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: 452,398,262

Date: October 1, 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 September 27, 2021, the Company announced that it had closed the first tranche of its non-brokered private placement (the “Private Placement”), raising aggregate gross proceeds of US$5M. In connection with the Private Placement, the Company issued a total of 50,000,000 units (the “Units”), each Unit comprised of one common share in the capital of the Company and one common share purchase warrant (each a “Warrant”). The Company has reserved an option at its sole discretion to increase the size of the Private Placement by $10M to an aggregate of $15M. The Company intends to use the net proceeds for implementing critical improvements to the facilities and for general corporate and working capital purposes. Each Warrant entitles its holder to acquire one common share in the capital of the Company (each a “Warrant Share”) at an exercise price of $0.25 (the “Exercise Price”) at any time up to September 27, 2024, subject to adjustments in certain customary events, provided that if, at any time prior to the expiry date of the Warrants, the closing price of the underlying common shares on the Canadian Securities Exchange exceeds $0.29 (determined by converting the CAD$ closing price by the daily exchange rate published by the Bank of Canada for such date) to the Exercise Price for 20 consecutive trading days, the Company may within 10 business days of the occurrence of such event deliver a notice to the holders of such Warrants accelerating the expiry date of the Warrants to the date that is 90 days following the date of such notice. The Warrants are transferrable subject to written consent provided by the Company. The Warrants will provide for customary anti-dilution adjustments to protect their economic value, including corporate actions of the Company such as share splits or consolidations, reclassifications, non-cash distributions, and business combination transactions.

All securities issued are subject to a four month hold period expiring January 28, 2022.

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 | **50,000,000** | **Issued in connection with 9/27/21 Unit issuance** | **Tenant Improvements and Working Capital** |
| Warrants | **50,000,000** | **Issued in connection with 9/27/21 Unit issuance** | **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 October 1, 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  **September 2021** | Date of Report  YY/MM/DD  **21/10/01** |
| 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) | |