

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): May 10, 2022

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 see General Instruction A.2. below):

- 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

Trading Symbols

Name of exchange on which registered

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 May 10, 2022, Lowell Farms Inc. (the "Company") issued a press release reporting its results for the first fiscal quarter ended March 31, 2022. 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 99.3, and incorporated herein by reference, will be displayed on the website of Lowell Farms Inc. (the "Company") starting on May 10, 2022, and may be used by the Company in presentations to existing and prospective investors and to analysts on or after May 10, 2022.

The investor presentation has been updated for current financial and operational information. The harvest report reflects the monthly results of flower harvests at each of our greenhouses. The current month's results are preliminary pending actual results once the drying process has been completed. These preliminary results are adjusted to actual in the following month's report.

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 and 99.3 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>
<u>99.1</u>	<u>Press Release as of May 10, 2022</u>
<u>99.2</u>	<u>Investor Presentation as of May 10, 2022</u>
<u>99.3</u>	<u>Harvest Report as of May 10, 2022</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: May 10, 2022

Lowell Farms Inc.

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

Lowell Farms Inc. Announces Unaudited First Quarter 2022 Financial and Operational Results

Following recent milestone, Lowell Farms enters the year as the largest combined seller of packaged flower and all-flower pre-rolls in California

SALINAS, Calif., May 10, 2022 (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, announces unaudited revenue and operating results for the first quarter and fiscal year (ended March 31, 2022). All figures stated are in US Dollars.

First Quarter Financial Highlights:

- Revenue generated for the three-month period ended March 31, 2022 was \$12.4 million; an increase of 13% from Q1 2021.
- CPG revenue increased 10% sequentially, primarily due to increases in pre-roll and packaged flower revenue.
- As expected, Lowell Farm Services (LFS) revenue declined \$2.8 million from fourth quarter seasonal high levels.
- Gross margin as reported was 12.7% in the first quarter compared to negative 12.3% sequentially and negative 13.4% year over year.
- Operating expenses were \$4.0 million or 33% of sales for the quarter, compared to \$6.3 million or 42% of sales in the fourth quarter last year and \$4.2 million or 38% of sales in the first quarter last year, reflecting cost reductions realized in the current quarter.
- The operating loss in the first quarter was \$2.5 million compared to an operating loss of \$8.2 million sequentially and an operating loss of \$5.7 million year over year, reflecting the favorable impact from increased sales, cost reductions and efficiencies.
- Net loss for the first quarter was \$4.1 million compared sequentially to a net loss of \$10.0 million, which compares to a net loss of \$6.7 million in the first quarter last year.
- Adjusted EBITDA in the first quarter was negative \$0.9 million compared sequentially to adjusted EBITDA of negative \$3.6 million and negative adjusted EBITDA of \$4.6 million year over year. Adjusted EBITDA is a non-GAAP financial measure. See “Use of Non-GAAP Financial Information” below for further information and a detailed reconciliation to Net Loss, the closest comparable GAAP measure.

Revenue Summary (\$'s in '000)

	Dec 31, 2021	March 31, 2022	Q/Q % Change	Q/Q \$ Change
CPG Revenues	\$ 8,219	\$ 9,077	10%	858
Bulk Product	\$ 2,609	\$ 2,259	-13%	(350)
LFS	\$ 3,153	\$ 350	-89%	(2,803)
Out-of-State Licensing	\$ 1,092	\$ 723	-34%	(369)
Net revenue	\$ 15,073	\$ 12,409	-18%	(2,664)

“For the second quarter in a row, Lowell Farms has taken the lead as California’s largest combined seller of packaged flower and all-flower pre-rolls in California per Headset,” says Co-Founder and Chief Executive Officer Mark Ainsworth. “You get there by selling a consistent, quality product that consumers have learned to trust and that is exactly what we sell.

“We also continue to make great strides with our out-of-state licensing partnerships, rising to become one of the top players in both of those markets for pre-rolls. That is a strong statement about the power of that brand.”

Subsequent events to the first quarter ended March 31, 2022:

- **Lowell Herb Co. Expands Award-Winning Cannabis Brand with All-New Products, April 18, 2022**
 - <https://ir.lowellfarms.com/news-events/press-releases/detail/85/lowell-herb-co-expands-award-winning-cannabis-brand-with>
- **Lowell Farms Inc. Becomes Exclusive Distributor of Zippo Products for California Cannabis Dispensaries, April 20, 2022**
 - <https://ir.lowellfarms.com/news-events/press-releases/detail/86/lowell-farms-inc-becomes-exclusive-distributor-of-zippo>

Operational Highlights and Ongoing Initiatives:

The Company’s focus remains on key initiatives to drive sustainable profitable growth as well as working closely with governing bodies to ensure effective changes in the cannabis industry taxation system that would make higher profitability possible.

- **Lowell Farm Services:**
 - Lowell Farm Services, a first-of-its-kind cannabis processing facility in Salinas Valley, continues to improve operational efficiencies with a stronger focus on new clients and scalability.
 - Lowell Farm Services processed over 98,604 pounds of wet weight product in the quarter.
 - LFS processed approximately 11,000 pounds of finished bulk flower.
 - The expected increase at LFS reflects the impact from seasonal spring harvests compared to minimal outdoor harvest activity during the first quarter. Spring outdoor harvest is small compared to the primary outdoor harvest yields in the fall.
 - To alleviate the impact that seasonality has on the industry, the Company has signed multiple year-round greenhouse partners to ensure consistent processing revenues.

