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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): July 1, 2025

**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. ☐

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### Item 1.01. Entry into a Material Definitive Agreement.

On July 1, 2025, Blum Holdings, Inc. ("Blüm" or the "Company") entered into a binding term sheet (the "Term Sheet") with a licensed commercial cannabis retail operator located in Northern California (the "Target") pursuant to which the Company intends to enter into a Merger Agreement or Share Exchange Agreement or similarly situated document whereby a wholly owned subsidiary of the Company ("Blüm Acquisition Co."), will acquire majority of the membership interests of Target (the "Transaction"). Upon closing of the Transaction, the Company shall issue Target 3,633,540 shares of common stock of the Company, par value \$0.001 (the "Common Stock"). The aggregate value exchanged shall be equal to \$5,000,000 subject to consideration adjustments as outlined in the Term Sheet.

Each of the parties' obligations to close the Transaction will be subject to customary conditions and other conditions agreed to by the parties to be included in the definitive agreements for the Transaction, including but not limited to the receipt of all necessary approvals and consents required by each party to complete the Transaction. No assurances can be made that the Company will be successful in completing the Transaction.

In connection with the Term Sheet, on July 1, 2025, Blum Management Holdings, Inc. ("Blum Management" or the "Manager"), a wholly owned subsidiary of Blüm, entered into a Management Services Agreement (the "MSA") with the Target. Under the MSA, Blum Management has been granted exclusive operational and economic control of the Target's licensed retail cannabis business, while the Target remains the license holder of record. In consideration for these management services, Blum Management shall receive 100% of the economic benefit of the business, and is responsible for the payment of all operating expenses, including rent, payroll, insurance, inventory, and taxes.

The MSA provides the Company with full authority to operate the business in compliance with state and local law, manage bank accounts, oversee staffing and inventory, and administer all day-to-day operations. The agreement includes standard representations, warranties, and indemnification provisions and may be terminated under certain conditions, including consummation of a stock acquisition of the Target by the Company.

The foregoing summaries of the Term Sheet and MSA are qualified in their entirety by reference to the full text of the documents, which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

### Item 2.01. Completion of Acquisition or Disposition of Assets.

The Company has determined that, as a result of the MSA described in Item 1.01 above, it has acquired a controlling financial interest in the Target under the Variable Interest Entity ("VIE") model set forth in ASC 810. Accordingly, the Company will consolidate the Target's operations into its financial statements effective as of July 1, 2025. Although no equity interests have been acquired to date, the Company has obtained the rights and responsibilities necessary to control the Target's operations and financial outcomes under U.S. GAAP.

### Item 7.01. Regulation FD Disclosure.

On July 3, 2025, the Company issued a press release announcing the Term Sheet and MSA as described in Item 1.01 above. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

*The information provided under this Item 7.01 and in the accompanying Exhibit 99.1 is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act except as shall be expressly set forth by specific reference in such filing.*

### Item 9.01. Financial Statements and Exhibits.

#### (a) Financial Statements of Businesses Acquired.

The financial statements required by this item are not being filed herewith. To the extent such information is required by this item, it will be filed with the Securities and Exchange Commission (the "SEC") by amendment to this Current Report no later 71 days after the date on which this Current Report is required to be filed.

#### (b) Pro Forma Financial Information.

The pro forma financial information required by this item is not being filed herewith. To the extent such information is required by this item, it will be filled with the SEC by amendment to this Current Report no later than 71 days after the date on which this Current Report is required to be filed.

#### (d) Exhibits.

Exhibit	Description
10.1*	<a href="#">Binding Term Sheet, dated July 1, 2025.</a>
10.2*	<a href="#">Management Services Agreement, dated July 1, 2025.</a>
99.1	<a href="#">Press Release, dated July 3, 2025.</a>
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: July 3, 2025

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

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.

## BINDING TERM SHEET

This Binding Term Sheet (“Term Sheet”), entered into on July 1, 2025 (the “Effective Date”), by and between Blüm Holdings, Inc., a Delaware corporation (“Buyer” or “Blüm” or the “Company”), [\*\*\*] (“Target” or “Business”), and the members of [\*\*\*] listed on the Schedule A attached hereto (the “Members” or the “Sellers” and together with Target, the “Selling Parties”) and sets forth the key terms and conditions of a proposed transaction to be memorialized in an Merger Agreement or Share Exchange Agreement (the “Transaction Agreement”) or similarly situated document(s) necessary to achieve the purposes described herein (collectively, the “Definitive Agreements”). Each of Blüm and the Selling Parties are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

Binding:	This Term Sheet is a statement of mutual intent and constitutes a legally binding contractual commitment between the Parties with respect to the Transaction contemplated herein. The parties acknowledge that this Term Sheet represents a binding obligation to proceed in good faith toward the execution and delivery of the Definitive Agreements and any other related agreements necessary to consummate the Transaction, subject to the conditions expressed therein. Notwithstanding the binding nature of this Term Sheet, certain terms, including the proposed transaction structure, remain subject to revision and amendment as appropriate and as the parties see fit in Definitive Documents subject to corporate, legal, tax, accounting, and other considerations.
Transaction:	The Selling Parties approve and Blüm agrees to pursue a business combination by which Target shall merge with and into a wholly owned subsidiary of Buyer formed for purposes of consummating this Transaction (“ <u>Blüm Acquisition Co</u> ”), the following terms of which shall be: Blüm agrees that at the Closing (as defined herein), (i) Blüm Acquisition Co will acquire majority of the Membership Interests of Target (the “ <u>Target Membership Interests</u> ”), and (ii) Target will initially acquire 3,633,540 shares of Blüm common stock. The Parties agree that the Definitive Agreements for the exchange of Blüm common stock for Target Membership Interests shall contain representations and warranties appropriate and standard for a transaction of this nature, including but not limited to the delivery of the Target Membership Interests free and clear of debt, liabilities, litigation, and other encumbrances unless otherwise disclosed and agreed.
Consideration:	<p>The aggregate value exchanged shall be equal to Five Million Dollars (\$5,000,000) (the “<u>Exchange Valuation</u>”), subject to the following (the “<u>Consideration Adjustments</u>”):</p> <ul style="list-style-type: none"> <li>• Net Liabilities Adjustment: The Exchange Valuation shall be reduced by the amount of verified liabilities and unrecorded liabilities on the balance sheet as of the closing date.</li> <li>• Cash Premium Offset: To the extent Target has available cash at closing that is made available to, or invested directly into Blüm, the Exchange Valuation will be increased on a 125% for each dollar basis. Related party debt shall be \$0 at closing or at execution of a Management Services Agreement while any regulatory approvals are attained and/or definitive agreements are being produced.</li> <li>• Subject to accounting and legal considerations of the Parties, the Management Services Agreement shall specify that Target’s existing management team will remain in place to continue running day-to-day store-level management of Target while Blüm Acquisition Co or its affiliate will take over key functions such as compliance, accounting, audits, banking, legal, and tax, etc. in order to reduce overhead.</li> <li>• Revenue Adjustment: The final purchase price shall be calculated based on the greater of (a) trailing twelve months (TTM) revenue or (b) the best consecutive six-month period) during the 12-month period after closing, multiplied by 2.0x, less net liabilities.</li> <li>• Earn-Out: Up to Seven Hundred Fifty Thousand Dollars (\$750,000) of the Exchange Valuation is contingent upon the Target’s revenue performance and EBITDA margin in calendar year 2025. Earn-out thresholds shall be as follows: <ul style="list-style-type: none"> <li>o If the Target achieves an average monthly revenue of at least \$370,905 (\$4.45 million annualized) during the twelve-month period following the Closing of this Transaction and maintains or exceeds its 2024 EBITDA margin, \$250,000 (217,391 shares) shall be deemed earned and payable.</li> <li>o If average monthly revenue reaches \$387,764 (\$4.65 million annualized) under the same EBITDA margin condition during the twelve-month period following the Closing of this Transaction, \$500,000 (434,783 shares) shall be deemed earned and payable.</li> <li>o If average monthly revenue reaches \$404,623 or more in average monthly revenue (\$4.85 million annualized), and maintains or exceeds its 2024 EBITDA margin during the twelve-month period following the Closing of this Transaction, the full \$750,000 earn-out (652,174 shares) shall deemed earned and payable.</li> </ul> </li> </ul>

