

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): December 31, 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., Downey, 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.

Unsecured Note Financing

On December 31, 2024, Blum Holdings, Inc. ("Blüm" or the "Company") executed and delivered an Amended and Restated Unsecured Promissory Note in the principal amount of \$800,000 (the "A&R Note") to Douglas Rosenberg (the "Lender") amending and restating that certain Unsecured Promissory Note in the principal amount of \$400,000 dated as of November 12, 2024. Mr. Rosenberg is the Co-Founder and CEO of Mesh Ventures and Co-Founder of 1212 Ventures, both of which hold significant investments in Cookies Creative Productions & Consulting, Inc. ("Cookies"). Blüm, through its subsidiary, operates a Cookies-branded store. Additionally, Blüm partners with Cookies to participate in events such as Hall of Flowers and the Emerald Cup. Sabas Carrillo, the CEO of Blüm, served as Chief Financial Officer of Cookies from 2018 to 2020. Sabas is also a Co-Founder, Board Member and CFO at Mesh Ventures, and a General Partner and Limited Partner at both Mesh Ventures and 1212 Ventures.

The A&R Note has a maturity date of December 31, 2026 with no interest accruing except for default interest and no prepayment penalty. The A&R Note is convertible at the Lender's election into a convertible promissory note that shall include (i) an automatic conversion into the shares of capital stock issued by Blüm in its next bona fide equity financing with proceeds to Blüm of at least \$10,000,000 or such lesser amount as approved by Lender at a conversion price equal to the lesser of (x) 85% of the lowest price paid by the cash investors in such financing and (y) the price represented by a \$30,000,000 pre-money valuation of Blüm (the "Conversion Rate").

The foregoing description of the Unsecured Promissory Note does not purport to be complete and is qualified in its entirety by reference to the full text of such Unsecured Promissory Note, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference herein.

Debt Conversion Agreement

Effective as of December 31, 2024, the Company entered into a Debt Conversion Agreement wherein accounts payable due to Adnant, LLC ("Adnant") in the amount of \$6,165,050 pursuant to the terms of the Engagement Letter dated as of August 12, 2022, and as amended and restated on June 30, 2023, shall be converted into shares of Common Stock of the Company at a price per share of \$1.62 (representing a per share price equal to 85% of \$1.90) for an aggregate number of shares of 3,808,559 as repayment of the accounts payable. The shares of Common Stock issued to Adnant pursuant to the Debt Conversion Agreement have not been registered under the Securities Act or under any state securities laws.

The foregoing description of the Debt Conversion Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of such Debt Conversion Agreement, which is filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated by reference herein.

Amended and Restated Engagement Letter

On January 1, 2025, the Company entered into an Amended and Restated Engagement Letter (the "A&R Engagement Letter") with Adnant wherein the term of the engagement was extended to December 31, 2025 and the service fee was decreased from \$250,000 to \$75,000, which shall be payable monthly subject to the Company having a sufficient cash balance.

The foregoing description of the A&R Engagement Letter does not purport to be complete and is qualified in its entirety by reference to the full text of such A&R Engagement Letter, which is filed as Exhibit 10.3 to this Current Report on Form 8-K and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	Description
10.1	Amended and Restated Unsecured Promissory Note.
10.2	Debt Conversion Agreement.
10.3*	Amended and Restated Engagement Letter between the Company and Adnant dated January 1, 2025.
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document).

* Portions of the exhibit have been omitted.

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: January 7, 2025

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

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THIS SECURITY MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**FIRST AMENDED AND RESTATED
UNSECURED PROMISSORY NOTE**

\$800,000.00

December 31, 2024

FOR VALUE RECEIVED, Blum Holdings, Inc., a Delaware corporation ("Borrower"), hereby issues this Unsecured Promissory Note (this "Note") to Douglas Rosenberg, an individual (together with any and all of his successors and assigns and/or any other holder of this Note, as hereinafter defined, "Lender") and promises to pay to the order of Lender, without offset, in immediately available funds in lawful money of the United States of America, the principal sum of Eight Hundred Thousand Dollars (\$800,000.00) (the "Loan Amount"), together with any Default Interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

Subject to the terms and conditions herein, Lender shall make a loan to Borrower, in an aggregate amount equal to the Loan Amount (the "Loan").

