

**FLOWER ONE HOLDINGS INC.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**AN ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF**

**FLOWER ONE HOLDINGS INC.
TO BE HELD ON**

**September 27, 2021**

**Dated as of August 27, 2021**

## FLOWER ONE HOLDINGS INC.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 27, 2021**

TO THE SHAREHOLDERS of Flower One Holdings Inc.:

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Flower One Holdings Inc. (the “**Company**”) will be held virtually through LUMI:

When Monday, September 27, 2021 at 10:00 a.m. (Vancouver time)

Where Live audio webcast: at [**https://web.lumiagm.com/204105143**](https://can01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fweb.lumiagm.com%2F204105143&data=04%7C01%7Cawhyte%40osler.com%7Cc7b36302d3824b8dfd4e08d9538be46b%7C38b8d7e73b2745709e91cf2ab620b2cd%7C1%7C0%7C637632682588233382%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=I7z4MtsqVhvgtUXi1UuwsW75C7VCy88b9HUNEH7fZ%2Bg%3D&reserved=0)

Meeting Password “flower2021” (case sensitive)

The business of the meeting is:

1. to receive the financial statements of the Company for the year endedDecember 31, 2020 together with the report of the Company’s auditor thereon;
2. to set the number of directors of the Company at five (5);
3. to elect the directors of the Company for the ensuing year;
4. to re-appoint MNP LLP as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration for the ensuing year;
5. to consider and if thought advisable, to pass, with or without amendment, an ordinary resolution to adopt and approve the Company’s equity incentive plan, which amends the amended and restated stock option plan, as more particularly described in the accompanying management information circular (the “**Information Circular**”); and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The accompanying Information Circular provides more detailed information with respect to the matters to be considered at the Meeting.

The Information Circular accompanies this Notice. The Information Circular contains details of the matters to be considered at the Meeting. The Company’s board of directors has fixed August 20, 2021 (the “**Record Date**”) as the record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered Shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting, as set out in more detail in the accompanying Information Circular.

|  |
| --- |
| **Please Read this Important Notice**In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. All Shareholders, regardless of geographic location, will have an equal opportunity to participate at the Meeting. Shareholders will not be able to attend the Meeting in person. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at [https://web.lumiagm.com/204105143](https://can01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fweb.lumiagm.com%2F204105143&data=04%7C01%7Cawhyte%40osler.com%7Cc7b36302d3824b8dfd4e08d9538be46b%7C38b8d7e73b2745709e91cf2ab620b2cd%7C1%7C0%7C637632682588233382%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=I7z4MtsqVhvgtUXi1UuwsW75C7VCy88b9HUNEH7fZ%2Bg%3D&reserved=0). Beneficial Shareholders (being Shareholders who hold their Common Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast, but will not be able to participate or vote at the Meeting.As a Shareholder, it is very important that you read the Information Circular and other Meeting materials carefully. They contain important information with respect to voting your Common Shares and attending and participating at the Meeting.A Shareholder who wishes to appoint a person other than the management nominees identified on the consent and form of proxy (the “**Form of Proxy**”) or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person’s name in the blank space provided in the Form of Proxy or voting instruction form and following the instructions for submitting such Form of Proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your Form of Proxy or voting instruction form. If you wish that a person other than the management nominees identified on the Form of Proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Common Shares, including if you are a non-registered Shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your Form of Proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, Shareholders MUST send an email to flowerone@odysseytrust.comprior to 10:00 a.m. (Vancouver time) on September 17, 2021 and must provide Odyssey Trust Company (the “**Transfer Agent**”) with their proxyholder’s contact information, amount of Common Shares appointed, name in which the Common Shares are registered if they are a registered Shareholder, or the name of broker where the Common Shares are held if a beneficial Shareholders, so that the Transfer Agent may provide the proxyholder with a Username via email.It is important to note that Shareholders accessing the Meeting virtually must remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. |

**To be valid, proxies must be received by the Transfer Agent by no later than 10:00 a.m. (Vancouver time) on September 23, 2021 or forty-eight (48) hours (exclusive of Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time of any postponement(s) or adjournment(s) of the Meeting.**

### If you are not a registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

## BY ORDER OF THE BOARD OF DIRECTORS

“*Salpy Boyajian*” (signed)

Salpy Boyajian

**Chairman and Executive Vice President**

August 27, 2021



## MANAGEMENT INFORMATION CIRCULAR

**As at August 20, 2021**

## FOR THE ANNUAL GENERAL AND SPECIAL MEETING

## OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 27, 2021

**SOLICITATION OF PROXIES**

**This Information Circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management of Flower One Holdings Inc. (the “Company”) for use at the Annual General and Special Meeting of the Company’s holders (the “Shareholders”) of common shares (the “Common Shares**”) **to be held on September 27, 2021 (the “Meeting”) at the time and place and for the purposes set out in the accompanying Notice of Meeting.**

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers and employees of the Company. All costs of solicitation will be borne by the Company. These officers and employees will receive no compensation other than their regular salaries but will be reimbursed for their reasonable expenses which are expected not to exceed $1,000 in the aggregate.

## PROXY INSTRUCTIONS

Shareholders who cannot attend the Meeting in person may vote by proxy if the shareholder is a registered shareholder, or provide voting instructions as provided herein if a non-registered shareholder, either by mail, by phone or over the internet. Form of Proxies (“**Proxy**”) and/or voting instructions must be received by Odyssey Trust Company (the “**Transfer Agent**”), the Company’s transfer agent, no later than 10:00 am (Vancouver time) on September 27, 2021 at its Vancouver office, 323-409 Granville Street, Vancouver BC V6C 1T2.

A Proxy returned to Transfer Agent will not be valid unless dated and signed by the shareholder or by the shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual shareholder or by an attorney of a shareholder that is a corporation or association, the instrument so empowering the attorney, as the case may be, or a notarial copy thereof, must accompany the form of Proxy. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.

The securities represented by Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. The form of Proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting. If a choice with respect to such matters is not specified, it is intended that the person designated by management in the Proxy will vote the securities represented by the Proxy in favour of each matter identified in the proxy.

## APPOINTMENT OF PROXYHOLDER

The persons designated in the Proxy are officers and/or directors of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) other than the persons designated in the accompanying Proxy, to attend at and represent the shareholder at the Meeting. To exercise this right, a shareholder should insert the name of the designated representative in the blank space provided on the Proxy. Please note that voting electronically by proxy is separate and apart from voting electronically through the LUMI meeting platform during the Meeting, which is discussed further below.**

## REVOCATION OF PROXIES

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

* 1. by depositing an instrument in writing executed by the shareholder or by such shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing at the registered office, Suite 1700 – 1055 West Hasting Street, Vancouver, BC, V6E 2E9, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
	2. in any other manner permitted by law.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact The Transfer Agent or their Intermediary to arrange to change their voting instructions.

## SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Some shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.** More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “**Non-Registered Shareholder**”) but which are registered in the name of an intermediary (the “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans; or in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders - those who object to their name being made known to the Company (called OBOs for “**Objecting Beneficial Owners**”) and those who do not object to the Company knowing who they are (called NOBOs for “**Non-Objecting Beneficial Owners**”).

Under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Company is delivering proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a voting instruction form (a “**VIF**”), together with the meeting materials. These VIFs are to be completed and returned in accordance with the instructions. The voting instructions received from NOBOs are required to be followed properly. The results of the VIFs received from NOBOs will be tabulated and appropriate instructions will be provided at the Meeting with respect to the Common Shares represented by the VIFs received. **The Company is not sending proxy-related materials using notice-and-access this year.**

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO’s name (or such other person as the NOBO wishes to attend and vote on the NOBO’s behalf) in the blank space provided for that purpose on the VIF and return the completed VIF to the Transfer Agent or the NOBO must submit, to the Company or the Transfer Agent, any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxy holder. In such circumstances with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Company must arrange, without expense to the NOBO, to appoint the NOBO or a nominee of the NOBO as a proxy holder in respect of those securities. Under NI 54-101, if the Company appoints a NOBO or a nominee of the NOBO as a proxy holder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101, if the Company appoints a NOBO or its nominee as proxy holder as aforesaid the Company must deposit the proxy within the timeframe specified above for the deposit of proxies if the Company obtains the instructions at least one (1) business day before the termination of that time. **If a NOBO or a nominee of the NOBO is approved as a proxy holder pursuant to such request, the appointed proxy holder will need to attend the Meeting in person in order for their votes to be counted.**

### NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIF’s that are to be returned to their Intermediaries.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the meeting materials to the Intermediaries for onward distribution to OBOs. Intermediaries are required to forward the meeting materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to OBOs. With those meeting materials, Intermediaries or their service companies should provide OBOs with a “request for voting instruction form” which, when properly completed and signed by such OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the Common Shares that they beneficially own. The Company does not intend to pay for intermediaries to deliver the proxy-related materials and VIF’s to OBO’s. An OBO will not receive the materials unless the OBO’s intermediary assumes the cost of delivery.

Should an OBO wish to vote at the Meeting in person, the OBO must insert the OBO’s name (or such other person as the OBO wishes to attend and vote on the OBO’s behalf) in the blank space provided for that purpose on the request for voting instruction form and return the completed request for voting instruction form to the Intermediary or its service provider or the OBO must submit, to their Intermediary, any other document in writing that requests that the OBO or a nominee of the OBO be appointed as proxy holder. In such circumstances an Intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or a nominee of the OBO as a proxy holder in respect of those securities. Under NI 54-101, if an Intermediary appoints an OBO or the nominee of the OBO as a proxy holder as aforesaid, the OBO or nominee of the OBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the Intermediary, in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101 an Intermediary who appoints an OBO or its nominee as proxy holder as aforesaid is required under NI 54-101 to deposit the proxy within the timeframe specified above for the deposit of proxies if the Intermediary obtains the instructions at least one (1) business day before the termination of that time. **If the OBO or a nominee of the OBO is appointed a proxy holder pursuant to such request, the appointed proxy holder will need to attend the Meeting in person in order for their votes to be counted.**

**VOTING AND PARTICIPATING AT THE MEETING**

Registered shareholders may vote at the Meeting by completing a ballot online during the Meeting, as further described below. See "How do I attend and participate at the Meeting?".

Beneficial shareholders who have not duly appointed themselves as proxyholder will not be able to attend, participate or vote at the Meeting. This is because the Company and its transfer agent do not have a record of the beneficial shareholders of the Company, and, as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a beneficial shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the space provided on the voting instruction form sent to you and must follow all of the applicable instructions provided by your intermediary. See "Appointment of a Third-Party as Proxy" and "How do I attend and participate at the Meeting?".

The following applies to shareholders who wish to appoint a person (a "third-party proxyholder") other than the management nominees set forth in the form of proxy or voting instruction form as proxyholder, including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

Shareholders who wish to appoint a third-party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Shares MUST submit their proxy or voting instruction form (as applicable) appointing such third-party proxyholder AND register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.

**• Step 1: Submit your proxy or voting instruction form:** To appoint a third-party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial shareholder located in the United States, you must also provide the Transfer Agent with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.

**• Step 2: Register your proxyholder:** To register a proxyholder, shareholders MUST send an email to flowerone@odysseytrust.com by 10:00 a.m. (Vancouver time) by September 23, 2021 and provide Odyssey with the required proxyholder contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a beneficial shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. Please also see further instructions below under the heading "How do I attend and participate at the Meeting?".

**Legal Proxy – US Beneficial Shareholders**

If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey. Requests for registration from beneficial shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail to flowerone@odysseytrust.com and received by 10:00 a.m. (Vancouver time) on September 23, 2021.

**How do I attend and participate at the Meeting?**

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at [https://web.lumiagm.com/204105143](https://can01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fweb.lumiagm.com%2F204105143&data=04%7C01%7Cawhyte%40osler.com%7Cc7b36302d3824b8dfd4e08d9538be46b%7C38b8d7e73b2745709e91cf2ab620b2cd%7C1%7C0%7C637632682588233382%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=I7z4MtsqVhvgtUXi1UuwsW75C7VCy88b9HUNEH7fZ%2Bg%3D&reserved=0). Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting:

• Registered shareholders: The control number located on the form of proxy is the Username. The Password to the Meeting is "flower2021" (case sensitive). If as a registered shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cut-off.

• Duly appointed proxyholders: The Transfer Agent will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The Password to the Meeting is "flower2021" (case sensitive). Only registered shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting (including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder. See "Appointment of a Third Party as Proxy".

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. August 20, 2021 has been fixed by the board of directors of the Company (the “**Board**”) as the record date (the “**Record Date**”) for the purpose of determining those shareholders entitled to receive notice of and to vote at the Meeting. As of the Record Date there were **402,398,262** Common Shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting.

Only Shareholders of record at the close of business on the Record Date, who either personally attend the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions detailed therein, shall be entitled to vote or to have their Shares voted at the Meeting.

The presence in person or by proxy of one Shareholder representing Shares entitled to be voted at the Meeting is necessary to convene the Meeting. Pursuant to the *Business Corporations Act* (British Columbia), each of the resolutions that will be placed before the Meeting will be an ordinary resolution, each of which will require approval of a simple majority of the votes cast in respect of each resolution.

**To the knowledge of the Board and executive officers of the Company, as of the date hereof, there are no Shareholders who beneficially own, or control or direct, directly or indirectly Common Shares carrying 10% or more of the voting rights attached to all outstanding voting securities of the Company entitled to vote at the Meeting.**

## Particulars of Matters to be Acted Upon

**Receiving the Audited Consolidated Financial Statements**

The audited consolidated financial statements of the Company for the year ended December 30, 2020 are available on the Company’s website at https://flowerone.com/ and under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and have been mailed to Registered and Beneficial Shareholders who requested them.

