

Form 51-102F3
Material Change Report

1. Name and Address of Company

Cronos Group Inc.
111 Peter Street, Unit 300
Toronto, Ontario
M5V 2H1

2. Date of Material Change

November 9, 2021

3. News Release

The news release with respect to the material change referred to in this report was disseminated on November 9, 2021 through the facilities of Globe Newswire. A copy of such news release is attached hereto as Schedule "A".

4. Summary of Material Change

On November 8, 2021, Cronos Group Inc. (the "Company"), on the recommendation of the Audit Committee of the Company's Board of Directors, and after consultation with KPMG LLP, the Company's independent registered public accounting firm, determined that it will be required to restate its previously issued unaudited interim financial statements for the three and six months ended June 30, 2021 previously filed on Form 10-Q on August 6, 2021. The Company's financial statements for this period should therefore no longer be relied upon.

The Company has been unable to complete its financial statements for the three and nine months ended September 30, 2021 because the Audit Committee of the Company's Board of Directors requires additional time to evaluate goodwill and indefinite-lived intangible assets in the Company's U.S. reporting unit for impairment. The Company expects that it will record an impairment charge of not less than \$220 million on goodwill and indefinite-lived intangible assets in its U.S. reporting unit for the three and six months ended June 30, 2021 and may incur an additional impairment in the three months ended September 30, 2021. The impairment charge is not expected to impact cash and cash equivalents or revenues.

5. Full Description of Material Change

On November 8, 2021, Cronos Group Inc. (the "Company"), on the recommendation of the Audit Committee of the Company's Board of Directors, and after consultation with KPMG LLP, the Company's independent registered public accounting firm, determined that it will be required to restate its previously issued unaudited interim financial statements for the three and six months ended June 30, 2021 previously filed on Form 10-Q on August 6, 2021. The Company's financial statements for this period should therefore no longer be relied upon.

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The Company intends to file a complete version of its Form 10-Q for the three and nine months ended September 30, 2021 with the SEC, together with its corresponding quarterly filings in Canada, as soon as practicable, but does not expect to do so within the five-day extension period afforded by Rule 12b-25 under the Securities Exchange Act of 1934, as amended. This also coincides with the prescribed deadline for the Company's quarterly filings under applicable Canadian disclosure requirements. The Company is working diligently to complete these filings and anticipates, but cannot assure, that they will be finalized and filed within 60 days.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

The following executive officer is knowledgeable about the material change and this report:

Robert Madore
Chief Financial Officer
Tel: (416) 504-0004

9. **Date of Report**

November 9, 2021

Cautionary Note Regarding Forward-Looking Statements

This material change report contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws (collectively, "Forward-looking Statements"). All information contained herein that is not clearly historical in nature may constitute Forward-looking Statements. Some of the Forward-looking Statements contained in this material change report include the Company's expectations with respect to the amount and timing of the impairment charges and the timing of the filing of the Form 10-Q. Forward-looking Statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that may cause the actual filing time of the Form 10-Q, amount and timing of the impairment charges, financial results, performance or achievement to be materially different from the estimated future filing time, the amount and timing of the impairment charges, results, performance or achievements expressed or implied by those Forward-looking Statements and the Forward-looking Statements are not guarantees of future performance. A discussion of some of the material risks applicable to the Company can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2021 and the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2021, each of which have been filed on SEDAR and EDGAR and can be accessed at www.sedar.com and www.sec.gov/edgar, respectively. Any Forward-looking Statement included in this material change report is made as of the date of this material change report and, except as required by law, Cronos Group disclaims any obligation to update or revise any Forward-looking Statement. Readers are cautioned not to put undue reliance on any Forward-looking Statement.

All dollar amounts included in this material change report are expressed in US dollars.