Section 1 Payment Schedule Amount and Maturity. Unless earlier converted into the Convertible Note in accordance with Section 15, the Loan Amount plus all accrued and unpaid Interest shall be payable in full on the earlier of (a) December 30, 2026, and (b) the earlier acceleration of this Note pursuant to the terms hereof (the "Maturity Date").

Section 2 Default Interest. During any period in which there exists an uncured breach or Event of Default by Borrower, and at all times following the Maturity Date, interest will accrue and be calculated and payable on the unpaid balance of this Note at the rate of ten percent (10.00%) per year, compounded monthly.

Section 3 Prepayment. Borrower may prepay the principal balance of this Loan, in full at any time without payment of premium or penalty.

Section 4 Late Charges. If Borrower shall fail to make any payment under the terms of this Note (other than the payment due at the Maturity Date) within thirty (30) days after the date such payment is due, Borrower shall pay to Lender on demand a late charge equal to five percent (5%) of the amount of such payment. Such thirty (30) day period shall not be construed as in any way extending the due date of any payment. The late charge is imposed for the purpose of defraying the expenses of Lender incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other amount that Lender may be entitled to receive or action that Lender may be authorized to take as a result of such late payment.

Section 5 Certain Provisions Regarding Payments. All payments made under this Note shall be applied, to the extent thereof, first to late charges, then to accrued but unpaid Default Interest, and any balance to unpaid principal in the direct order of maturity. Remittances shall be made without offset, demand, counterclaim, deduction, or recoupment (each of which is hereby waived) and shall be accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not in any way (a) waive or excuse the existence of an Event of Default (as hereinafter defined), (b) waive, impair or extinguish any right or remedy available to Lender hereunder, or (c) waive the requirement of punctual payment and performance or constitute a novation in any respect. Payments received after 2:00 p.m. Pacific Time shall be deemed to be received on, and shall be posted as of, the following Business Day. Whenever any payment under this Note falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

Section 6 Events of Default. If there shall be any Event of Default (as defined below) hereunder, at the option and upon the declaration of Lender and upon written notice to Borrower (which election and notice shall not be required in the case of an Event of Default under subsection (c), (d) or (e) below), this Note shall accelerate and all principal and unpaid accrued Interest shall become due and payable. The occurrence of any one or more of the following shall constitute an "Event of Default":

- (a) Borrower fails to pay timely any of the principal amount due under this Note on the date the same becomes due and payable or any unpaid accrued interest or other amounts due under this Note on the date the same becomes due and payable;
- (b) Borrower's material breach or violation of any representation, warranty or covenant of the Borrower under this Note;
- (c) a receiver is appointed for any material part of Borrower's property, Borrower makes a general assignment for the benefit of creditors, or Borrower becomes a debtor or alleged debtor in a case under the U.S. Bankruptcy Code or becomes the subject of any other bankruptcy or similar proceeding for the general adjustment of its debts or for its liquidation;
- (d) Borrower's Board of Directors or stockholders adopt a resolution for the liquidation, dissolution or winding up of Borrower; or
- (e) An involuntary petition is filed against Borrower (unless such petition is dismissed or discharged within 60 days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee or assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Borrower).

Section 7 Remedies. Upon the occurrence of an Event of Default, in addition to any other remedy permitted by applicable law, Lender may at any time thereafter exercise any one or more of the following rights, powers and remedies:

- (a) If an Event of Default under Section 6 has continued for a period of thirty (30) days, Lender may accelerate the Maturity Date of this Note and declare the unpaid principal balance and accrued but unpaid Default Interest on this Note, and all other amounts payable hereunder, at once due and payable, and upon such declaration the same shall at once be due and payable.
 - (b) Lender may set off the amount due against any and all accounts, credits, money, securities or other property now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without the consent of Borrower.
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Section 8 Remedies Cumulative. All of the rights and remedies of Lender under this Note are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, nor delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

Section 9 Costs and Expenses of Enforcement. Borrower agrees to pay to Lender on demand all actual out-of-pocket costs and expenses incurred by Lender in seeking to collect this Note or to enforce any of Lender's rights and remedies under this Note, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with arbitration, judicial reference, bankruptcy, insolvency or appeal.

Section 10 Heirs, Successors and Assigns. The terms of this Note shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign this Note.

