

**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 16, 2021

Lowell Farms Inc.

(Exact Name of Registrant as Specified in Charter)

British Columbia, Canada

(State or Other Jurisdiction of Incorporation)

000-56254

(Commission File Number)

NA

(I.R.S. Employer Identification Number)

19 Quail Run Circle – Suite B, Salinas, California 93907

(Address of Principal Executive Offices) (Zip Code)

(831) 998-8214

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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:

Title of each class

N/A

Trading Symbols

N/A

Name of exchange on which registered

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 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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 2.02. Results of Operations and Financial Condition.

On August 16, 2021, Lowell Farms Inc. (the “Company”) issued a press release reporting its results for the second fiscal quarter of 2021. A copy of the press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

The slide presentation attached hereto as Exhibits 99.2 and incorporated herein by reference, will be displayed on the website of the Company starting on August 16, 2021, and may be used by the Company in presentations to existing and prospective investors and to analysts on or after August 16, 2021. The investor presentation has been updated for current financial and operational information.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

<u>Number</u>	<u>Exhibit</u>
99.1	Press Release as of August 16, 2021
99.2	Investor Presentation as of August 16, 2021

SIGNATURE

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.

Lowell Farms Inc.

Date: August 16, 2021

By: /s/ Brian Shure
Brian Shure
Chief Financial Officer

Lowell Farms Inc. Announces Record Revenues and Record Cultivation Output for the Second Quarter

Lowell Reports 37% sequential growth in revenue driven by large cultivation yields advances and strong growth in demand for the Lowell branded products

SALINAS, Calif., Aug. 16, 2021 (GLOBE NEWSWIRE) -- **Lowell Farms Inc.** (the “Company”) (CSE: LOWL; OTCQX: LOWLF), a California-born innovator in cannabis cultivation and maker of the legendary brand Lowell Smokes, announced revenue and operating results for the second quarter (ended June 30, 2021). All figures stated are in US Dollars and are on a US GAAP basis.

Second Quarter Financial Highlights:

- Revenue generated for the three-month period ended June 30, 2021 was \$15.2 million; an increase of 53% from Q2 2020 and an increase of 37% over the preceding quarter.
- Gross margin was 38% compared to negative margin of 13% in both the second quarter of last year and Q1 2021.
- Operating loss of \$473 thousand compared to operating loss of \$4.8 million and \$5.7 million in Q2 2020 and Q1 2021, respectively.
- \$2.6 million insurance recovery associated with plant stress incurred in 2020.
- Net income of \$731 thousand compared to net loss of \$8.8 million and \$6.7 million in Q2 2020 and Q1 2021, respectively. The current quarter includes proceeds from insurance claims of \$2.6 million.
- Adjusted EBITDA for the three-month period ended June 30, 2021, was \$740 thousand, which excludes insurance claim proceeds, compared to negative adjusted EBITDA of \$7.2 million in Q2 2020. See “Use of Non-GAAP Financial Information” below.

Our Flower production at the greenhouse ramped steadily during the quarter and we exceeded our guidance of 8,500 to 9,000 lbs during the quarter by a healthy margin at 9,553 lbs, a 102% increase over the preceding quarter. Additionally, our plan to restore the Lowell brand to health was met with success during the quarter.

“We have a lot to be proud of, but I am particularly excited about the continued progress we are making at the cultivation level,” says Lowell Farms Inc. Chief Executive Officer Mark Ainsworth. “We have spent a good portion of Q2 dialing in our automated environmental systems to continue to reach increased yields and potencies and right now we are collecting important data to provide the optimal conditions for each particular genetics. This is an exciting phase and we look forward to reporting back to you on our learnings and improvements as well as the positive impacts on our annual harvest run rate.”

Operational Highlights and Ongoing Initiatives in 2021:

The Company’s focus and strategic planning of key initiatives continue to drive sustainable profitable growth, with top priorities on its cultivation facilities, improving operational efficiency, and refinement of biological assets.

