

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: 242,854,599

Date: July 7, 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.

On June 8, 2020, the Company announced significant conversions of outstanding convertible debentures. As of that date, 26% of the March 28, 2019 convertible debentures and 56% of the November 15, 2019 convertible

debentures had been converted. Please see the Issuer's press release's dated June 8, 2020 for further information.

On June 15, 2020, the Company announced its financial and operating results for the year and fourth quarter ended December 31, 2019. Sales for the year was \$9.5 million. Additionally, the Company reiterated guidance of \$8.9 million for Q1 2020 and \$3.25 to \$3.75 million for Q2 2020. Please see the Issuer's press release dated June 15, 2020 for further information.

On June 17, 2020, the Company announced a non-brokered private placement for up to \$10.0 million worth of units. Each unit will be priced at CDN\$0.51 per unit and consist of one common share and one-half common share purchase warrant. Each full warrant will be exercisable into one common share at an exercise price of CDN\$0.61 and the Company may accelerate the expiry of the warrants should the trading price of the Company's common shares exceed CDN\$1.22 for 20 consecutive trading days. Please see the Issuer's press release dated June 17, 2020 for further information

On June 22, 2020, the Company announced a brand licensing agreement with Lift Ticket Laboratories. Please see the Issuer's press releases dated June 22, 2020 for further information.

On June 29, 2020, the Company closed its previously announced non-brokered private placement for CDN\$8.2 million worth of units. The Company issued 16,102,108 units in connection with the private placement. Please see the Issuer's press release dated June 29, 2020 for further information.

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 COVID 19 crisis as cannabis has been deemed an essential service in Nevada. The Company's customers (dispensaries) are also continuing to operate and have shifted from a delivery only service to now being able to provide curb side pickup as well as a limited number of in-store sales. Resorts and casinos opened up in the State of Nevada on June 4, 2020.

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.

See question #1 above regarding Lift Ticket Laboratories.

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.

See question #1 above regarding Lift Ticket Laboratories.

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.

See question #1 above regarding Lift Ticket Laboratories.

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	16,102,108	Non-brokered private placement. See item 1 above.	Aggregate proceeds of CDN\$8.2 million. General corporate and working capital purposes.
Warrants	8,051,005	Non-brokered private placement. See item 1 above.	N/A
Common shares	5,083,114	Issued on conversion of 5,010 of November 15, 2019 convertible debentures, including effective interest	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, Final Short-Form Base Shelf Prospectus filed on October 22, 2019 Prospectus Supplement filed on November 8, 2019, the Company's Management Discussion and Analysis for the year ended December 31, 2019 and the Annual Information form for the year ended December 31, 2020 filed on June 23, 2020; 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 July 7, 2020.

Geoff Miachika
Name of Director or Senior
Officer

(Signed) "Geoff Miachika"
Signature

Chief Financial Officer
Official Capacity

<i>Issuer Details</i> Name of Issuer	For Month End	Date of Report YY/MM/DD
Flower One Holdings Inc.	June 2020	20/07/07
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	
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