

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 30, 2021

Lowell Farms Inc.

(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction
of incorporation)

000-56254
(Commission
file number)

NA
(IRS Employer
Identification Number)

19 Quail Run Circle, Suite B
Salinas, California 93907
(Address of principal executive offices)

(831) 998-8214
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbols</u>	<u>Name of exchange on which registered</u>
N/A	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

The information set forth in Item 3.02 regarding the Private Placement is hereby incorporated by reference into this Item 1.01.

Item 3.02 Unregistered Sales of Equity Securities.

On August 30, 2021, Lowell Farms Inc. (the "Company") completed a US \$18 million non-brokered private placement of common equity (the "Private Placement").

Pursuant to the Private Placement, the Company sold 18 million units of the Company (the "Units") for a purchase price of US \$1.00 per Unit or 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. The Company entered into subscription agreements and warrants with the participating investors.

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

Certain officers and directors of the Company purchased an aggregate of 2,900,000 Units pursuant to the Private Placement on the same terms as the other participants in the Private Placement. Participation by such insiders of the Company in the Private Placement was considered a "related party transaction" under relevant U.S. and Canadian securities laws and was approved by the disinterested directors of the Company.

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 Securities Act of 1933, as amended (the "Securities Act"), as a transaction not requiring registration under Section 5 of the Securities Act. Each investor represented that it is an accredited investor and that it is acquiring the securities for investment purposes only and not with a view to any resale, distribution or other disposition of such securities in violation of the United States federal securities laws. 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. Neither this Current Report on Form 8-K, nor the exhibits attached hereto, is an offer to sell or the solicitation of an offer to buy the securities described herein.

Pursuant to the terms of the subscription agreements, the Company has agreed to register 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.

The foregoing summaries of the terms of the subscription agreements and warrants does not purport to be complete and are qualified in their entirety by reference to the complete text of the form of subscription agreement, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference, and to the complete text of the form of warrant, which is attached hereto as Exhibit 10.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

Number	Exhibit
10.1	Form of Subscription Agreement
10.2	Form of Warrant
99.1	Press Release dated as of August 31, 2021

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 3, 2021

Lowell Farms Inc.

By: /s/ Brian Shure

Name: Brian Shure

Title: Chief Financial Officer

Subscription Agreement

TO: Lowell Farms Inc. (the “**Corporation**”)

Ladies and Gentlemen:

The undersigned (the “**Purchaser**”) hereby irrevocably subscribes for and agrees to purchase from the Corporation the number of units of the Corporation (the “**Units**”) set forth on the signature pages hereto in the Corporation’s private placement (the “**Private Placement**”) of Units in the United States for an aggregate consideration set forth on the signature pages hereto (the “**Subscription Price**”), representing a subscription price set forth on the signature pages hereto. Each Unit is comprised of one subordinate voting share of the Corporation (a “**Unit Share**”) and one-half of one share purchase warrant of the Corporation (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one subordinate voting share of the Corporation at a purchase price of U.S. \$1.40 at any time prior to the third anniversary of the initial closing of the Private Placement (each closing of the Private Placement a “**Closing**”). The Purchaser understands that the Corporation intends to offer and sell up to U.S. \$15 million in the Private Placement, subject to increase at the Corporation’s discretion.

The Purchaser acknowledges that this subscription is subject to acceptance by the Corporation. The Corporation may also accept this subscription in part. The Purchaser agrees that if this subscription is not accepted in full, any funds related to the portion of this subscription not accepted will be returned to the Purchaser, without interest.

The Purchaser acknowledges, represents, warrants, covenants and agrees with the Corporation as follows:

- (a) Prior to the time of purchase of any Units, it has reviewed the Corporation’s public filings available on EDGAR and SEDAR that it considered necessary in connection with its decision to invest in the Units, including the Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, and the Corporation’s proxy statement on Schedule 14A related to the Corporation’s Annual General Meeting to be held on September 21, 2021 and the Corporation’s 2020 Annual Report, and has been afforded the opportunity to ask such questions as it deemed necessary of, and to receive answers from, representatives of the Corporation concerning the terms and conditions of the offering of the Units and to obtain such additional information that it considered necessary in connection with its decision to invest in the Units.
- (b) It is authorized to consummate the purchase of the Units.
- (c) It is an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and as set forth on Annex A hereto (hereinafter referred to as an “**Accredited Investor**”), has executed and delivered Annex A hereto, acknowledges that the offer and sale of the Units to it is being made in reliance upon Rule 506(b) of Regulation D under the Securities Act, and is purchasing the Units for its own account or for the account of one or more Accredited Investors with respect to which it exercises sole investment discretion, for investment purposes only and not with a view to any resale, distribution or other disposition of the Units, the Unit Shares, the Warrants or the subordinate voting shares of the Corporation underlying the Warrants (the “**Warrant Shares**” and, together with the Units, the Unit Shares and the Warrants, collectively, the “**Securities**”) in violation of United States federal or state securities laws.
- (d) It, alone or with the assistance of its professional advisors, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Units and is able, without impairing its financial condition, to hold the Units, the Unit Shares, the Warrants and the Warrant Shares for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.
- (e) There is no government or other insurance scheme covering the Securities. There are risks associated with an investment in the Securities and, as a result, the Purchaser may lose its entire investment.
- (f) It confirms that neither the Corporation nor any of its representative directors, employees, officers, agents, representatives or affiliates, have made any representations (written or oral) to the Purchaser:

