

**EARLY WARNING REPORT
Form 62-103F1**

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to convertible debentures ("**Debentures**") of Indus Holding Company ("**Indus**"), a wholly-owned subsidiary of Lowell Farms Inc. (the "**Issuer**"), which are convertible into subordinate voting shares ("**Shares**") of the Issuer. The Issuer's head office is located at:

19 Quail Run Circle, Suite B
Salinas, California 93907

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 Identity of the Acquiror

2.1 State the name and address of the acquiror.

George Allen
54 Bentley Lane
Clinton Corners, New York 12514

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On August 19, 2022, Mr. Allen (through the George Allen Revocable Trust (the "**Trust**"), of which Mr. Allen is a trustee) acquired beneficial ownership and/or control or direction over US\$650,000 of Debentures (which is equivalent to CAD\$844,415.00 (based on the Bank of Canada exchange rate of US\$1.00 = CAD\$1.2991 on August 19, 2022)). The Debentures are convertible into Shares at a conversion price of US\$0.2313, with the result that the Debentures may be converted into 2,810,203 Shares. A warrant (the "**Warrant**") for the purchase of 2,810,203 Shares was also acquired, as well as a warrant for 4,215,304 non-voting Class D common shares of Indus ("**Indus Shares**") which are not redeemable for Shares, both of which are exercisable at any time until February 19, 2026 at an exercise price of US\$0.2613 per share, subject to customary anti-dilution adjustments.

Prior to the acquisition of the Debentures and Warrant, Mr. Allen had beneficial ownership and/or control or direction over 467,000 Shares (which represented approximately 0.5% of the then issued and outstanding Shares) and securities convertible or exercisable, as applicable, into 61,905,412 Shares, representing an aggregate of 38.4% of the Shares (on a partially diluted basis, including the Shares referred to above).

Following the acquisition of the Debentures and Warrant, Mr. Allen has beneficial ownership and/or control or direction over 40.4% of the Shares (on a partially diluted basis, including the

Shares referred to above), which includes the Debentures held by the Trust (which are convertible into 2,810,203 Shares), the Warrant held by the Trust (which is exercisable to acquire 2,810,203 Shares), the 50,000 options granted to Mr. Allen (which are exercisable to acquire 50,000 Shares), the warrant held by Mr. Allen (which is exercisable to acquire 133,500 Shares), the convertible debentures held by Geronimo Central Valley Opportunity Fund, LLC ("**Geronimo Central**") (which are convertible into 22,682,155 Shares), the warrant held by Geronimo Central (which is exercisable to acquire 22,682,155 Shares), the convertible debentures held by Geronimo VCOF Manager, LLP ("**Geronimo Manager**") (which are convertible into 800,063 Shares), the warrant held by Geronimo Manager (which is exercisable to acquire 800,063 Shares), the convertible debentures held by Geronimo Capital, LLC ("**Geronimo Capital**") (which are convertible into 7,428,738 Shares), and the warrant held by Geronimo Capital (which is exercisable to acquire 7,428,738 Shares).

2.3 State the names of any joint actors.

Not applicable.

Item 3 Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.

See Item 2.2 above.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Item 2.2 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 2.2 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which the acquiror, either alone or together with any joint actors, has ownership and control,

See Item 2.2 above.

(a) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(b) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

See Item 2.2 above.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 2.2 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders; or
- (k) an action similar to those enumerated above.

The Debentures and Warrant were acquired for investment purposes. In the future, Mr. Allen may acquire additional Shares and/or other equity, debt or other securities or instruments in the open market or otherwise, and reserves the right to dispose of any or all of such securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to such securities, the whole depending on market conditions, the business and prospects of the Issuer and other relevant factors.

Item 6 Agreements, Arrangements, Commitments or Understandings with Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a

contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 Certification

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: August 23, 2022.

"George Allen"

Signature