

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): November 5, 2024

BLUM HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	000-56626 (Commission File Number)	93-3735199 (IRS Employer Identification No.)
11516 Downey Ave., Santa Ana, California (Address of principal executive offices)		90241 (Zip Code)

Registrant's telephone number, including area code: **(888) 909-5564**

Not Applicable

(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:

Indicate by check mark whether the registrant is an emerging growth company as defined in 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 checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On November 5, 2024, Blum Holdings, Inc. (the "Company"), through its wholly-owned subsidiary Unrivaled Brands, Inc. ("Unrivaled"), executed stock purchase agreements with VLPS, LLC (the "Buyer") pursuant to which Unrivaled sold all of the issued and outstanding shares of common stock of Black Oak Gallery ("Blüm Oakland") and Blüm San Leandro for an aggregate purchase price of \$2,055,420 and \$1,124,305, respectively. The purchase price shall be paid by the Buyer by the assumption of liabilities of Blüm Oakland and Blüm San Leandro.

The foregoing description of the Stock Purchase Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreements, copies of which are filed as Exhibit 10.1 and 10.2 to this Current Report on Form 8-K and which is incorporated by reference herein in its entirety.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information under Item 1.01, above, is incorporated herein by reference.

The unaudited pro forma condensed consolidated financial information of the Company, together with the related notes thereto, giving effect to the consummation of the disposition of Black Oak Gallery and Blum San Leandro is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial information is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference:

- Unaudited pro forma condensed consolidated balance sheet as of June 30, 2024; and
- Unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 2024 and for the year ended December 31, 2023.

(d) Exhibits.

Exhibit	Description
10.1	Stock Purchase Agreement.
10.2	Stock Purchase Agreement.
99.1	Unaudited Pro Forma Condensed Consolidated Financial Statements of Blum Holdings, Inc.
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.

BLUM HOLDINGS, INC.

Date: November 7, 2024

By: /s/ Sabas Carrillo
Sabas Carrillo
Chief Executive Officer

STOCK PURCHASE AGREEMENT

between

UNRIVALED BRANDS, INC.

and

VLPS, LLC

dated as of

November 5, 2024

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of November 5, 2024, is entered into between UNRIVALED BRANDS, INC. ("Seller") and VLPS, LLC ("Buyer"). Each of Seller and Buyer is referred to herein as a "Party" and together as the "Parties". Capitalized terms used in this Agreement have the meanings given to such terms herein.

RECITALS

A. Seller owns all of the issued and outstanding shares of common stock, par value \$0.001 per share (the "Shares"), of Black Oak Gallery, a California corporation (the "Company"), as of the date of this Agreement.

B. Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Shares, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PURCHASE AND SALE

1.1 **Purchase and Sale.** Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Shares, free and clear of any mortgage, pledge, lien, charge, security interest, claim, community property interest, option, equitable interest, restriction of any kind, or other encumbrance (each, an "Encumbrance").

1.2 **Purchase Price.** The aggregate purchase price for the Shares shall be \$2,055,420 less Liabilities (the "Purchase Price"). Buyer shall pay the Purchase Price to Seller pursuant to the terms of Section 1.3.

1.3 **Payment of the Purchase Price.** In payment of the Purchase Price, at Closing, Buyer shall pay and deliver to Seller an amount equal to the Purchase Price in cash or by wire transfer of immediately available funds to an account that has been designated in writing by Seller.

2. CLOSING

2.1 **Closing.** The closing of the transactions contemplated by this Agreement (the "Closing") shall take place simultaneously with the execution of this Agreement on the date of this Agreement (the "Closing Date") remotely by exchange of documents and signatures (or their electronic counterparts). The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. Eastern time on the Closing Date.

2.2 **Seller Closing Deliverables.** At the Closing, Seller shall deliver to Buyer the following:

(a) Such agreements, certificates and documents as may be reasonably requested by Buyer to effectuate or evidence the transactions contemplated hereby.

2.3 **Buyer Closing Deliverables.** At the Closing, Buyer shall deliver the following to Seller:

(a) The Purchase Price.

(b) Such other agreements, certificates and documents as may be reasonably requested by Seller to effectuate or evidence the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Article 3 are true and correct as of the Closing Date. For purposes of this Article 3, "Seller's knowledge," "knowledge of Seller," and any similar phrases shall mean the actual or constructive knowledge of Seller, after due inquiry.

3.1 **Authority of Seller.** Seller has all necessary power and authority, and the full legal capacity, to enter into and deliver this Agreement and each of the other agreements, certificates, instruments and documents contemplated hereby (collectively, the "Transaction Documents") to which Seller is a party, to carry out the Seller's obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and each Transaction Document to which Seller is a party constitute legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

3.2 **Organization, Authority, and Qualification of the Company.** The Company is a corporation duly organized, validly existing, and in good standing under the Laws of the state of California and has full corporate power and authority to own, operate, or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted.