- (i) regarding the future value of the Securities;
 - (ii) that any person will resell or repurchase the Securities;
 - (iii) that any of the Securities will be or continue to be listed on any stock exchange or traded on any market; or
 - (iv) that any person will refund the purchase price or exercise price, as applicable, of the Securities.
- (g) It is not acting jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation.
- (h) Except for this Subscription Agreement, the Purchaser has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation, and acknowledges that the Corporation's counsel is acting as counsel to the Corporation and not as counsel to the Purchaser.
- (I) It understands and acknowledges that the Unit Shares, Warrants and Warrant Shares have not been registered under the Securities Act or any applicable state securities laws, are "restricted securities" within the meaning of Rule 144 under the Securities Act, and agrees on its own behalf and on behalf of any investor account for which it is purchasing the Units that the Unit Shares, Warrants and Warrant Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, except:
- (I) to the Corporation;
 - (ii) pursuant to an effective registration statement under the Securities Act, including the Resale Registration Statement (as defined below); or
 - (iii) pursuant to an exemption from registration under the Securities Act, and that such exemptions from registration under the Securities Act are limited;
- and each case in compliance with applicable securities laws of any state of the United States.
- (j) It understands that the Purchaser is solely responsible for (and the Corporation is not in any way responsible for) the Purchaser's compliance with applicable resale restrictions. The Purchaser covenants and agrees to comply with applicable securities legislation, orders and policies concerning the purchase, holding of, and resale of the Securities.
- (k) It acknowledges that the Securities, and any securities issued in exchange or substitution for such securities, shall have attached to them, whether through an ownership statement issued under a direct registration system or other electronic book-based system, or on certificates that may be issued, as applicable, any legends setting out resale restrictions as may be prescribed under applicable securities laws or stock exchange rules.
- (l) It consents to the Corporation making a notation on its records or giving instructions to the transfer agent for the Securities in order to implement the restrictions on transfer set forth and described herein.
- (m) It has not purchased the Units as a result of any "general solicitation" or "general advertising" (as those terms are used in Regulation D under the Securities Act), including, but not limited to, any advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the Internet or broadcast over radio, television or the Internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

- (n) It understands that the Warrants may not be exercised by or on behalf of a person in the United States or a U.S. Person unless an exemption from registration is available under the Securities Act and any applicable state securities laws and the Corporation has received an opinion of counsel of recognized standing to such effect or other evidence of such exemptions in form and substance reasonably satisfactory to the Corporation; *provided, however*, that a holder who is an Accredited Investor at the time of exercise of the Warrants and who purchased Units in the Private Placement as an Accredited Investor will not be required to deliver an opinion of counsel or such other evidence in connection with the exercise of Warrants that are a part of those Units.
- (o) It is aware that (i) purchasing, holding and disposing of the Units, the Unit Shares, the Warrants and the Warrant Shares may have tax consequences under the laws of both Canada and the United States and (ii) it is solely responsible for determining the tax consequences applicable to its particular circumstances and should consult its own tax advisors concerning investment in such Securities.
- (p) It has obtained its own independent tax, legal, accounting and other advice appropriate in connection with the purchase of the Units.
- (q) Neither the execution and the delivery by the Purchaser of this subscription agreement nor the consummation of the transactions contemplated hereby on the part of the Purchaser will conflict with, or result in the breach of, any provision of the Purchaser's charter documents, any contract to which the Purchaser is a party or by which the Purchaser or its properties or assets are bound or any law, regulation, judgement, ruling, decree or order of a governmental authority.
- (r) (i) The funds representing the Subscription Price which will be advanced by the Purchaser to the Corporation will not represent proceeds of crime for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "**PATRIOT Act**"), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the "**PCMLTFA**") or similar laws of any other jurisdiction, and the Purchaser acknowledges that the Corporation may in the future be required by law to disclose the Purchaser's name and other information relating to this Subscription Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act, the PCMLTFA or similar laws of any other jurisdiction, and (ii) no portion of the Subscription Price to be provided by the Purchaser (a) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (b) is being tendered on behalf of a person or entity that has not been identified to or by the Purchaser; and the Purchaser shall promptly notify the Corporation if the Purchaser discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith.
- (s) It understands and acknowledges that no agency, governmental authority, regulatory body, stock exchange or other entity (including, without limitation, the SEC, any state securities commission, any securities commission or similar regulatory authority of any province or territory of Canada or the Canadian Securities Exchange (the "**CSE**") has made any finding or determination as to the merit of investment in, nor have any such agencies or governmental authorities made any recommendation or endorsement with respect to, the Securities.
- (t) If required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver and file and otherwise assist the Corporation in filing reports, questionnaires, undertakings and other documents with respect to the issue of the Securities.
- (u) It will complete a resale registration statement questionnaire provided for use in preparation of the Resale Registration Statement, and the answers thereto will be true and correct in all material respects as of the date made and as of the effective date of the Resale Registration Statement, and it will notify the Corporation immediately of any material change in any such information until such time as the Purchaser has sold all of its Unit Shares and Warrant Shares or until the Corporation is no longer required to keep the Resale Registration Statement effective. All other written information furnished to the Corporation by or on behalf of the Purchaser expressly for inclusion in the Resale Registration Statement will be true and correct in all material respects as of the date such other written information is provided and will be true and correct as of the effective date of the Resale Registration Statement and the Purchaser will notify the Corporation immediately of any material change in any such other written information until such time as the Purchaser has sold all of its Unit Shares and Warrant Shares or until the Corporation is no longer required to keep the Resale Registration Statement effective. It will promptly notify the Corporation of any changes in the information set forth in the Resale Registration Statement regarding the Purchaser or its plan of distribution.

