

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: **Cannabis One Holdings Inc.** (the "Issuer").

Trading Symbol: **CBIS**

Number of Outstanding Listed Securities:

**39,192,588 subordinate voting shares**

**3,762,918 super voting shares**

Date: **June 5, 2019**

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.

**Cannabis One Holdings Inc. (CSE : CBIS) is focused on aggregating and optimizing popular cannabis brands throughout North America. With its**

unique, franchise-ready retail brand, The Joint™, and through targeted acquisition and partnership opportunities, Cannabis One intends to become the premier, globally-recognized, "House of Brands", holding a client portfolio of award-winning products with an extensive market footprint.

2. Provide a general overview and discussion of the activities of management.

On May 6, 2019, the Issuer announced by way of news release (further to its news release dated April 10, 2019), the Issuer completed the acquisition of certain assets of Washington-based Honu Enterprises, Inc. ("Honu") an award-winning, cannabis-infused products brand.

Following the closing of the transaction (the "Closing"), the Issuer anticipates that the acquisition of Honu will:

- bolster Cannabis One's current portfolio of infused product brands with the inclusion of this award-winning offering – recently crowned Best Edible and Best Infused Product at the Colorado THC Cup hosted by Rooster Magazine, and placing the brand among only a select few to have won multi-state awards;
- provide a Honu management-estimated, annualized US\$20.3 million in annual system-wide brand revenue through the Honu channel, during fiscal 2019, with an estimated EBITDA margin of between 22% and 31%, assuming the fulfillment of certain purchase order commitments represented from downstream partners; the continued reliability and performance of current supply chain channels for the delivery of input materials; and the successful launch of the Honu brand line in Nevada, Oregon, and California, in addition to the continued expansion of the brand in the states of Washington and Colorado;
- complement the Issuer's recent announcement, dated April 22, 2019, of its intention to acquire Nevada-based LV 3480 Partners LLC, 3480 Investors Inc., and Agro Finance LLC (collectively, "Evergreen Organix"), which collectively will include cannabis cultivation and manufacturing licenses, held by NV 3480 Partners LLC and 3480 Hacienda Partners LLC, respectively (the "Nevada Cannabis Licenses"), and related infrastructure, subject to the approval of Nevada State regulators, in addition to the popular flower brand "Fleur" and the award-winning, cannabis-infused product brands, "Evergreen Organix" and "EG.O", among others; and
- further Cannabis One's vision to become a true multi-state operator for the manufacturing, distribution, and retail penetration of its proprietary brands and products – which the Issuer believes represent only the highest level of consumer appeal and market reach.

Under the terms of the definitive asset purchase agreement (the "Definitive Agreement"), the Issuer's wholly-owned subsidiary acquired certain assets of Honu, inclusive of all intellectual property and certain equipment. In accordance with Washington State regulations and legislation, neither the

gross consideration payable to Honu in connection with the transaction will be up to US\$10,280,811 in Class "B" super voting shares in the capital of Cannabis One (the "CBIS SVS Shares") due in equal parts upon Closing and subsequently upon the satisfaction of provisions applicable to two (2) earn-out consideration payments (each an "Earn-Out").

As per the terms of the Definitive Agreement, on Closing Cannabis One issued to Honu 87,802 CBIS SVS Shares at a per CBIS SVS Share price equal to CDN\$43.3165 (given that each CBIS SVS Share is convertible into ten (10) Class "A" subordinated voting shares in the capital of Cannabis One (the "CBIS SUB Shares")) for gross consideration of US\$2,837,952.80 (CDN\$3,803,282.44), which figure includes those funds previously advanced to Honu by Cannabis One or its subsidiaries.

The two (2) Earn-Out consideration payments will each be contingent on reaching certain annual revenue targets (the "Annual Revenue Targets") and will each consist of the issuance of up to such number of CBIS SVS Shares as is equal to a value of US\$3,426,937. Each Earn-Out consideration will be payable within thirty (30) days following the audited validation of the applicable Annual Revenue Target. The per CBIS SVS Share price for each Earn-Out will be equal to ten (10) times (given that each CBIS SVS Share is convertible into ten (10) CBIS SUB Shares) the greater of: (a) the maximum discount allowed under the policies of the Canadian Securities Exchange ("CSE") to the closing price of the CBIS SUB Shares prior to the date of the execution of the Definitive Agreement and the announcement of the same by CBIS; and (b) the ten (10) day volume-weighted average price of the CBIS SUB Shares on the CSE immediately preceding the closing date of the applicable Earn-Out, converted into United States Dollars using a ten (10) day simple average of the USD/CAD foreign exchange rate for the period immediately preceding the closing of the applicable Earn-Out, as published on [www.federalreserve.gov](http://www.federalreserve.gov).

