

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Lowell Farms Inc. (formerly Indus Holdings, Inc.) (the “**Corporation**” or “**Lowell**”)
19 Quail Run Circle, Suite B
Salinas, California
93907

Item 2 Date of Material Change

June 29, 2021

Item 3 News Release

News release with respect to the material change referred to in this report was disseminated on June 29, 2021 by way of GlobeNewswire and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On June 29, 2021, the Corporation announced that it has acquired real property and related assets and is commissioning a cannabis drying and midstream processing facility located in Monterey County, nearby Lowell’s cultivation operation. The 10-acre, 40,000 sq ft processing facility will provide drying, bucking, trimming, sorting, grading, and packaging operations for up to 250,000 lbs. of wholesale cannabis flower annually. The facility is centrally located in the Salinas Valley.

Item 5.1 Full Description of Material Change

On June 29, 2021, the Corporation announced that it has acquired real property and related assets and is commissioning a cannabis drying and midstream processing facility located in Monterey County, nearby Lowell’s cultivation operation. The 10-acre, 40,000 sq ft processing facility will provide drying, bucking, trimming, sorting, grading, and packaging operations for up to 250,000 lbs. of wholesale cannabis flower annually. The facility is centrally located in the Salinas Valley.

The new facility is intended to process nearly all the cannabis grown locally by Lowell at its existing cultivation operations. Additionally, Lowell is commissioning a new business unit called Lowell Farm Services (“**LFS**”), which will engage in fee-based processing services for regional growers from the Salinas Valley area.

The facility will initially include eight environmentally-controlled, segregated drying rooms, each capable of accepting ~30,000 pounds of wet cannabis plant material per month. In the facility’s bucking and trimming area, a combination of mechanized and hand trimming services – including a total of 70 flexible trimming stations – will be able to produce up to 800 pounds of flower daily. In addition, in the future, it is contemplated that the facility will house one of the United States’ first end-to-end, fully-automated pre-roll manufacturing lines, further driving innovation in Lowell’s product offerings.

The real property and related assets were acquired from C Quadrant LLC for consideration consisting of US\$9.0 million in cash and 7,997,520 of the Corporation's subordinate voting shares. In conjunction with the transaction, Lowell has entered into a loan with affiliates of Viridescent Realty Trust, Inc. to finance the cash portion of the acquisition with a five-year fixed rate loan secured by the acquired assets.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Brian Shure, Chief Financial Officer
(831) 998-8214

Item 9 Date of Report

July 9, 2021.

Forward-Looking Information and Statements

This material change report contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Corporation's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Corporation's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved." The forward-looking information and forward-looking statements contained herein may include, but are not limited to, the ability of the Corporation to successfully achieve its business objectives, including as a result of the described acquisition, including the ability of the Corporation to complete the commissioning of the acquired facility and achieve the operating and financial performance from such facility as described herein, the extent of the market opportunity available to the facility for the services it is anticipated to make available to third party growers, and expectations for other economic, business, and/or competitive factors. There can be no assurance that such forward-looking information and statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information and statements. This forward-looking information and

statements reflect the Corporation's current beliefs and are based on information currently available to the Corporation and on assumptions the Corporation believes are reasonable.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; operating and development costs; competition; changes in legislation or regulations affecting the Corporation; the timing and availability of external financing on acceptable terms; the available funds of the Corporation and the anticipated use of such funds; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for the Corporation's operations; lack of qualified, skilled labor or loss of key individuals; and risks and delays resulting from the COVID-19 pandemic. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents, such as the Corporation's annual information form filed on the SEDAR website at www.sedar.com. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this material change report is expressly qualified by this cautionary statement.

The forward-looking information contained in this material change report represents the expectations of the Corporation as of the date of this material change report and, accordingly, is subject to change after such date. However, the Corporation expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.