- (v) If required by applicable securities Laws, the rules or policies of any applicable stock exchange or the Corporation, it will execute, deliver and file or assist, including by way of providing requisite information to, the Corporation in filing or in causing the filing of such disclosure documents, reports, undertakings and other documents with respect to or in connection with the issuance of the Securities and the completion of any associated transactions as may be required by any securities commission, stock exchange or other regulatory authority pursuant to applicable securities Laws or rule or policies or as they may otherwise require.
- (w) It understands and acknowledges that it is making the representations and warranties and agreements contained herein with the intent that they may be relied upon by the Corporation in determining its eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Units.
- (x) The sale of additional Units pursuant to the Private Placement may take place from time to time at additional Closings of the Private Placement until the Private Placement has been completed, as determined by the Corporation in its sole discretion, but there is no minimum amount required to be sold in order to conduct a Closing of the Private Placement and the proceeds from this subscription may be accessed by the Corporation at any time after the acceptance by the Corporation of this subscription, prior to any subsequent Closing. The Purchaser acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such financings may have a dilutive effect on current shareholders, including the Purchaser.
- (y) This Subscription Agreement requires the Purchaser to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Private Placement and complying with the Corporation's regulatory requirements, which includes, without limitation, determining the Purchaser's eligibility to purchase the Units under the Securities Act and other applicable securities laws and completing filings required by any stock exchange or securities regulatory authority or by any state, provincial, local or municipal regulatory authority. The Purchaser's personal information may be disclosed by the Corporation to: (i) stock exchanges or securities regulatory authorities, (ii) applicable taxing authorities, and (iii) any of the other parties involved in the Private Placement, including legal counsel to the Corporation and may be included in record books in connection with the Private Placement. By executing this Subscription Agreement, the Purchaser is deemed to be consenting to the foregoing collection, use and disclosure of the Purchaser's personal information. The Purchaser also consents to the filing of copies or originals of any of the Purchaser's documents described herein as may be required to be filed with any stock exchange or securities regulatory authority.
- (z) The Purchaser hereby provides consent to the disclosure of his, her or its information to the CSE pursuant to Form 9 – Notice of Issuance or Proposed Issuance of Listed Securities of the CSE or otherwise pursuant to such filing and the collection, use and disclosure of his, her or its information by the CSE in the manner and for the purposes described in Appendix A of such Form 9 or as otherwise identified by the CSE, from time to time.

Upon the acceptance of this subscription by the Corporation, the Purchaser shall have the benefit of the following representations, warranties, covenants and agreements by the Corporation:

- (a) The Corporation is a corporation duly organized, validly existing and in good standing under the laws of British Columbia, Canada. The Corporation has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this subscription agreement, to issue and sell the Securities subscribed for by the Purchaser, to carry out the provisions of this subscription agreement and to carry on its business as presently conducted and as presently proposed to be conducted. The Corporation is duly qualified to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Corporation or its business.
- (b) Neither the execution and the delivery by the Corporation of this subscription agreement nor the consummation of the transactions contemplated hereby on the part of the Corporation will conflict with, or result in the breach of, any provision of the Corporation's charter documents, any contract to which the Corporation is a party or by which the Corporation or its properties or assets are bound or any law, regulation or order of a governmental authority.
- (c) At the applicable Closing, the Corporation will deliver to the Purchaser a DRS statement or, if requested by the Purchaser, certificates representing the number of Unit Shares and Warrants to be purchased at such Closing by the Purchaser against payment of the purchase price therefor by wire transfer of immediately available funds in accordance with wire transfer instructions provided by the Corporation.
- (d) Upon issuance, the Securities purchased by the Purchaser will be duly authorized and validly issued, fully paid and non-assessable and will not have been issued in violation of applicable law, regulation or order of a governmental authority.
- (e) The Corporation shall prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement (the "**Resale Registration Statement**") on Form S-1 (or any other available form) relating to the resale of the Unit Shares and the Warrant Shares by the Purchaser. The Corporation shall file the Resale Registration Statement by the earlier of 30 days after the final Closing or 75 days after the initial Closing of the Private Placement and shall use commercially reasonable efforts, subject to receipt of necessary information from the Purchaser, to cause the SEC to declare the Resale Registration Statement effective as promptly as is reasonably practicable. The Corporation shall promptly prepare and file with the SEC such amendments and supplements to the Resale Registration Statement and the prospectus used in connection therewith (the "**Prospectus**") as may be necessary to keep the Resale Registration Statement effective until the first anniversary of the initial Closing. The Corporation may amend the Resale Registration Statement on Form S-3 at any time it is eligible to do so.
- (f) For not more than 90 days in any 12-month period, the Corporation may suspend the use of any Prospectus included in the Resale Registration Statement in the event that the Corporation determines in good faith that such suspension is necessary to (A) delay the disclosure of material non-public information concerning the Corporation, the disclosure of which at the time is not, in the good faith opinion of the Corporation in the best interests of the Corporation or (B) amend or supplement the Resale Registration Statement or the related Prospectus so that the Resale Registration Statement or Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus in light of the circumstances under which they were made, not misleading (an "**Allowed Delay**"); provided, that the Corporation shall promptly (I) notify the Purchaser in writing of the commencement of an Allowed Delay, but shall not (without the prior written consent of the Purchaser) disclose to the Purchaser any material non-public information giving rise to an Allowed Delay, (II) advise the Purchaser in writing to cease all sales under the Resale Registration Statement until the end of the Allowed Delay, and (III) use commercially reasonable efforts to terminate an Allowed Delay as promptly as is reasonably practicable.
- (g) The Corporation shall use commercially reasonable efforts to effect the registration of the Units Shares and Warrant Shares in accordance with the terms hereof, and pursuant thereto the Corporation will, as expeditiously as possible:

- (i) prepare and file with the SEC such amendments and post-effective amendments to the Resale Registration Statement and the related Prospectus as may be necessary to keep the Resale Registration Statement effective for the period in which the Resale Registration Statement is required to be kept effective and to comply with the provisions of the Securities Act and the Securities Exchange Act of 1934 (the “**Exchange Act**”) with respect to the distribution of all of the Units Shares and Warrant Shares covered thereby;
- (ii) furnish to the Purchaser such number of copies of a Prospectus and all amendments and supplements thereto and such other documents as the Selling Shareholder may reasonably request in order to facilitate the disposition of the Units Shares and Warrant Shares owned by the Purchaser;
- (iv) use commercially reasonable efforts to (A) prevent the issuance of any stop order or other suspension of effectiveness and, (B) if such order is issued, obtain the withdrawal of any such order at the earliest practical moment;
- (v) use commercially reasonable efforts to register or qualify or cooperate with the Purchaser and its counsel in connection with the registration or qualification of the Units Shares and Warrant Shares for offer and sale under the securities or blue sky laws of such jurisdictions requested by the Purchaser and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Units Shares and Warrant Shares covered by the Resale Registration Statement; provided, however, that the Corporation shall not be required in connection therewith or as a condition thereto to (A) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this provision, (B) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject, or (C) file a general consent to service of process in any such jurisdiction;
- (vi) promptly notify the Purchaser, upon discovery that, or upon the happening of any event as a result of which, the Prospectus includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare, file with the SEC and furnish to such holder a supplement to or an amendment of such Prospectus as may be necessary so that such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;
- (vii) use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the Securities Act and the Exchange Act in connection with the Resale Registration Statement; and
- (viii) with a view to making available to the Purchaser the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Purchaser to sell shares included in the Units Shares and Warrant Shares to the public without registration, the Corporation covenants and agrees for so long as it remains registered under the Exchange Act, to (A) file with the SEC in a timely manner all reports and other documents required of the Corporation under the Exchange Act and (B) furnish to the Purchaser upon request, as long as such Purchaser owns any Units Shares and Warrant Shares, (I) a written statement by the Corporation that it has complied with the reporting requirements of the Exchange Act, (II) a copy of the Corporation’s most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (III) such other information as may be reasonably requested in order to avail such Purchaser of any rule or regulation of the SEC that permits the selling of any such Units Shares and Warrant Shares without registration.