For the avoidance of doubt, the Earn-out provisions are in addition to, and on top of, the Revenue Adjustment provision. Earn-out calculations will be based on audited financials, and any earned amount shall be paid within ninety (90) days following the close of the 2025 fiscal year or as mutually agreed. The earn-out shall be payable in shares of Blüm common stock. If performance thresholds are not achieved, the unearned portion of the \$750,000 earn-out shall be netted out of the Exchange Valuation.

The Parties agree to work in good faith to structure the earn-out in a manner that aligns incentives while preserving tax, accounting, and regulatory compliance, including the possibility of a holdback, escrow, or milestone-based equity issuance or other customary protections.

The Exchange Valuation represents the mutually agreed values of the assets being exchanged and is subject to reasonable amendment and revision as mutually agreed between the parties.

Equity Redemption Right:

If, during such time that after twenty-four (24) months following the Closing Date, but before twenty-six (26) months following the Closing Date (the "Redemption Window"), the average closing price of Blüm common stock over any fifteen (15) consecutive trading day period is less than \$1.15 per share (as adjusted for stock splits, dividends, or similar events), (the "Redemption Trigger"), the Sellers shall have the option, but not the obligation, to redeem all of the Blüm shares received as part of this transaction in exchange for the return of their original equity interests in [\*\*\*].

This redemption right shall be exercisable for a period of sixty (60) days following a Redemption Trigger during the Redemption Window. Upon redemption, all such Blüm shares shall be surrendered and cancelled.

The redemption right described above shall be the Sellers' exclusive unilateral remedy in the event Blüm common stock underperforms relative to the agreed valuation of \$1.15 per share. This structure is intended to preserve accounting simplicity and ensure clarity under applicable GAAP treatment.

Promissory Note Structure (Optional Redemption)

In lieu of redeeming their equity for membership interests in [\*\*\*], the Sellers may propose to exchange their Blüm equity for a promissory note. The acceptance and structuring of any such note shall be subject to mutual agreement of the Parties and shall not be guaranteed. If mutually agreed, the note shall have the following commercial terms:

The principal balance shall equal the final purchase price of the transaction (as adjusted pursuant to this Term Sheet), less a mutually agreed discount of up to twenty-five percent (25%) to reflect liquidity, risk, and cost of capital considerations;

- The note shall bear simple interest at 8.0% per annum, payable monthly;
- Monthly payments shall be capped at twenty-five percent (25%) of the monthly free cash flow generated by the [\*\*\*] business;
- The note shall remain in place until paid in full, with a maturity date of five years.

Closing:	The transaction shall be a simultaneous sign and close transaction subject to appropriate considerations, carveouts and/or approvals by local regulatory authorities.
Closing Conditions:	The Parties' obligation to close the proposed transaction will be subject to customary conditions, including, without limitation: (i) Execution of Definitive Agreements - Execution and delivery of the Definitive Agreements and any other related agreements necessary to consummate the transaction, (ii) Completion of Due Diligence - Each Party shall have completed and been satisfied with its due diligence review of the other Party, including financial, legal, and operational matters, (iii) Regulatory Approvals - Receipt of any required approvals or consents from applicable regulatory authorities or third parties, (iv) Corporate Approvals - Approval of the transaction by the board of directors and, if required, the shareholders and/or members of each Party, (v) Representations and Warranties - The representations and warranties of each Party set forth in the Definitive Agreements shall be true and correct in all material respects as of the closing date, (vi) No Material Adverse Change - There shall have been no material adverse change in the financial condition, business, or operations of either Party between the Effective Date and the Closing, (vii) Delivery of Target Membership Interests - Target shall deliver the Target Membership Interests free and clear of any liens, claims, or encumbrances, as certified by appropriate documentation, (viii) Issuance of Blüm Shares - Blüm shall have taken all necessary corporate actions to issue the agreed number of shares of its common stock to Target, (ix) Compliance with Laws - The transaction shall comply with all applicable laws, regulations, and listing requirements, (x) Other Customary Conditions - Satisfaction of any other customary conditions as agreed upon by the Parties in the Definitive Agreements.