- **Portfolio Brands and Out-of-State Licensing:**

- The Company saw an increase in CPG revenue of 10.4% due to higher pre-roll and packaged flower revenue and as a result of cost reductions and efficiency improvements.
- For the second quarter in a row, Lowell Farms achieved a historic milestone of being the largest combined seller of packaged flower and all flower pre-rolls in California as measured by dollar volume by third party data aggregator Headset.
 - The first quarter results show Lowell Farms two premier flower brands – Lowell Herb Co. and House Weed – as surpassing more than 500 competing brands in the market.
- Lowell Herb Co.
 - Sales of Lowell branded products generated revenue of \$5.0 million in the first quarter, approximating the record sales level in the fourth quarter of 2021.
- House Weed
 - House Weed, a portfolio brand, generated revenue of over \$2.9 million in the first quarter of 2022, an increase of over \$0.5 million from the fourth quarter of 2021.
- Bulk Flower Sales
 - Bulk flower sales pricing increased 34% from the fourth quarter, rebounding from December low pricing.
 - Bulk flower sales declined 11% sequentially despite increasing selling prices due to seasonal lower flower yields during the winter months and declined 52% from the first quarter of 2021 due to lower pricing in the current quarter.
- Out-of-state Licensing
 - Sales revenue for the quarter in Illinois totaled approximately \$3.14 million.
 - Sales revenue for the quarter in Massachusetts totaled approximately \$1.5 million.
 - The Massachusetts market specifically experienced supply disruptions during the quarter which contributed to sales declines

- **Cultivation Quality and Efficiency:**

- The Company’s focus on refining its cultivation processes, genetics, and facilities continue to improve the yield, potencies, and increase margins quarter over quarter.
 - Lowell Farms saw its flower production at the greenhouse continue to steadily increase, with flower product totaling 8,356 lbs during the first quarter of 2022 in comparison to 4,724 lbs in the first quarter of 2021.
 - The Company harvested 41 times in the first quarter of 2022; in contrast to 37 harvests in the first quarter of 2021.
 - The average turn time for the flowering rooms has seen continued improvement and is now at 58 days in the first quarter of 2022 compared to 74 days in the first quarter of 2021.
- The portfolio of flower coming from the cultivation is becoming a standard for strains and genetics, which is generating an increase in consumer demand.
- The Company continues to evolve its licenses to increase its existing footprint and canopy for higher cultivation capacity.

- **Distribution and Sales Capabilities:**

- With the increased desirability of the Lowell brand, dispensary partners are continuing to add Lowell portfolio products to their orders.
 - The average delivery drop value has increased to approximately \$5,362 in the first quarter of 2022 from \$3,552 in the first quarter of 2021.

“To compete with the black market, we have to do it with price, quality, safety, and partnership with governing bodies that control our industry,” said Chairman of the Board George Allen. “We need three things: good quality cannabis, a brand that people trust, and automation. We are on the right path to having all three.”

Q1 Financial Results Earnings Conference Call Details:

The conference call with management at 5:30 p.m. EDT on Tuesday, May 10, can be accessed using the following dial-in information:

U.S. and Canadian Toll Free: 1-877-407-0789

International: 1-201-689-8562

Webcast: [Lowell Farms Inc.](#)

Conference ID: 13728978

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 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, House Weed, MOON, and Kaizen, 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 conditions, 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 anticipated growth of Lowell Farm Services and 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 and the Company's Form 10 filed on the SEC website at www.sec.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.

Use of Non-GAAP Financial Information

EBITDA is net income (loss), excluding the effects of income taxes (recovery); net interest expense; depreciation and amortization; and adjusted EBITDA also includes noncash fair value adjustments on investments; unrealized foreign currency gains/losses; share-based compensation expense; and other transactional and special expenses, such as out-of-period insurance recoveries and 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.

This measure is not necessarily comparable to similarly titled measures used by other companies. A reconciliation of this measure to Net Loss is provided below.

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,886	\$ 7,887
Accounts Receivable - net of allowance for doubtful accounts of \$827 and \$1,139 at March 31, 2022 and December 31, 2021, respectively	5,644	8,222
Inventory	15,807	13,343
Prepaid expenses and other current assets	2,702	1,976
Total current assets	30,039	31,428
Property and equipment, net	63,833	64,779
Other intangibles, net	40,674	40,756
Other assets	346	416
Total assets	\$ 134,892	\$ 137,379
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,317	\$ 3,102
Accrued payroll and benefits	744	650
Notes payable, current portion	258	221
Lease obligation, current portion	2,503	2,444
Other current liabilities	6,224	3,706
Total current liabilities	12,046	10,123
Notes payable	19	28
Lease obligation	33,407	34,052
Convertible debentures	14,196	14,012
Mortgage obligation	8,813	8,857
Total liabilities	68,481	67,072
STOCKHOLDERS' EQUITY		
Share capital	189,529	189,368
Accumulated deficit	(123,118)	(119,061)
Total stockholders' equity	66,411	70,307
Total liabilities and stockholders' equity	\$ 134,892	\$ 137,379

Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Three Months Ended	
	March 31, 2022	March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (4,057)	\$ (6,719)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and amortization	1,511	908
Amortization of debt issuance costs	226	204
Share-based compensation expense	161	287
Provision for doubtful accounts	243	224
Termination of branding rights agreement	-	152
Unrealized gain on change in fair value of investments	70	(106)
Changes in operating assets and liabilities:		