- (h) In the event that the SEC for any reason limits the number of Units Shares and Warrant Shares that may be included and sold by the Purchaser and/or other purchasers in the Private Placement in the Resale Registration Statement, the Corporation shall reduce the number of Corporation Shares included in the Resale Registration Statement on behalf of the Purchaser and/or such other purchasers accordingly (such portion shall be allocated pro rata among the Purchaser and such other purchasers) (such excluded shares, the "Reduction Securities"). The Corporation shall not be liable for any losses in connection with the exclusion of such Reduction Securities or in connection with any delay in the effectiveness of the Resale Registration Statement arising from any interactions between the Corporation and the SEC with respect to the number of Units Shares and/or Warrant Shares that may be included and sold by the Purchaser and/or other purchasers in the Private Placement in the Resale Registration Statement. The Corporation shall use commercially reasonable efforts to register the Reduction Securities for resale as soon as is reasonably practicable pursuant to a new registration statement covering the Reduction Securities (or such portion thereof as the SEC will allow to be registered for resale at such time) for an offering to be made on a continuous basis pursuant to Rule 415.
- (i) The Corporation shall bear all expenses in connection with the registration of the Units Shares and Warrant Shares on behalf of the Purchaser pursuant to the Resale Registration Statement, other than fees and expenses, if any, of counsel or other advisers to the Purchaser or underwriting discounts, brokerage fees and commissions incurred by the Purchaser, if any in connection with the offering of the Units Shares and Warrant Shares on behalf of the Purchaser pursuant to the Resale Registration Statement or any new registration statement(s) covering the Reduction Securities.

No representation or warranty is made by any party hereunder with respect to The Federal Comprehensive Drug Abuse Prevention and Control Act of 1970, the Controlled Substances Act of 1910 (21 U.S.C. § 801 et seq.) or any other U.S. federal Law the violation of which is predicated upon a violation of the foregoing as it applies to marijuana.

The sale of the Units subscribed for by the Purchaser will be completed at the office of the Corporation's counsel, Akerman LLP, 1251 Avenue of the Americas, 37th Floor, New York, New York 10020, on or about August 26, 2021, or such other date as the Corporation and the Purchaser may agree.

The contract arising out of the acceptance of this subscription by the Corporation shall be governed by and construed in accordance with the laws of the State of New York and represents the entire agreement of the parties hereto relating to the subject matter hereof.

The offer and sale of the Units to the Purchaser occurred in the State of _____.

 (Full Name of Purchaser - please print)

Date: _____

 (Authorized Signature)

 (Name and Official Capacity - please print)

Subscription Particulars

BOX A:

Particulars of Purchase of Units	
Number of Units Subscribed For:	Units
Total Subscription Price payable for Units: (U.S. \$1.00 x number of Units):	U.S. \$

BOX B:

<u>Purchaser Information</u>
Name of Purchaser:
Street Address:
Street Address (2):
City and State:
ZIP Code:
Contact Name:
Phone No.:
Email Address:
DRS Delivery Email (<i>if different from email address above</i>):

The Corporation hereby accepts the foregoing subscription by the Purchaser.

Lowell Farms Inc.

Date: _____

(Authorized Signature)

ANNEX A

TO: Lowell Farms Inc. (the “Corporation”)

In connection with the purchase of the Units, the Purchaser hereby represents, warrants and certifies to the Corporation that the Purchaser satisfies one or more of the categories indicated below (please initial the appropriate line(s) below):

Category 1.	A bank, as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the “Securities Act”), whether acting in its individual or fiduciary capacity; or
Category 2.	A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; or
Category 3.	A broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended; or
Category 4.	Any investment adviser registered pursuant to Section 203 of the United States Investment Advisers Act of 1940, as amended or registered pursuant to the laws of a state; or
Category 5.	Any investment adviser relying on the exemption from registering with the Securities and Exchange Commission under Section 203(l) or (m) of the United States Investment Advisers Act of 1940, as amended; or
Category 6.	An insurance company as defined in Section 2(a)(13) of the Securities Act; or
Category 7.	An investment company registered under the United States Investment Company Act of 1940, as amended; or
Category 8.	A business development company as defined in Section 2(a)(48) of the United States Investment Company Act of 1940, as amended; or
Category 9.	A small business investment company licensed by the U.S. Small Business Administration under Section 301 (c) or (d) of the United States Small Business Investment Act of 1958, as amended; or
Category 10.	Any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; or
Category 11.	A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees if such plan has total assets in excess of U.S.\$5,000,000; or

	Category 12.	An employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of U.S.\$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are “accredited investors,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act; or
	Category 13.	A private business development company as defined in Section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended; or
	Category 14.	An organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, a corporation, Massachusetts or similar business trust, a limited liability company or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of U.S.\$5,000,000; or
	Category 15.	Any director or executive officer of the Corporation; or
	Category 16.	A natural person whose individual net worth, or joint net worth with that person’s spouse or spousal equivalent exceeds U.S.\$1,000,000 Note: For purposes of calculating “net worth” under this paragraph: (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.); or
	Category 17.	A natural person who had an individual income in excess of U.S.\$200,000 in each of the two most recent years or joint income with that person’s spouse or spousal equivalent in excess of U.S.\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
	Category 18.	A trust, with total assets in excess of U.S.\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act; or
	Category 19.	Any entity in which all of the equity owners meet the requirements of at least one of the above categories; or