3.3 Capitalization.

(a) The authorized shares of the Company consist of (i) 100,000 shares of common stock, par value \$0.001 per share, of which 100,000 shares are issued and outstanding, and owned by Seller; and (ii) -0- shares of preferred stock, par value \$0.001 per share, of which -0- shares are issued and outstanding, and owned by Seller. All of the outstanding shares of the capital stock of the Company (including the Shares) have been duly authorized, are validly issued, fully paid and nonassessable. Seller is the record and beneficial owner of the Shares, free and clear of all Encumbrances. Upon the transfer, assignment, and delivery of the Shares and payment therefor in accordance with the terms of this Agreement, Buyer shall own all of the Shares, free and clear of all Encumbrances.

(b) All of the Shares were issued in compliance with applicable Laws. None of the Shares were issued in violation of any agreement or commitment to which Seller or the Company is a party or is subject to or in violation of any preemptive or similar rights of any individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity (each, a "Person").

(c) There are no outstanding or authorized options, warrants, convertible securities, stock appreciation, phantom stock, profit participation, or other rights, agreements, or commitments relating to the shares of the Company or obligating Seller or the Company to issue or sell any shares of, or any other interest in, the Company. There are no voting trusts, stockholder agreements, proxies, or other agreements to which Seller is a party in effect with respect to the voting or transfer of any of the Shares.

3.4 **No Subsidiaries.** The Company does not have, or have the right to acquire, an ownership interest in any other Person.

3.5 **No Conflicts or Consents.** The execution, delivery, and performance by Seller of this Agreement and the other Transaction Documents to which Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or conflict with any provision of the certificate of incorporation, by-laws, or other governing documents of the Company; (b) violate or conflict with any provision of any statute, law, ordinance, regulation, rule, code, treaty, or other requirement of any Governmental Authority (collectively, "Law") or any order, writ, judgment, injunction, decree, determination, penalty, or award entered by or with any Governmental Authority ("Governmental Order") applicable to Seller or the Company; (c) require the consent, notice, or filing with or other action by any Person or require any Permit, license, or Governmental Order; (d) violate or conflict with, result in the acceleration of, or create in any party the right to accelerate, terminate, or modify any contract, lease, deed, mortgage, license, instrument, note, indenture, joint venture, or any other agreement, commitment, or legally binding arrangement, whether written or oral (collectively, "Contracts"), to which Seller or the Company is a party or by which Seller or the Company is bound or to which any of their respective properties and assets are subject; or (e) result in the creation or imposition of any Encumbrance on any properties or assets of the Company.

(a) The Company is subject to that certain Management Services Agreement dated as of January 12, 2024 by and Between the Company and Blum Management Holdings, Inc. ("Management Holdings") as amended. It is understood and agreed that Buyer will work in good faith to negotiate the terms of a revised management services agreement with Management Holdings that will continue to exert operational and economic control of the Company.

3.6 **Financial Statements.** Seller has delivered to Buyer complete copies of the Company's financial statements consisting of the balance sheet of the Company as of December 31, 2023 and the profit and loss statements for the year ended December 31, 2023 (the "Financial Statements"). The Financial Statements are based on the books and records of the Company, were prepared in accordance with generally accepted accounting principles in the United States, and fairly present the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of December 31, 2023 is referred to herein as the "Balance Sheet" and the date thereof as the "Balance Sheet Date".

3.7 **Undisclosed Liabilities.** The Company has \$2,055,420 of liabilities due and owing as indicated in the Financial Statements (collectively, "Liabilities").

3.8 **Title, Condition and Sufficiency of Assets.**

(a) The Company has good and valid title to, or a valid leasehold interest in, all property and other assets used by it in the operation of the Company's business, reflected in the Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold, consumed or otherwise disposed of in the ordinary course of business since the Balance Sheet Date, free and clear of all Encumbrances. Seller does not own or use, or have any rights to own or use, any real or personal property, tangible or intangible, or any other assets, used in the operation of the Company's business.

(b) The fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are in good condition and repair (except for ordinary wear and tear and routine maintenance in the ordinary course of business), are adequate for the purposes for which they are presently used in the conduct of the Company's business, and comply with all applicable Laws. The fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company currently owned or leased by the Company constitute all of the assets, properties and rights necessary for the operation of the Company's business as such business is currently conducted.

3.9 [RESERVED]

3.10 **Real Property.** The Company does not own, and has never owned, any real property.