Section 11 General Provisions. Time is of the essence with respect to Borrower's obligations under this Note. Borrower hereby (a) waives demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note), filing of suit and diligence in collecting this Note; (b) agrees that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or to perfect or enforce its rights against Borrower; (c) consents to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after the Maturity Date, and to any other indulgences with respect hereto, without notice thereof to any of them; (d) submits (and waives all rights to object) to non-exclusive personal jurisdiction of California or federal court sitting in California in the County of Orange for the enforcement of any and all obligations under this Note; (e) waives the benefit of all homestead and similar exemptions as to this Note; (f) agrees that its liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (g) hereby subordinates to this Note and any and all rights against Borrower for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the State of California (without regard to any principles of conflicts of laws) and applicable United States federal law. Any proceeding to enforce and/or interpret this Note shall occur in the County of Orange, State of California. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The term "Business Day" shall mean a day on which banks are open for the conduct of substantially all of its banking business at its office in the city in which this Note is payable (excluding Saturdays and Sundays). The words "include" and "including" shall be interpreted as if followed by the words "without limitation." Neither Lender nor Borrower may assign this Note without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Lender may assign this Note without such prior written consent to an affiliate of Lender.

Section 12 Severability. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

Section 13 Notices. Any notice, request, or demand to or upon Borrower or Lender shall be deemed given and complete upon personal delivery, or three (3) business days following mailing via United States registered or certified mail, return receipt requested, postage prepaid. Notice may also be given by, and shall be deemed complete upon receipt of, electronic facsimile, provided that any facsimile notice shall only be deemed received if (a) the transmission thereof is confirmed, and (b) facsimile notice followed by written notice, made either by (i) personal delivery thereof, or (ii) via deposit in registered or certified mail, return receipt required, postage prepaid, within three (3) business days following the facsimile notice. Notice shall be deemed given on the date it is sent via facsimile in accordance with the foregoing provisions.

Section 14 No Usury. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note, and the provisions of this Note shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan.

Section 15 Convertible Note. At Lender's election and without the payment of any further consideration, this Note may be converted into a Convertible Promissory Note in a form reasonably acceptable to Lender and with the following terms: an automatic conversion into the shares of capital stock issued by Borrower in its next bona fide equity financing with proceeds to Borrower of at least \$10,000,000 or such lesser amount as approved by Lender at a conversion price equal to the lesser of (x) 85% of the lowest price paid by the cash investors in such financing and (y) the price represented by a \$30,000,000 pre-money valuation of Borrower (on a fully diluted basis) calculated immediately prior to such financing (the "Conversion Rate").

Section 16 Warrant Coverage. Borrower shall grant to Lender (i) a common stock purchase warrant to subscribe for and purchase from the Borrower up to 117,647 shares of common stock, par value \$0.001 per share (the "Common Stock") with an exercise price of \$0.17 and (ii) a common stock purchase warrant to subscribe for and purchase from the Borrower up to 37,736 shares of common stock, par value \$0.001 per share (the "Common Stock") with an exercise price of \$0.53.

Section 17 Assignment. Borrower may not assign this Note without the prior written consent of Lender, which consent shall not be unreasonably withheld. Lender may not assign this Note without the prior written consent of Borrower, which consent shall not be unreasonably withheld.

[Signature Page to Follow]

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the date first above written.

Borrower:

Blum Holdings, Inc.,
a Delaware corporation

By: /s/ Sabas Carrillo _____
Name: Sabas Carrillo
Title: CEO

DEBT CONVERSION AGREEMENT

This Debt Conversion Agreement (this "Agreement") is dated as of December 30, 2024, by and between Adnant LLC, a California limited liability company ("Investor") and Blum Holdings, Inc., a Delaware corporation (the "Company"), with reference to the following facts:

WHEREAS, Investor has accrued an accounts payable balance of approximately \$7,253,000 pursuant to the terms of that certain Engagement Letter between the parties dated as of August 12, 2022 and as amended and restated on June 30, 2023 (the "Engagement Letter"), of which the Company and Investor desire to convert \$6,165,050 (the "Debt") into shares of Common Stock of the Company

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Investor and the Company agree as follows:

1. Conversion to Common Stock. Effective as of December 31, 2024, \$6,165,050 of the Debt shall be converted into shares of Common Stock at a price per share of \$1.62 (representing a per share price equal to 85% of \$1.90) for an aggregate number of shares of 3,808,559. Upon execution of this Agreement, the Company shall instruct its transfer agent to issue a total of 3,808,559 shares of Common Stock to the Investor, and the Investor shall acknowledge the repayment of \$6,165,050 under the Loan Agreement. If the Company enters into any financing agreements with a third-party upon terms more favorable than the per share price and discount reflected herein, Company agrees to amend and restate this Agreement and the terms herein at Investor's request to reflect economics at least equal to such third-party financing.
 2. Investor Representations. The Company is issuing the Common Stock to Investor in reliance upon the following representations made by Investor:
 - a. Investor acknowledges and agrees that the shares of Common Stock are characterized as "restricted securities" under the Securities Act of 1933 (as amended and together with the rules and regulations promulgated thereunder, the "Securities Act") and that, under the Securities Act and applicable regulations thereunder, such securities may not be resold, pledged or otherwise transferred without registration under the Securities Act or an exemption therefrom. Investor acknowledges and agrees that (i) the shares of Common Stock are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the shares of Common Stock have not yet been registered under the Securities Act, and (ii) such shares of Common Stock may be offered, resold, pledged or otherwise transferred only in a transaction registered under the Securities Act, or meeting the requirements of Rule 144, or in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Company so requests) and in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.
 - b. Investor acknowledges and agrees that (i) the registrar or transfer agent for the shares of Common Stock will not be required to accept for registration of transfer any shares except upon presentation of evidence satisfactory to the Company that the restrictions on transfer under the Securities Act have been complied with and (ii) any shares of Common Stock in the form of definitive physical certificates will bear a restrictive legend.
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- c. Investor acknowledges and agrees that: (a) the shares of Common Stock have not been registered under the Securities Act, or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering; (b) Investor is acquiring the shares of Common Stock solely for its own account for investment purposes, and not with a view to the distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction; (c) Investor is a sophisticated purchaser with such knowledge and experience in business and financial matters that it is capable of evaluating the merits and risks of purchasing the shares of Common Stock; (d) Investor has had the opportunity to obtain from the Company such information as desired in order to evaluate the merits and the risks inherent in holding the shares of Common Stock; (e) Investor is able to bear the economic risk and lack of liquidity inherent in holding the shares of Common Stock; (f) Investor is an “accredited investor” within the meaning of Rule 501(a) under the Securities Act; and (g) and (g) Investor either has a pre-existing personal or business relationship with the Company or its officers, directors or controlling persons, or by reason of Investor’s business or financial experience, or the business or financial experience of their professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, have the capacity to protect their own interests in connection with the purchase of the Common Stock.
- d. Investor’s investment in the Company pursuant to this Common Stock is consistent, in both nature and amount, with Investor’s overall investment program and financial condition.
- e. Investor’s principal place of business is in the State of California.

3. Miscellaneous

- a. This Agreement shall be construed and enforced in accordance with the laws of the State of California.
- b. This Agreement constitutes the entire agreement between the parties and supersedes all prior oral or written negotiations and agreements between the parties with respect to the subject matter hereof. No modification, variation or amendment of this Agreement (including any exhibit hereto) shall be effective unless made in writing and signed by both parties.
- c. Each party to this Agreement hereby represents and warrants to the other party that it has had an opportunity to seek the advice of its own independent legal counsel with respect to the provisions of this Agreement and that its decision to execute this Agreement is not based on any reliance upon the advice of any other party or its legal counsel. Each party represents and warrants to the other party that in executing this Agreement such party has completely read this Agreement and that such party understands the terms of this Agreement and its significance. This Agreement shall be construed neutrally, without regard to the party responsible for its preparation.
- d. Each party to this Agreement hereby represents and warrants to the other party that (i) the execution, performance and delivery of this Agreement has been authorized by all necessary action by such party; (ii) the representative executing this Agreement on behalf of such party has been granted all necessary power and authority to act on behalf of such party with respect to the execution, performance and delivery of this Agreement; and (iii) the representative executing this Agreement on behalf of such party is of legal age and capacity to enter into agreements which are fully binding and enforceable against such party.
- e. This Agreement may be executed in any number of counterparts and may be delivered by facsimile transmission, all of which taken together shall constitute a single instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

INVESTOR:

Adnant, LLC
a California limited liability company

By: /s/ Sabas Carrillo
Name: Sabas Carrillo
Title: CEO

Company:

Blum Holdings, Inc.
a Delaware corporation

By: /s/ Sabas Carrillo
Name: Sabas Carrillo
Title: CEO

Certain identified information has been excluded from the exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed. Information that has been omitted from the exhibit are indicated with brackets.



