

**Flower One Announces FY-21 Financial Results**

Las Vegas, Nevada – June 30, 2022 - Flower One Holdings Inc. (“Flower One” or the “Company”) (CSE: FONE) (OTCQX: FLOOF) (FSE: F11), the leading cannabis cultivator and producer in Nevada, today announced its financial and operating results for the year ended December 31, 2021 and updates to its Board of Directors. All amounts are expressed in U.S. dollars unless indicated otherwise.

**2021 Financial and Operating Highlights:**

* The Company reported 2021 revenue of $58.4M, representing a 70% increase from the prior year;
* Gross profit increased 153% year-over-year, representing a 37% margin;
* In-house brand, NLVO, was repeatedly recognized as one of the top-selling flower brands in the State of Nevada;
* Began its comprehensive debt and corporate restructuring, the restructuring of certain debentures further reduced the Company’s ongoing debt service obligations;
* Initiated facility upgrades to further improve product quality and consistency, leading to higher average selling prices from year prior.

“We are proud of the year end results and our ability to maintain a leading position in Nevada amidst challenging market conditions. The improvements we have made year over year are significant and represent the tremendous effort given from our entire team and all of our partners. At Flower One, our mission is to deliver quality product at scale and given our unique position we continue to do this on a daily basis. With that said we recognize the hard work that lies ahead and are laser focused on finishing the critical upgrades to our facilities and delivering consistent and dependable quality products, both imperative to our primary objective of achieving positive cash flow.  We are confident that these facility enhancements will set us up for long term success as we are able to execute on our growth strategy while driving shareholder value,” said Kellen O’Keefe, Flower One’s President & CEO.

**2021 Financial Results:**

**Revenues**

For the year ended December 31, 2021, the Company reported revenue of $58.4M, up 70% from 2020 revenues of $34.2M. While the Company experienced a year-over-year revenue increase, fourth quarter revenues were affected as Nevada historically endures a decline in both cannabis sales and tourism in its fourth quarter, in comparison to the remainder of the year. Additionally, increased competition combined with decreased demand led to price compression in the wholesale market. Due to these compounding factors and the COVID-19 variants, the Company endured a decline in revenue in its three-months ended December 31, 2021.

**Expenses**

Cost of sales for the year-ended December 31, 2021 was $33.5M compared to $25M from 2020, an increase of 34%. This was primarily due to increased sales and associated selling costs.

**Profitability Measures**

For the year-ended December 31 2021, gross profit before fair value adjustments was $24.9M, compared to $9.2M in 2020, representing a gross margin of 43%, up from 27% in the same period of the prior year.

Gross profit for the year-ended December 31, 2021 was $21.4M, as compared to a gross loss of $40.3M in 2021. The changes in gross profit are directly attributable to the operational restructuring, leading to dramatic quality improvements, resulting in increases in revenue, cost of sales and biological asset transformation.

The Company recorded a net loss of $24.4M for the year ended December 31, 2021, compared to a net loss of $117.5M for in 2020.

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|  | **Year ended December 31,** | | |
|  | **2021** |  | **2020** |
| Revenue | $ 58,357,411 |  | $ 34,243,122 |
| Cost of sales | 33,478,131 |  | 25,025,839 |
| Gross profit before fair value adjustments | 24,879,280 |  | 9,217,283 |
| Net change in fair value of biological assets | (3,509,454) |  | (49,556,469) |
| Gross profit (loss) | $ 21,369,826 |  | $ (40,339,186) |
| Gross margin | 37% |  | (118)% |
| Gross margin before impact of biological assets | 43% |  | 27% |

**Balance Sheet**

As of December 31, 2021, the Company had cash and cash equivalents of $0.9M, compared with $1.1M as of December 31, 2020.

“Since joining Flower One late last year, I have prioritized the implementation of proper accounting measures, and implementing systems and processes that ensure accuracy, efficiency, and optimal performance. We continue to reduce our cost of capital as well as our interest expense,” said Araxie Grant, Flower One’s CFO. “While we are pleased with our progress to date, we continue to work to achieve operating efficiencies, improve our cash flow and further improve the balance sheet.”

Flower One’s 2021 financial statements and management’s discussion and analysis will be issued and filed on SEDAR at www.sedar.com on June 30, 2022 and will also be available on Flower One’s website at [www.flowerone.com/investors/financial-reports](http://www.flowerone.com/investors/financial-reports), along with its 2021 annual report.

**Conference Call Details:**

Date: Thursday, June 30, 2022

Time: 11:00 a.m. ET

Call: 1-877-407-0789 (Canada and US)

1-201-689-8562 (International)

Conference ID: 13731049

Webcast: A live webcast will be available on [Flower One’s website](https://flowerone.com/investors/financial-reports/) or [ViaVid](https://viavid.webcasts.com/viewer/landing.jsp?ei=1557478&tp_key=ef8f7ce680).

All interested parties are invited to participate. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast.