3.11 **Legal Proceedings; Governmental Orders.**

(a) Except as disclosed on Schedule 3.11(a), there are no claims, actions, causes of action, demands, lawsuits, arbitrations, inquiries, audits, notices of violation, proceedings, litigation, citations, summons, subpoenas, or investigations of any nature, whether at law or in equity (collectively, "Actions") pending or, to Seller's knowledge, threatened against or by the Company, Seller, or any Affiliate of Seller or the Company: (i) relating to or affecting the Company or any of the Company's properties or assets; or (ii) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. For purposes of this Agreement: (x) "Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person; and (y) the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other ownership interests, by contract, or otherwise.

(b) There are no Governmental Orders against, relating to, or affecting the Company or any of its properties or assets.

3.12 **Compliance with Laws; Permits.**

(a) The Company has complied, and is now complying, with all Laws applicable to it or its business, properties, or assets.

(b) All permits, licenses, franchises, approvals, registrations, certificates, variances, and similar rights obtained, or required to be obtained, from Governmental Authorities (collectively, "Permits") in order for the Company to conduct its business, have been obtained and are valid and in full force and effect.

3.13 **Environmental Matters.**

(a) The terms: (i) "Environmental Laws" means all Laws, now or hereafter in effect, in each case as amended or supplemented from time to time, relating to the regulation and protection of human health, safety, the environment, and natural resources, including any federal, state, or local transfer of ownership notification or approval statutes; and (ii) "Hazardous Substances" means: (A) "hazardous materials," "hazardous wastes," "hazardous substances," "industrial wastes," or "toxic pollutants," as such terms are defined under any Environmental Laws; (B) any other hazardous or radioactive substance, contaminant, or waste; and (C) any other substance with respect to which any Environmental Law or Governmental Authority requires environmental investigation, regulation, monitoring, or remediation.

(b) The Company has complied, and is now complying, with all Environmental Laws. Neither the Company nor Seller has received notice from any Person that the Company, its business or assets, or any real property currently or formerly owned, leased, or used by the Company is or may be in violation of any Environmental Law or any applicable Law regarding Hazardous Substances.

(c) There has not been any spill, leak, discharge, injection, escape, leaching, dumping, disposal, or release of any kind of any Hazardous Substances in violation of any Environmental Law: (i) with respect to the business or assets of the Company; or (ii) at, from, in, adjacent to, or on any real property currently or formerly owned, leased, or used by the Company.

3.14 [RESERVED]

3.15 [RESERVED]

4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article 4 are true and correct as of the Closing Date.

4.1 **Authority of Buyer.** Buyer has all necessary power and authority, and the full legal capacity, to enter into and deliver this Agreement and each of the Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and each Transaction Document to which Buyer is a party constitute legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

4.2 **No Conflicts; Consents.** The execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or conflict with any provision of any Law or Governmental Order applicable to Buyer; or (b) require the consent, notice, declaration, or filing with or other action by any Person or require any Permit, license, or Governmental Order.

4.3 **Investment Purpose.** Buyer is acquiring the Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof or any other security related thereto within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). Buyer acknowledges that Seller has not registered the offer and sale of the Shares under the Securities Act or any state securities laws, and that the Shares may not be pledged, transferred, sold, offered for sale, hypothecated, or otherwise disposed of except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

4.4 **Brokers.** No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

5. COVENANTS

5.1 **Confidentiality.** From and after the Closing, Seller shall, and shall cause its Affiliates and its and their respective directors, officers, employees, consultants, counsel, accountants, and other agents, as applicable (collectively, “Representatives”), to hold in confidence any and all information, in any form, concerning the Company or its business, except to the extent that Seller can show that such information: (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates, or their respective Representatives; or (b) is lawfully acquired by Seller, any of its Affiliates, or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by any obligation. If Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information by Governmental Order or Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which is legally required to be disclosed; provided, however, Seller shall use reasonable best efforts to obtain as promptly as possible an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

5.2 **Further Assurances.** Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents and instruments and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

6. MISCELLANEOUS

6.1 **Notices.** All notices, claims, demands, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

6.2 **Interpretation; Headings.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

6.3 **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

6.4 **Entire Agreement.** This Agreement and the other Transaction Documents constitute the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

6.5 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning Party of any of its obligations hereunder.

6.6 **Amendment and Modification; Waiver.** This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No failure to exercise, or delay in exercising, any right or remedy arising from this Agreement shall operate or be construed as a waiver thereof. No single or partial exercise of any right or remedy hereunder shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

6.7 **Governing Law.** All matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

6.8 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

SELLER:
UNRIVALED BRANDS, INC.

By: _____
Name:
Title:

BUYER:
VLPS, LLC

By: _____
Name:
Title:

Schedule 3.11(a)

WGS Group, Inc. v. Unrivaled Brands, Inc. - On July 17, 2023, WGS Group, Inc. filed an action against the Company in the Superior Court of California, County of Orange Central Justice Center, alleging claims for damages and declaratory relief, breach of security service agreements, breach of the implied covenant of good faith and fair dealing, quantum meruit, violations of business and professional code sections 17200 Et SEQ., declaratory relief regarding successor-in-interest liability, and declaratory relief regarding ultra vires actions imposing personal liability on chief financial officer. Trial in this matter is set for April 14, 2025. Because no conclusion has been formed as to whether an unfavorable outcome is either probable or remote, no opinion is expressed as to the likelihood of an unfavorable outcome or the amount or range of any possible loss to the Company.

