

**Form 51-102F3**  
**Material Change Report**

**Item 1      Name and Address of Company**

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

**Item 2      Date of Material Change**

August 30, 2021

**Item 3      News Release**

News release with respect to the material change referred to in this report was disseminated on August 31, 2021 by way of GlobeNewswire and subsequently filed on SEDAR.

**Item 4      Summary of Material Change**

On August 31, 2021, the Company announced that it had completed a US\$18.0 million non-brokered private placement of units (the “**Private Placement**”).

**Item 5.1    Full Description of Material Change**

On August 31, 2021, the Company announced that it had completed the Private Placement. Pursuant to the Private Placement, the Company sold 18 million units of the Company (the “**Units**”) at a purchase price of US\$1.00 per Unit for aggregate gross proceeds of US\$18.0 million. Each Unit is comprised of one subordinate voting share of the Company (a “**Share**”) and one-half of one Share purchase warrant of the Company (each full Share purchase warrant, a “**Warrant**”). Each Warrant is exercisable to acquire one subordinate voting share of the Company (a “**Warrant Share**”) at any time until August 30, 2024, at an exercise price of US\$1.40 per Warrant Share, subject to adjustment in certain circumstances.

Proceeds from the Private Placement are contemplated to be used by the Company for working capital purposes, automation investments, and expansion into new markets.

In connection with the Private Placement, George Allen, Chairman of the Company, Brian Shure, Chief Financial Officer and a director of the Company, and William Anton, a director of the Company (collectively, the “**Insiders**”), directly or indirectly acquired ownership of or control or direction over 200,000 Units, 2,500,000 Units, and 200,000 Units, respectively. Participation by the Insiders in the Private Placement was considered a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Private Placement was considered, and ultimately approved, by the board of directors of the Company on August 27, 2021. The Insider participation in the Private Placement was approved by the disinterested directors of the Company. The Company was exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the participation of Insiders in the Private Placement in reliance of

sections 5.5(b) and 5.7(1)(a) of MI 61-101. This material change report is being filed less than 21 days in advance of the closing of the Private Placement, which the Company deemed reasonable in the circumstances so as to be able to avail itself of potential financing opportunities and complete the Private Placement in an expeditious manner.

The Units, their components and underlying securities were offered and will be issued in reliance upon Rule 506(b) of Regulation D promulgated under the United States Securities Act of 1933, as amended (the "**Securities Act**"), as a transaction not requiring registration under Section 5 of the Securities Act. Securities issued in the Private Placement are "restricted securities" under the Securities Act and may not be transferred, sold or otherwise disposed of unless they are subsequently registered or an exemption is available under the Securities Act.

Pursuant to the terms of the subscription agreements entered into with the participants in the Private Placement, the Company has agreed to register, pursuant to applicable U.S. securities laws, the Shares included in the Units and the Warrant Shares issuable upon exercise of the Warrants for resale within 75 days of the closing date of the Private Placement.

**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**

September 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 Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company'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 intended use of proceeds of the Private Placement, the ability of the Company to successfully achieve its business objectives, 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 Company's current beliefs and are based on information currently available to the Company and on assumptions the Company 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 Company 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 Company; the timing and availability of external financing on acceptable terms; the available funds of the Company 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 Company'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 Company's disclosure documents, such as the Company's annual information form filed on the SEDAR website at [www.sedar.com](http://www.sedar.com). Although the Company 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 Company as of the date of this material change report and, accordingly, is subject to change after such date. However, the Company 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 laws.