Definitive Agreements:	Upon mutual execution of this Term Sheet, the Company will instruct its legal counsel to prepare and circulate, and both the Buyer and the Selling Parties will negotiate, in good faith, the terms of the Definitive Agreements, which Definitive Agreements shall, in addition to the provisions specifically described herein, contain standard representations, warranties, covenants, survival periods, indemnification, holdback and/or right of offset, and other provisions appropriate for a transaction of the type contemplated herein. The Definitive Agreements, shall be executed on or before August 30, 2025 (the “ <u>Execution Deadline</u> ”). In the event the Definitive Agreements are not executed on or before the Execution Deadline, the Parties may mutually agree to extend the Execution Deadline or either Party may elect to terminate this Term Sheet. This agreement will automatically extend by 7 days unless expressly terminated by either Party.
Governing Law; Attorneys’ Fees; Injunctive Relief:	<p>This Term Sheet shall be governed by, and construed in accordance with California law without giving effect to any principle or law that would require application of the law of another jurisdiction and the parties submit to the exclusive jurisdiction of the courts of the State of California located in the County of Los Angeles in any action arising out of the matters set forth in, or related to the validity or enforceability of, this Term Sheet.</p> <p>If any action in law or in equity is necessary to enforce the or interpret the terms of this Term Sheet, the prevailing party shall be entitled to reasonably attorney’s fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.</p>
Confidentiality:	<p>Each Party covenants and agrees that such Party shall keep secret and retain in strictest confidence, and shall not at any time or in any manner, either directly or indirectly, divulge, copy, communicate, furnish, make available, or disclose any Confidential Information (as defined herein) received by it in connection with this Term Sheet to any third party or use any such Confidential Information for the benefit of himself, itself, or any third Party, except in connection with the pursuit of the proposed Transaction or as required by applicable law</p> <p>As used in this Term Sheet, “Confidential Information” shall mean any information relating to the disclosing party, or the business of the disclosing party <i>including the existence of this Term Sheet, the terms herein, or the status of negotiations pursuant hereto</i> provided, however, that the term “Confidential Information” does not include information that (a) is now, or hereafter becomes, through no wrongful act or failure to act on the part of the receiving party, generally known or available; (b) is known by the receiving party at the time of receiving such information as evidenced by its records; (c) is hereafter furnished to the receiving party by a third party, as a matter of right and without restriction on disclosure; (d) is independently developed by the receiving party without use of any of the disclosing party’s Confidential Information; or (e) is authorized to be disclosed by the prior written consent of the disclosing party. The Parties acknowledge that the Confidential Information is vital, sensitive, confidential, and proprietary to the disclosing party and the business of the disclosing party. The warranties, covenants, and agreements set forth in this section shall not expire for any reason and shall survive the expiration or termination of this Term Sheet. Notwithstanding the foregoing, each Party may provide or disclose Confidential Information to advisors, legal counsel, accountants, and actual or prospective investors or lenders (“Authorized Parties”) so long as the Party disclosing such information obtains consent and agreement from such Authorized Parties to be bound (or such Authorized Persons are otherwise contractually or ethically bound) by the terms of this paragraph.</p>
Authority:	The undersigned represent and warrant that they have the full right, power, and authority to enter into and execute this Term Sheet and that their respective signatories have the full right, power, and authority to enter into this Term Sheet on their behalf.
Counterparts:	This Term Sheet may be executed in any number of counterparts each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument. In order to expedite the execution of this Term Sheet, a pdf. Signature sent electronically shall be binding and the same effect as the original signature.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties of have duly executed and delivered this Term Sheet as of the date first above written.

**BUYER:**

**BLUM HOLDINGS, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**TARGET:**

[\*\*\*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SELLING PARTIES:**

[\*\*\*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Schedules to Exhibit 10.1 have been omitted under Regulation S-K Item 601(a)(5) and listed below:

Schedule A: [\*\*\*] Membership Interest Schedule



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.

## MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this “**Agreement**”) is made and entered into effective July 1, 2025 (the “**Effective Date**”) by and between Blum Management Holdings, Inc., a Delaware corporation, (the “**Manager**”), and [\*\*\*] (the “**Company**”), which is the holder of one or more commercial cannabis retail license(s) (the “**Cannabis License**”). The Manager and the Company are sometimes referred to in this Agreement individually as a “**Party**” and collectively as the “**Parties**.”

### RECITALS

WHEREAS, the Company holds a Cannabis License issued by the city of [\*\*\*] (the “**City**”) and a Cannabis License issued by the State of California (the “**State**”) permitting the Company to engage in adult-use and medicinal cannabis sales at the premises located at [\*\*\*] (the “**Premises**”).

WHEREAS, the Manager possesses a high level of knowledge and expertise with respect to the management and operation of licensed medicinal and adult-use cannabis retail dispensaries in the State of California.

WHEREAS, the Parties desire to set forth the terms and conditions upon which the Manager will manage the operation of the Company and its retail facilities (the “**Operation(s)**”) at the Premises.

### AGREEMENT

NOW THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

1. **Engagement of the Manager.** The Company hereby retains and engages the Manager to provide the Services (as hereinafter defined) exclusively pursuant to the terms and conditions of this Agreement, and the Manager hereby accepts such retention and engagement subject to receipt of any approvals required by Applicable Law (as defined below). The Company hereby authorizes the Manager to exercise such powers and to take such actions with respect to the Company as are expressly set forth herein and as may be necessary for the performance of the Manager’s obligations under this Agreement. The Manager hereby accepts such appointment on the terms and conditions hereinafter set forth and agrees to manage, operate, and maintain the Company.
2. **Management Services.** During the Term (as hereinafter defined in Section 11), Manager, at its sole discretion, shall manage the operations and all of the Company activities related to the Premises or otherwise related to the Cannabis License (collectively, the “**Services**”, which shall include, for purposes of illustration, the services set forth on Exhibit A). The Manager will perform the Services in a commercially reasonable manner under the circumstances. The Manager may, but is not obligated to, cause some or all of the Services to be rendered by and/or through third-party contractors, affiliates and/or assignees of the Manager. Each of the Parties acknowledges and agrees that Exhibit A (a) is not, and is not intended to be, a complete listing of all the Services, and (b) may be amended and revised from time to time by written mutual agreement of the Parties to reflect any material changes to those Services as set forth in Exhibit A. For the avoidance of doubt, without the prior written consent of the Company and its principals, such consent not to be unreasonably withheld or delayed, the Manager shall not, directly or indirectly, (i) effect or permit any change of control, including any merger, consolidation, or other transaction or series of transactions resulting in a change in the ownership of more than fifty percent (50%) of the voting equity interests of the Company, (ii) incur, assume, guarantee, or otherwise become liable for any additional indebtedness by the Company over \$100,000, (iii) sell, lease, transfer, assign, or otherwise dispose of any assets (whether in a single transaction or a series of related transactions), except for (a) dispositions in the ordinary course of business and (b) dispositions of obsolete or worn-out property not material to the business, or (iv) enter into any merger, consolidation, acquisition, joint venture, partnership, or other business combination of the Company, or liquidate, dissolve, or reorganize the Company’s corporate structure.
3. **Compliance With Applicable Law.** The Parties shall comply with all present and future state, local, and/or federal (to the extent not inconsistent with state and local), statutes, ordinances, rules, regulations, permits, licenses, certificates, and judicial and/or administrative rulings, decisions and/or orders in any way applicable to this Agreement, the Manager, the Company, the Operations, and the Services, including, without limitation, the Adult Medicinal and Adult-Use Cannabis Regulation and Safety Act (“**MAUCRSA**”), and such other rules, regulations, statutes and guidelines currently or subsequently promulgated with respect to any of the foregoing (“**Applicable Law**”). The Parties shall maintain the Cannabis License in full force and effect and shall conduct their business in a lawful manner. The Parties shall be responsible for obtaining and maintaining any and all necessary renewals of licenses, certificates, permits, approvals or other authorizations required by Applicable Law *and the Company shall make any filings, notices, or disclosures of or with respect to the existence of this Agreement and its contents to local and state regulatory authorities.* The Company agrees to provide the Manager with prompt notice and copies of any correspondence, notices, violations, complaints, and other materials from regulatory authorities and/or any local licensing authority regarding the Cannabis License or any other Company business. To the extent this Agreement or any of the terms or provisions herein, whether individually or collectively, are determined to be violative of Applicable Law, this Agreement and/or any violative terms or provisions shall be amended as agreed between the Parties.

