

**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 14, 2024

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)

00-0000000
(I.R.S. Employer Identification No.)

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	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On May 14, 2024, Lowell Farms Inc. (the “Company”), issued a press release reporting its results for the first fiscal quarter ended March 31, 2024. 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 9.01. Financial Statements and Exhibits.

(d) Exhibits

Number Description

99.1	Press Release, dated May 14, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: May 14, 2024

By: /s/ Jamie Schniedwind
Jamie Schniedwind
Chief Financial Officer

Lowell Farms Inc. Announces Unaudited First Quarter 2024 Financial and Operational Results

SALINAS, Calif., May 14, 2024 (GLOBE NEWSWIRE) -- **Lowell Farms Inc.** (the “Company”) (CSE: LOWL; OTCQX: LOWLF), a California cannabis company with advanced distribution and production capabilities including extraction, manufacturing, sales and brand management, announces unaudited revenue and operating results for the first quarter of 2024 (ended March 31, 2024). All figures stated are in US Dollars.

First Quarter Financial Highlights:

- **Net revenue** generated for the quarter ended March 31, 2024 decreased 35% to \$4.9 million, as compared to \$7.5 million for the first quarter last year. Net revenue increased 35% from \$7.5 million in the fourth quarter of 2023.
 - **CPG revenue** decreased 11% for the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023 and increased 10% compared to the fourth quarter of 2023.
 - **Bulk Product revenue** from self-grown wholesale products decreased 73% for the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023 and decreased 66% compared to the fourth quarter of 2023.
 - **LFS revenue** from drying, curing and trimming cannabis plants decreased 41% for the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023 and decreased 93% compared to the fourth quarter of 2024.
- **Gross margin** for the quarter ended March 31, 2024 was negative 17% representing a gross loss of \$0.8 million and adversely impacted by exiting the cultivation facility.
- **Operating loss** for the quarter ended March 31, 2024 was \$2.9 million, compared to operating loss of \$2.4 million for the quarter ended March 31, 2023 and \$9.6 compared to the fourth quarter of 2023.
- **Net loss** was \$2.9 million for the quarter ended March 31, 2024, compared to a net loss of \$4.0 million for the quarter ended March 31, 2023, and a net loss of \$13.1 million for the fourth quarter of 2023.
- **Adjusted EBITDA** for the quarter ended March 31, 2024 was negative \$1.1 million compared to adjusted EBITDA of negative \$1.1 million for the quarter ended March 31, 2023 and adjusted EBITDA of negative \$4.1 million for the fourth quarter of 2023. 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)

	Q1'23	Q4'23	Q1'24	Q1'24 vs Q4'23 Growth
CPG Revenues	\$4,659	\$4,582	\$4,125	-10%
Bulk Product	\$2,530	\$1,984	\$681	-66%
LFS	\$115	\$918	\$68	-93%
Out-of-State Licensing	\$222	\$11	-	-100%
Total	\$7,526	\$7,495	\$4,874	-35%

“Our recent strategic decisions have thoughtfully bolstered our manufacturing and distribution capabilities, allowing us to navigate the ever evolving industry landscape. By optimizing efficiencies, we’re poised for steady growth and positive impact.” said Co-Founder and Chief Executive Officer Mark Ainsworth. “Our team remains committed to the strategic shifts the company has made in the previous quarters and we expect to see meaningful change.”

Operational Highlights and Ongoing Initiatives:

- **Lowell Farm Services**
 - Lowell Farms processing facility in Salinas Valley.
 - In the first quarter of 2024 the Company generated revenue of approximately \$0.1 million associated with Lowell Farm Services in comparison to \$0.9 million in the fourth quarter of 2023.
 - Lowell Farm Services processed approximately 6,173 pounds of wet weight third-party flower in the first quarter of 2024 compared to 116,762 pounds in the fourth quarter of 2023.
 - This decrease quarter over quarter was largely due to the company's exit of the cultivation in January of 2024.
- **California Market Trends**
 - Owned and Portfolio Brands
 - Sales of owned brands generated revenue of \$3.1 million in the first quarter of 2024, compared to approximately \$3.7 million for the fourth quarter of 2023.
 - Contributing factors include significant decrease in California market purchasing trends and instability in flower purchase price.
 - Lowell Herb Co.
 - The Lowell Herb Co. branded 35's product line remained stable quarter over quarter maintaining robust sales at just over \$900k for the first quarter of 2024.

- The Infused 35's products showed notable growth, registering an increase quarter over quarter to reach sales of approximately \$170k in the first quarter of 2024 compared to approximately \$120k in the fourth quarter of 2023.
- Moon and Original Pot Co., two edible brands in the owned portfolio have since been active in the first quarter of 2024 and regaining shelf space within the California marketplace.
- Third-Party Brands
 - The Company re-engaged the third-party brand model strategy and pursued like minded brands to increase revenues and maximize operational efficiency.
 - Sales of third-party brands generated revenue of approximately \$952k for the first quarter of 2024 compared to \$955k in the fourth quarter of 2023.
 - By the end of the first quarter of 2024, Lowell had brought on over 20 additional third-party brands to round the offerings to dispensary partners.
- **Distribution and Sales Capabilities:**
 - The average delivery drop value has increased to approximately \$4,082 in the first quarter of 2024 from \$3,809 in the fourth quarter of 2023.