Subsequent events to the fiscal second quarter June 30, 2021:

- Lowell Farms Celebrates Its Highest Ever Quarterly Harvest Yields With the Release of Preliminary Harvest Report, July 07, 2021
 - <https://ir.lowellfarms.com/news-events/press-releases/detail/66/lowell-farms-celebrates-its-highest-ever-quarterly-harvest>
- Lowell Farm Services Begins Processing Third-Party Cannabis at New Salinas Facility, July 20, 2021
 - <https://ir.lowellfarms.com/news-events/press-releases/detail/69/lowell-farm-services-begins-processing-third-party-cannabis>
- Ascend to Bring Lowell Smokes to Illinois, August 04, 2021
 - <https://ir.lowellfarms.com/news-events/press-releases/detail/70/ascend-to-bring-lowell-smokes-to-illinois-on-august-5>
- **Cultivation Quality and Efficiency:**
 - As the Company continues to evaluate its cultivation processes, refine genetics, and enhance facilities and systems, the focus has been on fine tuning all systems in order to continue to improve the output.
 - Lowell Farms saw its flower production at the greenhouse ramped steadily during the quarter, exceeding guidance of flower product for a total of 9,714 lbs during the quarter in comparison to 4,724 lbs in Q1 2021 and 4,159 lbs in Q2 2020.
 - The Company harvested 40.5 rooms in Q2 2021; in contrast to the 36 rooms harvested in Q1 2021 and 18 rooms in Q2 2020.
 - The average turn time for a flowering room has improved and is now at 64 days in Q2 2021 compared to 74 days in Q1 2021 and 90 days in Q2 2020.
 - The portfolio of strains coming from the newly improved cultivation and as a direct result of the upgrades to the electrical, mechanical, and environmental systems have consistently tested higher THC potency.
 - These upgrades resulted in an increased potency of 22.47% in Q2 2021 compared to 21.4% in Q1 2021 and 19.4% in Q2 2020.
- **Cultivation Tech, Infrastructure, and Labor Efficiencies:**
 - Argus programmed for self-preservation mode to counteract the impact of wildfires.
 - The Company purchased a Mobius Sorter in Q2 to reduce labor cost and improve timing.
 - Plant nutrition was switched from manual top-feed to liquid feeding through Roots Talk system.
- **Lowell Farm Services**
 - Lowell Farms commissioned first-of-its-kind cannabis processing facility in Salinas Valley and started accepting orders on July 20, 2021
 - The 10-acre, 40,000 sq ft processing facility will provide drying, bucking, trimming, sorting, grading, and packaging operations for up to 250,000 lbs. of wholesale cannabis flower annually.

- The facility is centrally located in the Salinas Valley with several million square feet of cultivation canopy within a few miles.
- The facility currently includes eight environmentally-controlled, segregated drying rooms, each capable of accepting in excess of up to 30,000 pounds of wet cannabis plant material per month.
- In the facility's bucking and trimming area, there is a combination of mechanized and hand trimming services.
- **Owned Core Brands:**
 - Lowell Herb Co
 - Sales of Lowell branded products generated revenue of \$5.8 million in the second quarter which was the first full quarter of brand ownership.
 - Lowell Herb Co. has been introduced to approximately 399 new accounts YTD with a positive reception from the market upon the introduction of Lowell products, made with flower grown at our greenhouse.
- **Distribution and Sales Capabilities:**
 - With the high desirability with the Lowell brand, dispensary partners that have been previously ordering legacy products have now added Lowell products to their orders and vice versa.
 - The average delivery drop has increased by 46.5% from Q1 2021 to Q2 2021 and the average per route has increased 49.7% in the same period.

“We have a lot to look forward to, and despite the headwinds we anticipate encountering from decline in bulk sales and the compression in the market,” said George Allen, Chairman of the Board for Lowell Farms. “Our strategy is to offset revenues with our increased cultivation output and the launch of our new LFS business unit which is ramping quickly to incredibly high demand.

“We are also seeing extremely positive results from our expansion to Illinois and we are on track to launch Massachusetts later this quarter. We fully expect to add more markets in the near future. In California, we are positioning Lowell to be successful in an incredibly competitive operating environment and I am incredibly encouraged by the numbers coming out of our cultivation.”

Q2 Financial Results Earnings Conference Call Details:

The conference call with management at 5:30 p.m. ET on Monday, August 16, can be accessed using the following dial-in information:

U.S. and Canadian Toll Free:	1-877-407-0789
International:	1-201-689-8562
Conference ID:	13721106
Webcast:	http://public.viavid.com/index.php?id=145513

Please dial-in at least 10 minutes before the call to register.