4. **Manager's Management Rights.** Beginning on the Effective Date and continuing during the Term, Manager shall, to the extent permissible by Applicable Laws, provide the following Services:

- 4.1. Review and advice concerning the technical design of existing and planned products or Services;
- 4.2. Business development assistance including terms of possible transactions and suggestions during negotiations;
- 4.3. Sales assistance through the development of business models and sales strategy;
- 4.4. Advice regarding financing, review of proposed term sheets, capitalization planning and, where appropriate, participation in negotiations;
- 4.5. Strategic consulting and advice regarding product planning, market development, marketing and public relations; and
- 4.6. Introductions to potential strategic partners and other alliance candidates.

Manager shall not be liable, responsible or accountable in damages or otherwise to the Company, its members or managers for any action taken or failure to act by Manager in its business judgment in connection with the management, operation and maintenance of the Company unless such action or omission constitutes fraud or gross negligence. Manager may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by Manager in good faith to be genuine and to have been signed or presented by the proper person. Manager may consult with legal counsel, accountants, appraisers, management consultants, property manager, investment bankers, architects, engineers, environmental consultants and other consultants, and any act taken or omitted to be taken in reliance upon the opinion of such persons as to matters which Manager reasonably believes to be within such person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in conformance with the business judgment rule.

5. **Compensation to Manager.** In consideration of the Manager's performance of the Services, the Manager shall receive 100% of the economic benefit (the "**Management Fee**") of the Company.

6. **Payment of Expenses.** Manager shall pay all expenses, costs, and liabilities incurred to operate the Company and in performing the Contracted Services during the Term when due in a timely manner. The expenses shall include, but not be limited to, rent, utilities, maintenance and repairs, insurance, inventory, supplies, excise and sales and use taxes, wages, employment taxes, income taxes, licensing fees.

7. **Personnel.** Manager shall be responsible for the recruitment, selection, hiring, firing, compensation, terms, conditions, obligations and privileges of employment or engagement of employees working for the Company. Manager will also recruit new employees and will carry out such administrative functions as may be appropriate for such recruitment, including advertising for and identifying potential candidates, assisting the Company in examining and investigating the credentials of such potential candidates, and arranging interviews with such potential candidates.

8. **Insurance.** For the entire Term of this Agreement, the Manager shall, at the Company's sole cost and expense, arrange for, obtain, and maintain, or cause its agents to arrange for, obtain, and maintain, with responsible insurance carriers admitted and licensed to do business in the applicable jurisdiction, commercial general liability, property and casualty, professional liability and other insurance coverage that is reasonably available and customary for the Company's business, in amounts that are adequate under Applicable Law and consistent with industry standards, for the entire Term of the Agreement. Each such insurance policy shall name the Manager as an additional insured and loss payee. The Manager, at the Company's sole cost and expense, shall also arrange for workers' compensation insurance for all employees of the Company in accordance with Applicable Law and consistent industry standards for the entire Term of the Agreement.

**9. Banking and Bank Accounts.**

- 9.1. **Company Bank Accounts.** The Manager, and or their designee, shall be added to all existing bank accounts and shall maintain such bank accounts for the deposit and maintenance of funds from the operation of the Company for the benefit of the Company, and for the management and operation of the Company in the ordinary course of business and as consistent with this Agreement (the “**Company Bank Accounts**”).
- 9.2. **Authorization for Company Bank Accounts.** The Company shall execute any and all documents necessary to authorize the Manager to deposit funds into, withdraw funds from, and write checks from the Company Bank Accounts for the purpose of operating, managing, and maintaining the Company, including, but not limited to, the payment of expenses and/or financial obligations incurred or undertaken by or on behalf of the Company.
- 9.3. **Gross Revenue.** All Gross Revenue and other proceeds connected with or arising from the operation of the Company, and/or the sale of all products, services, and all other activities of the Company shall be deposited in a Company Bank Account that may be designated by Manager, as approved by the Company. All cash, checks, and/or other payments paid to the Company shall be counted at the close of business on the day that such cash, checks, and/or other payments are received and shall be deposited into a Company Bank Account that may be designated by Manager promptly after receipt thereof.
- 9.4. **Operating Expenses.** All payments for expenses relating to operation of the operation and other expenses permitted under this Agreement shall be made from a Company Bank Account designated by Manager as permitted under Applicable Laws. All expenses incurred by Manager in connection with the Company shall be reimbursable to Manager, from the Company Bank Accounts.

**10. Representations, Warranties, and Covenants.**

- 10.1. **Representations, Warranties and Covenant of the Company.** The Company represents, warrants, and covenants to the Manager that, as of the Effective Date and throughout the Term:
- 10.1.1. The Company is duly incorporated, validly existing, and in good standing under the laws of the State of California. The Company has the full corporate power and authority to own its assets and properties and to carry on its activities as now conducted and as contemplated to be conducted. The Company has the full corporate power and authority to execute, deliver and perform this Agreement.
- 10.1.2. The Company has procured all governmental authorizations that are in full force and effect and all information provided by the Company in connection with the governmental authorizations was and remains true, complete, and correct and does not fail to state a material fact necessary to make any of such information not misleading.
- 10.1.3. The Company will maintain in good standing and effect the Cannabis License, and will comply with, all regulatory requirements and governmental authorizations;
- 10.1.4. Assuming that all consents, approvals, authorizations have been obtained, the execution, delivery and performance of this Agreement by the Company does not and will not (a) violate, conflict with or result in the breach of any provision of its charter or bylaws (or similar organizational documents), (b) conflict with or violate any state or local law, ordinance, governmental regulation or governmental order applicable to the Company or any of its assets, properties or businesses or (c) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights pursuant to, any contract, agreement or arrangement by which the Company is bound, except to the extent that any such conflict or other event under (b) or (c) above would not prevent or materially hinder the consummation of the transactions contemplated by this Agreement.