STOCK PURCHASE AGREEMENT

between

UNRIVALED BRANDS, INC.

and

VLPS, LLC

dated as of

November 5, 2024

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of November 5, 2024, is entered into between UNRIVALED BRANDS, INC. ("Seller") and VLPS, LLC ("Buyer"). Each of Seller and Buyer is referred to herein as a "Party" and together as the "Parties". Capitalized terms used in this Agreement have the meanings given to such terms herein.

RECITALS

A. Seller owns all of the issued and outstanding shares of common stock, par value \$0.001 per share (the "Shares"), of Blum San Leandro, a California corporation (the "Company"), as of the date of this Agreement.

B. Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Shares, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PURCHASE AND SALE

1.1 **Purchase and Sale.** Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Shares, free and clear of any mortgage, pledge, lien, charge, security interest, claim, community property interest, option, equitable interest, restriction of any kind, or other encumbrance (each, an "Encumbrance").

1.2 **Purchase Price.** The aggregate purchase price for the Shares shall be \$1,124,305 less Liabilities (the "Purchase Price"). Buyer shall pay the Purchase Price to Seller pursuant to the terms of Section 1.3.

1.3 **Payment of the Purchase Price.** In payment of the Purchase Price, at Closing, Buyer shall pay and deliver to Seller an amount equal to the Purchase Price in cash or by wire transfer of immediately available funds to an account that has been designated in writing by Seller.

2. CLOSING

2.1 **Closing.** The closing of the transactions contemplated by this Agreement (the "Closing") shall take place simultaneously with the execution of this Agreement on the date of this Agreement (the "Closing Date") remotely by exchange of documents and signatures (or their electronic counterparts). The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. Eastern time on the Closing Date.

2.2 **Seller Closing Deliverables.** At the Closing, Seller shall deliver to Buyer the following:

(a) Such agreements, certificates and documents as may be reasonably requested by Buyer to effectuate or evidence the transactions contemplated hereby.

2.3 **Buyer Closing Deliverables.** At the Closing, Buyer shall deliver the following to Seller:

(a) The Purchase Price.

(b) Such other agreements, certificates and documents as may be reasonably requested by Seller to effectuate or evidence the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Article 3 are true and correct as of the Closing Date. For purposes of this Article 3, "Seller's knowledge," "knowledge of Seller," and any similar phrases shall mean the actual or constructive knowledge of Seller, after due inquiry.

3.1 **Authority of Seller.** Seller has all necessary power and authority, and the full legal capacity, to enter into and deliver this Agreement and each of the other agreements, certificates, instruments and documents contemplated hereby (collectively, the "Transaction Documents") to which Seller is a party, to carry out the Seller's obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and each Transaction Document to which Seller is a party constitute legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

3.2 **Organization, Authority, and Qualification of the Company.** The Company is a corporation duly organized, validly existing, and in good standing under the Laws of the state of California and has full corporate power and authority to own, operate, or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted.

3.3 Capitalization.

(a) The authorized shares of the Company consist of (i) 100,000 shares of common stock, par value \$0.001 per share, of which 100 shares are issued and outstanding, and owned by Seller; and (ii) -0- shares of preferred stock, par value \$0.001 per share, of which -0- shares are issued and outstanding, and owned by Seller. All of the outstanding shares of the capital stock of the Company (including the Shares) have been duly authorized, are validly issued, fully paid and nonassessable. Seller is the record and beneficial owner of the Shares, free and clear of all Encumbrances. Upon the transfer, assignment, and delivery of the Shares and payment therefor in accordance with the terms of this Agreement, Buyer shall own all of the Shares, free and clear of all Encumbrances.

(b) All of the Shares were issued in compliance with applicable Laws. None of the Shares were issued in violation of any agreement or commitment to which Seller or the Company is a party or is subject to or in violation of any preemptive or similar rights of any individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity (each, a "Person").

(c) There are no outstanding or authorized options, warrants, convertible securities, stock appreciation, phantom stock, profit participation, or other rights, agreements, or commitments relating to the shares of the Company or obligating Seller or the Company to issue or sell any shares of, or any other interest in, the Company. There are no voting trusts, stockholder agreements, proxies, or other agreements to which Seller is a party in effect with respect to the voting or transfer of any of the Shares.

3.4 **No Subsidiaries.** The Company does not have, or have the right to acquire, an ownership interest in any other Person.