The conference call will be webcast live and archived on the investor relations section of the Lowell Farms website at <https://ir.lowellfarms.com/>.

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 ability of the Company to successfully achieve its business objectives, including as a result of the described acquisition, 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 law.

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.

LOWELL FARMS INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

	June 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,113	\$ 25,751
Accounts Receivable - net of allowance for doubtful accounts of \$1,024 and \$1,389 at June 30, 2021 and December 2020, respectively	6,223	4,529
Inventory	14,736	9,933
Prepaid expenses and other current assets	4,144	6,391
Total current assets	34,216	46,604
Property and equipment, net	64,496	49,243
Goodwill	357	357
Other intangibles, net	40,919	736
Other assets	601	476
Total assets	\$ 140,589	\$ 97,416

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 3,313	\$ 2,137
Accrued payroll and benefits	1,142	1,212
Notes payable, current portion	369	1,213
Lease obligation, current portion	2,410	2,301
Other current liabilities	5,012	8,860
Total current liabilities	12,246	15,723
Notes payable	258	303
Lease obligation	35,260	36,533

Convertible debentures	13,646	13,701
Mortgage obligation	8,938	-
Total liabilities	70,348	66,260
STOCKHOLDERS' EQUITY		
Share capital	170,613	125,540
Accumulated deficit	(100,372)	(94,384)
Total stockholders' equity	70,241	31,156
Total liabilities and stockholders' equity	\$ 140,589	\$ 97,416

LOWELL FARMS INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ 5,988	\$ (16,631)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and amortization	1,858	1,762
Amortization of debt issuance costs	420	-
Share-based compensation expense	625	1,825
Provision for doubtful accounts	173	720
Termination of branding rights agreement	152	-
Unrealized gain on change in fair value of investments	(125)	(395)
Changes in operating assets and liabilities:		
Accounts receivable	(1,526)	1,390
Inventory	(1,501)	1,980
Prepaid expenses and other current assets	(553)	(333)
Other assets	-	-
Accounts payable and accrued expenses	(4,320)	2,307
Other current and long-term liabilities	-	(98)
Net cash used in operating activities	\$ (10,785)	\$ (7,473)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from asset sales	\$ 1,979	\$ -
Purchases of property and equipment	(608)	(4,110)
Disposition of business interest, net of cash received	-	2,743
Acquisition of business assets, net	(6,642)	-
Investment in corporate interests	-	-
Net cash used in investing activities	\$ (5,271)	\$ (1,367)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	\$ (1,164)	\$ (1,053)
Payments on notes payable	(128)	(31)
Proceeds from convertible notes, net of financing costs	-	13,663
Issuance of warrants associated with convertible notes offering	-	1,556
Proceeds from brokered private placement	-	62
Proceeds from lease financing	-	-
Proceeds from notes payable	-	-
Proceeds from exercise of warrants and options	710	-
Issuance of subordinate voting shares for acquisition	-	-
Payment of debt issuance costs	-	-
Net cash (used) provided by financing activities	\$ (582)	\$ 14,197
Change in cash and cash equivalents and restricted cash	\$ (16,638)	\$ 5,357
Cash and cash equivalents—beginning of year	25,751	1,344
Cash, cash equivalents and restricted cash—end of period	\$ 9,113	\$ 6,701

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	\$	605	\$	1,403
Cash paid during the period for income taxes	\$	187	\$	-

OTHER NONCASH INVESTING AND FINANCING ACTIVITIES

Property and equipment acquired via capital lease	\$	-	\$	578
Disposition of business interests	\$	-	\$	2,743
Issuance of warrants	\$	-	\$	1,556
Shares issued for services in connection with convertible debenture offering	\$	-	\$	62
Issuance of subordinate voting shares in exchange for net assets acquired	\$	43,259	\$	-
Liabilities assumed and receivable forgiveness in exchange for net assets acquired	\$	2,910	\$	-
Debt and associated accrued interest converted to subordinate voting shares	\$	478	\$	-