- 10.1.5. To the best of the Company's knowledge, the Company has not, and the present officers, directors and affiliates of the Company have not, been the subject of, nor does the Company have any reason to believe that the Company or any of its officers, directors or affiliates will be the subject of, any civil, criminal or administrative investigation or proceeding brought by any federal or state governmental agency. The Company, at its own expense, will timely and fully cooperate with the Manager in its performance of the Services, including timely and fully completing all tasks assigned to the Company by the Manager and performing all the Company's obligations under this Agreement.
- 10.1.6. All information supplied by the Company or their agents to the Manager or its agents will be true, correct, and complete and will not fail to state a material fact necessary to make any of such information not misleading.
- 10.2. **Representations, Warranties and Covenant of Manager.** The Manager represents, warrants, and covenants to the Company that, as of the Effective Date and throughout the Term:
- 10.2.1. The Manager will perform the Services in a commercially reasonable manner in accordance with all applicable state and local rules, regulations, and laws.
- 10.2.2. To the best of the Manager's knowledge, the Manager has not been the subject of, nor does the Manager have any reason to believe that the Manager will be the subject of, any civil, criminal or administrative investigation or proceeding brought by any federal or state governmental agency.
- 10.2.3. The execution and delivery of this Agreement and the performance by the Manager of its obligations pursuant to this Agreement do not and will not constitute a breach of or a default under any other agreement or obligation of the Manager.
- 10.2.4. Upon execution and delivery of this Agreement, this Agreement will constitute the legal, valid, and binding obligation of the Manager.
- 10.3. **Survival.** The representations, warranties, and covenants of the Company and the Manager set forth in the Agreement shall survive the termination of the Agreement for a period of one (1) year, and shall not be lessened nor rendered inapplicable by any more specific or general representation, warranty, or covenant, or by a Party's actual or constructive knowledge of any fact or circumstance to the contrary of any representation, warranty, or covenant of the other Party.
11. **Term.** The term of this Agreement shall commence on the Effective Date and continue until terminated by as provided in herein (the "**Term**").
- 11.1.1. **Termination.** This Agreement may only be terminated (a) by the Manager for cause or without cause; (b) automatically without any further action by either Party or writing between upon the consummation of a transaction between the Parties pursuant to which Manager acquires all or substantially all of the shares of the Company, (c) by the Company if Manager commits fraud or gross negligence in the performance of the Services hereunder, or (d) by either Party if the acquisition of the Company's shares has not Closed by "Outside Date" as that term is defined in a separate Membership Interest Purchase Agreement between the Parties to be executed on or before August 30, 2025.
- 11.2. **Obligations Upon Termination.**
- 11.2.1. Upon termination of this Agreement, Manager shall promptly deliver to the Company all materials, equipment, tools and supplies, keys, leases, contracts, and documents and such other accountings, data, reports, papers, and records pertaining to this Agreement and the Operations that are the property of the Company and which are in the Manager's actual or constructive control, as the Company shall reasonably request, it being agreed that following the expiration of the Term of this Agreement or the earlier termination thereof, the Manager shall have no obligation whatsoever to keep, maintain or store any of the records, documents, materials or items listed in the prior sentence, it being the sole obligation of the Company to do so. Manager shall further cooperate with the Company to ensure that the Services are brought to an orderly termination and any work in progress is smoothly transitioned from Manager to the Company or the Company's designee(s).

12. **Confidential Information.** “Confidential Information” means: all information concerning the business or operations of any Party, including product designs, specifications, drawings, program code, mask work designs, models, documentation, components, software, test and development boards, hardware reference code and platforms, architectures, financial and pricing information, business and marketing plans, and actual and potential customers and suppliers, to which the other Party is provided access (in writing, orally or by inspection of tangible objects) by virtue of this Agreement that is either identified as such at the time of disclosure by such Party or would be understood to be of a confidential or proprietary nature by a reasonable person. Confidential Information also includes the terms of this Agreement and the discussions and negotiations between the Parties in connection with this Agreement. Confidential Information shall not include information that the receiving Party can demonstrate through written records: (i) is or becomes generally known to the public through no fault of the receiving Party; (ii) is independently developed by the receiving Party without accessing or referencing the disclosing Party’s Confidential Information; or (iii) is, or was prior to the Effective Date, lawfully obtained by the receiving Party, without restriction as to use or disclosure, from a third party not under an obligation to keep the information confidential.

12.1. **Limitations on Use and Disclosure.** The receiving Party agrees that it will not at any time: (i) use, reproduce, or copy any Confidential Information of the disclosing Party except as necessary in connection with the Agreement and as expressly permitted hereunder, or (ii) disclose Confidential Information of the disclosing Party to any third party other than its officers, directors, employees, agents, accountants, agents attorneys and employees, each on a “need to know” basis, in the normal course of business (provided such parties are professionally obligated or have committed in writing to abide by confidentiality and non-use provisions not less stringent than those set forth in this subsection) without the other Party’s prior written consent. If served with a subpoena, court order, or other compulsory process or legal requirement requiring disclosure of Confidential Information, the receiving Party shall promptly notify the disclosing Party of the demand (unless prohibited by law), take reasonable steps to protect the Confidential Information from public disclosure, and limit any such disclosure to the minimum extent necessary to comply with the legal requirement. The receiving Party agrees to reasonably cooperate with the disclosing Party at the disclosing Party’s expense if it decides to oppose production after it receives notice of such opposition, unless the receiving Party (in the opinion of its legal counsel) deems such cooperation is not legally permitted or is otherwise detrimental to it. Upon termination or expiration of this Agreement or an earlier request by the disclosing Party, the receiving Party shall destroy or return, at the other Party’s election, such other Party’s Confidential Information in its possession and certify such return or destruction upon request by such other Party; notwithstanding the foregoing, Manager will not be required to remove copies of any other party’s Confidential Information from any backup media or servers. Neither Party will issue or make, directly or indirectly, any press releases or other public announcements relating to the Agreement or the underlying transaction(s) without the prior written approval of the other Party.

12.2. **Customer Data.** “Customer Data” means (1) personally identifiable information such as name, address, email address, phone number, date of birth, and picture; (2) demographic information such as age, gender, or location; (3) behavioral data such as spending habits, order history, and user preferences; and (4) any other information that relates to or identifies specific Customers, in each case that is obtained, accessed, or made available in connection with this Agreement. Company and Owner each agree that it (including its respective employees and personnel) will not access or use any Customer Data. Company agrees that Customer Data is deemed and will be treated at all times during and after the Term as Manager Confidential Information, regardless of whether such information is or becomes public.

### 13. **Interruption of Business of the Company.**

13.1. **Casualty or Condemnation.** If, during the Term of this Agreement, the Premises (or any substantial part thereof) is damaged or destroyed or is taken under the power (or threat of the power) of eminent domain, the Manager and the Company shall use commercially reasonable efforts to cause the Premises to be restored to substantially its condition prior to the casualty or taking, or to be reconstructed at a new location, in accordance with the provisions of this Agreement.

13.2. **Suspension of Operations.** If the Company is prohibited or substantially prohibited from operating as a result of a decision of a court of competent jurisdiction, administrative hearing or proceeding, law enforcement action or otherwise by operation of Applicable Law, the Parties shall use their best efforts to restore the Company’s legal authority to operate as promptly as possible. If the Cannabis License remains in good standing and the Company continues to engage in commercial cannabis activity pursuant to such license, the Manager shall continue to provide Services solely with respect to such Cannabis License.

