,008,302.88).

**In addition to the consummation of the Offering, on March 11, 2021, the Company completed conversion of certain accounts payable in the aggregate amount of CAD\$413,490, held by certain vendors of the Company, and various brand partners, including Old Pal, Heavy Hitters, 22Red and Huxton, into common shares of the Company at a deemed conversion price of CAD\$0.26 per common share for an aggregate of 1,590,347 common shares (the “Vendor Conversions”).**

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

**The Company continues to operate its facilities in North Las Vegas amidst the continuing but starting to dissipate, COVID 19-related, partial shutdowns. The Company’s customers (licensed dispensaries in Nevada) also are continuing to operate as tourism’s partial rebounded has started to accelerate.**

3. 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**

4. 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**

5. 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**

6. 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**

7. 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**

8. Describe the acquisition of new customers or loss of customers.  
**N/A – none noted**
9. 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**
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.  
**N/A – none noted**
11. Report on any labour disputes and resolutions of those disputes if applicable.  
**N/A – none noted**
12. 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.**
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**In March of 2021, the Company completed the final two tranches of the Offering, raising aggregate gross aggregate gross proceeds, including the previously announced January 2021 closing, of approximately CAD\$24,134,219.89 (USD\$19,004,519.88), from a number of strategic investors including JW Asset Management. The second tranche of its previously announced convertible debenture unit financing raised aggregate gross proceeds of CAD\$8,757,643.92 (USD\$6,896,217.02); and, the final tranche of its previously announced convertible debenture unit financing raised aggregate gross proceeds of CAD\$2,550,383.99 (USD\$2,008,302.88).**

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Common shares	3,251,734	<ul style="list-style-type: none"> <li>• 1,590,347 in connection with the Vendor Conversions;</li> <li>• 1,175,736 shares to “Finders” in connection with the convertible debenture units sold per the previously-announced “Offering”</li> <li>• 1,000 in connection with a warrant conversion, and</li> <li>• 484,651 in connection with a convertible debenture conversion.</li> </ul>	N/A
Convertible Debentures	11,294	<ul style="list-style-type: none"> <li>• 11,294 convertible debentures issued in connection with the Offering.</li> </ul>	<ul style="list-style-type: none"> <li>• working capital, previous debt obligations, general corporate purposes, along with regular maintenance and improvements to the Company’s facility</li> </ul>

Warrants	22,501,464	<ul style="list-style-type: none"> <li>• 21,718,362 warrants issued as a part of the convertible debenture units sold pursuant to the Offering.</li> <li>• 783,102 warrants to “Finders” in connection with the convertible debenture units sold per the previously-announced Offering.</li> </ul>	N/A
Options	0	0	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**

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

**N/A – none noted**

16. 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 Interim Financial Statements and Interim MD&A - both for the Financial Period Ended 9/30/2020, which were filed on November 30, 2020. The documents can be found on SEDAR.**

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 April 5, 2021.

Richard Groberg

Name of Director or Senior Officer

(Signed) "R.S. Groberg"

Signature

*R.S. Groberg*

Acting Chief Financial Officer

Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer <b>Flower One Holdings Inc.</b>	For Month End <b>March 2021</b>	Date of Report YY/MM/DD <b>21/04/05</b>
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) 469-5269
Contact Email Address <a href="mailto:rgroberg@flowerone.com">rgroberg@flowerone.com</a>	Web Site Address <a href="http://www.flowerone.com">www.flowerone.com</a>	