LOWELL FARMS INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net revenue	\$ 15,157	\$ 9,894	\$ 26,183	\$ 19,336
Cost of goods sold	9,413	11,157	21,915	22,328
Gross profit (loss)	5,744	(1,263)	4,268	(2,992)
Operating expenses				
General and administrative	3,817	1,456	6,285	4,733
Sales and marketing	2,233	1,184	3,667	2,410
Depreciation and amortization	167	885	491	1,762
Total operating expenses	6,217	3,525	10,443	8,905
Loss from operations	(473)	(4,788)	(6,175)	(11,897)
Other income/(expense)				
Other income (expense)	1,858	-	1,416	25
Loss on termination of investment	-	(3,524)	-	(3,524)
Unrealized gain on change in fair value of investment	18	306	124	391
Interest expense	(598)	(726)	(1,215)	(1,576)
Total other income (expense)	1,278	(3,944)	325	(4,684)
Income (loss) before provision for income taxes	805	(8,732)	(5,850)	(16,581)
Provision for income taxes	74	25	138	50
Net income (loss)	\$ 731	\$ (8,757)	\$ (5,988)	\$ (16,631)
Net income (loss) per share:				
Basic	\$ 0.01	\$ (0.26)	\$ (0.10)	\$ (0.50)
Diluted	\$ 0.00	\$ (0.26)	\$ (0.10)	\$ (0.50)
Weighted average shares outstanding:				
Basic	71,021	33,307	61,956	33,025
Diluted	201,278	33,307	61,956	33,025

ADJUSTED EBITDA**(Unaudited)**

(in thousands)	Three Months	
	June 30, 2021	June 30, 2020
Net income (loss)	\$ 731	\$ (8,757)
Interest expense	598	726
Provision for income taxes	75	25
Depreciation in cost of goods sold	584	514
Depreciation and amortization in operating expenses	167	371
Depreciation in other income (expense)	195	-
EBITDA⁽¹⁾	2,350	(7,121)
Investment and currency (gains)/ losses	(19)	(306)
Share-based compensation	336	213
Net effect of cost of goods on mark-up of acquired finished goods inventory	497	-
Transaction and other special charges	(2,424)	-
Adjusted EBITDA⁽¹⁾	\$ 740	\$ (7,214)

⁽¹⁾ Non-GAAP measure - see Non-GAAP Financial Measures in this MD&A.



**INVESTOR PRESENTATION
LOWELL FARMS INC.**

(CSE:LOWL; QTCQX: LOWLF)

DISCLAIMER

USE OF NON-GAAP MEASURES

This document refers to EBITDA because certain investors may use this information to assess the Company's performance and also determine the Company's ability to generate cash flow. This data is furnished to provide additional information and is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar data presented by other issuers. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with GAAP and is not necessarily indicative of operating costs presented under GAAP. EBITDA is net income (loss), excluding the effects of income taxes (recovery), net interest expense, depreciation and amortization; and Adjusted EBITDA also includes non-cash fair value adjustments on investments, unrealized foreign currency gains/losses, share-based compensation expense and other transactional and special expenses, such as acquisition costs and expenses related to the markup of acquired finished goods inventory, which are inconsistent in amount and frequency and are not what we consider as typical of our continuing operations. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations. We use Adjusted EBITDA internally to understand, manage, make operating decisions related to cash flow generated from operations and evaluate our business. In addition, we use Adjusted EBITDA to help plan and forecast future periods.

ON FORWARD-LOOKING STATEMENTS

This document includes information, statements, beliefs and opinions which are forward-looking, and which reflect current estimates, expectations and projections about future events, referred to herein as "forward-looking statements" or "forward-looking information". Statements containing the words "believe", "expect", "intend", "should", "seek", "anticipate", "will", "positioned", "project", "risk", "plan", "may", "estimate" or, in each case, their negative and words of similar meaning are intended to identify forward-looking statements. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions concerning, among other things, the Company's anticipated business strategies, anticipated trends in the Company's business and anticipated market share, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Although Lowell Farms has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. A description of assumptions used to develop such forward-looking information and a description of 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 listing statement and management's discussion and analysis, filed on the SEDAR website at www.sedar.com. Forward-looking information contained in this presentation is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the current date, and the Company's registration statements on Forms 10-12g and S-1, filed on the EDGAR website at www.sec.gov. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. You should not place undue reliance on forward-looking statements, which are based on the information available as of the date of this document. Forward-looking statements contained in this document are made of the date of this presentation and, except as required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances. Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular, historical results should not be taken as a representation that such trends will be replicated in the future. No statement in this document is intended to be nor may be construed as a forecast.