### 14. **Indemnification.**

14.1. The Company shall, to the fullest extent allowable by Applicable Law, indemnify, defend (using counsel acceptable to the Manager) and hold harmless the Manager and its affiliates and each of their respective officers, managers, members, directors, employees, stockholders, partners, agents, representatives, and contractors, from and against any and all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, damages, costs, expenses, fines, penalties, deficiencies, taxes and fees (including without limitation the fees, expenses, disbursements and investigation costs of attorneys and consultants) arising directly or indirectly out of or resulting in any way from or in connection with: (i) the Premises, the Operations, or the Company, (ii) the performance or exercise by the Manager of the duties, obligations, powers, or authorities herein, or hereafter granted to the Manager, except for those actions and omissions of the Manager in relation to which the Manager agrees to indemnify the Company pursuant to Section 14.2 below. The indemnities in this Section 14.1 shall survive for a period of twelve (12) months following the expiration or termination of this Agreement.

14.2. The Manager shall to the fullest extent allowable by Applicable Law, indemnify, defend (using counsel acceptable to Company) and hold harmless the Company and its affiliates and each of their respective officers, managers, members, directors, employees, stockholders, partners, representatives and agents from and against any and all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, damages, costs, expenses, fines, penalties, attorneys' fees, arising directly or indirectly out of any acts or omissions of the Manager, its agents or employees which have been held through a final, non-appealable judgment of a court of competent jurisdiction (i) to be grossly negligent and are not otherwise insured under property or liability policies, including deductibles and retentions, required to be maintained by the Company under this Agreement; (ii) constitute a willful failure of the Manager to perform in any material respect any of its obligations under this Agreement, to the extent the loss is not otherwise insured under property or liability policies, or provided such failure was not caused by the Company or by events beyond the reasonable control of the Manager, and the Company has furnished to the Manager sufficient funds to perform such obligations; or (iii) constitute an act of the Manager substantially beyond the scope of the Manager's authority hereunder. The indemnities in this Section 16.2 shall survive for a period of twelve (12) months following the expiration or termination of this Agreement. It is agreed that, under no circumstances shall the Manager be held liable to the Company or to any other party for events constituting Force Majeure.

**15. Limitation of Liability**

15.1. EXCEPT IN CASES OF WILLFUL OR INTENTIONAL ACTS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT DAMAGES, OR PUNITIVE DAMAGES, OR LOST PROFITS, BUSINESS, OR REVENUE, HOWEVER CAUSED, ON ANY THEORY OF LIABILITY, AND WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THIS SECTION DOES NOT LIMIT EITHER PARTY'S INDEMNITY AND DEFENSE OBLIGATIONS ABOVE, INCLUDING FOR ANY CLAIMS BY THIRD PARTIES FOR THE PAYMENT OF ANY CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES, OR LOST PROFITS, BUSINESS OR REVENUE. THE AGGREGATE LIABILITY FOR DAMAGES, OF WHATEVER NATURE, UNDER THIS AGREEMENT (WHETHER DIRECT OR INDIRECT, OR UNDER CONTRACT, TORT, STATUTE, REGULATION, OR ANY OTHER THEORY OF LAW OR EQUITY) WILL NOT EXCEED, UNDER ANY CIRCUMSTANCES THE MANAGEMENT FEE PAID UNDER THIS AGREEMENT. THESE LIMITATIONS SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. THE FOREGOING LIMITATION OF LIABILITY REPRESENTS THE ALLOCATION OF RISK BETWEEN THE PARTIES AND IS AN ESSENTIAL ELEMENT OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES.

15.2. No Party shall, by reason of the termination or non-renewal of this Agreement, be liable to the others for any indemnification, compensation, reimbursement or damages on account of the loss of prospective profits on anticipated sales, or on account of expenditures, investments, leases or commitments in connection with the business or goodwill of any Party, or otherwise.

16. **Notices.** All notices and other communications provided herein shall be in writing and effective upon the earliest of: (a) delivery to the recipient personally by messenger or overnight carrier service; (b) three (3) business days after deposit in a sealed envelope in the United States mail, postage prepaid by registered or certified mail, return receipt requested, addressed to the recipient as set forth below; or, (c) one (1) business day after being sent by facsimile transmission or electronic mail. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. Notices, communications and change of address shall be sent to the parties at the following address, unless otherwise notified in writing.

If to the Manager, then to:

Blum Management Holdings, Inc.

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Email: \*\*\*

If to the Company, then to:

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Email: \*\*\*

With Copy to:

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

A Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

17. **Dispute Resolution.** In the event that any disagreement, dispute or claim arises among the Parties hereto with respect to the enforcement or interpretation of this Agreement (collectively, a “**Dispute**”), such Dispute shall be settled in accordance with the following procedures:

17.1. **Informal Resolution & Mediation.** The Parties shall first attempt in good faith to resolve their dispute through in-person negotiation between authorized representatives of each of the Parties with authority to settle the relevant Dispute. Either Party may commence this negotiation by delivering written notice to the other Party pursuant to the terms outlined in this Agreement. The Parties may agree to engage the services of a jointly agreed-upon mediator to facilitate this in-person meeting, in which case they agree to share equally in the costs of the mediation. If the Dispute cannot be settled amicably within fourteen (14) days of delivery of written notice or the in-person meeting of authorized representatives, whichever comes later, then the Dispute shall be resolved through arbitration.

17.2. **Attorneys’ Fees and Costs.** The prevailing Party in any Arbitration hereunder shall be awarded reasonable attorneys’ fees, expert and non-expert witness costs and any other expenses incurred directly or indirectly with said Arbitration, including without limitation the fees and expenses of the arbitrator(s). Any Party shall have the right to recover all reasonable attorneys’ fees and costs incurred to enforce any judgment and/or collect any monies due pursuant to this Agreement, in addition to any other relief or damages to which such Party may be entitled.

18. **Assignments.** The Company may not assign either this Agreement or any of his, her, or its rights, interests, or obligations hereunder without the prior written approval of the Manager.

19. **Entire Agreement.** The Recitals and all Exhibits to this Agreement are hereby incorporated by reference into, and made a part of, this Agreement. This Agreement, together with the Recitals and all Exhibits, contains the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, inducements, and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement. The express terms of this Agreement control and supersede any course of performance and usage of the trade inconsistent with any of the terms of this Agreement.

20. **Severability.** In the event that any provision of this Agreement is deemed unlawful or otherwise unenforceable by any tribunal of competent jurisdiction, that provision will be changed and interpreted to accomplish the objectives of the provision to the greatest extent possible under applicable law and the remaining provisions will continue in full force and effect. Each and every provision or restriction set forth in this Agreement is independent and severable from the others, and no provision or restriction will be rendered unenforceable by virtue of the fact that, for any reason, any other provision or restriction may be unenforceable in whole or in part.

