

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: 473,098,910

Date: August 2, 2022

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.
 - 1) The Company announced the results of its Q1-22 financial results.**
 - 2) The Company announced the amended terms of its short-term \$6M debt (the “Short-Term Debt”), by way of extending the maturity date from July 24, 2022 to December 31, 2022.**

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.

2. 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

3. 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

4. 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

5. 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

6. 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

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

N/A – none noted

8. 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

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

4 Terminations, 11 Hirings and 0 Lay-Offs

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

N/A – none noted

11. 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 April 5, 2021, Flower One received a demand letter seeking \$4,062,973 in connection with a construction agreement with The Dennis Group Inc (“TDG”). Flower One objected to their claim; disputes the amount claimed by TDG and has responded to that letter seeking early mediation. That request for early mediation was initially rejected by TDG. As that time, Flower One engaged the outside law firm of Snell & Wilmer to represent it in the dispute going forward. As of today’s, date, outside counsel sent a mediation and arbitration demand to TDG. TDG filed a lawsuit in the Nevada State Court. Flower One filed a motion to enforce an early mediation clause agreed to between the disputing parties. TDG has now obtained new counsel and has filed a motion to seek leave to amend its claims against Flower One. The case is not yet at issue. The current maximum exposure of such claim is the \$4,062,973 as set forth in the TDG demand letter, which amount is on the Company’s Balance Sheet as of December 31, 2021 and December 31, 2020. In this regard, TDG also filed liens, recorded against certain of the Company’s real estate that, in part, compromises the collateral secured by Flower One’s senior secured lender. Such lien is a technical default under the terms of the loan. The senior secured lender is advised of the lien(s) and Flower One and the senior secured lender agreed to a temporary forbearance of the default to provide time to Flower One to exercise its rights in law and in equity to dispute the liens and the claims underlying the TDG dispute. Flower One is investigating the claims and believes it has adequate legal defenses to such claims and offsets.

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

N/A – none noted

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

N/A – none noted

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

The terms of the Company’s Short-Term Debt were amended to reflect a maturity date of December 31, 2022, instead of July 24, 2022.

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

N/A

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: (1) Unaudited Financial Statement and accompanying MD&A (both for the Financial Period ended March 31, 2022), which were filed on July 22, 2022. 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 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 August 2, 2022.

Name of Director or Senior Officer

Araxie Grant

(Signed) "Araxie Grant"

Signature

Araxie Grant

Chief Financial Officer

Official Capacity

Issuer Details Name of Issuer Flower One Holdings Inc.	For Month End July 2022	Date of Report YY/MM/DD 22/08/02
Issuer Address 1055 West Hastings Street, Suite 1700		
City/Province/Postal Code Vancouver, BC V6E 2E9	Issuer Fax No. (416) 840-5528	Issuer Telephone No. (702) 660-7775
Contact Name Araxie Grant	Contact Position CFO	Contact Telephone No. (702) 660-7775

Contact Email Address agrant@flowerone.com	Web Site Address www.flowerone.com
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