ON FUTURE-ORIENTED FINANCIAL INFORMATION

To the extent any forward-looking information in this Presentation constitutes "financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated market penetration of the Company's products and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading "On Forward-Looking Statements". Indus' actual financial position and results of operations may differ materially from management's current expectations and, as a result, Indus' revenue and expenses may differ materially from the revenue and expenses profiles provided in this Presentation. Such information is presented for illustrative purposes only and may not be an indication of Indus' actual financial position or results of operations.

**“AMERICA’S FIRST
GREAT WEED BRAND”**
- Robb Report

COMPANY SNAPSHOT

- CSE Listed: Lowell Farms Inc. (CSE: LOWL; OTCQX: LOWLF)
- Formed by combination of Indus Holdings, Inc. and Lowell Herb Co. in February 2021
- Mission Highlights
 - Focus on California only
 - Leadership through scale and brands
 - Consolidate supply-side capacity
 - Build large-scale cultivation facilities
 - Brand differentiation
 - Preparing for federal legalization

	7/31/2021 (\$USD)
Stock Price	\$1.24
Market Cap ¹	\$289,524,974
Net Working Capital ²	\$21,969,989
Enterprise Value ³	\$267,554,985

¹Based on Fully Diluted Shares of 233.5m as of 7/31/2021, using treasury method on in-the-money options and warrants. Convertible Debentures are treated as equity given in-the-money status.

² As of 6/30/2021.

³ Defined here as Market Cap minus net working capital.



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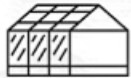
LOWELL HERB CO

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LOWELL FARMS

THE NEW LOWELL FARMS



Cultivation at massive scale growing high quality flower

- 225k sq ft greenhouse in operation
- In planning phase for additional greenhouse
- Further expansion plans in development



Diversified manufacturing capabilities and infrastructure spanning across all product categories



Lowell, a rich brand with unparalleled reach, awareness and accessibility, anchoring a portfolio of diversified products



Distribution, a hub&spoke delivery infrastructure that services 85%+ of the dispensaries in the state

BRINGING SCALE TO AN EXTREMELY FRAGMENTED MARKET

CULTIVATION

PROCESSING & MANUFACTURING

DISTRIBUTION

RETAIL



Outdoor
~950 operators
16m sq. ft. canopy



Greenhouse
~1200 operators
17m sq. ft. canopy



Indoor
~500 operators
4m sq. ft. canopy

950 Licensed Operators:

- 214 Flower brands
- 145 Vape brands
- 142 Concentrate brands
- 39 Gummy brands
- 32 Beverage brands
- 30 Chocolate brands

Sales, Distribution and Collection

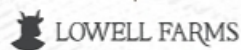
- 5+ independent distributors (Lowell)
- Many brands doing self-distribution

661

Licensed retail dispensaries

301

Licensed non-storefront dispensaries





CULTIVATION

**LOWELL FARM
SERVICES**

TRANSACTION OVERVIEW

- In June of 2021, Lowell acquired a unique 10 acre newly-licensed processing facility in Salinas design-built for downstream processing in the cannabis sector
- Property will house our newest business unit: *Lowell Farm Services*



Watch Video: <https://vimeo.com/568620561>

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LAUNCHING OUR NEW BUSINESS UNIT: LOWELL FARM SERVICES

- LFS is a midstream processing service for local growers in the most fertile environment in America
- Facility is initially commissioned to process approximately 250,000 pounds of finished flower annually from diverse growers in the fertile Salinas Valley and surrounding areas
- Processing is a massive pain-point in California cannabis with complicated building-codes and facility requirements that are expensive to accommodate and difficult to staff
- Centralized services allows large-scale automation to give growers the best results for their harvests
- LFS is a unique service without any peers in Northern California

"We are commissioning LFS to answer a pressing need in the market for which we see no other solution in sight. We seek to service the massive and fast-growing cannabis cultivation industry in California, not to compete with it" said Chairman George Allen, "large-scale processing and automation are the missing pieces that will make California cannabis dominant in this exciting new frontier of agriculture."