Accounts receivable	2,335	(2,471)
Inventory	(2,464)	(653)
Prepaid expenses and other current assets	(726)	1,058
Other assets	-	(9)
Accounts payable and accrued expenses	1,827	(2,146)
Net cash used in operating activities	\$ (874)	\$ (9,271)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from asset sales	\$ -	\$ 1,980
Purchases of property and equipment	(483)	(373)
Acquisition of business assets, net	-	(4,569)
Net cash used in investing activities	\$ (483)	\$ (2,962)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	\$ (586)	\$ (580)
Payments on notes payable	(58)	(31)
Proceeds from exercise of warrants and options	-	665
Net cash (used) provided by financing activities	\$ (644)	\$ 54
Change in cash and cash equivalents	\$ (2,001)	\$ (12,179)
Cash and cash equivalents—beginning of year	7,887	25,751
Cash, cash equivalents —end of period	\$ 5,886	\$ 13,572

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	\$ 1,018	\$ 846
Cash paid during the period for income taxes	\$ 268	\$ 91

OTHER NONCASH INVESTING AND FINANCING ACTIVITIES

Purchase of property and equipment not yet paid for	\$ 79	\$ -
Issuance of subordinate voting shares in exchange for net assets acquired	\$ -	\$ 34,237
Liabilities assumed and receivable forgiveness in exchange for net assets acquired	\$ -	\$ 2,910
Debt and associated accrued interest converted to subordinate voting shares	\$ -	\$ 665

Condensed Consolidated Statements of Income (Loss)
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net revenue	\$ 12,409	\$ 11,026
Cost of goods sold	10,835	12,503
Gross profit (loss)	1,574	(1,477)
Operating expenses		
General and administrative	2,164	2,460
Sales and marketing	1,761	1,441
Depreciation and amortization	108	324

Total operating expenses	4,033	4,225
Loss from operations	(2,459)	(5,702)
Other income/(expense)		
Other income (expense)	(143)	(229)
Unrealized change in fair value of investment	(70)	106
Interest expense	(1,310)	(831)
Total other income (expense)	(1,523)	(954)
Loss before provision for income taxes	(3,982)	(6,656)
Provision for income taxes	75	63
Net loss	\$ (4,057)	\$ (6,719)
Net loss per share:		
Basic	\$ (0.04)	\$ (0.13)
Diluted	\$ (0.04)	\$ (0.13)
Weighted average shares outstanding:		
Basic	100,118	53,592
Diluted	100,118	53,592

The table below reconciles Net Loss to Adjusted EBITDA for the periods indicated.

(in thousands)	Three Months Ended	
	March 31, 2022	March 31, 2021
Net loss	\$ (4,057)	\$ (6,719)
Interest expense	1,310	831
Provision for income taxes	75	63
Depreciation and amortization in cost of goods sold	1,260	584
Depreciation and amortization in operating expenses	108	324
Depreciation and amortization in other income (expense)	143	-
EBITDA⁽¹⁾	(1,161)	(4,917)
Investment and currency (gains)/ losses	70	(106)
Share-based compensation	161	287
Net effect of cost of goods on mark-up of acquired finished goods inventory	-	167
Transaction and other special charges	30	-
Adjusted EBITDA⁽¹⁾	\$ (900)	\$ (4,569)

⁽¹⁾ Non-GAAP measure



INVESTOR PRESENTATION

(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 performance 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.

COMPANY SNAPSHOT

- California based, licensed cannabis operator
- Four primary segments:
 1. **CPG Sales:** a fast growing, top-tier leader in the world's most discerning market with six active brands across five cannabis categories
 2. **Out of State Licensing:** our legendary CPG Products
 3. **Farm Services:** supporting local cannabis farmers with scaled services
 4. **Bulk Flower Sales:** Sale of excess flower from our award-winning greenhouse
- CSE Listed: Lowell Farms Inc. (CSE: LOWL; OTCQX: LOWLF)
- LTM Revenues thru 3/31/2022 of \$55.1m

4/30/2022 (\$USD)	
Stock Price	\$0.2402
Market Cap ¹	\$45,510,330
Net Working Capital ²	\$17,993,000
Debt	\$8,813,000
Enterprise Value ³	\$36,330,330

¹ Based on Fully Diluted Shares of 189.5m as of 4/30/2022, using treasury method on in-the-money options and warrants. Convertible Debentures are treated as equity given in-the-money status.

² As of 3/31/2022.

³ Defined here as Market Cap minus net working capital plus debt.

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LOWELL: AN INTEGRATED STRATEGY DRIVING LONG TERM VALUE

CALIFORNIA CPG	Successfully building brand strength in the world's largest and most competitive market
BRAND LICENSING	Leveraging the the strength of our brands via licensing arrangements with MSO operators in other recreational markets
BULK FLOWER	We support our brands by reliably growing a consistent supply of flower, the best of which goes into our CPG brands, the balance of which we sell wholesale
FARM SERVICES	Integrating our business with a vast array of farmers allowing us to ensure diversified access to raw materials from the best growers in the world, further improving our CPG brands

4

LOWELL FARMS CPG: OUR BRANDED PORTFOLIO

We delight our customers with products in the five largest categories in California across our six brands

1. JARRED FLOWER
2. PRE-ROLLS
3. EDIBLES
4. VAPE PRODUCTS
5. CONCENTRATES

CHULA



改善
KAIZEN
EXTRACTS



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CPG: CATEGORY LEADERSHIP AS OF Q4 2021