All CBIS SVS Shares issued pursuant to the Definitive Agreement will be subject to a contractual lock-up, restricting the transfer of the CBIS SVS Shares (and any CBIS SUB Shares issuable upon conversion of the CBIS SVS Shares) for a total of eighteen (18) months from the date of issuance, during which time 33.33% of the issued CBIS SVS Shares will be released from such lock-up on each six (6) month anniversary of the issuance of the CBIS SVS Shares (the "Lock-Up") pursuant to the terms and conditions of a lock-up agreement entered into between Honu and Cannabis One (the "Lock-Up Agreement"). The Lock-Up Agreement provides for certain exemptions from such transfer restrictions, provided that such transferred CBIS SVS Shares (and any CBIS SUB Shares issuable upon conversion of the CBIS SUB Shares) will remain subject to the Lock-Up following such transfer. Additionally, Honu has agreed to grant Cannabis One a sixty (60) day right-of-first-refusal to purchase, or identify a third-party purchaser for, any such CBIS shares intended to be sold by Honu.

On May 14, 2019, the Issuer announced by way of news release it is expanding its multi-state footprint for both CBD and THC infused products with the leasing of two (2) manufacturing and processing facilities in the State of Oregon, totaling over 21,000 ft<sup>2</sup>. Located near Portland, Oregon, the Issuer is transitioning the existing facilities into state-of-the-art manufacturing and distribution centers. These facilities are being developed in accordance with GMP (Good Manufacturing Practices) standards to ensure the production of only the highest-quality products – with an eye towards international export, as legislation and regulation may permit.

Additionally, the Cannabis One team is excited to announce its new "Herah" product line, consisting of CBD-wellness products, inspired by cannabis industry pioneer, Herah Osborne. The Herah product line will incorporate sought-after botanical ingredients into topical and tincture applications, including eye repair serums, body lotions, and facial creams. The development of 'Herah'-branded products will also permit Cannabis One to utilize its new CBD platform to produce and distribute its Honu-branded line of CBD-infused products and Evergreen Organix-branded line of CBD edibles, confections, and topicals. These innovative new product lines are a continuation of Cannabis One's stated strategy of leveraging award-winning brands to create multi-state brand arbitrage opportunities.

On May 27, 2019, the Issuer announced by way of news release it is accelerating the expiry of certain Class "A" subordinate voting share ("SUB Share") and Class "B" super voting share ("SVS Share") purchase warrants (the "Warrants") assumed by the Company pursuant to the acquisition of Bertram Capital Finance, Inc.

The Warrants are governed by two warrant indentures each dated February 25, 2019 between the Company and Odyssey Trust Company (the "Warrant Indentures"). Pursuant to the terms of the Warrant Indentures, the Warrants are either exercisable to purchase: (a) SUB Shares for \$0.50 or SVS Shares for \$5.00; or (b) SUB Shares for \$0.75 or SVS Shares for \$7.50.

The proceeds from the exercise of the Warrants will be primarily used by the Company to continue to execute on its growth strategy, as well as general corporate and working capital purposes.

Pursuant to the Warrant Indentures, the Company may accelerate the expiry date of the Warrants in the event that the closing price of the SUB Shares on the Canadian Securities Exchange (the "CSE") is greater than \$1.50 per SUB Share for a period of 10 consecutive trading days (the "Acceleration Trigger").

The Company confirms that prior to the date hereof, an Acceleration Trigger has occurred. In accordance with the terms of the Warrant Indenture, the Company has delivered notice to the holders of Warrants (the "Acceleration Notice") that the Acceleration Trigger has occurred and that the Company is exercising its right to accelerate the expiry of the Warrants. Accordingly, the

Warrants are now set to expire at 11:00 a.m. (Mountain Time) on June 26, 2019, being the 30th day following the delivery of the Acceleration Notice (the "Early Expiry Date"). Any Warrants remaining unexercised after the Early Expiry Date will be cancelled.

As of the close of market on May 27, 2019, Warrants to purchase up to 7,174,808 SUB Shares and Warrants to purchase up to 173,113 SVS Shares have yet to be exercised under the Warrant Indentures. Accordingly, if all of the outstanding Warrants are exercised, gross proceeds to the Company will total approximately \$5.9 million.

Holders may exercise the Warrants before 11:00 a.m. (Mountain Time) on June 26, 2019 by observing the process as set out in the applicable Warrant Indenture. The contact details for the Warrant Agent is, Odyssey Trust Company, Suite 350, 300 5th Avenue S.W., Calgary, Alberta, T2P 3C4, Attention: Corporate Trust.

On May 29, 2019, the Issuer announced by way of news release the following changes to its executive management team:

- Mr. Anthony Segarra, currently Vice President of Business Development with the Company, has been appointed interim Chief Operating Officer ("COO") of Cannabis One, effective May 28, 2019; and
- Ms. Theresa Mohan, currently Vice President of Finance with Cannabis One, has been appointed interim Chief Financial Officer ("CFO") of the Company, effective May 28, 2019.