3.5 **No Conflicts or Consents.** The execution, delivery, and performance by Seller of this Agreement and the other Transaction Documents to which Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or conflict with any provision of the certificate of incorporation, by-laws, or other governing documents of the Company; (b) violate or conflict with any provision of any statute, law, ordinance, regulation, rule, code, treaty, or other requirement of any Governmental Authority (collectively, "Law") or any order, writ, judgment, injunction, decree, determination, penalty, or award entered by or with any Governmental Authority ("Governmental Order") applicable to Seller or the Company; (c) require the consent, notice, or filing with or other action by any Person or require any Permit, license, or Governmental Order; (d) violate or conflict with, result in the acceleration of, or create in any party the right to accelerate, terminate, or modify any contract, lease, deed, mortgage, license, instrument, note, indenture, joint venture, or any other agreement, commitment, or legally binding arrangement, whether written or oral (collectively, "Contracts"), to which Seller or the Company is a party or by which Seller or the Company is bound or to which any of their respective properties and assets are subject; or (e) result in the creation or imposition of any Encumbrance on any properties or assets of the Company.

(a) The Company is subject to that certain Management Services Agreement dated as of January 12, 2024 by and Between the Company and Blum Management Holdings, Inc. ("Management Holdings") as amended. It is understood and agreed that Buyer will work in good faith to negotiate the terms of a revised management services agreement with Management Holdings that will continue to exert operational and economic control of the Company.

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3.7 **Undisclosed Liabilities.** The Company has \$1,124,305 of liabilities due and owing as indicated in the Financial Statements (collectively, "Liabilities").

3.8 **Title, Condition and Sufficiency of Assets.**

(a) The Company has good and valid title to, or a valid leasehold interest in, all property and other assets used by it in the operation of the Company's business, reflected in the Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold, consumed or otherwise disposed of in the ordinary course of business since the Balance Sheet Date, free and clear of all Encumbrances. Seller does not own or use, or have any rights to own or use, any real or personal property, tangible or intangible, or any other assets, used in the operation of the Company's business.

(b) The fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are in good condition and repair (except for ordinary wear and tear and routine maintenance in the ordinary course of business), are adequate for the purposes for which they are presently used in the conduct of the Company's business, and comply with all applicable Laws. The fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company currently owned or leased by the Company constitute all of the assets, properties and rights necessary for the operation of the Company's business as such business is currently conducted.

3.9 [RESERVED]

3.10 **Real Property.** The Company does not own, and has never owned, any real property.

3.11 **Legal Proceedings; Governmental Orders.**

(a) Except as disclosed on Schedule 3.11(a), there are no claims, actions, causes of action, demands, lawsuits, arbitrations, inquiries, audits, notices of violation, proceedings, litigation, citations, summons, subpoenas, or investigations of any nature, whether at law or in equity (collectively, "Actions") pending or, to Seller's knowledge, threatened against or by the Company, Seller, or any Affiliate of Seller or the Company: (i) relating to or affecting the Company or any of the Company's properties or assets; or (ii) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. For purposes of this Agreement: (x) "Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person; and (y) the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other ownership interests, by contract, or otherwise.

(b) There are no Governmental Orders against, relating to, or affecting the Company or any of its properties or assets.

3.12 **Compliance with Laws; Permits.**

(a) The Company has complied, and is now complying, with all Laws applicable to it or its business, properties, or assets.

(b) All permits, licenses, franchises, approvals, registrations, certificates, variances, and similar rights obtained, or required to be obtained, from Governmental Authorities (collectively, "Permits") in order for the Company to conduct its business, have been obtained and are valid and in full force and effect.

3.13 **Environmental Matters.**

(a) The terms: (i) "Environmental Laws" means all Laws, now or hereafter in effect, in each case as amended or supplemented from time to time, relating to the regulation and protection of human health, safety, the environment, and natural resources, including any federal, state, or local transfer of ownership notification or approval statutes; and (ii) "Hazardous Substances" means: (A) "hazardous materials," "hazardous wastes," "hazardous substances," "industrial wastes," or "toxic pollutants," as such terms are defined under any Environmental Laws; (B) any other hazardous or radioactive substance, contaminant, or waste; and (C) any other substance with respect to which any Environmental Law or Governmental Authority requires environmental investigation, regulation, monitoring, or remediation.

(b) The Company has complied, and is now complying, with all Environmental Laws. Neither the Company nor Seller has received notice from any Person that the Company, its business or assets, or any real property currently or formerly owned, leased, or used by the Company is or may be in violation of any Environmental Law or any applicable Law regarding Hazardous Substances.

(c) There has not been any spill, leak, discharge, injection, escape, leaching, dumping, disposal, or release of any kind of any Hazardous Substances in violation of any Environmental Law: (i) with respect to the business or assets of the Company; or (ii) at, from, in, adjacent to, or on any real property currently or formerly owned, leased, or used by the Company.