#1 IN CA FLOWER SALES BY UNIT VOLUME (3.4% MARKET SHARE)

#2 IN CA FLOWER SALES RECEIPTS BEHIND INDOOR BRAND CANNABIOTIX

#3 IN CA PREROLL SALES RECEIPTS (5.7% MARKET SHARE)

#2 IN CA CONCENTRATES SALES BY UNIT VOLUME (5.0% MARKET SHARE)

#5 IN CA CONCENTRATES SALES RECEIPTS (5.0% MARKET SHARE)

#19 IN CA VAPE CATEGORY & CLIMBINQ (5.7% MARKET SHARE)
UNIT VOLUME GREW 54% IN Q4, FASTEST IN CATEGORY

All data, including market share data is based on 3rd party data provide Headset for the period 10/1/21 through 12/31/21

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LOWELL FARMS CPG STRATEGY FOR WINNING

- We participate in large established categories
- We win with scale and automation and passing savings to customers
- We win by leveraging our hybrid approach to flower sourcing
 - Growing at our greenhouse and buying 3rd party outdoor flower
- We win with vertical integration and full ownership of supply chain, controlling quality and stabilizing supply
- We win with captive distribution that gives us daily connectivity to our clients
- We win by not competing with our dispensary customers (we don't do retail)

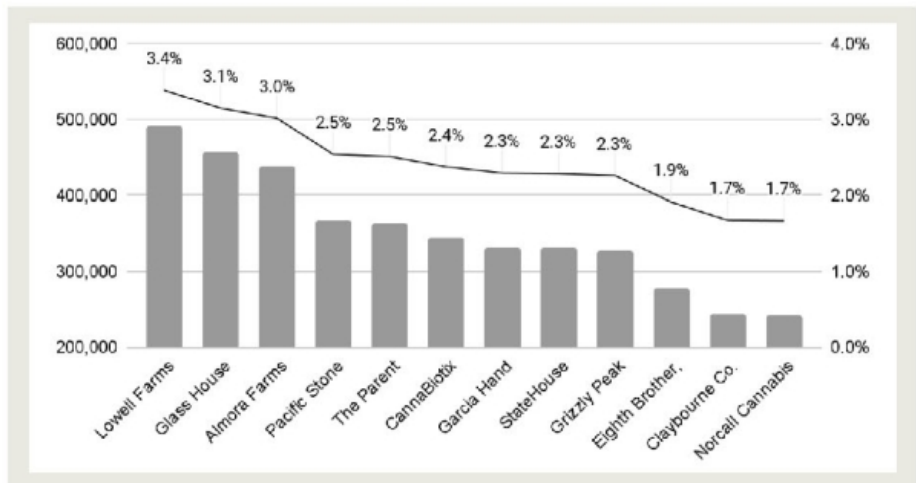
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LOWELL CPG: WINNING

LOWELL IS WINNING
IN THE LARGEST
CATEGORY IN THE
LARGEST MARKET IN
THE WORLD

In Q4, Lowell became the
largest vendor of Flower in CA
by unit volume

FLOWER SALES (Units & market share) (a)



(a) Q4 Headset data. Aggregates all underlying brands by parent company. Lowell brands are Lowell Smokes and House Weed

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CPG: BRAND HEALTH

SALES GROWTH (Q4/Q3 2021)

Lowell is taking share in four out of the five product categories in which we compete

The five categories that Lowell participates in represent approximately 95% of the CA market

	MARKET	LOWELL	LOWELL RANK
Flower	-8%	8%	#1 by Volume / #2 by Sales
Vapes	1%	50%	#19 by Sales
Pre Rolls	-2%	7%	#3 by Sales
Edibles	2%	-10%	#15 by Sales
Concentrates	-6%	49%	#2 by Volume / #5 by Sales
Total	-3%	13%	

All data, including market share data is based on 3rd party data provide Headset for the period 10/1/21 through 12/31/21 and does not represent GAAP sales or revenue figures

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THERE IS ONLY ONE WAY TO DO IT QUALITY.

 **wesslok.323** @lowellfarms is the best! 🍊🔥 they are the only brand I buy from now! The prerolls and wax are gasss 🍊❤️


32w 📌 Pinned 4 Likes Reply

 **justinbeezy4** They're so damn good!! Best quality and price for the people I've found yet 🍊🍊🍊🍊

32w 📌 Pinned 3 Likes Reply

 **__helloworld** I tried my first ever product from this brand "rio white" flower it was the smoothest strain. I love it. I fell in love with this brand instantly and haven't purchased a different brand since. I just placed my order for two cold pressed cannabis oil vape pens. super excited for it to be delivered tomorrow!!!

34w Reply

 **Bud** @Conner06906422

Lowell farms has some of the best flower I've had in the legal market. Like my goodness.

 **skyhigh.la** Our favorite pre roll pack 🍊🍊🍊


5h 1 like Reply

 **smacknediblesofficial** Def some of the best pre rolls out there

6w 📌 Pinned 2 Likes Reply

 **thicck.hazze** 🍊🔥 Always the most amazing products!

7w 1 like Reply

 **legans_cannabis_kitchen** I'm so in love with your packaging it's beautiful and so smart! I've always loved puzzle boxes and the filters are expertly crafted, so smart just love it! 🍊❤️

5h 1 like Reply

Phenix05

★★★★★ 5.0

Flower the way Flower should be!

