

Flower One Receives Notices of Default on Delayed Debt Payments

TORONTO & LAS VEGAS--(BUSINESS WIRE)--January 15, 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 received payment default notices from RB Loan Portfolio II, LLC (the "Lender") in respect of interests in the amount of \$262,500 due on January 1, 2021 in connection with a loan from RB Loan Portfolio I, LLC (the "Lessor") to the Company in the amount of US\$30,000,000, and from RB Loan Portfolio I, LLC (the "Lessor") in respect to lease payments in the amount of \$526,677 due on January 5, 2021 in connection with the Company's lease of the greenhouse facility located at 3950 North Bruce Street in North Las Vegas.

The Company also has not paid: (i) the January lease payment of \$248,268 in connection with the lease of its cultivation and production facility at 343 Neeham Road in North Las Vegas, and (ii) interest payments due on two other loans (totaling \$152,306 and \$27,575), all of which were due January 1, 2021. No default notices have been received in respect to these payments.

The Company's Interim CFO, Richard Groberg stated that, "While the Lender and Lessor each have reserved all rights and remedies in regard to the default notice, both lenders are in discussions with the Company about possible solutions. Further, the Company is working closely with its other major creditors and landlords as we continue to pursue a range of financing alternatives."

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. Flower One currently produces a wide range of products ranging from wholesale flower, full-spectrum oils, and distillates to finished consumer packaged goods including: flower, pre-rolls, infused pre-rolls, concentrates, edibles, and topicals for the top-performing brands in cannabis. Flower One's flagship, 400,000 square-foot greenhouse and 55,000 square-foot production facility is used for large-scale cannabis cultivation, processing and manufacturing. Flower One also operates a second production facility with 25,000 square-feet of indoor cultivation and a commercial kitchen that produces several of the nation's top-performing edible brands.

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 notices of default received by the Company; the Company's ability to make outstanding payments or obtain financing, the Company's leadership as a cannabis cultivator, producer, innovator and full-service brand fulfillment partner; the Company's ability to offer consistent, reliable and scalable fulfillment to its brand partners; and the production of the nation's top-performing edibles brands.

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: 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 Holdings 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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