January 1, 2025

Blüm Holdings Inc.

Email: [***]
[***]

Re: Amended and Restated Engagement Letter

Dear Blüm Holdings Inc.:

Thank you for choosing Adnant, LLC (“Adnant”) to provide executive level consulting and related Services for Blüm Holdings Inc. (“Blüm” together with certain of its affiliates, collectively, the “Company”, the “Client”, or “you”). We look forward to being part of your business journey and are pleased to have the opportunity to continue working with your team. This Amended and Restated Engagement Letter describes the scope of our proposed engagement, our fees, and other terms and conditions of our services (collectively, the “Engagement”).

I. Scope of Engagement & Proposed Services

Services:

You are engaging Adnant to provide executive level consulting and related business support and services related to the Company’s present and future challenges and opportunities. Specifically, Sabas Carrillo, will continue as Chief Executive Officer (“CEO”) to the Company and will provide a team of restructuring focused executives that may include, but not be limited to, Chief Financial Officer (“CFO”), finance and accounting professionals, and/or human resource consulting. Adnant will work closely with you and your internal teams, existing management, existing consultants and advisors, lenders, attorneys, and other relevant parties in connection with the implementation of the strategies most appropriate to achieve your objectives and as directed and authorized by the Company’s Board of Directors (the “Board”). Adnant will provide services (the “Services”) including, but not limited to:

- Make available to the Company for 40 hours per week, Sabas Carrillo as the Company’s CEO;
- Make available additional restructuring professionals for up to 40 hours per week each at the direction of the CEO, including, but not limited to professionals to enact the duties of a CFO, finance and accounting professionals, human resources, and other administrative staff as needed;
- Prepare financial information for distribution to creditors and others, including, but not limited to, cash flow projections and budgets, cash receipts and disbursements analysis of various asset and liability accounts, and analysis of proposed transactions;
- Prepare filings and disclosures as required by the Securities Exchange Act of 1934, as amended, including without limitation the Annual Report on Form 10-K and the Quarterly Report on Form 10-Q, as well as sign financial statements and filings as required;
- Provide oversight and assistance with employee management, including, but not limited to, communicating with existing employee base in order to provide additional guidance, structure and morale, and working to identify and recruit long-term senior management positions as requested by the Board;

11516 DOWNEY AVENUE
DOWNEY, CA 90241

(323) 841-0046
WWW.ADNANT.COM



- Communicate with lenders directly regarding financial performance, strategy, and/or other topics relevant to the scope of this assignment;
- Evaluate and make recommendations in connection with strategic alternatives as needed to maximize the value of the Company;
- Evaluate potential acquisitions and lead due diligence process;
- Evaluate and make recommendations in connection with financing, cost reduction, and business development opportunities needed to maximize the value of the Company;
- Evaluate the cash flow generation capabilities of the Company for valuation and liquidity maximization opportunities; and
- Provide oversight and assistance in connection with communications and negotiations with constituents including landlords, trade vendors, investors, and other critical constituents to the successful execution of the Company's near-term and long-term business plan objectives and goals.

The above listed services are non-exhaustive and Adnant shall provide such other services as may be agreed by Adnant and the Company based on discussions throughout the Engagement process and as additional information becomes available. Adnant recognizes that, in order to engage Adnant's restructuring services, the Company may terminate employment relationships with certain members of its executive team. Adnant has sufficient expertise and training to ensure that company functions are fulfilled during the Term of this engagement.

Performance Objectives:

The Services are meant to achieve reasonable restructuring, corporate, and/or financial metrics and outcomes, for a similarly situated distressed corporate entity, as identified by Adnant and agreed to by the Company and acknowledged by the Board (the "Performance Objectives"). Performance Objectives shall include, but not be specific to, any one or combination of the following metrics:

1. Achieve or make progress in achieving a market capitalization equal to or greater than \$20,000,000.
2. The continued negotiation, settlement, or other satisfactory disposition of litigation for which the Company has significant liability or exposure.
3. On a quarterly basis, increase revenue by 10% or more while maintaining gross margin of 47% or higher.
4. The purchase or other acquisition of an asset or assets that contribute to the achievement of the strategic goals of the Company with an aggregate value of \$10,000,000 or more, up to one year after the end of this agreement.
5. Achieve positive net income for each quarter end through the term of the Engagement
6. Achieve or make progress in achieving positive EBITDA for each quarter end of the Engagement
7. Achieve or make progress in achieving positive cash from operations for each quarter end through the term of the Engagement
8. Perform a search and nominate executive management (including the full time employment of the current management team) that is approved by the Board of Directors at the term of the engagement.