3.14 [RESERVED]

3.15 [RESERVED]

4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article 4 are true and correct as of the Closing Date.

4.1 **Authority of Buyer.** Buyer has all necessary power and authority, and the full legal capacity, to enter into and deliver this Agreement and each of the Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and each Transaction Document to which Buyer is a party constitute legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

4.2 **No Conflicts; Consents.** The execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or conflict with any provision of any Law or Governmental Order applicable to Buyer; or (b) require the consent, notice, declaration, or filing with or other action by any Person or require any Permit, license, or Governmental Order.

4.3 **Investment Purpose.** Buyer is acquiring the Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof or any other security related thereto within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). Buyer acknowledges that Seller has not registered the offer and sale of the Shares under the Securities Act or any state securities laws, and that the Shares may not be pledged, transferred, sold, offered for sale, hypothecated, or otherwise disposed of except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

4.4 **Brokers.** No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

5. COVENANTS

5.1 **Confidentiality.** From and after the Closing, Seller shall, and shall cause its Affiliates and its and their respective directors, officers, employees, consultants, counsel, accountants, and other agents, as applicable (collectively, "Representatives"), to hold in confidence any and all information, in any form, concerning the Company or its business, except to the extent that Seller can show that such information: (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates, or their respective Representatives; or (b) is lawfully acquired by Seller, any of its Affiliates, or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by any obligation. If Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information by Governmental Order or Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which is legally required to be disclosed; provided, however, Seller shall use reasonable best efforts to obtain as promptly as possible an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

5.2 **Further Assurances.** Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents and instruments and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

6. MISCELLANEOUS

6.1 **Notices.** All notices, claims, demands, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

6.2 **Interpretation; Headings.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

6.3 **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

6.4 **Entire Agreement.** This Agreement and the other Transaction Documents constitute the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

6.5 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning Party of any of its obligations hereunder.

6.6 **Amendment and Modification; Waiver.** This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No failure to exercise, or delay in exercising, any right or remedy arising from this Agreement shall operate or be construed as a waiver thereof. No single or partial exercise of any right or remedy hereunder shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

6.7 **Governing Law.** All matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

6.8 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

SELLER:
UNRIVALED BRANDS, INC.

By: _____
Name:
Title:

BUYER:
VLPS, LLC

By: _____
Name:
Title:

Schedule 3.11(a)

WGS Group, Inc. v. Unrivaled Brands, Inc. - On July 17, 2023, WGS Group, Inc. filed an action against the Company in the Superior Court of California, County of Orange Central Justice Center, alleging claims for damages and declaratory relief, breach of security service agreements, breach of the implied covenant of good faith and fair dealing, quantum meruit, violations of business and professional code sections 17200 Et SEQ., declaratory relief regarding successor-in-interest liability, and declaratory relief regarding ultra vires actions imposing personal liability on chief financial officer. Trial in this matter is set for April 14, 2025. Because no conclusion has been formed as to whether an unfavorable outcome is either probable or remote, no opinion is expressed as to the likelihood of an unfavorable outcome or the amount or range of any possible loss to the Company.

BLUM HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2024
(in thousands, except for shares)

	Blum Holdings, Inc.	Transaction Accounting Adjustments		Pro Forma Consolidated
		Less: Disposition (a)	Note 2	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,594	\$ (245)	\$ —	\$ 1,349
Accounts Receivable, Net	351	(53)	—	298
Inventory	1,371	(350)	—	1,021
Prepaid Expenses & Other Current Assets	479	(98)	—	381
Notes Receivable	655	—	—	655
Total Current Assets	4,450	(746)	—	3,704
Property, Equipment and Leasehold Improvements, Net	7,577	(837)	—	6,740
Right-of-Use Assets - Operating Leases	3,436	(1,764)	—	1,672
Intangible Assets, Net	3,619	(530)	—	3,089
Goodwill	16,268	—	—	16,268
Other Assets	1,476	—	—	1,476
Investments	313	—	—	313
Long-Term Assets Related to Discontinued Operations	1,112	—	—	1,112
TOTAL ASSETS	\$ 38,251	\$ (3,877)	\$ —	\$ 34,374
LIABILITIES AND STOCKHOLDERS' DEFICIT				
LIABILITIES:				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 24,503	\$ (3,197)	\$ —	\$ 21,306
Current Portion of Notes Payable	3,723	—	—	3,723
Income Taxes Payable	20,940	—	—	20,940
Liabilities Related to Discontinued Operations	535	—	—	535
Total Current Liabilities	49,701	(3,197)	—	46,504
Notes Payable, Net of Discounts	5,638	—	—	5,638
Deferred Tax Liabilities	1,479	—	—	1,479
Operating Lease Liabilities	3,315	(1,405)	—	1,910
Derivative Liability	1,923	—	—	1,923
TOTAL LIABILITIES	62,056	(4,602)	—	57,454
MEZZANINE EQUITY	681	—	—	681
STOCKHOLDERS' DEFICIT:				
Preferred Stock, Convertible Series V, par value \$0.001: 25,000,000 shares authorized and 14,071,431 shares outstanding as of June 30, 2024	1	—	—	1
Common Stock, par value \$0.001: 990,000,000 shares authorized and 9,744,914 shares outstanding as of June 30, 2024	9	—	—	9
Additional Paid-In Capital	409,393	—	—	409,393
Accumulated Deficit	(433,410)	—	(c) 725	(432,685)
Total Equity Attributable to Stockholders of Blum Holdings, Inc.	(24,007)	—	725	(23,282)
Non-Controlling Interest	(479)	—	—	(479)
TOTAL MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT	(23,805)	—	725	(23,080)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 38,251	\$ (4,602)	\$ 725	\$ 34,374

