



## **Flower One Announces Significant Advancements with Ongoing Restructuring**

*Debt modifications and maturity extensions will allow the Company to conserve capital while providing significant cash flow benefits through reduced and deferred financial commitments*

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, is pleased to announce its advancements with its ongoing restructuring, including the restructuring of its term debt (the “Term Debt” or “Term Debt Modification Agreement”) and to its master lease (the “Master Lease” or “Master Lease Modification Agreement”).

“This debt restructuring is a major step in our turnaround plan, as it will provide the Company with additional liquidity and a significant runway to continue our operational restructuring efforts, and position the Company for sustainable growth,” said Kellen O’Keefe, President & CEO. “We would like to thank our term lenders and loan participants for facilitating these momentous transactions.”

### **Term Debt Restructuring**

The Company and certain of its subsidiaries have entered into a Term Debt Modification Agreement with RB Loan Portfolio II, LLC, (the “Term Lender”) with respect to the Company’s existing \$45.65M Term Debt, secured by the facility at 3950 N. Bruce St., North Las Vegas, Nevada (the “Bruce Facility”). Through the Term Debt Modification Agreement, the Company would: (i) defer interest payments through October 31, 2022, in order to provide additional liquidity to the business, (ii) reduce the cash interest payments by 30%, (iii) extend the maturity date of the Term Debt to January 31, 2026, and (iv) pay \$9M to the Term Lender on September 30, 2023 (the “First Loan Paydown”), whereas the Company has the option to pay this First Loan Paydown on January 31, 2024 with a 2.5% penalty.

### **Master Lease Restructuring**

The Company through its subsidiaries has also entered into a Master Lease Modification Agreement in connection with the agreement dated February 1, 2019 with RB Loan Portfolio I, LP, a Delaware limited partnership (the “Lessor”), regarding the equipment lease financing of certain equipment at the Bruce Facility, pursuant to which the Lessor has agreed to forbear existing events of default and make certain modifications to the Master Lease, including (i) the deferral of certain payments through October 31, 2022, in order to provide additional liquidity to the business, (ii) revising the amortization schedule to enable a reduction in monthly payments for the duration of the Master Lease and (iii) extend the maturity date of the Master Lease to March 3, 2025.

“Given the current state of the capital markets for cannabis, we are very pleased with this notable transaction. This crucial step in our restructuring not only provides the Company with significant cash interest savings, but also allows for a deferral of interest payments, ensuring we are able to preserve capital,” Araxie Grant, Flower One’s CFO.

The Company has determined that the Term Debt and Master Lease is exempt from the formal valuation and minority approval requirements applicable to related party transactions under

Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") pursuant to the financial hardship exemptions set forth in Sections 5.5(g) and 5.7(1)(e) of MI 61-101.

### **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>.

### **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 pertaining to: the use of proceeds; the anticipated benefits from the Company's receipt of proceeds pursuant to the Term Debt Modification Agreement, Master Lease Modification Agreement or other restructuring efforts; the ability of the Company to continue or complete restructuring efforts; the Company's leadership as a cannabis cultivator, producer, innovator and full-service brand fulfillment partner; and the production of a wide range of products for the nation's top-performing brands.

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 six months ended September 30, 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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