SCHEDULE “A”

Cronos Group Files Form 12b-25

TORONTO, November 9, 2021 – Cronos Group Inc. (NASDAQ: CRON) (TSX: CRON) (“Cronos Group” or the “Company”) today announced that it has filed a Form 12b-25 with the U.S. Securities and Exchange Commission (the “SEC”) in connection with its Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the “Form 10-Q”).

The Company has been unable to complete its financial statements for the three and nine months ended September 30, 2021 because the Audit Committee of the Company’s Board of Directors requires additional time to evaluate goodwill and indefinite-lived intangible assets in the Company’s U.S. reporting unit for impairment. The Company expects that it will record an impairment charge of not less than \$220 million on goodwill and indefinite-lived intangible assets in its U.S. reporting unit for the three and six months ended June 30, 2021 and may incur an additional impairment in the three months ended September 30, 2021. The impairment charge is not expected to impact cash and cash equivalents or revenues. The Company intends to file a complete version of the Form 10-Q with the SEC, together with its corresponding quarterly filings in Canada, as soon as practicable, but does not expect to do so within the five-day extension period afforded by Rule 12b-25 under the Securities Exchange Act of 1934, as amended. This also coincides with the prescribed deadline for the Company’s quarterly filings under applicable Canadian disclosure requirements. The Company is working diligently to complete these filings and anticipates, but cannot assure, that they will be finalized and filed within 60 days.

Canadian Securities Disclosures

The Company has applied for a management cease trade order (“MCTO”) with the applicable securities regulatory authorities in Canada until such time that the filings referred to above are made. An MCTO generally restricts all trading in securities of the Company, whether direct or indirect, by the Company’s Chief Executive Officer and Chief Financial Officer. However, the MCTO may be extended to include the directors of the Company, among others. The issuance of an MCTO does not generally affect the ability of persons who are not the Chief Executive Officer or Chief Financial Officer of the Company to trade in securities of the Company. There is no guarantee that an MCTO will be granted. The Company intends to satisfy the provisions of the alternative information guidelines set out in National Policy 12-203 – *Management Cease Trade Orders* as long as it has not filed these filings, and will provide updates on progress on these filings by news release at least once every two weeks. The Company will also continue to disclose any other material information concerning its affairs and ongoing business activities.

About Cronos Group Inc.

Cronos Group is an innovative global cannabinoid company with international production and distribution across five continents. Cronos Group is committed to building disruptive intellectual property by advancing cannabis research, technology and product development. With a passion to responsibly elevate the consumer experience, Cronos Group is building an iconic brand portfolio. Cronos Group’s portfolio includes [PEACE NATURALS™](#), a global wellness platform, two adult-use brands, [COVE™](#) and [Spinach™](#), and three U.S. hemp-derived CBD brands, [Lord Jones™](#), [Happy Dance™](#) and [PEACE+™](#). For more information about Cronos Group and its brands, please visit: thecronosgroup.com.

Forward-Looking Statements

This news release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and U.S. securities laws (collectively, “Forward-looking Statements”). All

information contained herein that is not clearly historical in nature may constitute Forward-looking Statements. Some of the Forward-looking Statements contained in this press release include the Company's expectations with respect to the amount and timing of the impairment charges and the timing of the filing of the Form 10-Q. Forward-looking Statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that may cause the actual filing time of the Form 10-Q, amount and timing of the impairment charges, financial results, performance or achievement to be materially different from the estimated future filing time, the amount and timing of the impairment charges, results, performance or achievements expressed or implied by those Forward-looking Statements and the Forward-looking Statements are not guarantees of future performance. A discussion of some of the material risks applicable to the Company can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2021 and the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2021, each of which have been filed on SEDAR and EDGAR and can be accessed at www.sedar.com and www.sec.gov/edgar, respectively. Any Forward-looking Statement included in this press release is made as of the date of this press release and, except as required by law, Cronos Group disclaims any obligation to update or revise any Forward-looking Statement. Readers are cautioned not to put undue reliance on any Forward-looking Statement.

Cronos Group Contact

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