

## FORM 9

### **NOTICE OF ISSUANCE OR PROPOSED ISSUANCE OF LISTED SECURITIES**

**(or securities convertible or exchangeable into listed securities<sup>1</sup>)**

Name of Listed Issuer:

Symbol(s):

Flower One Holdings Inc. (the "Issuer").	FONE
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Date: March 12, 2021 Is this an updating or amending Notice:  Yes  No

If yes provide date(s) of prior Notices: \_\_\_\_\_.

Issued and Outstanding Securities of Issuer Prior to Issuance: 305,016,420 .

#### **Pricing**

Date of news release announcing proposed issuance: March 11, 2021 or

Date of confidential request for price protection: \_\_\_\_\_

Closing Market Price on Day Preceding the news release: \$0.27 or

Day preceding request for price protection: \_\_\_\_\_

#### **Closing**

Number of securities to be issued: 8,748 convertible debenture units (the "Units"), each such unit consisting of 9.0% unsecured convertible debenture of the Issuer (each, a "Convertible Debenture") having a maturity date of three years from the date of issuance (the "Maturity Date") and 16,822,404 common share purchase warrants (each, a "Warrant"), representing a 50% warrant coverage, with each whole Warrant entitling the holder to purchase one common share of the Company (each, a "Warrant Share") at an exercise price of C\$0.39 (the "Exercise Price") at any time up to 36 months from the Closing Date of the Offering; provided, however in the event that the common shares of the Company (each, a "Common Share") trade on the Canadian Securities Exchange (the "CSE") at a closing price equal to or greater than C\$0.90 for a period of twenty (20) consecutive trading days, the Company may implement an accelerated expiry date of the Warrants by giving notice to the holders of the Warrants of the accelerated expiry date and, thereafter, the Warrants will expire on the date that is ninety (90) days following the delivery of such notice.

The principal amount of each Convertible Debenture (the "Principal Amount") will be convertible, for no additional consideration, into Common Shares (each a "Conversion Share" and collectively, the "Conversion Shares") at the option of the holder at any time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for conversion of the Convertible Debentures upon the Common Shares trading on the CSE at a price greater than C\$0.50 for a period of ten (10) consecutive trading days at a conversion

price equal to C\$0.26 (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding Convertible Debentures at the Conversion Price should the trading price of the Common Shares on the CSE be greater than \$0.50 for a period of ten (10) consecutive trading days. The Principal Amount and the interest accrued thereon will otherwise be payable in cash on the Maturity Date, and have a default interest rate of 3% on top of the 9%.

In connection with the Offering, the Company will pay finder's fees to certain finders as follows: (i) payment in cash in amounts equal to between 2% and 4% of the aggregate gross proceeds from investors introduced to the Company by such finders; and (ii) finder units (each a "Finder Unit") in the aggregate amount of 1,429,471 or (iii) advisory warrants (each, an "Advisory Warrant"), in the aggregate amount of 116,923. Each Finder Unit consists of one Common Share and one-half common share purchase warrant under the same terms and conditions as the Warrants. Each Advisory Warrant entitles the holder thereof to purchase one Common Share under the same terms and conditions as the Warrants.

Issued and outstanding securities following issuance: 306,445,891

**Instructions:**

1. For private placements (including debt settlement), complete tables 1A and 1B in Part 1 of this form.
2. Complete Table 1A – Summary for all purchasers, excluding those identified in Item 8.
3. Complete Table 1B – Related Persons only for Related Persons
4. If shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition) please proceed to Part 2 of this form.
5. An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10 – Notice of Proposed Transaction
6. Post the completed Form 9 to the CSE website in accordance with *Policy 6 – Distributions*. In addition, the completed form must be delivered to [listings@thecse.com](mailto:listings@thecse.com) with an appendix that includes the information in Table 1B for ALL placees.