21. **Amendment; Waiver.** This Agreement may not be modified or amended other than by an agreement in writing signed by the Parties. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of that provision on any other occasion. No waiver will be effective unless it is in writing and is signed by the Party asserted to have granted that waiver.

22. **No Third-Party Beneficiaries.** This Agreement does not and is not intended to confer any rights or remedies in this Agreement to any person or entity other than the Parties. All duties and responsibilities undertaken under this Agreement are for the sole and exclusive benefit of the Parties and not for the benefit of any other party.

23. **Further Assurances.** Each Party will perform any further acts and execute and deliver any documents that may be reasonably necessary or appropriate to fully carry out the provisions, intent, and purposes of this Agreement.

24. **Headings and Construction.** The titles and headings to Sections in this Agreement are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. All use of the words “include” and “including” mean “include/including without limitation.”

25. **Governing Law and Jurisdiction.** This Agreement will be governed by and construed in accordance with the laws of the State of California without regard to conflicts of laws principles. Each of the Parties hereby consents to the jurisdiction of the state and federal courts located in Los Angeles County, California and waives any objections to venue and any claim that the forum is inconvenient.

26. **Equitable Relief.** The Company acknowledges and agrees that the actual or threatened breach of Section 12 will cause irreparable damage to the Manager for which an adequate remedy at law does not exist; and, in the event of such a breach or threatened breach, the Manager will have, in addition to any and all remedies of law, the right to seek equitable relief, including injunctive relief, without the requirement of posting bond or other security.

27. **Representation by Counsel.** Each Party acknowledges and agrees that it is represented by legal counsel (or had the opportunity to be represented by legal counsel) in connection with this Agreement and that it and its counsel have reviewed and revised this Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party will not be employed in the interpretation of this Agreement, any Exhibits, or any amendments to this Agreement or Exhibits.

28. **Legal Compliance and Condition of Performance.**

28.1. The Parties represent and agree that they will use all reasonable and appropriate efforts to assure that those activities required or undertaken by them, their respective employees, and/or their respective agents pursuant to the terms of this Agreement are in compliance with Applicable Law, including, but not limited to, state statutes and regulations that specifically apply to licensed cannabis retailers, cultivators, manufacturers, and distributors, statutes and regulations that specifically apply to the sale, cultivation, manufacturing, and distribution and/or use of controlled substances or narcotics and all applicable standards and rules of licensing and accrediting agencies with jurisdiction over either Party.

28.2. The Parties further agree that the validity, enforceability, and performance of this Agreement is expressly conditioned upon the lawfulness of owning and/or operating a business engaged in the licensed commercial cannabis activity under Applicable Law and the lawfulness of this Agreement and its terms and provisions under Applicable Law.

28.3. Upon promulgation of any new Applicable Laws or amendments to Applicable Laws which pose or may pose a significant regulatory or other legal risk to either Party, or if it is determined by an authority having jurisdiction over the Company that a term or provision contained herein is noncompliant with an existing Applicable Law, the Parties shall negotiate in good faith and shall amend this Agreement to the least extent possible while still satisfying Applicable Law. If the Parties are unable to agree upon an amendment within thirty (30) days after commencing negotiations, either Party may submit the matter to Arbitration; provided, however, that in addition to any other relevant evidence that a Party may present, each Party shall submit its proposed amendment and the arbitrator shall decide which version most effectively carries out the intent of this Section.

29. **Counterparts.** This Agreement may be executed in counterparts, each of which will be considered an original, and all of which together will constitute one and the same instrument. Signatures may be given by facsimile or other electronic transmission (e.g., DocuSign or EchoSign), and such signatures will be fully binding on the Party sending the same. Any xerographic, .PDF, or similar copy of this Agreement, with all signatures reproduced on one or more sets of signature pages, will be considered for all purposes as if it were an executed counterpart of this Agreement.

*[Signature page Follows]*



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**MANAGER:**

**Blum Management Holdings, Inc.**

By: \_\_\_\_\_  
Print Name: Sabas Carillo  
Title: CEO

**COMPANY:**

[\*\*\*]

By: \_\_\_\_\_  
Print Name:  
Title:

**EXHIBIT A**  
**SERVICES**

**1. Manager shall control all aspects of the Operations at the Premises during the Term, including but not limited to:**

- a. Operation Management and Management Support. Except as otherwise set forth in Section 2 of this Exhibit A, Manager shall be exclusively responsible for performing, pursuant to the authorization granted by Company in Section 1, all of Company's management services and management support services and rights related to the Operation, including but not limited to recruiting and employees and officers, negotiating employment agreements and terms and developing management protocol consistent with industry standards. Management and management support personnel may be employees of Manager (or its affiliates) and may participate in Manager's (or its affiliates') benefits programs, at Manager's sole discretion.
- b. Selling Prices and Product Purchases. Manager has the right to make all selling prices and product purchases.
- c. Inventory Management. Manager shall be solely responsible for the purchasing and management of all Operation inventory, from original wholesale purchase through retail disposition, including but not limited to the selection and administration of enterprise resource planning, inventory tracking, and other logistics systems.
- d. Legal Support. Manager may at its discretion provide legal services in connection with the day-to-day operations of the Operation, to ensure compliance with applicable law and the representation of the Company's legal interests as holder of the Cannabis License. Legal support personnel may be employees of Manager (or its affiliates) and may participate in Manager's (or its affiliates') benefits programs, including equity compensation plans, in Manager's sole discretion.
- e. Labor Administration. Manager shall be exclusively responsible for hiring and terminating the employees who work primarily or exclusively for the Operation on behalf of the Company and maintaining required employment records. Manager shall have the right to be involved in and/or approve of any labor negotiations and planning sessions which relate to the Operation, including any interactions or communications with labor unions.
- f. Employees. Manager may provide permanent and/or temporary employees to support the operations of the Operation. The employees may be employees of Manager (or its affiliates) and may participate in Manager's (or its affiliates') benefits programs, including equity compensation plans, in Manager's sole discretion.
- g. Payroll and Benefits Services. Manager shall be exclusively responsible for causing the Company to manage payroll, benefits, and related matters for all employees who work primarily or exclusively for the Operation.
- h. Vendor Relations/Customer Service. Manager shall be exclusively responsible for maintaining all vendor relationships related to the Operation. Manager shall be exclusively responsible for interacting with all Customers in connection with the Operation.
- i. Marketing and Branding. Manager shall be exclusively responsible for creating and maintaining marketing and branding systems in connection with the Operation.
- j. Utilities and Maintenance: At all times, provide adequate utilities and physical conditions for the operation of the Operation, including ensuring that the Operation is in compliance with all terms and conditions of the Lease and any applicable state and local regulations.
- k. Banking. Manager, in collaboration with Company as necessary or as required by applicable law or the pertinent banks or other financial institutions, shall be responsible for obtaining and maintaining banking relationships in connection with the Operation. The Company will provide all assistance reasonably requested by Manager related to the creation and maintenance of these banking relationships and related bank accounts.
- l. Filings. Manager, in collaboration with Company as necessary or as required by applicable law or the pertinent regulators, shall be responsible for all of the regulatory and other filings that are required or otherwise necessary in connection with the Operation. The Company will provide all assistance reasonably requested by Manager related to filings and other similar actions.