The accompanying notes are an integral part of the unaudited pro forma condensed consolidated financial statements.

BLUM HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(in thousands, except for shares and per share data)

	Six Months Ended June 30, 2024				
	Blum Holdings, Inc.	Transaction Accounting Adjustments		Pro Forma Consolidated	
		Less: Disposition (b)	Note 2	Pro Forma Adjustments	
Revenue	\$ 5,569	\$ (3,383)		\$ —	\$ 2,186
Cost of Goods Sold	3,179	(1,783)		—	1,396
Gross Profit	2,390	(1,600)		—	790
Operating Expenses:					
Selling, General & Administrative	10,550	(2,296)		—	8,254
Impairment Expense	1,709	—		—	1,709
Loss (Gain) on Disposal of Assets	134	—	(c)	(725)	(591)
Total Operating Expenses	12,393	(2,296)		(725)	9,372
Income (Loss) from Operations	(10,003)	696		725	(8,582)
Total Other Income (Expense)	14,081	(126)		—	13,955
Income (Loss) from Continuing Operations Before Provision for Income Taxes	4,078	570		725	5,373
Provision for Income Tax Expense for Continuing Operations	(314)	—		—	(314)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ 3,764	\$ 570		\$ 725	\$ 5,059
Net Income (Loss) from Continuing Operations per Common Share - Basic	\$ 0.42				\$ 0.56
Net Income (Loss) from Continuing Operations per Common Share - Diluted	\$ 0.35				\$ 0.47
Weighted-Average Shares Outstanding - Basic	8,945,449				8,945,449
Weighted-Average Shares Outstanding - Diluted	10,811,340				10,811,340

The accompanying notes are an integral part of the unaudited pro forma condensed consolidated financial statements.

BLUM HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands, except for shares and per share data)

	Year Ended December 31, 2023				
	Blum Holdings, Inc.	Transaction Accounting Adjustments		Pro Forma Consolidated	
		Less: Disposition (b)	Note 2	Pro Forma Adjustments	
Revenue	\$ 33,229	\$ (7,210)		\$ —	\$ 26,019
Cost of Goods Sold	15,565	(3,803)		—	11,762
Gross Profit	17,664	(3,407)		—	14,257
Operating Expenses:					
Selling, General & Administrative	30,263	(4,326)		—	25,937
Loss (Gain) on Disposal of Assets	1,607	—	(c)	(283)	1,324
Total Operating Expenses	31,870	(4,326)		(283)	27,261
Income (Loss) from Operations	(14,206)	919		283	(13,004)
Total Other Income (Expense)	4,503	(39)		—	4,464
Income (Loss) from Continuing Operations Before Provision for Income Taxes	(9,703)	880		283	(8,540)
Provision for Income Tax Expense for Continuing Operations	(4,116)	—		—	(4,116)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	\$ (13,819)	\$ 880		\$ 283	\$ (12,656)
Net Income (Loss) from Continuing Operations per Common Share - Basic	\$ (1.69)				\$ (1.54)
Net Income (Loss) from Continuing Operations per Common Share - Diluted	\$ (1.69)				\$ (1.54)
Weighted-Average Shares Outstanding - Basic	8,193,853				8,193,853
Weighted-Average Shares Outstanding - Diluted	8,193,853				8,193,853

The accompanying notes are an integral part of the unaudited pro forma condensed consolidated financial statements.

BLUM HOLDINGS, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – INTRODUCTION

On November 5, 2024, Blum Holdings, Inc. (the "Company"), through its wholly-owned subsidiary Unrivaled Brands, Inc. ("Unrivaled"), executed a stock purchase agreement with VLPS, LLC (the "Buyer") pursuant to which Unrivaled sold all of the issued and outstanding shares of common stock of Black Oak Gallery ("Blüm Oakland") for an aggregate purchase price of \$2,055,420. The purchase price shall be paid by the Buyer by the assumption of liabilities of Blüm Oakland totaling \$2,055,420. Pursuant to the Stock Purchase Agreement, the closing of the disposition of Blüm Oakland occurred on November 5, 2024.