11516 DOWNEY AVENUE
DOWNEY, CA 90241

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WWW.ADNANT.COM



II. Term and Termination

Term:

This Engagement shall be considered effective as of January 1, 2025 and remain in effect until December 31, 2025 (the “Term”).

Termination:

Because of the extent of the roles and responsibilities of a CEO and executive restructuring team, and to facilitate a well-coordinated transition for the continuity of tasks, projects, and Services following termination of this Engagement, either Client or Adnant can terminate this agreement at any time, upon thirty (30) days prior written notice. Once the agreement is terminated, our obligations to you cease and any unpaid and accrued fees become immediately payable. We will issue a final billing invoice based on unbilled fees and expenses through the date of termination.

Client acknowledges and agrees that all original work product created by Adnant, including the electronic files and intellectual property associated therewith, belongs to Adnant. Upon termination, Adnant shall remain in possession of all work product resulting from performance of the Services or related to this Engagement and reserves the right to its future use. Electronic and/or hard copies will be made available to Client.

III. Compensation

Adnant Service Fee:

Amounts billed for Services provided are based on years of experience, specialization, degree of responsibility, and level of professional attainment of members of the team assigned to your project. We assign and delegate responsibilities based upon the degree of experience and expertise required to provide effective and efficient Services.

Adnant’s fees for Services will be billed as follows: a flat fee of \$75,000 per month during the Term (the “Adnant Service Fee”) due and owing upon execution of this Amended and Restated Engagement Letter and payable in cash. Should cash not be available to pay all or part of the Adnant Service Fee, then Adnant shall accrue the Adnant Service Fee until such time the Company is able to pay all or part of the Adnant Service Fee in cash.

Performance Bonus Award:

We believe that we can achieve some or all of the Performance Objectives of the Company and provide tangible value to you. In addition to the Adnant Service Fee described above, Adnant shall be awarded a performance bonus of \$2,500,000 (the “Performance Bonus Award”) vesting quarterly over a period of 12 months commencing on the effective date of the Amended and Restated Engagement Letter unless and until the Board elects, at its sole discretion, that Adnant has not achieved or made reasonable progress towards achieving some or all of the Performance Objectives.

In the event of a transaction involving a Change of Control (as defined below) or the occurrence of a Significant Event (as defined below) the Performance Bonus Award shall immediately vest and become due and payable.

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Transaction Bonus:

In the event of a transaction involving a Change of Control (as defined below), in a transaction approved by the Company's Board, which total transaction value ("Total Transaction Value") is, in the aggregate, equal to or greater than \$40,000,000, then Adnant shall earn a Transaction Bonus at the closing of such transaction in an amount equal to \$1,250,000 (the "Transaction Bonus").

Adnant shall also be paid said Transaction Bonus if the Company enters into a transaction approved by the Board which is not a Change of Control Transaction, but which, nonetheless, involves a significant change in the ownership of the Company or the composition of the Board of the Company, or which results in receipt of a premium for the Company's stockholders (a "Significant Event").

If the Company shall within 18 months immediately following the termination of this Agreement consummate a Transaction involving a Change of Control, the Company shall pay to Adnant a Transaction Bonus with respect to such transaction calculated in accordance with this Agreement.

"Change of Control" means (i) the closing of the sale, transfer or other disposition of all or substantially all of the Company's assets, (ii) the acquisition by any person or group of persons in any transaction or series of related transactions of direct or indirect beneficial ownership (within the meaning of Section 13(d) of the Securities Exchange Act of 1934), other than the current stockholders of the Company, of the power, directly or indirectly, to vote or direct the voting of securities having more than 50% of the ordinary voting power for the election of directors of the Company, or (iii) the consummation of the merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold not less than fifty percent (50%) of the voting power of the capital stock of the Company or the surviving or acquiring entity immediately following such merger or consolidation); provided, however, that a transaction shall not constitute a Change of Control if the Change of Control is the result of an equity or debt financing, or if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction.

Thank You

If we can answer any questions regarding this Engagement Letter or describe any of our other services, please do not hesitate to contact us. If the foregoing is consistent with your intentions and understanding, please sign this letter in the space provided.

We look forward to working with you!