With a strong background and understanding in regulatory compliance and law enforcement, and with extensive previous experience in the development and implementation of company-wide standard operating procedures and efficiency initiatives in the cannabis sector, Mr. Anthony Segarra, in his new capacity as interim COO, will be responsible for global oversight of business operations across the Company and for the successful operational integration of Cannabis One's acquired interests, such as the Company's recently announced Fat Face Farms, Honu, and Herah brand lines, and the Nevada-based Evergreen Organix, Fleur, and EG.O brand lines, following the anticipated closing of that transaction, announced April 22, 2019. Additionally, Mr. Segarra will oversee the development of Cannabis One's recently announced Oregon manufacturing and processing facilities, and the roll-out of its innovative INDVR line of vaporizer products and its The Joint™ retail concept in each state-legal jurisdiction in which the Company operates, as such opportunities, and legislation and regulations may permit.

Possessing extensive executive level financial operations and control process implementation experience, Ms. Theresa Mohan, in her capacity as Vice President of Finance with the Company, has been instrumental to Cannabis One's public listing application on the Canadian Securities

**Exchange ("CSE") and has provided invaluable operational oversight of Cannabis One's diverse range of business units since the Company's inception in February 2015. In her expanded role as interim CFO, Ms. Mohan will be responsible for supporting her fellow executives in all strategic and tactical matters as it relates to corporate financial oversight and planning for the Company. Additionally, Ms. Mohan will oversee the successful financial integration of Cannabis One's recent and anticipated acquisitions, and will continue to advise on the appropriate capital budgeting and expenditure programs for such assets, as the Company pursues the focused expansion of its "Best-of-Breed" brands.**

**In connection with the appointment of Ms. Mohan as interim CFO, Cannabis One's current interim CFO, Mr. Ryan Atkins, will resign from his current role, effective May 28, 2019. Possessing extensive international legal and accounting experience in both the United States and Canada, Mr. Atkins will transition into the role of General Counsel for the Company, following Ms. Mohan's interim CFO appointment. Cannabis One wishes to take this opportunity to thank Mr. Atkins for his exemplary work and efforts in managing the Company's public market transition and for his continued support and guidance in assisting Cannabis One execute on its intensive acquisition program.**

**In addition, the Issuer filed its annual consolidated financial statements for the fiscal year ended January 31, 2019.**

**The above mentioned news releases, financial statements and management's discussion and analysis can be viewed under the Issuer's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Issuer's Disclosure Page on the Canadian Securities Exchange website.**

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.

**Please refer to Item #2 above.**

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.

**Not applicable to the Issuer during the month of May 2019.**

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.

**Not applicable to the Issuer during the month of May 2019.**

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.

**Not applicable to the Issuer during the month of May 2019.**

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.

**Please refer to Item #2 above.**

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

**Not applicable to the Issuer during the month of May 2019.**

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.

**Not applicable to the Issuer during the month of May 2019.**

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

**Not applicable to the Issuer during the month of May 2019.**

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

**Not applicable to the Issuer during the month of May 2019.**

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.

**Not applicable to the Issuer during the month of May 2019.**

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

**Not applicable to the Issuer during the month of May 2019.**

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Sub Voting Common Shares	1,000,000	Exercise of Warrants	\$250,000; for working capital and general corporate purposes
Super Voting Common Shares	87,802	Asset Purchase Agreement with Honu Enterprises Inc.	N/A
Incentive Stock Options	300,000	Incentive Stock Options exercisable at CDN \$1.38 per stock option for a period of five (5) years subject to any earlier termination in accordance with their terms, and vest as to 1/3 on the first date of issuance, 1/3 on the first anniversary of the date of issuance and 1/3 on the second anniversary of the date of issuance.	N/A

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

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

**Not applicable to the Issuer during the month of May 2019.**

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

**During the Month of May, the Issuer announced the following changes to management:**

- **Mr. Anthony Segarra, currently Vice President of Business Development with the Issuer, has been appointed interim Chief Operating Officer ("COO") of Cannabis One, effective May 28, 2019; and**
- **Ms. Theresa Mohan, currently Vice President of Finance with Cannabis One, has been appointed interim Chief Financial Officer ("CFO") of the Issuer, effective May 28, 2019.**

**Mr. Ryan Atkins, will resign from his current role, effective May 28, 2019 and will transition into the role of General Counsel for the Issuer.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Trends and risks, which may impact the Issuer, are detailed beginning on page 88 in the Form 2A Listing Statement, filed February 25, 2019, and can**

**be viewed under the Issuer's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Issuer's Disclosure Page on the Canadian Securities Exchange website.**

**THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.**

## 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 **June 5, 2019.**

**Theresa Mohan**

Name of Director or Senior Officer

**Signed: "Theresa Mohan"**

Signature

**Interim Chief Financial Officer**

Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer	For Month End:	Date of Report YY/MM/D
<b>Cannabis One Holdings Inc.</b>	<b>May 2019</b>	<b>19/06/05</b>
Issuer Address		
<b>Suite 610 -700 West Pender Street</b>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<b>Vancouver, British Columbia, V6C 1G8</b>	<b>(604) 669-9768</b>	<b>(604) 428-7050</b>
Contact Name	Contact Position	Contact Telephone No.
<b>Theresa Mohan</b>	<b>Interim CFO</b>	<b>(720) 399-0599</b>
Contact Email Address	Web Site Address	
<b>theresa@cannabis.life</b>	<b>www.cannabisone.life</b>	