**Appointment and Remuneration of Auditor**

The Board of the Company proposes to nominate present auditors MNP LLP, Chartered Accountants (“**MNP LLP**”), Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, BC V6E 0C3 as the auditors of the Company to hold office until the close of the next annual general meeting of the Shareholders at remuneration to be fixed by the Board of the Company. MNP LLP were first appointed auditors of the Company in January 2007.

**The Board recommends that Shareholders vote FOR the appointment of MNP LLP as the auditor of the Company for the ensuing year at a remuneration to be determined by the Board. It is intended that all proxies received will be voted in favour of the appointment of MNP LLP as auditor of the Company for the ensuing year unless a proxy contains instructions to withhold the same from voting.**

**Election of Directors**

The Board of the Company is presently comprised of five (5) directors. All of the nominees are currently directors of the Company and have been directors since the dates indicated in the following table.

The term of office of each of the present directors expires at the Meeting. Each director elected will hold office until the next annual general meeting of the Company unless that person ceases to be a director before then. The enclosed form of proxy permits shareholders of the Company to vote for each nominee on an individual basis. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

In the following table and notes thereto is stated the name of each proposed director, the province or state and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of Common Shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as of the date of this Information Circular:

| **Name, province or state and country of residence and position, if any, held in the Company** | **Principal occupation during the past five years** | **Served as director of the Company since** | **Number of Common Shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present(1)** |
| --- | --- | --- | --- |
| **Salpy Boyajian**Nevada, US***Director, Executive Vice President and Chairman*** | Ms. Boyajian is currently the Executive Vice President to Flower One. Prior, Ms. Boyajian served as Flower One’s COO of Nevada Operations. Ms. Boyajian also co-founded the premium brand NLVO in 2014, which was acquired by Flower One in 2018. | August 17, 2020 | 1,799,262(5) |
| **Eliza Gairard** Connecticut, US***Director*** | Ms. Gairard joined the New York city based investment management firm Richmond Hill Investments in 2010, where she currently serves as a Partner to the firm.  | January 26, 2021 | Nil |
| **Mitchell Kahn** Florida, US***Director*** | Mr. Kahn co-founded Grassroots Cannabis in 2017 and in 2020 sold the Company to Curaleaf, where he currently serves as a Board member. Prior and concurrent to Grassroots Cannabis, Mr. Kahn is also the CEO of the medical cannabis business, Greenhouse Group. | January 26, 2021 | Nil |
| **Nitin Kaushal**Ontario, Canada***Director*** | Mr. Kaushal has served as the Managing Director for Toronto-based PwC’s Corporate Finance practice for the past 8 years. In addition, Mr. Kaushal sits on the board for several other publicly traded cannabis companies. | December 28, 2020 | 331,565 |
| **Kellen O’Keefe**California, US***Director, President and CEO***  | Mr. O’Keefe is currently the President and CEO to Flower One and prior to his appointment, Mr. O’Keefe served as the Company’s Chief Strategy Officer. Prior to Flower One, Mr. O’Keefe was the Senior Vice President of Business Development at MedMen. | January 26, 2021 | 5,433 |

**Notes:**

1. Information furnished by the respective director nominees.
2. Member of the Audit Committee – Eliza Gairard, Nitin Kaushal and Mitchell Kahn.
3. Member of the Compensation Committee – Eliza Gairard, Nitin Kaushal and Mitchell Kahn.
4. Member of the Nominating and Governance Committee – Eliza Gairard, Nitin Kaushal and Mitchell Kahn.
5. 1,720,000 of the Common Shares held by Ms. Boyajian are held in the name of NLV Organics, Inc

**The Board recommends that Shareholders vote FOR the election of the above nominees as directors. It is intended that all proxies received will be voted in favour of the election of the nominees whose names are set forth above unless a proxy contains instructions to withhold the same from voting.**

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company except the directors and executive officers of the Company acting solely in such capacity.

**Cease Trade Orders and Bankruptcy**

Except as disclosed below, no director or executive officer of the Company is, as at the date of this Information Circular, or has been, within ten (10) years prior to the date of this Information Circular, has been, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “order” means:

1. a cease trade order;
2. an order similar to a cease trade order; or
3. an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

No proposed director:

1. is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
2. has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Kellen O’Keefe and Richard Groberg, as executive officers of the Company, were subject to a Management Cease Trade Order (the “**MCTO**”) issued on May 3, 2021 by the Ontario Securities Commission as a result of the Company’s failure to file its audited annual financial statements for the year ended December 31, 2020, the related management’s discussion and analysis, certificates of its CEO and CFO and its annual information form (collectively the “**2020 Annual Disclosure Documents**”) within the prescribed time to do so. The Company filed its 2020 Annual Disclosure Documents on June 11, 2021 and its unaudited interim financial statements, management’s discussion and analysis and related CEO and CFO certifications for the three-months ended March 31, 2021 on June 30, 2021. The MCTO was revoked by the Ontario Securities Commission on June 30, 2021.

### Penalties and Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### Director & Nominee Biographies:

**Salpy Boyajian** | *Director, Executive Vice President and Chairman*

Ms. Boyajian officially joined Flower One in October of 2018 following the acquisition of NLV Organics, which she co-founded in 2014. She currently serves as Flower One’s Executive Vice President and was one of the original winning applicants granted cannabis licenses by the State of Nevada. Ms. Boyajian is an established member of the Nevada cannabis industry and well respected as one of the top female founders in cannabis with extensive relationships across the industry. A serial entrepreneur and business operator, Ms. Boyajian received her Bachelor’s degree in Psychology from USC, and then went on to Pepperdine University where she earned a Master’s degree in Clinical Psychology and a second Master’s degree from the School of Law in Dispute Resolution. She has held her license as a Marriage and Family Therapist since 1996.

**Eliza Gairard** | *Director*

Eliza Gairard is a Partner at Richmond Hill Investments, an investment management firm located in New York City that opportunistically deploys capital across a wide variety of industries and asset classes. Richmond Hill is the capital partner to Mammoth Distribution, California’s leading cannabis distribution platform and owner of an iconic cannabis brand portfolio including Heavy Hitters, Almora Farms and Lift Tickets, where Mrs. Gairard serves as an Observer on the Board of Directors. Prior to joining Richmond Hill in 2010, Mrs. Gairard spent several years at Wand Partners, a private equity firm with a focus on specialty financial services, where she was involved in all aspects of the deal process. Mrs. Gairard began her career in private equity as an Associate in the Aerospace & Defense Group at The Carlyle Group and, prior to Carlyle, she worked in investment banking at Greenhill & Co. Mrs. Gairard holds M.B.A. from Columbia Business School and graduated magna cum laude from Colby College with a B.A. in Economics with a concentration in financial markets.