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SEVERAL DEMAND-DRIVERS POWER OUR FUTURE

- **California:** Grows an estimated 17million pounds of cannabis annually, nearly 60% of total American supply
- **Monterey County:** With 4.1 million square feet, it is the third largest county in the state poised for explosive growth with recent expansion ordinances that are welcoming to large-scale cannabis
- **Adjacent San Benito County:** Previously closed to cannabis cultivation, opening with multiple operations pending approval
- **Santa Cruz County:** Dozens of outdoor operations and greenhouses



Monterey is the third highest county in California for agricultural output and adjacent to the other four counties that make up the top-five

BETTER FOR OUR BRANDS AND CONSUMERS



The transaction allows us to use the diversity, skill and creativity of thousands of California growers to make Lowell more affordable with a broader consumer assortment

CULTIVATION IN CALIFORNIA: OVERLOOKED & FULL OF POTENTIAL

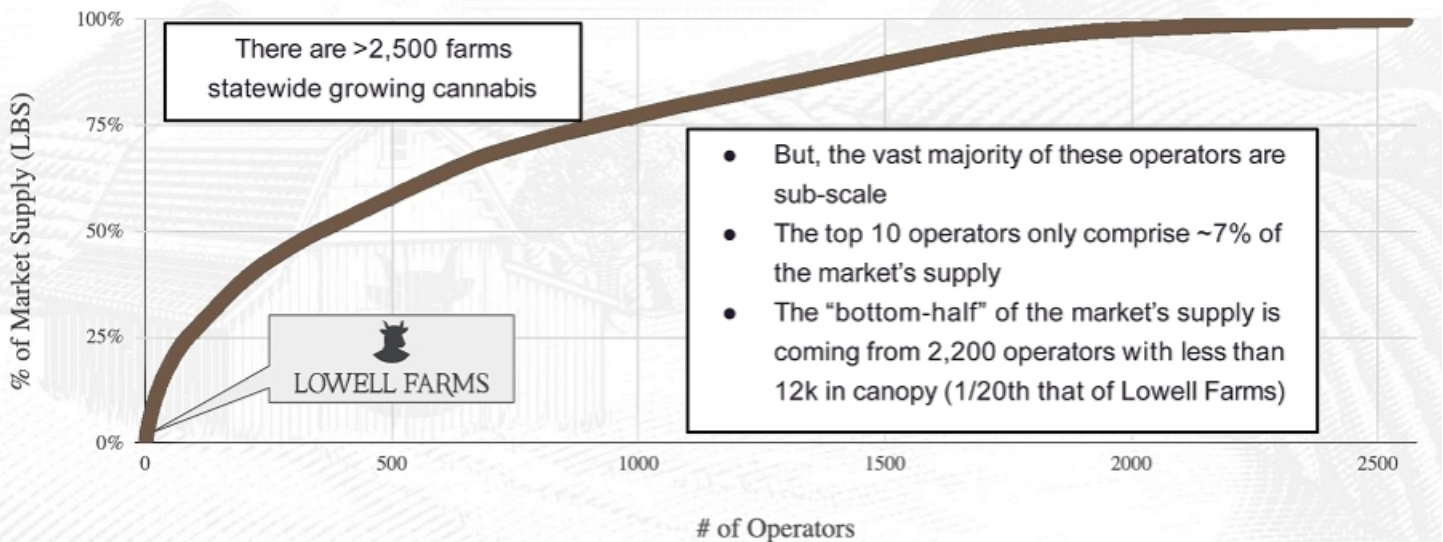
- ✦ America's home of cannabis, perfect opportunity to build brand and loyalty
- ✦ Supply is very fragmented: average players are very small with much higher cost structures
 - Over 2,500 growers with average canopy of 19k sq. ft.
- ✦ The black market, while still a factor, is ineffective at competing for the Californian consumer
- ✦ Increasing regulatory burden is adding pressure to sub-scale operators
 - 85% of licensed canopy is provisional, at real risk with CEQA licensing requirements
 - METRC implementation adding burdens for smaller operators
- ✦ California: it's the long-term home of cannabis cultivation in America, perhaps the world

As legalization comes more into focus in the US, investors and consumers are increasingly expected to accept the pivotal role that California cultivation will play over the long-term