	Category 20.	Any entity, of a type not listed in Categories 1-14, 18 or 19, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of U.S.\$5,000,000; or
	Category 21.	Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Securities and Exchange Commission has designated as qualifying an individual for accredited investor status; or
	Category 22.	Any natural person who is a “knowledgeable employee,” as defined in Rule 3c-5(a)(4) under the United States Investment Company Act of 1940, as amended (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in Section 3 of such Act, but for the exclusion provided by either Section 3(c)(1) or Section 3(c)(7) of such Act; or
	Category 23.	Any “family office,” as defined in Rule 202(a)(11)(G)-1 under the United States Investment Advisers Act of 1940, as amended (17 CFR 275.202(a)(11)(G)-1): (i) with assets under management in excess of U.S.\$5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; or
	Category 24.	Any “family client,” as defined in Rule 202(a)(11)(G)-1 under the United States Investment Advisers Act of 1940, as amended (17 CFR 275.202(a)(11)(G)-1), of a family office meeting the requirements in Category 23 of this section and whose prospective investment in the issuer is directed by such family office pursuant to subsection (iii) of Category 23.

Capitalized terms not defined herein shall have the meanings set forth in the subscription agreement to which this Annex A is attached.

Dated: _____

By: _____
Name:
Title:

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “ACT”), AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

LOWELL FARMS INC.

WARRANT TO PURCHASE STOCK

No. W-21 []

August 30, 2021

For value received, this warrant (the “*Warrant*”) is issued to [], with an address at [] (“*Holder*”) and entitles Holder to subscribe for and purchase at the Exercise Price (as defined below) from Lowell Farms Inc., a British Columbia corporation (the “*Company*”), the Exercise Shares (as defined below) upon the terms and subject to the adjustments as provided herein. This Warrant is issued pursuant to a private offering of units by the Company on or about August 30, 2021, and is one of a series of similar warrants (collectively, the “*Warrants*”) issued pursuant to such private offering.

1. Definitions. As used herein, the following terms shall have the following respective meanings:

(a) “*Change of Control*” means the occurrence after the date of this Warrant of (i) any transaction or series of related transactions to which the Company or one of its subsidiaries is a party that results in a “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becoming the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of outstanding voting securities of the Company having the right to cast more than 50% of the votes for the election of members of the board of directors of the Company, (ii) any reorganization, arrangement, amalgamation, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company and its subsidiaries taken as a whole. Notwithstanding the foregoing, (A) a change in beneficial ownership of super voting shares of the Company having the right to cast more than 50% of the votes for the election of members of the board of directors of the Company shall not constitute a Change of Control if, following such change, such super voting shares are required to be voted in accordance with that certain Voting Agreement of the Company dated as of April 10, 2020 and/or in accordance with the direction of the Company’s board of directors and (B) a change in beneficial ownership resulting from the cancellation of the super voting shares of the Company in whole or in part will not be taken into account in determining whether a Change of Control has occurred.

(b) “**Exercise Period**” means the time period commencing on the date hereof and ending on the earlier to occur of (i) immediately prior to a Change of Control or (ii) August 30, 2024.

(c) “**Exercise Price**” means \$1.40 USD per share, subject to adjustment as provided in Section 3 hereof.

(d) “**Exercise Shares**” means [] Warrant Shares, subject to adjustment as provided in Section 3 of this Warrant.

(e) “**Holder**” means (as the context requires) more than one of the holders of the Warrants or all of the holders of the Warrants collectively.

(f) “**Required Holders**” means one or more Holders holding Warrants exercisable for a majority of the total Exercise Shares issuable at the time.

(g) “**Stock**” means the subordinate voting shares of the Company.

(h) “**Warrant Shares**” means subordinate voting shares of the Company.

2. Exercise of Warrant.

2.1 Cash Exercise. The rights represented by this Warrant may be exercised in whole or in part at any time during the Exercise Period, by delivery of the following, simultaneously with payment of an amount equal to the Exercise Price multiplied by the number of Exercise Shares for which the Warrant is being exercised by wire transfer or by certified or bank check, to the Company at 19 Quail Run Circle, Suite B, Salinas, California 93907 (or at such other address as the Company may designate in writing to the Holder) or by email to Steve Neil, Senior Vice President, Finance, steve@lowellfarms.com (or at such other email address as the Company may designate in writing to the Holder):

(a) an executed Notice of Exercise in the form attached hereto as Exhibit A; and

(b) this Warrant.