**Mitchell Kahn |** *Director*

Mitchell Kahn co-founded Grassroots Cannabis, the largest private, vertically-integrated, multi-state operator in the United States at the time of its sale in July, 2020 to Curaleaf for approximately US$830,000,000. Mr. Kahn has more than 20 years of senior executive experience in areas including real estate and cannabis. He currently serves on the Board of Curaleaf and is Principal and CEO of Frontline Real Estate Partners, for which he is also a Founder, and previously served as President and CEO of Hilco Real Estate. Mr. Kahn is a CPA, as well as an attorney who formerly practiced real estate law. He is a graduate of the University of Wisconsin, School of Business and Northwestern University, School of Law.

**Nitin Kaushal** | *Director*

Mr. Kaushal has spent the past eight years as a Managing Director for PwC’s Corporate Finance practice in Toronto. Mr. Kaushal has held senior roles in investment banking, venture capital and consulting firms, including Desjardins Securities, Orion Securities, Vengate Capital Partners, HSBC Securities, Gordon Capital and MDS Capital Corp. Mr. Kaushal currently sits on the Board of Directors for several other publicly traded cannabis companies, including Delta Nine Cannabis Inc., The Valens Company and High Tide Inc., along with several biotech and healthcare industry companies. He earned his BSc in Chemistry from the University of Toronto, is a Chartered Accountant and holds his CF Corporate Finance Qualification.

**Kellen O’Keefe** | *Director, President and CEO*

Mr. O’Keefe officially joined Flower One in July of 2019 as the Chief Strategy Officer, bringing over a decade of cannabis industry experience and a demonstrated history of success in fundraising, strategic partnerships and brand development. Prior to joining Flower One, Mr. O’Keefe was an early partner and the Senior Vice President of Business Development at MedMen where he played an instrumental role in capitalizing and growing the business into one of the industry’s first national brands. Mr. O’Keefe has advised and worked closely with some of the industry’s most iconic brands such as Cookies, Old Pal, Lift Ticket’s, GPen, Nature’s Lab, and more. In his first two years at Flower One, Mr. O’Keefe has completely re-built the companies brand partner program and implemented a number of key operational improvements resulting in dramatic increases to product quality, pricing, and overall operating efficiencies. In addition, Mr. O’Keefe leads all the Company’s fundraising efforts and also conducted the successful restructuring transaction that took place in early 2021.

**Approval of Equity Incentive Plan**

The Shareholders approved an amended and restated stock option plan (the “**Stock Option Plan**”) at the annual general and special meeting of the Company held on June 28, 2019. On May 16, 2020, the Board approved an equity incentive plan (the “**Equity Incentive Plan**”) which amends the Stock Option Plan. Under the Equity Incentive Plan, the Company may grant stock options or restricted share units (“**RSUs**”) pursuant to which Common Shares may be purchased by directors, officers, employees and consultants of the Company up to a maximum of 10% of the issued and outstanding capital of the Company. As of August 20, 2021, the Company had 12,458,768 stock options outstanding and 12,333,768 RSUs outstanding.

The following is a summary of the principal terms of the Equity Incentive Plan. The Equity Incentive Plan is administered by the Board of the Company.

The Equity Incentive Plan provides for the issuance of stock options and RSUs to acquire up to that number of the Company’s Shares (the “**Plan Ceiling**”) equal to 10% of the Company’s issued and outstanding share capital as at the date of grant, subject to standard anti-dilution adjustments. This is a “rolling” Plan Ceiling as the number of Common Shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases. The Plan Ceiling includes outstanding stock options granted prior to the implementation of the Equity Incentive Plan. If a stock option expires or otherwise terminates for any reason, the number of Shares in respect of that expired or terminated stock option shall again be available for the purposes of the Equity Incentive Plan.

The Equity Incentive Plan is subject to the following limitations. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Equity Incentive Plan.

* 1. the maximum number of Options and/or RSUs which may be granted to any one Eligible Person (as defined below) under the Equity Incentive Plan within any 12-month period shall be 5% of the Outstanding Issue, on a non-diluted basis, calculated on the date an Option and/or RSU is granted;
	2. with respect to the exercise period of an Option, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
	3. the maximum number of Options and/or RSUs which may be granted to any one consultant within any 12‑month period must not exceed 2% of the Outstanding Issue, calculated on the date an Option and/or RSU is granted; and
	4. the maximum number of Options and/or RSUs which may be granted within any 12-month period to employees or consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue, calculated on the date an Option and/or RSU is granted, and such Options and/or RSUs must vest in stages over 12 months with no more than 25% of the Options vesting in any three-month period.

### Material Terms of the Equity Incentive Plan

The following is a summary of the material terms of the Equity Incentive Plan:

1. Employees, Executive Officers, Directors, or Consultants of the Company or a related entity of the Company and their permitted assigns, including a trustee, custodian or administrator acting as an agent for that person, and that are permitted under Rule 701 under the U.S. Securities Act, are eligible to receive grants of options and/or RSUs under the Equity Incentive Plan (each an “**Eligible Person**”);
2. Options granted under the Equity Incentive Plan are non-assignable and non-transferable and are exercisable for a period that will not exceed ten years from the Grant Date (as defined in the Equity Incentive Plan) subject to earlier termination after certain events such as the option holder ceasing to hold office or employed or engaged by the Company, or the death or disability of the option holder;
3. RSUs granted under the Equity Incentive Plan are non-assignable and non-transferable;
4. Options granted under the Equity Incentive Plan expire on the date set out on the option certificate or (i) on the 90th day following the date the option holder ceases to be an Eligible Person (for any reason other than death, disability or cause); (ii) the date on which the option holder ceases to be an Eligible Person for cause, for not meeting the qualifications set forth in the corporate legislation applicable to the Company, or an order made by any Regulatory Authority having jurisdiction to so order; (iii) in the event of an option holder’s death, on the date referred to in section (e) below; (iv) if the employment of an option holder is terminated by the Company by reason of such option holder’s disability, on the date referred to in section (f) below; and (v) if the option holder has ceased to be employed, engaged or appointed as a Director or Executive Officer of the Company by reason of such option holder’s disability and such option holder dies within one year after the termination of such engagement, on the date referred to in section (g) below.
5. If an option holder dies, any options held by him or her at the date of death will become exercisable by the option holder’s personal representative until the earlier of one year after the date of death of such option holder and the applicable Expiry Date (as defined in the Equity Incentive Plan);
6. If the employment or engagement of an option holder as an Employee or Consultant, or the position of an option holder as a Director or Executive Officer of the Company or a related entity is terminated by the Company by reason of such option holder’s disability, any options held by him or her will become exercisable by such option holder or by the option holder’s personal representative until the earlier of one year after the termination of employment, engagement or appointment as a Director or Executive Officer and the applicable Expiry Date (as defined in the Equity Incentive Plan);
7. If an option holder ceases to be employed, engaged or appointed as a Director or Executive Officer of the Company or a related entity by reason of such option holder's disability and such option holder dies within one year after the termination of such engagement, any options held by such option holder that could have been exercised immediately prior to his or her death shall pass to the personal representative of such option holder and shall be exercisable by the personal representative on or before the date which is the earlier of one year following the death of such option holder and the applicable Expiry Date (as defined in the Equity Incentive Plan);
8. The exercise price of each option will be set by the Board on the effective date of the option and in no case will be less than the minimum prescribed by each of the Regulatory Authorities that would apply to the Company on the Grant Date in question (as defined in the Equity Incentive Plan);
9. The Equity Incentive Plan does not provide for mandatory vesting provisions of the options. Options granted under the Equity Incentive Plan may contain vesting provisions at the discretion of the Board (or a committee thereof);
10. RSUs granted to an Eligible Person shall vest based upon the Eligible Person’s performance toward RSU Target Milestones (as defined below) for that RSU Performance Period (as defined below) in accordance with the vesting schedule established by the Board at the time of the grant;
11. In the event of an Eligible Person is terminate involuntarily terminated by the Company for any reason whatsoever (other than for Cause) within 6 months following a Change in Control, then, notwithstanding the achievement or non-achievement of the RSU Target Milestones set forth in a RSU Acknowledgement, and subject to any applicable Regulatory Rules, all of the RSUs held by such Eligible Person shall become vested on the date of such termination;
12. If a holder of an RSU dies or is terminated due to a disability during the RSU Performance Period and the RSU Target Milestones have not been met, any RSUs held by him or her at the date of death or date termination will vest in accordance with the proportional achievement of the RSU Target Milestone as determined by the Board, acting reasonably;
13. The Board reserves the right in its absolute discretion to amend, suspend or terminate the Equity Incentive Plan. However, an amendment may not be made without shareholder approval if such approval is necessary to comply with applicable Regulatory Rules.