 **gtpoet** I dream nightly of a Lowell Farms tour one fine day... 🍊🔥🍊

32w 📌 Pinned 4 Likes Reply

 **itsjohndoe** Your products are top shelf 🍊🍊🍊

30w 📌 Pinned 4 Likes Reply

Lowell Farms are masters at their craft. With the millions of horrible pre-roll options out there, Lowell farms is like finding a priceless diamond in an ocean of excrement. Everything about this product is on a different level. The packaging is beautiful, functional, and most importantly not a bunch of plastic! The Flower is a top shelf mixture of Gorilla Glue to make you forget you even have muscles or pain. Kusher Kush to put you in that relaxed chill Kush mindset, and then they top it off with son LA Cookies to plaster a permanent smile onto your face making you forget what worries are! This Holiday special is actually perfect to smoke before having to go to a big family get together because you'll be relaxed and happy and you won't care what your crazy uncles are yelling about now!

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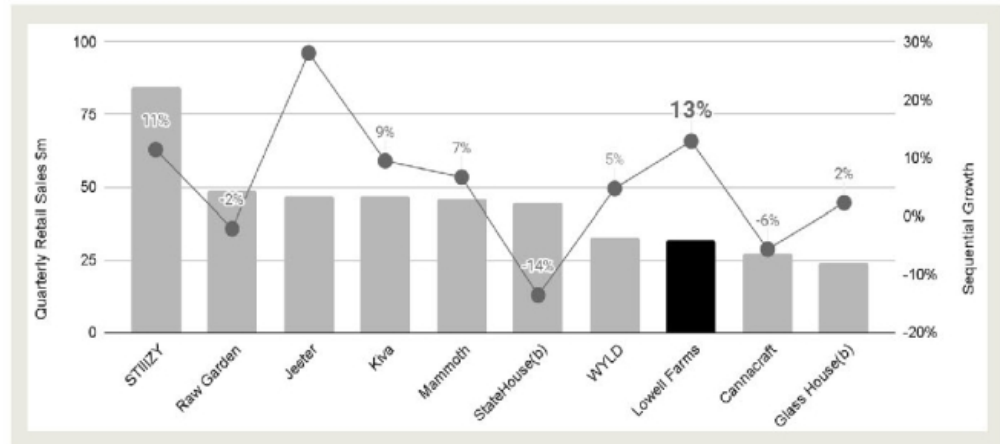
CPG BRAND HEALTH: RELATIVE GROWTH

Q4 2021 CPG SALES BY COMPANY (a)

According to Headset, Lowell is the #8 largest CPG portfolio in California up from the #16 position during the same period in 2020

Notable Tier IMSO's with CPG portfolios in CA:

- #15 Curaleaf
- #27 Cresco
- #95 Columbia Care



- (a) All data is based on 3rd party data provide Headset for the period 10/1/21 through 12/31/21 and does not represent GAAP sales or revenue figures. CPG sales are estimates and capture brand sales volume at retail, Growth percentages are from the same data set collected for the period from 7/1/21 through 9/30/21.
- (b) Pro Forma for pending mergers and acquisitions

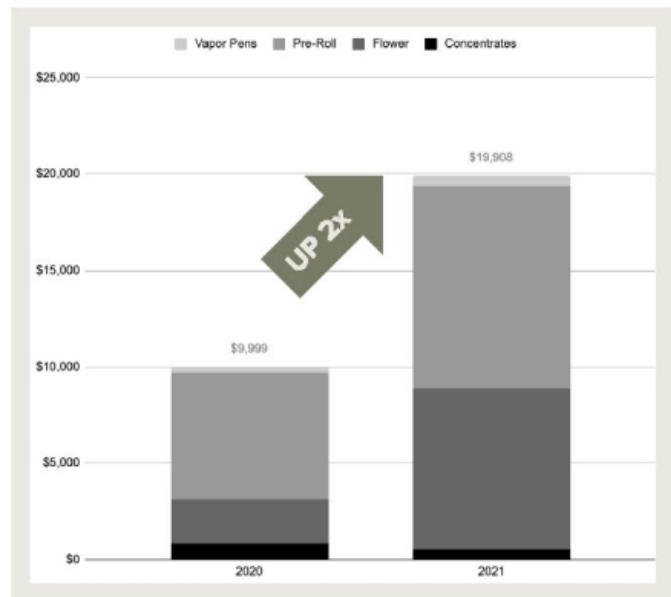
LOWELL SMOKES: A CALIFORNIA ICON RESTORED

Since the merger with Indus, the Lowell brand has doubled retail sales as measured by headset

Shows the power in uniting infrastructure and capabilities with a strong brand

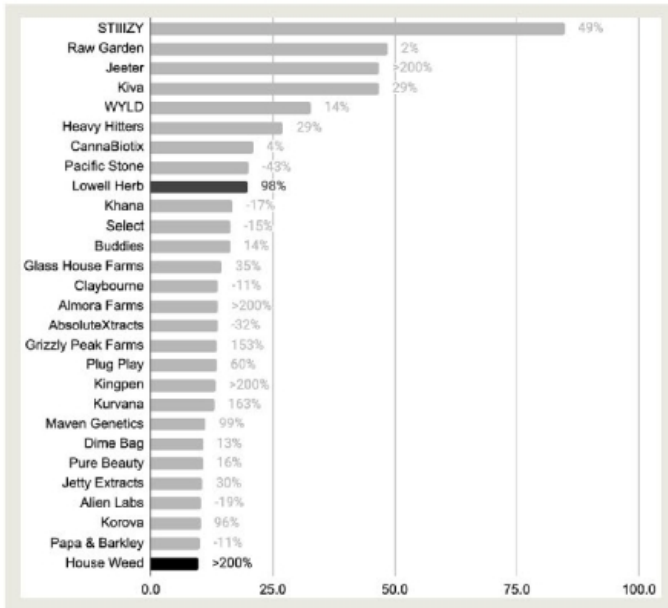
Restoring Lowell to health in California allows us to take the brand elsewhere in the Country with authority

