



Flower One Announces Filing Date and Details for First Quarter 2020 Earnings Call and Releases Preliminary Second Quarter 2020 Revenue Results

Q2 2020 Preliminary Unaudited Revenue of US\$3.8M Beats Company Guidance

Toronto, Ontario & Las Vegas, Nevada, July 8, 2020 – Flower One Holdings Inc. (the “Company” or “Flower One”) (CSE: FONE) (OTCQX: FLOOF) (FSE: F11), a leading cannabis cultivator, producer and innovator in Nevada, today announced that it expects to file its Q1 2020 financial statements after market close on Wednesday, July 15, 2020. Flower One will also host a conference call on Thursday, July 16, 2020 at 8:30 a.m. ET to discuss its financial results and review recent and upcoming milestones.

The Company’s quarterly filings for Q1 2020 were initially required to be filed by June 1, 2020 under National Instrument 51-102 *Continuous Disclosure Obligations*. The Company has relied on a temporary exemption from certain regulatory filing requirements published by the Canadian Securities Administrators, which provide issuers with a 45-day filing extension for filings required on or before June 1, 2020 to allow issuers the time needed to focus on the many other business and financial reporting implications of COVID-19.

Q2 2020 Preliminary Revenue

Today, the Company also announced preliminary Q2 2020 revenue of US\$3.8 million, ahead of Company guidance of US\$3.25 million to US\$3.75 million for the quarter. The Company expects gross margin to be in the range of 35% to 45% for Q2 2020, as compared to gross margin of 44% as previously reported for Q4 2019.

As noted in the Company’s Q4 2019 earnings news release dated June 15, 2020, sales in April and May of 2020 declined as a result of COVID-19 and Nevada’s requirement to go to a delivery-only model. Following the reopening of casinos and the Las Vegas Strip on June 4, 2020, Flower One’s sales grew at a weekly compounded rate of 28% for the remainder of the month.

In addition, Flower One anticipates, that entering Q3 2020, the Company will reduce its variable operating costs by more than 60% as a result of completed operational efficiencies and a reduced crop management plan through the upcoming quarter.

Commenting on the Company’s recent performance, Ken Villazor, Flower One’s President and Chief Executive Officer, noted, “After a challenging first two months of Q2 2020, June saw a solid increase in revenue growth, nearly doubling the sales of April and May combined. This followed a very strong Q1, during which revenues nearly equaled our revenues for all of 2019. We are very pleased with our most

recent pace of sales and we believe that the many operational adjustments, learnings and improvements we have made through this challenging period will support our continued growth in the Nevada cannabis market.”

Update on Brand Launches

The Company also announced this week the successful launch of two major premium cannabis brands, Cookies and 22Red. Launch inventory for both brands including Cookies’ entire line of products – the namesake Cookies brand, along with Lemonnade, Powerzzup, Grandiflora, Runtz and Minntz – and 22Red’s full selection of dry flower, pre-roll, vape cartridges and CBD selections, have essentially been pre-sold. The significant improvements Flower One has made to its post-harvest and curing processes have not only increased the quality of the Company’s product, but also strengthened Flower One’s ability to launch premium brands like Cookies and 22Red and continue to sign additional premium brand partners such as Lift Tickets and Heavy Hitters, which are expected to launch in Q3 2020 and Q4 2020 respectively.

“Over the past few months, Flower One has continued to achieve significant operating milestones and product quality measures validated by the supply agreements and pre-order commitments in place for our latest brand releases,” said Kellen O’Keefe, Chief Strategy Officer of Flower One. “We continue to deliver on our promise to bring the best cannabis brands in the world to Nevada.”

Nevada Market Update: COVID-19, Tourism and Regulatory Developments

a. COVID-19 Update

Flower One, as part of a series of news releases, has provided regular updates on COVID-19 related market developments in Nevada. The Company continues to operate its 455,000 square-foot flagship cultivation and production facility as well as its 25,000 square-foot indoor cultivation and commercial kitchen facility in manners which are compliant with the public health guidelines issued by Nevada Health.

As previously reported, the COVID-19 pandemic resulted in significant unanticipated changes to the Nevada cannabis market. These include the following:

- In mid-March, licensed cannabis businesses, like Flower One, were deemed essential but all other non-essential businesses were temporarily closed throughout the state under the Governor’s declared State of Emergency Orders;
- For the remainder of March, April and early May, cannabis retailers were confined in their ability to serve customers with initial delivery only, followed by the inclusion of curbside pick-up. On May 9, 2020, these retailers were finally permitted to reopen their physical storefronts but with limited capacity; and
- Lastly, the partial re-opening of casinos took effect on June 4, 2020 after a 78-day closure. The re-opening of casinos and the Las Vegas Strip appears to be having a positive impact on inventory levels at cannabis retailers. Flower One has seen an increase in its weekly orders through its retail accounts since the re-opening occurred in early June. In addition, in the second quarter of 2020, the Company added 11 new bulk and retail accounts broadening Flower One’s overall

customer base to maintain a retail penetration of more than 90%.