**The foregoing summary is subject to and qualified by the provisions of the Equity Incentive Plan and is available under the Company’s SEDAR profile.**

Disinterested shareholder approval, unless required by a Regulatory Authority (as defined in the Equity Incentive Plan), is not required because the Equity Incentive Plan cannot result at any time in: (i) the number of Common Shares reserved for issuance under stock options granted to insiders or upon redemption of RSUs exceeding 10% of the issued Common Shares; (ii) the grant to insiders, within a 12 month period, of a number of options and/or RSUs exceeding 10% of the issued Common Shares; or (iii) the issuance to any one optionee, within a 12 month period, of a number of Common Shares exceeding 5% of the issued Common Shares.

The Board considers that the ability to grant incentive stock options and RSUs is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants.

Management of the Company will ask the Shareholders to approve the following resolution at the Meeting:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION” that subject to regulatory approval:

1. the Company’s equity incentive plan, which amends the amended and restated stock option plan (the “**Equity Incentive Plan**”) be and is hereby adopted and approved;
2. the Company be authorized to grant stock options and/or restricted share units (“**RSUs**”) pursuant and subject to the terms and conditions of the Equity Incentive Plan, entitling the option and/or RSU holders to purchase up to that number of Shares that is equal to 10% of the issued and outstanding Shares of the Company as at the time of the grant; and
3. the directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under the seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.”

**The Board recommends that Shareholders vote FOR the approval of the Equity Incentive Plan. It is intended that all proxies received will be voted in favour of the approval of the Equity Incentive Plan unless a proxy contains instructions to vote against the approval of the Equity Incentive Plan.**

## STATEMENT OF EXECUTIVE COMPENSATION

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) each of the Company’s three most highly compensated executive officers, including any of the Company’s subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than C$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

**During the year ended December 31, 2020, the Company had five Named Executive Officers, namely: Kellen O’Keefe, Chief Strategy Officer of the Company (now President and CEO), Richard Groberg, the Interim CFO of the Company, Ken Villazor, the former President and CEO of the Company, Geoff Miachika, the former CFO of the Company and David Kane, the former Interim CFO of the Company.**

### Compensation Discussion & Analysis

The compensation of the Company’s Named Executive Officers is determined by the Compensation Committee.

The Board compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, a NEO’s compensation is comprised of a salary / consulting fees, annual bonuses and stock option grants. The objectives and reasons for this system of compensation are generally to allow the Company to remain competitive compared to its peers in attracting and retaining experienced personnel.

The Compensation Committee has not established a formal set of benchmarks or performance criteria to be met by NEOs, rather, the members of the Compensation Committee use their own assessments of the success (or otherwise) of the Company, both absolutely or in relation to companies they consider to be its peers, to determine, collectively, whether or not the executive officers are successfully achieving the Company business plan and strategy and whether they have over, or under, performed in that regard. The Compensation Committee has not established any set or formal formula for determining executive officer compensation, either as to the amount thereof or the specific mix of compensation elements.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisors during the financial year ended December 31, 2020,

Neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Company’s compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board and the Compensation Committee does not believe that the Company’s compensation program results in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

The Company has not established a policy on whether or not a NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. During the 2020 financial year ending December 31, 2020, the Company did not utilize any financial hedges.

### Compensation Governance

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Company. The Company’s Compensation Committee is currently composed of Eliza Gairard (chairperson), Nitin Kaushal and Mitchell Kahn.

With regard to the President and CEO and the CFO, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the CEO’s and CFO’s compensations, evaluating their performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO’s compensation level based on this evaluation. In consultation with the CEO, the Compensation Committee makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO. The Compensation Committee’s decisions are typically reflected in consent resolutions.

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programs. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience provides them with the understanding of the Company’s success factors and risks, which is very important when determining metrics for measuring success.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisors during the financial year ended December 31, 2020.

### Option-based Awards

Stock option grants are made on the basis of the number of stock options and/or RSUs currently held, position, overall individual performance, anticipated contribution to the Company’s future success and the individual’s ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

The recipients of incentive stock options and the terms of the stock options granted are determined from time to time by the Board. The exercise price of the stock options granted is generally determined by the market price at the time of grant. The Company’s Equity Incentive Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. See disclosure under heading “*Approval of Equity Incentive Plan*”. Management proposes share option grants to members of the Board based on such criteria as performance, previous grants, and hiring incentives.

**Restricted Share Unit Awards**

RSU grants are made to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders. RSU target milestones may be based on performance criteria, continued service for a period of time or both (“**RSU Target Milestone**”). The Board shall cause the Eligible Person’s RSU Target Milestones to be determined for each period as specified by the Board in respect of which an Eligible Person may be or become entitled to receive any Common Shares issuable or amount payable on account of RSUs granted to such Eligible Person (“**RSU Performance Period**”) at or prior to the time of granting RSUs to an Eligible Person for that RSU Performance Period.

The recipients of RSUs and the terms of the RSUs granted are determined from time to time by the Board. See disclosure under heading “*Approval of Equity Incentive Plan*”. Management proposes RSU grants to members of the Board based on such criteria as performance, previous grants, and hiring incentives.