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CALIFORNIA: A HIGHLY FRAGMENTED SUPPLY STACK

California Supply Stack



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CULTIVATION STRATEGY

- ✧ Sourcing via LFS and our own cultivation
- ✧ Strain diversification and leadership
- ✧ Cost through economies of scale
- ✧ Quality leadership under a team of award-winning growers
- ✧ Develop portfolio of facilities that each have sufficient scale

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LOWELL FARMS: OUR EXISTING GREENHOUSE

- ✧ 225,000 sq. ft. retrofitted greenhouse in Monterey County, CA
- ✧ Facilities upgrades allow us to improve output
- ✧ Targeted levels of 10,000+ lbs of flowers every quarter



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*

MANUFACTURING & PRODUCTS

DIVERSE MANUFACTURING CAPABILITIES

We produce nearly all types of products with highly acclaimed:

- * Jarred flower
- * Pre-rolls
- * Edibles
- * Vape products
- * Concentrates

CHULA



KAIZEN
EXTRACTS



FLOWER



CLASSIC 3.5G PACK



3.5G JAR FLOWER



1G SMOKE

CONCENTRATES



RECHARGEABLE VAPE



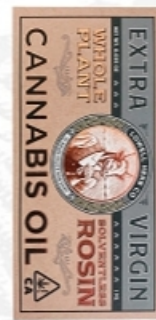
510 CART



NEW INFUSED SMOKES



LOWELL DART



BUBBLE HASH
FULL-MELT HASH
AGE CURED ROSIN
LIVE ROSIN

EDIBLES



CHOCOLATES



MINTS



GUMMIES



BAKED GOODS

— * —
**A LEADING
BRAND**

THE LOWELL BRAND



Lowell is a premium California cannabis brand with extremely rare levels of reach and audience



A reputation of authenticity and heritage that has become synonymous with quality and refinement



Lowell is best known for its distinctive pre-rolls and unique logo

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NATIONWIDE LICENSING

- Partnership with Ascend Wellness (AWH) to launch Lowell Smokes in Massachusetts and Illinois
- Industry leading economics: 15% of wholesale royalty arrangement, demonstrates the power of the brand
- More states to come

The walking billboard



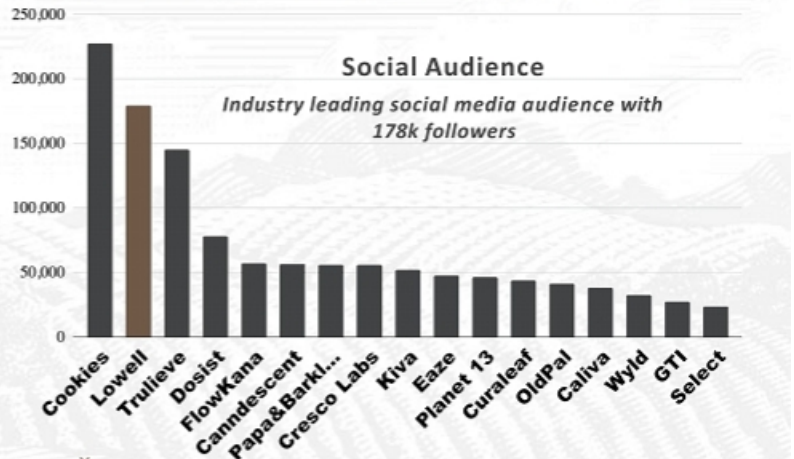
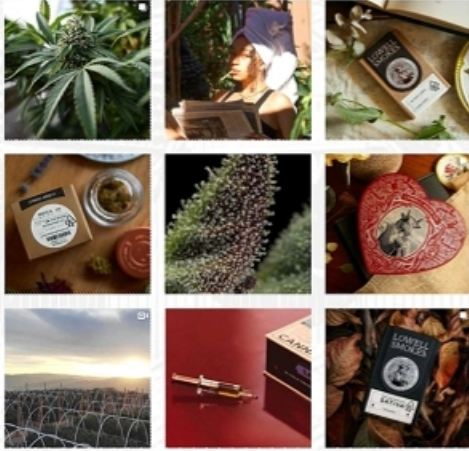
Coming to a store near you

