

Flower One Makes Convertible Debenture Interest Payments

Company remains focused on raising additional capital and completing a potential balance sheet restructuring involving its convertible debentures

LAS VEGAS & TORONTO--(BUSINESS WIRE)--February 1, 2021--Flower One Holdings Inc. (“Flower One” or the “Company”) (CSE: FONE) (OTCQX: FLOOF) (FSE: F11), a leading cannabis cultivator, producer and innovator in Nevada, announced today that it made the interest payments that were due on December 31, 2020 related to its unsecured convertible debentures issued in March 2019 and November 2019 (collectively the “**Debentures**”). Payments of CAD\$2,017,375.50 and CAD\$440,610.00, respectively, were made by the Company before the end of the 30-day grace periods in accordance with the applicable indentures.

“In addition to making these interest payments, we engaged legal and financial advisors to continue discussions with the Debenture holders regarding a potential restructuring transaction,” stated Kellen O’Keefe, Flower One’s President and Interim Chief Executive Officer (CEO). “We remain focused on right-sizing the balance sheet and better positioning the Company for future success in order to maximize value for our stakeholders. We aim to have an agreement in place regarding a restructuring transaction relating to the Debentures before our March 5, 2021 deadline for completing the second part of our recently-announced convertible debt financing.”

The Company is required, by March 5, 2021, to raise additional financing in accordance with the previously announced loan modification and forbearance agreement entered into on January 26, 2021 with RB Loan Portfolio II, LLC. No agreement regarding a restructuring transaction involving the Debentures has been entered into at this time, and no assurances are given that the Company’s efforts will result in any such agreement or restructuring.

Flower One announced several additions and changes to its Board of Directors and executive management on January 27, 2021, with Mr. O’Keefe assuming the role of President and Interim CEO and joining the Board of Directors along with Mitchell Kahn and Eliza Gairard. The Company also announced the completion of an initial debt restructuring and the closing of a convertible debenture offerings at that time.

About Flower One Holdings Inc.

Flower One is the largest cannabis cultivator, producer, and full-service brand fulfillment partner in the state of Nevada. By combining more than 20 years of greenhouse operational excellence with best-in-class cannabis operators, Flower One offers consistent, reliable, and scalable fulfillment to a growing number of industry-leading cannabis brands (Cookies, Kiva, Old Pal, Heavy Hitters, Lift Ticket’s, The Clear, and Flower One’s leading in-house brand, NLVO, and more). Flower One currently produces a wide range of products from flower, full-spectrum oils, and distillates to finished consumer packaged goods, including a variety of: pre-rolls, concentrates, edibles, topicals, and more for the top-performing brands in cannabis. Flower One’s Nevada footprint includes the Company’s flagship facility, a 400,000 square-foot high-tech greenhouse and 55,000 square-foot production facility, as well as a second site with a 25,000 square-foot indoor cultivation facility and commercial kitchen. Flower One has built an industry-leading team focused on becoming the first high-quality, low-cost brand fulfillment partner.

The Company’s common shares are traded on the Canadian Securities Exchange under the Company’s symbol “FONE”, in the United States on the OTCQX Best Market under the symbol “FLOOF” and on the Frankfurt Stock Exchange under the symbol “F11”. For more information, visit: <https://flowerone.com>.

Forward Looking Statement

Statements in this press release that are not statements of historical or current fact constitute “forward-looking information” within the meaning of Canadian securities laws and “forward-looking statements” within the meaning of United States securities laws (collectively, “forward-looking statements”). Such forward-looking statements involve known and unknown risks, uncertainties, and other unknown factors that could cause the actual results of the Company to be materially different from historical results or from any future actual results expressed or implied by such forward-looking statements. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms “believes,” “belief,” “expects,” “intends,” “anticipates,” “potential,” “should,” “may,” “will,” “plans,” “continue” or other similar expressions to be uncertain and forward-looking.

Forward-looking statements may include, without limitation, statements relating: to the Company’s ability to complete a financing or restructuring transaction; right-sizing the balance sheet and better positioning the Company for future success in order to maximize value to all of the Company’s stakeholders; the Company’s aim to have an agreement in place before its March 5, 2021 deadline for completing the second part of the Company’s recently-announced convertible debt financing; and, the Company’s intention to maintain operations with tight fiscal discipline to ensure the Company has sufficient liquidity through March 5, 2021.

The Company is indirectly involved in the manufacture, possession, use, sale and distribution of cannabis in the recreational and medicinal cannabis marketplaces in the United States through its subsidiary Cana Nevada Corp. Local state laws where Cana Nevada Corp. operates permit such activities; however, these activities are currently illegal under United States federal law. Additional information regarding this and other risks and uncertainties relating to the Company’s business are contained under the heading “Risk Factors” in the Company’s Management Discussion and Analysis dated September 30, 2020 (the “MD&A”) filed on its issuer profile on SEDAR at www.sedar.com.

The forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement, the “Cautionary Statement regarding Forward-Looking Information” section contained in the MD&A. All forward-looking statements in this press release are made as of the date of this press release. The forward-looking statements contained herein are also subject generally to assumptions and risks and uncertainties that are described from time to time in the Company’s public securities filings with the Canadian securities commissions, including the Company’s MD&A.

Although Flower One has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: Debenture holders being unwilling to negotiate a restructuring transaction on terms acceptable to the Company; dependence on obtaining regulatory approvals; investing in target companies or projects that are engaged in activities currently considered illegal under United States federal law; changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and; regulatory or political change.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. Flower One disclaims and does not undertake any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR THEIR REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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