**Part 1. Private Placement**

**Table 1A – Summary**

Each jurisdiction in which purchasers reside	Number of Purchasers	Price per Security	Total dollar value (CDN\$) raised in the jurisdiction
United States	11	\$0.26	\$4,480,000
Puerto Rico	1	\$0.26	\$213,000
Hong Kong	1	\$0.26	\$353,000
United Kingdom	3	\$0.26	\$250,000
Poland	3	\$0.26	\$393,000
Israel	8	\$0.26	\$1,410,000
Canada	4	\$0.26	\$628,000
Cayman Islands	1	\$0.26	\$704,000
Bahrain	1	\$0.26	\$317,000
Total number of purchasers:	33		
Total dollar value of distribution in all jurisdictions:			\$8,748,000

**Table 1B – Related Persons**

Full Name & Municipality of Residence of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable) (CDN\$)	Prospectus Exemption	Total Securities Previously Owned, Controlled or Directed	Payment Date <sup>(1)</sup>	Describe relationship to Issuer <sup>(2)</sup>


<sup>1</sup>An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: \$8,748,000.
2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material. General working capital purposes and the payment of certain debt obligations.
3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: N/A
4. If securities are issued in forgiveness of indebtedness, provide details of the debt agreement(s) or and the agreement to exchange the debt for securities.
5. Description of securities to be issued:
  - (a) Class \_\_\_\_\_
  - (b) Number \_\_\_\_\_
  - (c) Price per security \_\_\_\_\_
  - (d) Voting rights \_\_\_\_\_
6. Provide the following information if warrants, (options) or other convertible securities are to be issued:
  - (a) Number: 16,822,404 Warrants
  - (b) Number of securities eligible to be purchased on exercise of warrants (or options): 16,822,404 Warrant Shares
  - (c) Exercise price: C\$0.39
  - (d) Expiry date: 36 months after issuance

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7. Provide the following information if debt securities are to be issued:
- (a) Aggregate principal amount C\$8,748,000 .
  - (b) Maturity date: March 11, 2024 .
  - (c) Interest rate: 9.0% .
  - (d) Conversion terms: At the option of the holder at any time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for conversion of the Convertible Debentures upon the Common Shares trading on the CSE at a price greater than C\$0.50 for a period of ten (10) consecutive trading days at a conversion price equal to C\$0.26, being the Conversion Price.
  - (e) Default provisions \_\_\_\_\_ .
8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
- (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, and if a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): Yuval Soiref, Gopal Garuda and Canaccord Genuity Corp.
  - (b) Cash \$ \_\_\_\_\_ .
  - (c) Securities 1,429,471 Finder Units, consisting of 1,429,471 Common Shares and 714,735 Finder Warrants; 116,923 Advisory Warrants .
  - (d) Other \_\_\_\_\_ .
  - (e) Expiry date of any options, warrants etc. March 11, 2024 .
  - (f) Exercise price of any options, warrants etc. C\$0.39 .
9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship: N/A
- \_\_\_\_\_ .

10. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.):  
N/A .
11. State whether the private placement will result in a change of control:  
N/A .
12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders: N/A  
\_\_\_\_\_  
\_\_\_\_\_ .
13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102 Resale of Securities.

## 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 on behalf of the Issuer.
2. As of the date hereof there is not material information concerning the Issuer which has not been publicly disclosed.
3. the Issuer has obtained the express written consent of each applicable individual to:
  - (a) the disclosure of their information to the Exchange pursuant to this Form or otherwise pursuant to this filing; and
  - (b) the collection, use and disclosure of their information by the Exchange in the manner and for the purposes described in Appendix A or as otherwise identified by the Exchange, from time to time
4. 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 CSE Policy 1).
5. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated March 12, 2021

Richard Groberg  
Name of Director or Senior  
Officer

(signed) "Richard Groberg"  
Signature

Interim Chief Financial Officer  
Official Capacity

## Appendix A

### PERSONAL INFORMATION COLLECTION POLICY REGARDING FORM 9

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LISTED SECURITIES

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