For additional details on the COVID-19 safety measures implemented by Flower One, please see the Company's [news release](#) issued on March 19, 2020.

b. Early Signs Show Tourism Levels Improving

Flower One continues to monitor the fluid COVID-19 situation very closely but is pleased to see that tourism is beginning to increase to the Las Vegas region. Traffic actively flowed from California to Nevada over the Fourth of July weekend, while hotel booking information for the period of July 1st through September 30th shows that Las Vegas remains a top destination for travelers, according to AAAⁱ.

In anticipation for the uptick in tourism, hotel and casino owners continue to reopen properties, with the majority of Strip casinos now open as of July 1st. For hotels that have been open since early June, several, such as M Resorts just off the Strip, reported near sold-out bookings for the Fourth of July holiday weekendⁱⁱ. To prevent the further spread of COVID-19, the highest safety standards – from social distancing requirements at gambling tables and slot machines to keyless room entry and the administering of mandatory face masks and temperature checks upon entry – are being deployed at Las Vegas hotels.

c. Regulatory Milestones: Marijuana Pardons

On June 17, 2020, Nevada's State Board of Pardon Commissioners unanimously voted to unconditionally pardon anyone who was convicted of possessing an ounce or less of marijuana within the past 20 years. Nevada officials say this decision will pardon upwards of 15,000 peopleⁱⁱⁱ. Nevada joins states including Illinois and Washington that have used their legislative power to issue blanket pardons for small marijuana possessions.

Notice of Q1 2020 Conference Call

Flower One will host a conference call on Thursday, July 16, 2020 at 8:30 a.m. ET to discuss its Q1 2020 financial results and review recent and upcoming milestones. To access the earnings conference call, please dial 647-427-7450 or 1-888-231-8191 approximately 15 minutes prior to the call to secure a line. You will be put on hold until the call begins.

A question-and-answer session will follow the conference call, at which time the operator will provide instructions for submitting questions. A replay will be available until July 30, 2020. To access the archived conference call, please dial 1-855-859-2056 and enter the conference code 2884538.

A live audio webcast of the call will be available at <http://bit.ly/FONE-Q1-2020>. 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. An archived replay of the webcast will be available online for 90 days.

There have been no material changes to the Company's preliminary Q1 2020 financial results announced on June 15, 2020 (see [here](#) for news release).

Until Q1 2020 earnings are filed, management and other insiders of the Company are subject to a trading black-out policy that reflects the principles in section 9 of National Policy 11-207 *Failure to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

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'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 owns and operates a second production facility in Las Vegas, with 25,000 square-feet of indoor cultivation and a commercial kitchen that will produce several of the nation's top-performing edible and beverage brands. Flower One produces a wide range of products ranging from wholesale flower, full-spectrum oils, and distillates to finished consumer packaged goods including flower, pre-rolls, concentrates, edibles, beverages, and topicals for the top-performing brands in cannabis.

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>.

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Forward-Looking Statements

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 Q2 2020 revenues and gross margins; potential growth; future operating costs; potential new brand partners; the timing of the launch of Lift Tickets and Heavy Hitters in Nevada; tourism levels in Nevada; 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 a growing number of industry-leading brand partners; and the production of a wide range of products for the nation's top-performing 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 Annual Information Form dated June 23, 2020 (the "Annual Information Form") 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 Annual Information Form. 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 Annual Information Form.

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.

ⁱ Source: <https://www.ktnv.com/news/coronavirus/travelers-still-making-4th-of-july-plans-to-las-vegas-amid-pandemic>

ⁱⁱ Sources: <https://vegasinc.lasvegassun.com/business/tourism/2020/jul/03/weekend-wont-be-typical-fourth-of-july-in-vegas/> ; <https://www.reviewjournal.com/business/casinos-gaming/las-vegas-strip-crowds-expected-for-fourth-of-july-holiday-weekend-2066979/>

ⁱⁱⁱ Sources: <https://lasvegassun.com/news/2020/jun/17/nevada-pardons-thousands-convicted-of-minor-mariju/> ; <https://www.forbes.com/sites/joanoleck/2020/06/17/thousands-in-nevadas-prisons-convicted-of-minor-marijuana-offenses-will-go-free-as-of-a-vote-by-the-states-pardons-board/#732c5365542e>