LOWELL QUARTERLY RETAIL SALES VELOCITY (\$'000)



TWO OF CALIFORNIA'S FASTEST GROWING BRANDS

CALIFORNIA'S TOP BRANDS & Y/Y GROWTH (Q4 SALES)



Lowell Farms has two of California's fastest growing brands

Lowell Herb Co. is now a top 10 brand and House Weed is the fastest growing brand among the top 30 brands

(a) All data is based on 3rd party data provide Headset for the period 10/1/21 through 12/31/21 and does not represent GAAP sales or revenue figures. CPG sales are estimates and capture brand sales volume at retail. Growth percentages are from the same data set collected for the period from the prior year

BRAND EXPANSION VIA LICENSING

As our brands gain strength in California, we leverage that brand credibility onto shelves in other markets

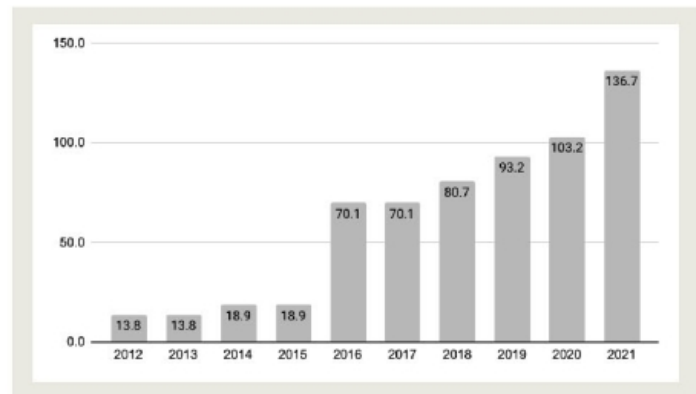
Nearly 100 million Americans live in markets with recreational weed outside of California

New consumers are thirsting for products with appellation and California brands lend credibility

What is in it for the MSOs: As competition heats up, brands will be critical tools of differentiation

To date: Lowell is available in 43% of the recreational markets nationwide (by population) and will be 50% pending Michigan later this year

U.S. POPULATION WITH LEGAL RECREATIONAL USE





LOWELL FARM SERVICES

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LOWELL FARM SERVICES (LFS)

- LFS is the first of its kind in the country, a “midstream processing” facility for local growers in the most fertile environment in America
- LFS allows growers to variabalize their biggest costs so they can compete
- Allows for massive on-site reductions in labor for most growers
- How it works: we take wet-harvested product into our facility and perform drying, bucking, trimming on a rate-card basis



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LFS: A WINNING STRATEGY

A WIN FOR GROWERS

- Growers reduce opex (on-site labor and management)
- Farmers reduce contamination risks by reducing traffic at cultivation
- Farmers eliminate need for expensive facility upgrades to comply with processing space requirements

A WIN FOR LOWELL

- Lowell makes a profit margin through investments in automation infrastructure
- Lowell has access to a diversified stream of cultivated products

LFS allows farmers to compete with the largest operators in America and brings the best product to market for the consumer

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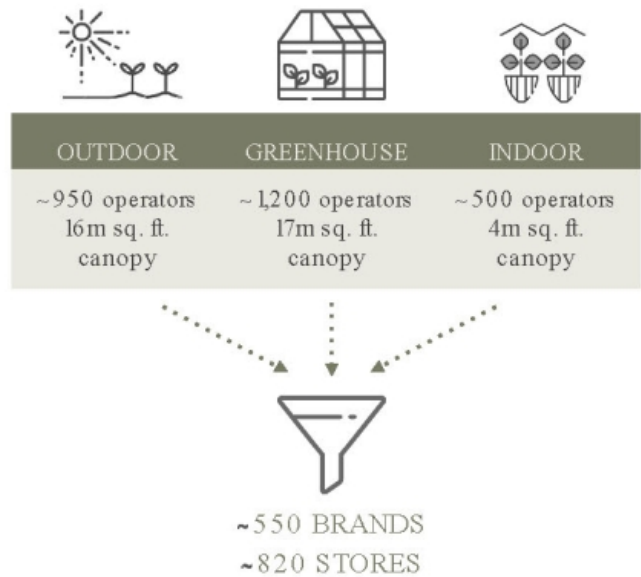


OUR APPROACH TO SOURCING

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CALIFORNIA: OUR VIEW ON CULTIVATION

- There are over 2,600 different growers in California vying for shelf space within ~550 active flower brands in California
- As emerging commodity markets mature, wholesale prices tend to move toward the marginal cost of production
- Outdoor canopy had been delayed by regulators is now growing footprint due to low barriers to entry so we expect more outdoor flower to come online
- Our LFS business allows us to align ourselves with the lowest marginal cost of production without maintaining our own outdoor cultivation