For those unable to join the live webcast, a telephone replay will be available until 11:59 p.m. ET on Thursday, July 7, 2022 and can be accessed by dialing 1-844-512-2921 (toll free) or 1-412-317-6671 (international) and provide pin number 13731049. Additionally, to access the archived webcast, please visit [Flower One’s website.](https://cts.businesswire.com/ct/CT?id=smartlink&url=https%3A%2F%2Fflowerone.com%2Finvestors%2Ffinancial-reports%2F&esheet=52523843&newsitemid=20211108005600&lan=en-US&anchor=Flower+One%26%238217%3Bs+website.&index=3&md5=0498053892d496f033d60ead53a72d14)

**Restatement 2021 Interim Financial Information**

The Company determined, on the recommendation of the Audit Committee of the Company’s Board of Directors and after consultation with MNP LLP, the Company’s independent registered public accounting firm, that Flower One’s previously issued unaudited interim financial statements for each of the first, second and third quarters of 2021 prepared in accordance with International Financial Reporting Standards as filed on SEDAR will be restated and should no longer be relied upon.

While 2021 annual reporting procedures are now complete, during the Company’s work in preparing the annual financial statements it was determined that certain accounting adjustmentsare required in respect of previously reported quarterly financial information for the first, second and third quarters of 2021. In particular (1) valuation of biological assets, (2) carrying value of cannabis and oil-based cannabis inventory, and related cost of sales, (3) valuation methodology for convertible debentures and warrants, (4) loss on disposal of auctioned assets and related depreciation expense, (5) accounting timing and cut-off issues related to cost of sales, operating expenses, and other expenses, and (6) the recalculation of provision of income taxes will be required following the adjustments. The Company is currently working to determine the specific quantum of such adjustments.

The Company anticipates that the Q1-21 restatements will be reflected in restated comparative figures in the Company’s interim unaudited financial statements for the period ended March 31, 2022. The Company has applied for an extension of the management cease trade order datedMay 4, 2022, in order to allow the Company additional time to prepare and file its Q1-22 statements. The Company currently anticipates that the Q1-22 and restated comparative period of Q1-21 statements will be filed on or before July 22, 2022, but no assurance can be given that the anticipated timing of filing will be met.

The Company anticipates that the Q2-21 and Q3-21 Statements will be restated when the quantum of those adjustments has been determined.

**Board of Directors Update:**

Effective immediately, Thomas Gesky will replace Mitchell Kahn on the Company’s Board of Directors.

“On behalf of the Board of Directors, I would like to thank Mitch for his many contributions and time he has dedicated to Flower One since his appointment at the beginning of our restructuring”, said Salpy Boyajian, Flower One’s Executive Vice President & Board Chairman. “Tom has proven to be a valuable addition to Flower One since his recent advisory appointment, and we are excited to welcome him as a member of our Board of Directors.”

“I am pleased to join the Board at such a pivotal turning point for Flower One where I can utilize my experience to make a real difference in the organization and help develop a high performing culture to assure the Company is positioned for long-term success,” said Thomas Gesky, Board Director.

**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, HUXTON, 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 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 making high-quality cannabis accessible to all.

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](https://cts.businesswire.com/ct/CT?id=smartlink&url=https%25252525252525252525252525252525252525253A%25252525252525252525252525252525252525252F%25252525252525252525252525252525252525252Fflowerone.com&esheet=52370977&newsitemid=20210201005299&lan=en-US&anchor=https%25252525252525252525252525252525252525253A%25252525252525252525252525252525252525252F%25252525252525252525252525252525252525252Fflowerone.com&index=2&md5=cb01c0d77340eb766af0d4d3b4a26cb8).

**Cautionary Note Regarding Forward-Looking Information**

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 position as a leader in the Nevada cannabis market and anticipated sales and record revenue; the Company’s leadership as a cannabis cultivator, producer, innovator and full-service brand fulfillment partner; the production of a wide range of products for the nation’s top-performing brands; the Company continuing to see the positive impacts of the restructuring and operational advancements; the Company’s ability to implement improvements to the facility as quickly as possible and that improvements to the facility will result in improved quality and consistency of product; the Company’s ability to achieve positive cash flow and sustainable growth; the Company’s ability to produce more and better-quality products; the Company being well placed to capture the high growth opportunity by the Nevada market; the Company’s ability to achieve long term success and drive value for shareholders; the quantum of adjustments for the restated 2021 financial information; the Company’s expectations that the Q1-21 restatement will be reflected in restated comparative figures in the Company’s interim unaudited financial statements for the period ended March 31, 2022; the Company’s expectation that the Q1-22 and restated comparative period of Q1-21 statements will be filed on or before July 22, 2022; and the Company’s expectation that the Q2-21 and Q3-21 Statements will be restated.

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 the Company’s management’s discussion and analysis for the three and twelve months ended December 31, 2021 (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.

Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this press 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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