Sincerely,

Sabas Carrillo

Acknowledged and Agreed:

Blüm Holdings Inc.

By: _____
Name:
Title:

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ENGAGEMENT LETTER TERMS AND CONDITIONS

I. Payment

Invoices

Invoices for fees and expenses will be issued bi-weekly as work progresses and are payable upon presentation. When providing payment, please reference your invoice number on such payment so that any amounts paid can be applied to the appropriate balance. We reserve the right to recover any reasonable out-of-pocket expenses incurred in collecting payments due, including, without limitation, any bank charges for returned checks and attorneys' fees. In the event any late payment is not cured within ten (10) days from the date of notice thereof, we may decline to provide further Services until all amounts due and late fees are paid in full. If we elect to terminate our Services for nonpayment, our Engagement will be deemed to have been completed upon written notification of termination, even if we have not completed the agreed-upon projects. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. You agree that we are not responsible for the impact of any delays resulting from non-payment.

Payment Instructions for Initial Payment and/or Invoices

We accept payment via check, ACH, or wire transfer to the following account:

Bank Name:	[***]
Bank Address:	[***]
Account Name:	[***]
Account Number:	[***]
Routing Number:	[***]

If you pay by credit card, you will be charged a 2.9% fee, plus a \$0.30 per processed card charge that will appear on next month's invoice. If you pay by ePayment, you will be charged a fee of \$2.00 per transaction.

II. Responsibilities and Representations

While Adnant will consult with and advise on matters related to the Engagement, you are ultimately responsible for management decisions and functions and for overseeing any bookkeeping, financial reporting, or other services provided. Our Engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our work that fraud may have occurred. We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this Engagement.

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You represent that all information provided to Adnant is accurate and complete to the best of your knowledge and agree to provide us with all of the materials, documents, and other additional information as we may reasonably request.

III. Confidentiality

Adnant treats all client relationships as confidential and will not disclose any financial or business information to outside parties without your written permission except as required by law or regulation. Permission may be granted by identifying the parties (e.g., financial advisor, attorney, banker, etc.) in writing to whom disclosure is permitted or by other written correspondence.

IV. Miscellaneous

Amendments

Should the scope of the Engagement change or differ materially from our initial understanding, we will prepare a change order letter outlining the necessary changes and the modification of fees or we will issue a separate engagement letter describing the services to be provided. This Engagement Letter may only be supplemented, abandoned, discharged, amended, renewed, or extended by a written instrument executed by each of the parties hereto.

Assignment

Neither party may assign their rights, duties, or obligations under this agreement, in whole or in part, without the prior written consent of the other.

Governing Law

This agreement shall be governed by the laws of the State of California and venue for any action hereunder shall be in Los Angeles County, California. Should either party commence any action, suit or proceeding to enforce this agreement or any term or provision hereof, then in addition to any other damages or awards that may be granted to the prevailing party, the prevailing party shall be entitled to have and recover from the other party such prevailing party's reasonable attorneys' fees and costs incurred in connection therewith.

Indemnity

Client and the entities affiliated with the Client agree to indemnify and hold harmless Adnant and its employees (collectively, the "Indemnitees") against and from any and all losses, claims, damages or liabilities, joint or several, which Indemnitees or any of them may become subject except for such losses, claims, damages, or liabilities arising out of Adnant's gross negligence or willful misconduct, and to reimburse Indemnitees or any of them for any legal or other expenses (including the cost of any investigation and preparation) incurred by Indemnitees or any of them, arising out of or in connection with any inquiry, litigation or other proceeding, whether or not resulting in any liability, insofar as such losses, claims, damages, liabilities or expenses arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in any information furnished by Client to Indemnitees or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading.

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Promptly after receipt by any Indemnitee of notice of the commencement of any legal action against any such Indemnitee or other party in respect of which indemnity or reimbursement may be sought against Client under this agreement, such Indemnitee will notify Client in writing of the commencement thereof, and, subject to the provisions hereinafter stated, Client shall assume the defense of such action (including the employment of counsel, who shall be counsel satisfactory to Indemnites and the payment of expenses in connection therewith). Indemnites shall have the right to employ separate counsel in any such action and to participate in the defense thereof, with the fees and expenses of such counsel at Client's expense. Except in the case of persons named as Corporate officers of the Company, for whom reasonable and appropriate D&O insurance shall be secured, the parties agree that Adnant owes no fiduciary duty to Client under this agreement or otherwise.

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