Q1 2024 Financial Results Earnings Conference Call Details:

The conference call with management at 5:30 p.m. EDT on Tuesday, May 14, can be accessed using the following dial-in information:

U.S. and Canadian Toll Free:	1-800-267-6316
International:	1-203-518-9783
Webcast:	Link here

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 the supply chain, including extraction, manufacturing, brand sales, marketing, and distribution. Lowell Farms has an exclusive portfolio of award-winning brands, including Lowell Herb Co, House Weed, Moon, Cypress Cannabis, and Original Pot Co. 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.

LOWELL FARMS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,175	\$ 2,311
Accounts receivable - net of allowance for doubtful accounts of \$1,149 and \$959 at March 31, 2024 and December 31, 2023, respectively.	2,067	2,620
Inventory	4,224	4,760
Prepaid expenses and other current assets	2,253	2,397
Total current assets	9,719	12,088
Property and equipment, net	3,814	4,099
Right of use assets, net	17,900	18,327
Other intangibles, net	2,448	2,544
Other assets	465	555
Total assets	\$ 34,346	\$ 37,613
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,931	\$ 4,314

Accrued payroll and benefits	212	363
Notes payable, current portion	2	3
Lease obligation, current portion	1,932	1,990
Other current liabilities	2,493	1,943
Total current liabilities	8,570	8,613
Lease obligation	17,161	17,522
Total liabilities	25,731	26,135
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Share capital	192,471	192,445
Accumulated deficit	(183,856)	(180,967)
Total stockholders' equity	8,615	11,478
Total liabilities and stockholders' equity	\$ 34,346	\$ 37,613

See Accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

LOWELL FARMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net revenue	\$ 4,874	\$ 7,526
Cost of goods sold	5,701	7,394
Gross profit (loss)	(827)	132
Operating expenses		
General and administrative	1,553	1,673
Sales and marketing	408	735
Depreciation and amortization	98	106
Total operating expenses	2,059	2,514
Loss from operations	(2,886)	(2,382)
Other income/(expense)		
Other income (expense)	6	1
Unrealized change in fair value of investment	-	-
Interest expense	(9)	(1,659)
Total other income (expense)	(3)	(1,658)
Loss before provision for income taxes	(2,889)	(4,040)
Provision for income taxes	-	-
Net loss	\$ (2,889)	\$ (4,040)
Net loss per share:		
Basic	\$ (0.15)	\$ (0.33)
Diluted	\$ (0.15)	\$ (0.33)
Weighted average shares outstanding:		
Basic	19,024	12,177
Diluted	19,024	12,177

See Accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

LOWELL FARMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three Months Ended	
	March 31, 2024	March 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (2,889)	\$ (4,040)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and amortization	808	1,196
Amortization of debt issuance costs	-	249
Share-based compensation expense	26	60
Provision for doubtful accounts	197	88
Unrealized loss on change in fair value of investments	-	-
Changes in operating assets and liabilities:		
Accounts receivable	356	1,237
Inventory	536	695
Prepaid expenses and other current assets	144	315
Other assets	90	1
Accounts payable and accrued expenses	16	1,111
Operating lease payments	(309)	-
Net cash provided by (used in) operating activities	\$ (1,025)	\$ 912
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(29)
Net cash used in investing activities	\$ -	\$ (29)
CASH FLOW FROM FINANCING ACTIVITIES		
Principal payments on lease obligations	(110)	(608)
Payments on notes payable	(1)	(79)
Net cash used in financing activities	\$ (111)	\$ (687)
Change in cash and cash equivalents	(1,136)	196
Cash and cash equivalents-beginning of year	2,311	1,098
Cash, cash equivalents -end of period	\$ 1,175	\$ 1,294
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for interest	\$ 9	\$ 821
 OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment not yet paid for	\$ -	\$ 8

See Accompanying Notes to Condensed Consolidated Financial Statements (unaudited)

The table below reconciles Net loss to Adjusted EBITDA for the periods indicated:

(in thousands)	Three Months Ended	
	March 31, 2024	March 31, 2023
Net loss	\$ (2,889)	\$ (4,040)
Interest expense	9	1,659

Provision for income taxes	-	49
Depreciation and amortization in cost of goods sold ⁽²⁾	1,191	1,090
Depreciation and amortization in operating expenses ⁽²⁾	103	106
Depreciation and amortization in other income (expense)	-	-
EBITDA⁽¹⁾	(1,586)	(1,136)
Investment and currency (gains)/ losses	-	-
Share-based compensation	26	60
Transaction and other special charges ⁽³⁾	478	-
Adjusted EBITDA⁽¹⁾	\$ (1,082)	\$ (1,076)

(1) Non-GAAP measure

(2) For the three months ended March 31, 2024, includes \$479 related to interest charges on operating leases recorded in cost of goods sold, and \$4 related to interest charges on operating leases recorded in operating expenses.

(3) For the three months ended March 31, 2024, includes \$478 related to expenses incurred in existing the cultivation facility.