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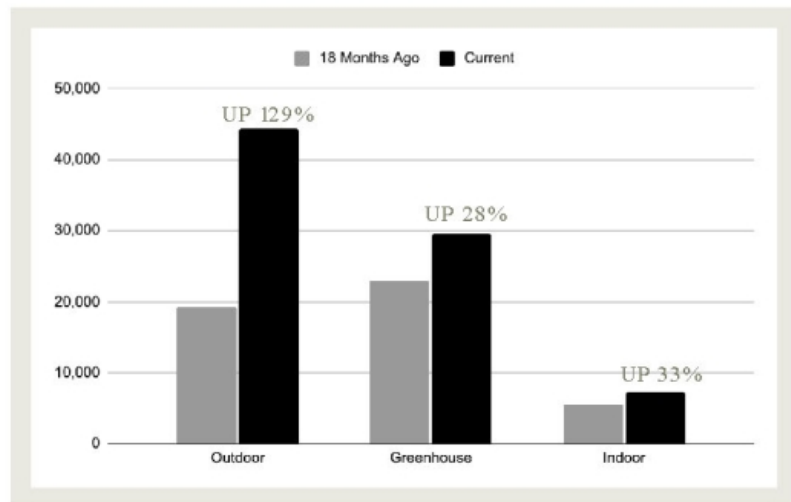
SUPPLY: THE DEEPEST MARKET IS GETTING DEEPER

Total canopy in CA has grown nearly 100% over the past 18 months whereas consumer demand has only increased by ~15%

This has caused prices to fall substantially from last summer. Some operators are waiting for pricing to rationalize

Instead, we are building for a future where we partner with the best growers versus trying to put them out of business

LFS helps harvest their crops and Lowell brings the best of their products to market under our brands



All the competition in California makes it the best weed in the world. There are 3,700 different growers today in California, all looking to innovate and inspire

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A DUEL TRACK SOURCING MODEL

OUR CULTIVATION FACILITY

- A steady and consistent supply of award-winning cannabis
- Currently provides for more at least 150% of our CPG needs
- Insulates our CPG business from upward price spikes that have historically plagued CPG brands who have attempted “asset-light”

LOWELL FARM SERVICES

- A call option on a stream of material
- Bring more diversity to market
- Insulates our CPG business from downward price drops by giving us access to material that can be below our marginal cost

Using both sources of material, Lowell CPG has a longer -term insulation against commodity price volatility

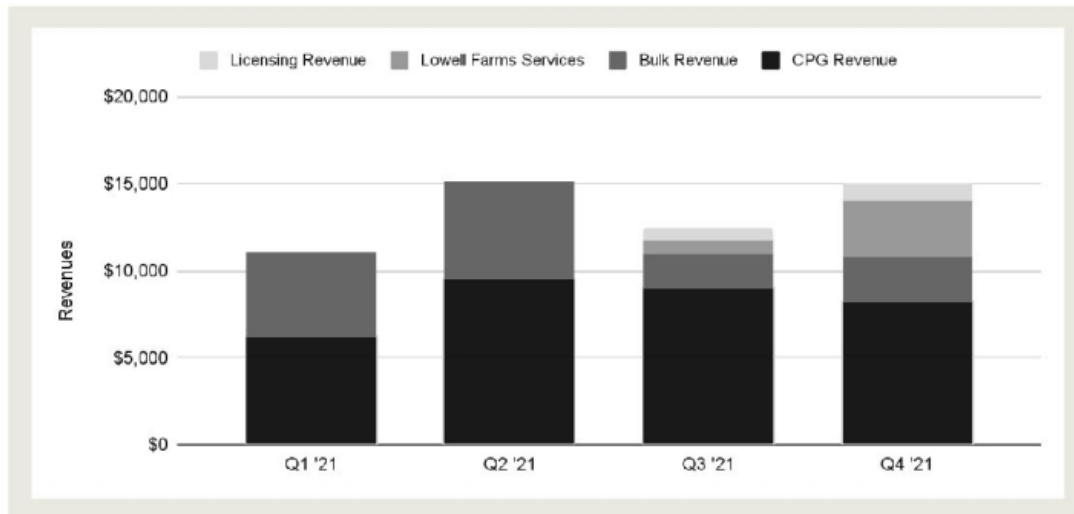
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FINANCIAL HIGHLIGHTS

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COMPONENTS OF REVENUE



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REPORTED FINANCIALS

SUMMARY INCOME STATEMENT (USD in thousands)

	Q3 21	Q4 21	Q1 22
CPG Revenue	\$8,958	\$8,219	\$9,077
Bulk Revenue	\$2,008	\$2,603	\$2,259
Lowell Farm Services	\$800	\$3,153	\$350
Licensing Revenue	\$701	\$1,098	\$723
Total Net Revs	\$12,467	\$15,072	\$12,409
Gross Profit ²	\$64	\$992	\$1,574
Gross Margin	1%	7%	13%
Adj. EBITDA ¹	(\$5,187)	(\$3,605)	(\$900)

	3/31/2021
Cash	\$5,886
Current Assets	\$30,039
Current Liabilities	\$12,046
Net Working Cap	\$17,993

¹ Adjusted 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

² Excludes an inventory impairment charge of \$2.8m in Q4 and \$1.1m for the full year 2021