On November 5, 2024, Unrivaled executed a stock purchase agreement with the Buyer pursuant to which Unrivaled sold all of the issued and outstanding shares of common stock of Blum San Leandro ("Blüm San Leandro") for an aggregate purchase price of \$1,124,305. The purchase price shall be paid by the Buyer by the assumption of liabilities of Blüm San Leandro totaling \$1,124,305. Pursuant to the Stock Purchase Agreement, the closing of the disposition of Blüm San Leandro occurred on November 5, 2024.

The transactions completed on November 5, 2024 are collectively referred to herein as the "Disposition".

Basis of Presentation

The unaudited pro forma condensed consolidated financial statements were prepared in accordance with Article 11 of Regulation S-X and have been derived from the historical financial statements of Blum Holdings, Inc. prepared in accordance with accounting principles generally accepted in the United States of America. The unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies, as set out in the audited consolidated financial statements of the Company as of and for the periods ended June 30, 2024 and December 31, 2023.

The unaudited pro forma condensed consolidated balance sheet is presented as if the Disposition had occurred on June 30, 2024. The unaudited pro forma condensed consolidated statements of operations are presented as if the Disposition had occurred as of January 1, 2023. The unaudited pro forma condensed consolidated financial information has been prepared to illustrate the estimated effects of the Disposition.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of what the Company's financial condition or results of operations would have been for the periods presented. The unaudited pro forma condensed consolidated financial statements are intended to provide information about the continuing impact of the Disposition as if it had been consummated earlier. The pro forma adjustments are based on available information and certain assumptions that management believes are reasonable and are expected to have a continuing impact on our results of operations. In the opinion of management, all adjustments necessary to present fairly the unaudited pro forma condensed consolidated financial statements have been made.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2023 and in the Quarterly Report on Form 10-Q for the six months ended June 30, 2024.

NOTE 2 – PRO FORMA ADJUSTMENTS

The unaudited pro forma consolidated balance sheet as of June 30, 2024 reflects the following transaction accounting adjustments related to the Disposition:

- (a) The removal of assets and liabilities disposed of in connection with the Disposition from the historical information presented.

The unaudited pro forma consolidated statements of operations for the six months ended June 30, 2024 and the fiscal year ended December 31, 2023 reflect the following transaction accounting adjustments related to the Disposition:

- (b) The removal of revenues and expenses from the assets sold in connection with the Disposition from the historical information presented.
- (c) The pro forma net gain on disposal of assets is based on the Company's historical balance sheet information as of June 30, 2024 and December 31, 2023 and is subject to change based upon, among other things, the actual balance sheet on the closing date of the Disposition and the finalization of the Company's financial closing procedures and may differ significantly from the actual net gain on disposal of assets that the Company will recognize. The pro forma net gain on disposal of assets presented below is reflected in the unaudited pro forma condensed consolidated balance sheet as if the Disposition was consummated as of June 30, 2024, and in the unaudited pro forma condensed statements of operation as if the Disposition was consummated on January 1, 2023.

	Six Months Ended	Year Ended
	June 30, 2024	December 31, 2023
Assumption of Liabilities	\$ 3,180	\$ 3,180
Total Consideration	3,180	3,180
Net Assets Disposed Of	2,455	2,897
Pro Forma Gain on Disposal of Assets	\$ (725)	\$ (283)

NOTE 3 – PRO FORMA EARNINGS PER SHARE

The pro forma earnings per share (“EPS”) has been adjusted to reflect the pro forma consolidated net income from continuing operations for the six months ended June 30, 2024 and the year ended December 31, 2023. The number of shares used in calculating the pro forma consolidated basic and diluted earnings per share is outlined below.

	Six Months Ended	Year Ended
	June 30, 2024	December 31, 2023
Net Income (Loss) from Continuing Operations	\$ 5,059	\$ (12,656)
Less: Accretion of Mezzanine Equity	(23)	—
Add: Interest from Convertible Debt	17	—
Adjusted Net Income (Loss) from Continuing Operations	\$ 5,053	\$ (12,656)
Weighted-Average Shares Outstanding - Basic	8,945,449	8,193,853
Net Income (Loss) from Continuing Operations per Common Share - Basic	\$ 0.56	\$ (1.54)
Weighted-Average Shares Outstanding - Diluted	10,811,340	8,193,853
Net Income (Loss) from Continuing Operations per Common Share - Diluted	\$ 0.47	\$ (1.54)

Dilutive securities in the calculation of diluted net income per share for the six months ended June 30, 2024 includes 458,748 shares of common stock exercisable from convertible debt and 1,407,143 shares of common stock exercisable from preferred stock on an if converted basis.