Upon the exercise of the rights represented by this Warrant, a certificate, certificates or direct registration system (“**DRS**”) statements for the Exercise Shares so purchased, registered in the name of the Holder shall be issued and delivered to the Holder as soon as practicable after the rights represented by this Warrant shall have been so exercised. The person in whose name any certificate, certificates or DRS statements for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate, certificates or DRS statements, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. Adjustment of Exercise Price. Subject to the requirements of the Canadian Securities Exchange (or such other exchange on which the Exercise Shares are then listed), the Exercise Price and Exercise Shares shall be subject to adjustment from time to time as follows:

3.1 If and whenever at any time prior to the end of the Exercise Period the outstanding Stock shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of Stock or reclassified into different shares of capital stock of the Company (a "**Reclassification**"), or the Company shall issue additional Stock (or securities convertible into additional Stock or different shares of capital stock of the Company) to the holders of all or substantially all of its outstanding Stock by way of a stock dividend or otherwise (other than an issue of additional Stock to holders of Stock who have elected to receive dividends in the form of Stock in lieu of receiving cash dividends paid in the ordinary course) (a "**Stock Dividend**"), Holder shall be entitled to receive and shall accept, upon the exercise of such right and payment of the aggregate Exercise Price at any time on the effective date of such Reclassification or Stock Dividend or thereafter, in lieu of the number of Stock to which he was theretofore entitled upon exercise, the aggregate number of Stock, different shares of capital stock of the Company and/or securities convertible into Stock or different shares of capital stock of the Company that Holder would have held immediately following such Reclassification or Stock Dividend had he been the registered holder of the number of Stock to which he was theretofore entitled upon exercise of this Warrant as of the applicable record date or effective date for such action.

3.2 If and whenever at any time prior to the end of the Exercise Period the Company shall issue rights, options or warrants to all or substantially all the holders of its outstanding Stock entitling them to subscribe for or purchase additional Stock, different shares of capital stock of the Company or securities convertible into Stock or different shares of capital stock of the Company, and if such issuance has or is reasonably likely to have a material adverse effect on rights of Holder hereunder, then the Exercise Price shall be adjusted appropriately as determined by the directors of the Company, acting reasonably. If all such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted based upon the number of additional Stock, different shares of capital stock of the Company or securities convertible into Stock or different shares of capital stock of the Company actually issued upon the exercise of such rights, options or warrants, as the case may be.

3.3 No adjustments of the Exercise Price shall be made pursuant to Section 3.1 or Section 3.2 if the Holder is permitted to participate in such Reclassification or Stock Dividend or in the issue of such options, rights or warrants, as the case may be, as though and to the same effect as if it had exercised this Warrant into Exercise Shares prior to the applicable record date or effective date for such Reclassification or Stock Dividend or the issue of such options, rights or warrants, as the case may be.

3.4 The adjustments provided for in this Section 3 are cumulative and shall be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs. Notwithstanding the foregoing, no adjustment of the Exercise Price shall be made in any case in which the resulting increase or decrease in the Exercise Price would be less than one percent of the then prevailing Exercise Price. Any adjustment that would otherwise have been required to be made, but for the minimum percentage threshold, shall be carried forward and made at the time of and together with the next subsequent adjustment to the Exercise Price which, together with any and all such adjustments so carried forward, shall result in an increase or decrease in the Exercise Price by not less than one percent.

4. Fractional Shares; Effect of Exercise. Notwithstanding anything herein contained, the Company shall in no case be required to issue fractional Exercise Shares upon the exercise of this Warrant. If any fractional interest in an Exercise Share would, except for the provisions of this Section 4, be deliverable upon the exercise of this Warrant, the aggregate number of Exercise Shares to which such holder shall be entitled shall be rounded down to the nearest whole number if the fraction is less than 0.5 and rounded up to the nearest whole number if the fraction is 0.5 or greater.

5. No Stockholder Rights. This Warrant shall not entitle the Holder to any right to receive dividends, voting rights or other rights as a stockholder of the Company.

6. Lost, Stolen, Mutilated or Destroyed Warrant. The Company covenants to the Holder hereof that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation, upon surrender and cancellation of such Warrant or stock certificate, the Company shall make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

7. Acceptance. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

8. Amendment and Waiver. Subject to compliance with the requirements of the Canadian Securities Exchange (or such other exchange on which the Exercise Shares are then listed), any provision of this Warrant may be amended or waived in a writing signed by both the Company and the Required Holders and such amendment or waiver shall be binding on all Holders.

9. Governing Law; Venue.

9.1 This Warrant and all actions arising out of or in connection with this Warrant shall be governed by and construed in accordance with the laws of the State of New York, without regard to its internal rules governing the conflict of laws.

9.2 Each of the Company and the Holder hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York, New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby or for recognition or enforcement of any judgment relating hereto, and each of the Company and the Holder hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in such courts; (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in such courts; (c) waives any objection or defense which it may now or hereafter have based on personal jurisdiction; (d) waives any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in any such court; and (e) waives the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each of the Company and the Holder agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

9.3 EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN THE COMPANY AND THE HOLDER (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THIS WARRANT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIPS ESTABLISHED BETWEEN THE COMPANY, THE HOLDER, ANY OTHER HOLDER(S) OF WARRANTS.