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BALANCE SHEET

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,886	\$ 7,887
Accounts receivable - net of allowance for doubtful accounts of \$827 and \$1,139 at March 31, 2022 and December 31, 2021, respectively	5,661	8,222
Inventory	15,807	13,543
Prepaid expenses and other current assets	2,700	1,976
Total current assets	38,054	31,628
Property and equipment, net	63,833	64,779
Other intangibles, net	48,674	40,756
Other assets	346	415
Total assets	\$ 151,892	\$ 137,579
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,317	\$ 3,103
Accrued payroll and benefits	744	680
Notes payable, current portion	238	221
Lease obligation, current portion	2,268	2,444
Other current liabilities	6,225	3,706
Total current liabilities	12,646	18,123
Notes payable	19	28
Lease obligation	33,407	34,052
Convertible debentures	14,196	14,012
Mortgage obligation	3,813	5,857
Total liabilities	68,481	67,872
STOCKHOLDERS' EQUITY		
Share capital	189,559	189,568
Accumulated deficit	(125,118)	(119,061)
Total stockholders' equity	66,411	79,287
Total liabilities and stockholders' equity	\$ 151,892	\$ 137,579

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CAPITALIZATION TABLE

4/30/2022

<u>Share Class</u>	<u>Shares ('000)</u>
Super Voting Shares	203
Class A Subordinated Voting Shares	100,288
Class B Subordinated Voting Shares	11,738
Basic Shares Outstanding	112,026
Issuable upon conversion/exchange of Convertible Debt	77,443 (a)
Pro Forma Shares Outstanding	189,468
Warrants	101,907 (b)
Options	9,717 (c)
Stock Units	487 (d)
Pro Forma Fully Diluted Shares	301,579

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 \$0.31 to \$6.07
- (d) Share amounts will reduce if respective holders use shares in lieu of paying payroll taxes

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\$LOWL.CN & \$LOWLF



APRIL HARVEST DATA



Lowell Farms Harvest Report

Flower Production Summary

Status		Preliminary	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
House 1 - 10 Rooms	LTM	Apr '22	Mar '22	Feb '22	Jan '22	Dec '21	Nov '21	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	May '21	Apr '21
Dry Flower LBS	12,298	968	1,054	617	1,117	756	1,146	881	920	1,409	1,087	980	1,363	587
Average LBS per Harvest	208.4	193.7	210.7	205.6	171.9	215.9	201.8	203.8	230.1	234.9	191.4	226.8	227.1	195.6
# of Harvests	59.0	5.0	5.0	3.0	6.5	3.5	5.7	4.3	4.0	6.0	5.7	4.3	6.0	3.0
LBS per SF per Harvest	0.06	0.06	0.06	0.06	0.05	0.06	0.06	0.06	0.07	0.07	0.05	0.06	0.06	0.06
House 2 - 10 Rooms	LTM	Apr '22	Mar '22	Feb '22	Jan '22	Dec '21	Nov '21	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	May '21	Apr '21
Dry Flower LBS	11,794	772	1,169	740	616	612	938	789	1,132	1,409	1,038	1,326	1,244	895
Average LBS per Harvest	198.1	193.1	212.6	147.9	123.1	152.9	156.3	226.3	205.2	234.8	207.7	265.3	248.7	223.7
# of Harvests	59.5	4.0	5.5	5.0	5.0	4.0	6.0	3.5	5.5	6.0	5.0	5.0	5.0	4.0
LBS per SF per Harvest	0.06	0.06	0.06	0.04	0.04	0.04	0.04	0.06	0.06	0.07	0.06	0.08	0.07	0.06
House 3 - 8 Rooms	LTM	Apr '22	Mar '22	Feb '22	Jan '22	Dec '21	Nov '21	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	May '21	Apr '21
Dry Flower LBS	11,876	1,078	962	1,294	787	1,169	860	1,221	942	1,195	664	1,207	497	1,309
Average LBS per Harvest	252.7	269.5	320.7	259.9	262.4	292.2	214.9	244.3	235.6	239.1	221.4	241.3	248.3	261.8
# of Harvests	47.0	4.0	3.0	5.0	3.0	4.0	4.0	5.0	4.0	5.0	3.0	5.0	2.0	5.0
LBS per SF per Harvest	0.07	0.08	0.09	0.07	0.07	0.08	0.06	0.07	0.07	0.07	0.06	0.07	0.07	0.07
House 4 - 1 Room	LTM	Apr '22	Mar '22	Feb '22	Jan '22	Dec '21	Nov '21	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	May '21	Apr '21
Dry Flower LBS	17	17	-	-	-	-	-	-	-	-	-	-	-	146
Average LBS per Harvest	102.3	102.3	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	146.3
# of Harvests	0.2	0.2	-	-	-	-	-	-	-	-	-	-	-	1.0
LBS per SF per Harvest	0.03	0.03	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	nrf	0.04
Total - 29 Rooms	LTM	Apr '22	Mar '22	Feb '22	Jan '22	Dec '21	Nov '21	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	May '21	Apr '21
Dry Flower LBS	35,975	2,835	3,185	2,651	2,520	2,536	2,943	2,891	2,994	4,014	2,790	3,513	3,103	2,937
Average LBS per Harvest	217.2	215.4	235.9	203.9	173.8	220.5	187.7	225.7	221.6	236.1	204.0	245.3	238.7	225.9
# of Harvests	165.7	13.2	13.5	13.0	14.5	11.5	15.7	12.8	13.5	17.0	13.7	14.3	13.0	13.0
LBS per SF per Harvest	0.06	0.06	0.07	0.06	0.05	0.07	0.05	0.06	0.06	0.07	0.06	0.07	0.07	0.07