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The compensation paid to the NEOs and directors during the Company’s two most recently completed financial years ended December 20, 2020 and 2019, excluding compensation securities, is as set out below and expressed in Canadian dollars unless otherwise noted:

### Table of Compensation excluding Compensation Securities

| **Name****and****position** | **Year** | **Salary,****consulting****fee,****retainer or****commission ($)** | **Bonus****($)** | **Committee****or meeting****fees****($)** | **Value of****perquisites ($)** | **Value of all****other****compensation****($)** | **Total compensation****($)** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Kellen O’Keefe** (2)President, CEO and Director  | 20202019 | US$500,000US$231,090 | NilNil | NilNil | US$48,000Nil | NilNil | US$548,000US$231,090 |
| **Richard Groberg** (3)Interim CFO | 20202019 | US$24,038N/A | NilN/A | NilN/A | NilN/A | NilN/A | US$24,038N/A |
| **Ken Villazor** (4)Former President, CEO and Director | 20202019 | US$325,000US$135,655 | NilNil | NilUS$49,438 | NilNil | NilNil | US$325,000US$331,938 |
| **Geoff Miachika** (5)Former CFO | 20202019 | US$89,598US$135,655 | NilNil | NilNil | NilNil | NilUS$8,139(6) | US$89,598US$143,794 |
| **David Kane**(7)Former Interim CFO | 20202019 | US$169,600N/A | NilN/A | NilN/A | NilN/A | NilN/A | US$169,600N/A |
| **Salpy Boyajian** (8)Executive Vice President and Chairman | 20202019 | US$200,000US$177,083 | NilNil | NilNil | NilNil | NilNil | US$200,000US$177,083 |
| **Eliza Gairard** (9)Director | 20202019 | N/AN/A | N/AN/A | N/AN/A | N/AN/A | N/AN/A | N/AN/A |
| **Mitchell Kahn** (10)Director | 20202019 | N/AN/A | N/AN/A | N/AN/A | N/AN/A | N/AN/A | N/AN/A |
| **Nitin Kaushal** (11)Director | 20202019 | NilN/A | NilN/A | NilN/A | NilN/A | NilN/A | NilN/A |
| **Amit Varma** (12)Former Director | 20202019 | NilN/A | NilNil | US$87,500US$43,750 | NilNil | NilNil | US$87,500US$43,750 |
| **David Wesley** (13)Former Director | 20202019 | NilN/A | NilNil | US$97,500US$43,750 | NilNil | NilNil | US$97,500US$43,750 |
| **Warner Wah-Ngok Fong** (14)Former Director | 20202019 | NilN/A | NilNil | US$3,096US$43,750 | NilNil | NilNil | US$3,096US$43,750 |
| **Molly Hemmeter** (15)Former Director | 20202019 | NilN/A | NilN/A | US$174,167N/A | NilN/A | NilN/A | US$174,167N/A |
| **Bern Whitney** (16)Former Director | 20202019 | NilN/A | NilN/A | NilN/A | NilN/A | NilN/A | NilN/A |

**Notes:**

1. All amounts in the table above are set out in US$ and C$ as applicable.
2. Appointed as President, Interim CEO and a director of the Company effective January 26, 2021, and named full-time CEO on August 11, 2021.
3. Appointed interim CFO of the Company effective December 1, 2020.
4. Resigned as President, CEO and director of the Company effective January 26, 2021.
5. Resigned as CFO of the Company effective July 15, 2020.
6. RRSP contributions.
7. Appointed Interim CFO of the Company effective July 16, 2020 and resigned as Interim CFO of the Company effective January 1, 2021.
8. Appointed a director of the Company effective August 17, 2020 and appointed Executive Vice President and Chairman of the Company effective January 26, 2021.
9. Appointed a director of the Company effective January 26, 2021.
10. Appointed a director of the Company effective January 26, 2021.
11. Appointed a director of the Company effective December 28, 2020.
12. Resigned as director of the Company effective January 26, 2021.
13. Resigned as director of the Company effective January 26, 2021.
14. Resigned as director of the Company effective January 26, 2021.
15. Appointed a director of the Company effective January 29, 2020 and resigned as a director of the Company effective December 28, 2020.
16. Appointed a director of the Company effective June 1, 2020 and resigned as a director of the Company effective July 25, 2020.

### Stock Options and Other Compensation Securities

The following table sets forth information in respect of all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly to the Company or its subsidiaries in the Company’s most recently completed financial year ended December 31, 2020.

| **Compensation Securities** |
| --- |
| **Name and position** | **Type of compensation security** | **Number of compensation securities, number of underlying securities and percentage of****class** | **Date of issue or grant** | **Issue, conversion or exercise price** | **Closing price of security or underlying securing on date of grant** | **Closing price of security or underlying security at year end** | **Expiry date** |
| **Kellen O’Keefe** President, CEO and Director | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Richard Groberg** CFO | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Ken Villazor**Former President, CEO and Director | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Geoff Miachika**Former CFO | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **David Kane**Former Interim CFO | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Salpy Boyajian**Executive Vice President and Chairman | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Eliza Gairard**Director | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Mitchell Kahn** Director | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Nitin Kaushal** Director | RSUs(1) | n/a | n/a | n/a | n/a | n/a | n/a |
| **Amit Varma** Former Director | RSUs(2) | n/a | n/a | n/a | n/a | n/a | n/a |
| **David Wesley** Former Director | RSUs(3) | n/a | n/a | n/a | n/a | n/a | n/a |
| **Warner Wah-Ngok Fong**Former Director | Nil | n/a | n/a | n/a | n/a | n/a | n/a |
| **Molly Hemmeter** Former Director | RSUs(4)  | n/a | n/a | n/a | n/a | n/a | n/a |
| **Bern Whitney**Former Director | Nil | n/a | n/a | n/a | n/a | n/a | n/a |

**Notes:**

1. Nitin Kaushal was issued RSUs worth $41,667 upon vesting.
2. Amit Varma was issued RSUs worth $250,000 upon vesting.
3. David Wesley was issued RSUs worth $250,000 upon vesting.
4. Molly Hemmeter was issued RSUs worth $227,823 upon vesting

### Exercise of Compensation Securities by Directors and NEOs

**No director of NEO exercised compensation securities during the Company’s most recently completed financial year ended December 31, 2020.**

### Equity Incentive Plan and Other Incentive Plans

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of stock options and redemption of RSUs pursuant to the Company’s Equity Incentive Plan dated for reference May 16, 2020, which amends the Stock Option Plan approved by shareholders at the June 28, 2019 annual general and special meeting.