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INDUSTRY LEADING SOCIAL ENGAGEMENT



lowellfarms ✓
 438 posts 178k followers 210 following
 Lowell Farms



- * Over 1million in weekly impressions across all social outlets
 - * 3 million impressions on YouTube
 - * Remains strong and relevant: 2020 and Q4 activity was extremely healthy and remains best-in-class among peers
- Total Audience: up 68% y/y
 Engagement: up 132% y/y

STATEWIDE DISTRIBUTION

LOWELL DISTRIBUTION

Facility: 18,000 sq. ft. — all distribution-related inventory activity in the same building under one roof to include post-compliance labeling, retail flower packing, finished goods inventory, order pick/pack and delivery loading

Fleet: 22 delivery vans allowing for regular maintenance rotation and upkeep, in addition to flexibility on delivery routes, bulk deliveries, inventory pick-ups and transfers, etc.

Delivery Routes: 19 optimized delivery routes across California (10 in NorCal, 9 in SoCal) for maximum efficiency with 10 daily routes that are eligible for next day delivery — capacity for 152 B2B deliveries per day

KEY PERFORMANCE METRICS*

Deliveries per day = 42 (largest single day = 86)	\$ value per van per route = \$12,700
Total stops per day = 50 (including collection-only stops)	Unique delivery locations last 90 days = 452 (average customer orders 2x per month)
Vans on the road per day = 10.5	

**all metrics are pre-acquisition of Lowell which occurred on 2/25/21*



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FINANCIAL HIGHLIGHTS

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FARM TO TABLE ECONOMICS

FROM GREENHOUSE (A)

TO MANUFACTURING

ONTO SHELVES

40-45k lbs
Flower Annually



**\$65M REVENUE
OPPORTUNITY (B)**

25-30k lbs
Trim Annually



**\$40M REVENUE
OPPORTUNITY (A)**

(A) Estimated annual production capacity upon completion of current expansion, estimated to occur in Q42021
(B) Represents a potential revenue figure based on current market prices and full realization of sale potential at these market prices. These estimates do not constitute financial guidance.

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REPORTED FINANCIALS

Summary Income Statement

(USD in thousands)

	Q3	Q4	Q1	Q2
Owned Products	\$11,910	\$7,607	\$9,667	\$14,539
Agency Revs	\$1,733	\$1,355	\$1,230	\$535
Distribution Revs	\$487	\$190	\$130	\$83
Total Net Revs	\$14,131	\$9,151	\$11,026	\$15,157
Gross Profit	\$4,979	\$218	(\$1,477)	\$5,744
Gross Margin	35.2%	2.4%	(13.4)%	37.9%
Adj. EBITDA ¹	\$1,402	(\$4,227)	(\$4,569)	\$740

	6/30/2021
Cash	\$9,113
Current Assets	\$34,216
Current Liabilities	\$12,246
Net Working Cap	\$21,970

¹Adjusted EBITDA defined as earnings before interest, taxes, depreciation, amortization, and transaction and other special charges as described in our Form 10-Q and 10-K

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CAP TABLE & BALANCE SHEET HIGHLIGHTS

CAPITALIZATION TABLE

7/31/2021

BALANCE SHEET HIGHLIGHTS (e)

Share Class	Shares ('000)		('000)
Super Voting Shares	203	Cash	9,113
Class A Subordinated Voting Shares	78,806	Current Assets	34,216
Class B Subordinated Voting Shares	13,803	Current Liabilities	12,246
Basic Shares Outstanding	92,609	Debt (Convertible Debentures)	22,953
Issuable upon conversion/exchange of Convertible Debt	77,629 (a)	Shareholder's Equity	70,241
Pro Forma Shares Outstanding	170,238		
Warrants	92,907 (b)		
Options	7,612 (c)		
Stock Units	1,835 (d)		
Pro Forma Fully Diluted Shares	272,591		

Notes:

- (a) Convertible exchange share price of \$0.20
- (b) Warrant exercise price range from \$0.28 to \$11.75
- (c) Option exercise price range from \$0.35 to \$6.07
- (d) Share amounts will reduce if respective holders use shares in lieu of paying payroll taxes
- (e) As of 6/30/2021, unaudited

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\$LOWL.CN & \$LOWLF

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