

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: 184,828,654

Date: January 3, 2020

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.

With the greenhouse fully canopied and the production lab fully operational, the Company is in an ongoing weekly harvest averaging 10,000 high-quality, hydroponically-grown cannabis plants per zone, and the ability for the lab to process 3,000 to 5,000 pounds of biomass weekly.

2. Provide a general overview and discussion of the activities of management.
With the greenhouse fully canopied and the production lab fully operational, the Company is now in an ongoing weekly harvest averaging 10,000 high-quality, hydroponically-grown cannabis plants per zone, and the ability for the lab to process 3,000 to 5,000 pounds of biomass weekly.
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.

N/A – none noted

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common shares	41,174	Issued on conversion of 65 convertible debentures including effective interest	N/A
Options	25,000	Exercisable at \$1.11 per option. 5 year expiry.	N/A

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

15. Provide details of any loans to or by Related Persons.

N/A – none noted

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

N/A – none noted

17. 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 Listing Statement filed on September 25, 2018, Final Short-Form Prospectus filed on March 22, 2019, Annual Information form filed on July 26, 2019, Final Short-Form Base Shelf Prospectus filed on October 22, 2019 Prospectus Supplement filed on November 8, 2019 and the Company's Management Discussion and Analysis for the nine-month period ended September 30, 2019; all 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 January 3, 2020.

Geoff Miachika
Name of Director or Senior
Officer

(Signed) "Geoff Miachika"
Signature

Chief Financial Officer
Official Capacity

Issuer Details		For Month	Date of Report
Name of Issuer		End	YY/MM/DD
Flower One Holdings Inc.		December	20/01/03
		2019	
Issuer Address			
Suite 600 – 20 Richmond St. East			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Toronto, ON, M5C 2R9		(416) 840-5528	(416) 913-9642
Contact Name		Contact Position	Contact Telephone No.
Geoff Miachika		CFO	(416) 913-9642 ext 102
Contact Email Address		Web Site Address	
gmiachika@flowerone.com		www.flowerone.com	

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