The underlying purpose of the Equity Incentive Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Equity Incentive Plan. For details of the Equity Incentive Plan, see “*Particulars of Other Matters to be Acted Upon – Approval of Equity Incentive Plan”* above.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

**Employment, consulting and management agreements**

*Kellen O’Keefe, President, CEO and Director*

Kellen O’Keefe, President, CEO and Director is subject to a revised employment agreement since appointment to CEO, pursuant to which Mr. O’ Keefe receives salary of $425,000 per year, plus bonuses based upon delivery of financial results and strategic objectives determined by the Board. Mr. O’ Keefe received options exercisable in 1,250,000 of the Company’s common shares, 25% of which options vest immediately and 25% of which vested each 12 months thereafter, subject to other conditions. With his employment agreement, Mr. O’Keefe received 10,000,000 shares or RSU’s to be redeemed at his election, and 1,000,000 shares or RSU’s issued per quarter through the term of his employment, along with additional warrants.

*Richard Groberg, Interim CFO*

Richard Groberg, Interim CFO, has been retained since November of 2020 as an independent consultant at the rate of $250,000 per year. Additionally, in connection with his original engagement, he was granted options exercisable into 100,000 of the Company’s common shares, 25% of which vest each 12 months after the March 31, 2021 issuance date of such options**.**

### Pension Plan Benefits

The Company does not have any pension or retirement plan.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the Equity Incentive Plan. The following table sets out equity compensation plan information as at the Company’s December 31, 2020 financial year end.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number of securities to be issued upon exercise of outstanding options** | **Weighted-average exercise price of outstanding options, warrants and rights** | **Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in****column (a))** |
| **Plan Category** | **(a)** | **(b)** | **(c)** |
| Equity compensation plansapproved by shareholders | 12,333,768 | $1.59 | 15,201,391 |
| Equity compensation plans not approved by shareholders | N/A | N/A | N/A |
| Total | **12,333,768** | **$1.59** | **15,201,391(1)** |

**Note:**

(1) This figure is based on the total number of shares authorized for issuance under the Company’s Equity Incentive Plan. As at December 31, 2020, the Company was authorized to issue a total of 27,535,159 options. These amounts do not include RSUs issued.

## STATEMENT OF CORPORATE GOVERNANCE

### Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Instrument 58-201 Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### Board of Directors

The Board facilitates its exercise of independent supervision over Company’s management through frequent meetings of the Board.

The Board is currently composed of five directors, Salpy Boyajian, Eliza Gairard, Mitchell Kahn, Nitin Kaushal and Kellen O’Keefe. All the proposed nominees are current directors of the Company.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. Of the current directors, Eliza Gairard, Mitchell Kahn and Nitin Kaushal are considered by the Board to be “independent” within the meaning of NI 58-101. The Board considers that Salpy Boyajian and Kellen O’Keefe are not independent directors. Salpy Boyajian is not an independent director because she is the Executive Vice President of the Company. Kellen O’Keefe is not an independent director because he is the President and CEO of the Company.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its various committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company’s overall business strategies, reviewing and approving significant acquisitions and capital investments; reviewing major strategic initiatives to ensure that the Company’s proposed actions accord with shareholder objectives; reviewing succession planning; assessing management’s performance against industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders’ equity interests through the optimum utilization of the Company’s capital resources. The Board also takes responsibility for identifying the principal risks of the Company’s business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company’s development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Company grows, the Board may determine it is appropriate to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company’s internal control and management information systems and for the Company’s policies respecting corporate disclosure and communications.

Each member of the Board understands that he or she is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial year ended December 31, 2020.

### Directorships

The following directors currently serve on the board of the reporting issuer(s) (or equivalent) listed below:

Salpy Boyajian: Nil

Eliza Gairard: Nil

Mitchell Kahn: Curaleaf Holdings, Inc.

Wesana Health Holdings Inc.

Nitin Kaushal: Delta 9 Cannabis Inc.

FSD Pharma Inc.

High Tide Inc.

PsyBio Therapeutics Corp.

Viemed Healthcare Inc.

Kellen O’Keefe: Nil

### Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Company’s business, its corporate strategy, and current issues with the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company’s business and will be advised by counsel for the Company of their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities and exchange rules and policies. Any such changes or new requirements are then brought to the attention of the Company’s directors either by way of director or committee meetings or by direct communications from management to the directors.

### Ethical Business Conduct

The Board has approved a code of conduct within the Board Policy Manual of the Company, including: whistle blowing policies providing for an applicable process and no adverse consequences, and an obligation for each director to promote honest and ethical conduct and manage any conflicts that may arise. The Board has found that this, in addition to the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board’s duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### Compensation

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. With respect to stock option compensation, the number of options granted is determined by the Compensation Committee.

### Other Board Committees

The Company also has a Compensation Committee and a Corporate Governance Committee described below:

*Compensation Committee*

The current members of the Compensation Committee are: Nitin Kaushal, Mitchell Kahn and Eliza Gairard (as Committee Chairman). The Compensation Committee conducts reviews with regard to the directors’, the Chief Executive Officer’s and the Chief Financial Officer’s compensation once a year. To make its recommendations, the Compensation Committee takes into account the types of compensation and the amounts paid to the directors and Chief Executive Officers of comparable publicly traded Canadian companies. Members of the Compensation Committee do not currently receive any remuneration for acting in such capacity.

*Corporate Governance Committee*

The current members of the Corporate Governance Committee are: Nitin Kaushal, Eliza Gairard and Mitchell Kahn (as Committee Chairman). The Corporate Governance Committee is responsible for overseeing and assessing the functioning of the Board and the committees of the Board and developing, implementing, assessing and recommending to the Board effective corporate governance principles. Members of the Corporate Governance Committee do not currently receive any remuneration for acting in such capacity.

### Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

Pursuant to the provisions of section 224 of the *Business Corporations Act* (British Columbia), the Company is required to have an Audit Committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

### The Audit, Risk & Finance Committee’s Charter

The Audit, Risk & Finance Committee Charter is attached as Schedule “A” to this Information Circular.

### Composition of the Audit Committee

|  |  |  |
| --- | --- | --- |
| **Name of Member** | **Independent(1)** | **Financially Literate(2)** |
| Nitin Kaushal (as Committee Chairman) | Yes | Yes |
| Mitchell Kahn | Yes | Yes |
| Eliza Gairard | Yes | Yes |

**Notes:**

1. A member of the audit committee is independent if he or she has no direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Corporation’s Board of Directors, reasonably interfere with the exercise of a member’s independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.
2. A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### Relevant Education and Experience

See disclosure under “**Director Biographies**” above.

### Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit, Risk & Finance Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52‑110, in whole or in part, granted under Part 8 of NI 52-110.

### External Auditor Service Fees

The aggregate fees billed by the Company’s external auditors in each of the last two fiscal years for audit fees are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial Year Ended** | **Audit Fees** | **Audit Related Fees** | **Tax Fees(1)** | **All Other Fees** |
| December 31, 2019 | C$397,117 | Nil | C$2,373 | Nil |
| December 31, 2020 | C$670,000 | Nil | C$43,750 | Nil |

**Notes:**

1. “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements and fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with Nature of Services tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. “All Other Fees” include all other non-audit services.