(Signature page follows)

In Witness Whereof, the Company has caused this Warrant to be executed by its duly authorized officer as of the date first above written.

COMPANY:

LOWELL FARMS INC.

By: _____
Name: Mark Ainsworth
Title: Chief Executive Officer

Accepted by:

PURCHASER:

[_____]

By: _____
Name:
Title:

Signature Page to Warrant

NOTICE OF EXERCISE

TO: Lowell Farms Inc.

(1) The undersigned hereby elects to purchase ___ shares of _____ of Lowell Farms Inc. (the "Company") pursuant to the terms of the attached Warrant, and tenders herewith payment of the Exercise Price in full, together with all applicable transfer taxes, if any by payment of US\$ _____ by wire transfer, federal reference number _____.

(2) Please issue a certificate, certificates or DRS statement representing said shares of Stock in the name of the undersigned or in such other name as is specified below:

Holder

Address

(3) The undersigned represents that (i) the aforesaid shares of Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares; (ii) the undersigned is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding the undersigned's investment in the Company; (iii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned's own interests; (iv) the undersigned understands that the shares of Stock issuable upon exercise of this Warrant have not been registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (v) the undersigned is aware that the aforesaid shares of Stock may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144, that among the conditions for use of the Rule is the availability of current information to the public about the Company and the Company has not made such information available and has no present plans to do so; (vi) the undersigned is an "accredited investor" (as defined in Rule 501 promulgated pursuant to the Securities Act); and (vii) the undersigned agrees not to make any disposition of all or any part of the aforesaid shares of Stock unless and until there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, or the undersigned has provided the Company with an opinion of counsel satisfactory to the Company, stating that such registration is not required.

Date

(Signature)

(Print name)



LOWELL FARMS INC. ANNOUNCES CLOSING OF US\$18 MILLION EQUITY PRIVATE PLACEMENT

SALINAS, Calif., August 31, 2021 – **Lowell Farms Inc.** (the “Company”) (CSE: LOWL; OTCQX: LOWLF), a California-born innovator in cannabis cultivation, manufacturer, distributor and owner of the legendary brand Lowell Smokes, announced that it has completed a US\$18 million non-brokered private placement of common equity.

The offering (the “Offering”) consists of 18 million units of the Company (the “Units”) for a purchase price of US\$1.00 per Unit or 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”) until August 30, 2024, at an exercise price of US\$1.40 per Warrant Share, subject to adjustment in certain circumstances.

Proceeds from the Offering are contemplated to be used for working capital purposes, automation investments, and expansion into new markets. The Offering was led by Beehouse Partners, LP and included participation from insiders.

“We are grateful for the support of our investors who share our conviction and excitement in our mission to capture an enormous market opportunity in front of us,” said George Allen, Chairman of Lowell Farms. “This financing allows the Lowell Smokes brand, one of the strongest cannabis brands in the country, to expand geographically and increase scale in its home state of California.”

The Company has agreed to register the Shares included in the Units and the Warrant Shares issuable upon exercise of the Warrants for resale in the United States.

Certain officers and directors of the Company (the “Insiders”) purchased an aggregate of 2,900,000 Units pursuant to the Offering. Participation by the Insiders in the Offering was considered a “related party transaction” pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The Offering was considered, and ultimately approved, by the board of directors of the Company on August 27, 2021. The Insider participation in the Offering 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 Insiders’ participation in the Offering in reliance of sections 5.5(b) and 5.7(1)(a) of MI 61-101. A material change report in connection with the participation of Insiders in the Offering will be filed less than 21 days in advance of the closing of the Offering, which the Company deemed reasonable in the circumstances so as to be able to avail itself of potential financing opportunities and complete the Offering in an expeditious manner.

No securities regulatory authority has either approved or disapproved of the contents of this news release. The securities comprising the Units have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to or for the account of U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to exemptions from such registration requirements. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ABOUT LOWELL FARMS INC.

Lowell Farms Inc. (CSE:LOWL; OTCQX:LOWLF)(the "Company") is a California-based vertically-integrated cannabis company with advanced production capabilities supporting every step of the supply chain, including cultivation, extraction, manufacturing, brand sales, marketing, and distribution. Lowell Farms grows artisan craft cannabis with a deep love and respect for the plant, and prides itself on using sustainable materials – from seed to sale – to produce an extensive portfolio of award-winning originals, including Lowell Herb Co, Cypress Cannabis, MOON, and Kaizen Extracts, for licensed retailers statewide.

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Forward-Looking Information and Statements

This news release 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 Offering, 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. 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 news release is expressly qualified by this cautionary statement.

The forward-looking information contained in this news release represents the expectations of the Company as of the date of this news release 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.

Neither the Canadian Securities Exchange nor its Regulation Service Provider has reviewed, or accepts responsibility for the adequacy or accuracy of, the content of this news release.