- m. Financial Reporting. Manager shall provide periodic financial reporting to Company principals including profit-and-loss and cash flow statements as the Manager deems reasonable and appropriate.

**2. Without limiting the Company's obligations as otherwise set forth in this Agreement, Company shall perform the following services in connection with the Operation:**

- a. License(s) Maintenance. During the Term, the Company shall take all reasonable actions required, or requested by Manager, in furtherance of preserving the status and validity of the License(s).
- b. Premises. At all times, dedicate all Premises space for the Operation as operated by Manager.
- c. Business Access. Subject to all direction provided by Manager pursuant to this Agreement and its approval in all respects, provide adequate security and Premises access control (including key cards and/or badges) as mutually agreed by the Parties.
- d. Banking. The Company shall cooperate with Manager in order to establish and maintain the Manager Account, and the relevant banking and payment processing relationships as set forth in this Agreement, and shall provide all documentation, assistance, and approvals reasonably requested by Manager in furtherance thereof.
- e. Professional Services. The Company shall be responsible for providing the Operation with corporate, legal, compliance, accounting and finance support.
- f. Liabilities. The Company shall be liable for any and all obligations and liabilities related to the Operation prior to the transfer of management control pursuant to the Agreement and shall indemnify and hold harmless the Manager for obligation or liabilities that arise from events or circumstances prior to the Manager assuming management controls. For the avoidance of doubt, the Manager will not be liable for future litigation, audits, or similarly situated liabilities and costs except for those liabilities and costs arising from Manager fraud or gross negligence.
- g. Taxes. Manager shall be responsible causing the Company to pay for any and all taxes imposed on Company in connection with Company's ownership of the Company, including but not limited to, state and local excise and sales and use taxes, FICA taxes, worker's compensation insurance premiums, unemployment, city, state and federal income taxes (including without limitation taxes imposed with respect to Internal Revenue Code 280(e)), and any such withholding payments required under state or federal law, as well as vacation pay, paid sick leave, retirement benefits, and employee benefits of any kind whatsoever for all Personnel that are employees of Company. Upon Company's written request, Manager shall provide evidence, reasonably satisfactory to Company, to assist Company in this regard, including, but not limited to, evidence of workers' compensation coverage and payment of employment-related taxes.

## Blüm Holdings Signs Agreement to Acquire Northern California Retail Dispensary

DOWNEY, Calif., July 03, 2025 (GLOBE NEWSWIRE) – Blum Holdings, Inc. (OTCQB: BLMH) (the “Company,” “Blüm,” “Blüm Holdings,” “we” or “us”), a California-based publicly traded holding company and cannabis operator, announced today that it has signed a binding agreement to acquire majority of the membership interests in another licensed adult-use and medical cannabis dispensary in Northern California.

This marks Blüm’s latest strategic acquisition as it continues to scale its retail platform across California. The new dispensary will join Blüm’s growing portfolio, which includes three other Northern California stores and a recently acquired Bay Area location.

The transaction is structured as an all-stock deal, valuing the business at up to \$5.0 million, including performance-based earn-outs tied to revenue and EBITDA benchmarks. Under a Management Services Agreement (“MSA”), Blüm is set to begin integration on July 1, 2025, assuming key centralized functions such as compliance, accounting, marketing, and finance.

“We are deeply honored that this group of seasoned operators chose to entrust their business to Blüm,” said Sabas Carrillo, Chief Executive Officer of Blüm Holdings. “This deal reflects our ongoing commitment to partnering with strong operators who share our values and performance standards, while we provide the support and infrastructure to unlock further growth.”

The dispensary has established a strong presence in its local community, supported by consistent financial performance and an experienced, customer-focused leadership team. The earn-out structure is designed to align incentives and reward continued success.

Blüm Holdings has made meaningful progress in executing its turnaround strategy and positioning itself for long-term growth through disciplined acquisitions, operational excellence, and brand-forward retail execution. The Company continues to identify and partner with operators who bring local expertise, cultural alignment, and a proven track record.

“We didn’t get here alone,” Carrillo added. “This transaction reflects not just a business milestone, but a collective win for everyone who believed in us—our shareholders, advisors, teammates, and partners. We’re just getting started.”

The transaction is expected to close upon the completion of definitive agreements and customary closing conditions. Closing is targeted for Q3 2025. No assurances can be provided that definitive agreements will be successfully negotiated, executed, or closed, or that necessary regulatory approvals will be obtained.

### About Blüm Holdings

Blüm Holdings is a leader in the cannabis sector. Our commitment to quality, innovation, and customer service makes us a trusted name in the cannabis industry, dedicated to shaping its future. Blüm Holdings, through its subsidiaries, operates leading dispensaries throughout California as well as several leading company-owned brands including Korova, known for its high potency products across multiple product categories, including the legendary 1000 mg THC Black Bar. As both a holding company and a marketing platform, Blüm aims to leverage its growing ecosystem to accelerate customer and retail investor acquisition, increase brand awareness, and create value across its portfolio.

For more info, please visit: <https://blumholdings.com> or follow us on [Instagram](#).

Contact:  
Jason Assad  
LR Advisors LLC.  
[jassad@blumholdings.com](mailto:jassad@blumholdings.com)  
678-570-6791

### Cautionary Language Concerning Forward-Looking Statements

Certain statements contained in this communication regarding matters that are not historical facts, are forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, known as the PSLRA. These include statements regarding management's intentions, plans, beliefs, expectations, or forecasts for the future, and, therefore, you are cautioned not to place undue reliance on them. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by law. The Company uses words such as “anticipates,” “believes,” “plans,” “expects,” “projects,” “future,” “intends,” “may,” “will,” “should,” “could,” “estimates,” “predicts,” “potential,” “continue,” “guidance,” and similar expressions to identify these forward-looking statements that are intended to be covered by the safe-harbor provisions of the PSLRA. Such forward-looking statements are based on the Company’s expectations and involve risks and uncertainties; consequently, actual results may differ materially from those expressed or implied in the statements due to a number of factors.

New factors emerge from time-to-time and it is not possible for the Company to predict all such factors, nor can the Company assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. These risks, as well as other risks associated with the combination, will be more fully discussed in the Company’s reports with the SEC. Additional risks and uncertainties are identified and discussed in the “Risk Factors” section of the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC. Forward-looking statements included in this release are based on information available to the Company as of the date of this release. The Company undertakes no obligation to update such forward-looking statements to reflect events or circumstances after the date of this release.