### Exemption

The Company is a “venture issuer” as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS and senior officers

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

1. indebted to the Company; or

indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, other than routine indebtedness.

## MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## Interest of Certain Persons or Companies in Matters to be Acted Upon

To the knowledge of management of the Company, other than as described herein, no director or executive officer of the Company at any time since the beginning of the last completed financial year of the Company, no nominee for election as a director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the approval of the Equity Incentive Plan.

## OTHER MATTERS

Management knows of no other matters to come before the Meeting, other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters shall properly come before said Meeting, it is the intention of the persons designated by management of the Company in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgement of such matters.

## ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com/) under “Company Profiles - Flower One Holdings Inc”. The Company’s audited consolidated financial statements and management discussion and analysis for the period ended December 31, 2020 (the “**Financial Statements and** **MD&A**”) are available for review under the Company’s profile on SEDAR. The Financial Statements and MD&A will be presented to Shareholders at the Meeting, and are also available by contacting the Company to request copies of the Financial Statements and MD&A by: (i) email to ir@flowerone.com; or (ii) telephone to +1 ((702) 660-7775.

## APPROVAL OF INFORMATION CIRCULAR

The contents of this Information Circular have been approved and its mailing authorized by the Board of the Company.

DATED at Vancouver, British Columbia, the 27th day of August 2021.

## ON BEHALF OF THE BOARD OF FLOWER ONE HOLDINGS INC.

“*Salpy Boyajian*” (signed)

Salpy Boyajian

**Chairman and Executive Vice President**

**SCHEDULE “A”**

**AUDIT, RISK & FINANCE COMMITTEE CHARTER**

1. **PURPOSE**

The Audit, Risk & Finance Committee Charter (the “**Charter**”) outlines the duties and responsibilities of the Audit, Risk & Finance Committee (the "**Committee**") is, subject to applicable laws and the Company’s constating documents, to:

* 1. assist the board of directors (the “**Board of Directors**” or “**Board**”) of Flower One Holdings Inc. (the “**Company**”) in fulfilling its oversight responsibilities by reviewing and reporting on the financial information which will be provided to shareholders and others, the system of corporate internal controls which management and the Board have established, and the audit process;
	2. identifying the principal risks of the Company and its subsidiaries and ensuring the implementation of appropriate systems to monitor those risks;
	3. reviewing accounting principles, capital budgeting and major transactions (acquisitions, divestitures and funding);
	4. increasing the credibility and objectivity of financial reports;
	5. facilitating better communication between director of the Company (the “**Directors**”) and the external auditor;
	6. enhancing the independence of the external auditor; and
	7. reviewing compliance with applicable legal and regulatory requirements.

## COMPOSITION AND TERM OF OFFICE

1. Members of the Committee are appointed for a one (1) year term at the first meeting of the Directors of the Company following the Annual General Meeting. Members of the Committee may be removed from office or replaced at any time by the Board. Any member shall cease to be a member upon ceasing to be a Director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.
2. The Committee is comprised of not less than three (3) Directors who are financially literate (i.e. have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement) and at least one member shall have an accounting designation or related financial expertise.
3. The Chair of the Committee shall be appointed by the Board of Directors. In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.
4. The Chief Financial Officer (“CFO”) will act as the management liaison for the Committee.
5. The Committee will meet not less than four (4) times per year.
6. The quorum for the Committee is a majority of members.

## FINANCIAL REPORTING

The Committee will have the following duties and responsibilities:

1. Review and recommend to the Board the annual financial reports (AIF, MIC, N.I. 52‑110F1, financial statements, MD&A, reports to shareholders and press releases) for approval.
2. Review and recommend to the Board the quarterly financial statements (financial statements, MD&A, reports to shareholders and press releases) for approval.
3. Be satisfied that for all other public disclosures or information that is extracted or derived from the financial statements, that management has procedures in place to review such information, and periodically assess the adequacy of such procedures.
4. Review and approve any other press releases that relate to material financial disclosures.
5. Review and recommend any changes to accounting policies to the Board.
6. Review with the auditors any areas of judgment or where estimates have been made, including effects of alternatives under generally accepted accounting principles.

## OTHER REVIEW PROCEDURES

The Committee will have the following duties and responsibilities:

1. Review with management the opportunities and risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
2. Oversee management reporting on and review of adequacy of internal controls (while it is management’s responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit, Risk & Finance Committee to ensure that management has done so).
3. Gain reasonable assurance that the Company complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure.
4. Confirm or review the Company’s disclosure policy.
5. Review material transactions (acquisitions, divestitures and funding).
6. Review policies and compliance with same that require significant actual or potential liabilities, contingent or otherwise, to be reported to the committee in a timely fashion.
7. Approve annually the reasonableness of the expenses of the Executive Chairman, President and CFO.

## EXTERNAL AUDITORS

The Committee will recommend to the Board, for shareholder approval, an external auditor to examine the Company’s accounts, control and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Company.

The external auditor reports directly to the Committee with unrestricted access and will meet at least quarterly with the Committee. Matters discussed will include the annual audit, quarterly reviews, the quality of the Company’s accounting policies and principles, and the adequacy and effectiveness of the Company’s internal control and management information systems. In-camera sessions with the external auditors will be held quarterly or as determined by the Committee. In addition, the Committee will have the following duties and responsibilities:

1. Provide approval and recommend to the Board the external auditor’s remuneration, or their discharge.
2. Provide oversight to the audit engagement by way of a direct reporting relationship with the external auditor and ensure their independence.
3. Evaluate the audit services provided by the external auditor.
4. Review external audit plans for the year.
5. Review with the external auditors any difficulties which arose during the course of their engagement and the ongoing relationship with management.
6. Obtain and review, at least annually, a written report by the external auditor setting out the auditor’s internal quality-control procedures, any material issues raised by the auditor’s internal quality-control reviews and the steps taken to resolve those issues.
7. Review, at least annually, the relationship between the Company and the external auditor in order to establish the independence of the external auditor.
8. Pre-approve all audit and non-audit services to be provided by the external auditor (which may be delegated to one or more members of the Committee for ratification at the next scheduled Audit, Risk & Finance Committee meeting).
9. Review and approve any hiring of partners/employees of the external auditors.

## OTHER

The Committee will have the following duties and responsibilities:

1. Establish procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees. Refer to Whistle Blowing Policy (TAB 5(B)).
2. Ensure for each meeting that minutes are recorded, drafted and circulated on a timely basis to committee members.
3. Confirm or amend the Committee’s charter annually, for review by external auditors and legal counsel and approval by the Board.
4. Prior to renewals, review Director & Officer Liability insurance and other corporate insurance coverage.

## REVIEW OF CHARTER, AMENDMENT AND WAIVER

The Board will review and reassess the adequacy of this Charter annually or otherwise as it deems appropriate. These guidelines may be amended or modified by the Board, subject to disclosure and other policies and guidelines of the Canadian Securities Administrators.

**Last approved by the Board of Directors: October 3, 2018**