

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From _____ to _____

Commission File Number: **000-56626**

BLUM HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

93-3735199

(I.R.S. Employer
Identification No.)

**11516 Downey Avenue,
Downey, California**

(Address of Principal Executive Offices)

90241

(Zip Code)

(888) 909-5564

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer
Non-accelerated filer

☐ Accelerated filer
☒ Smaller reporting company
Emerging growth company

☐
☒
☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 13, 2025, there were 25,230,686 shares of the registrant's common stock outstanding.

BLUM HOLDINGS, INC.
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FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2025

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Cautionary Note Concerning Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which provides a “safe harbor” for forward-looking statements made by us. All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends, and other information, may be forward-looking statements. Words such as “might,” “will,” “may,” “should,” “estimates,” “expects,” “continues,” “contemplates,” “anticipates,” “projects,” “plans,” “potential,” “predicts,” “intends,” “believes,” “forecasts,” “future,” and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs, estimates, and projections will occur or can be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties, and other important factors, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties, and other important factors that could cause actual results to differ include, among others, the risk, uncertainties and factors set forth under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024 and in other filings we make from time to time with the U.S. Securities and Exchange Commission (“SEC”).

We caution you that the risks, uncertainties, and other factors set forth in our periodic filings with the SEC may not contain all of the risks, uncertainties, and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that: (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct, or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this report apply only as of the date of the report or as of the date they were made and, except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise.

ITEM 1. FINANCIAL STATEMENTS.

BLUM HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except for shares and per share data)

	September 30, 2025 <i>(Unaudited)</i>	December 31, 2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 388	\$ 1,040
Accounts Receivable, Net of Allowance for Credit Losses of nil at both September 30, 2025 and December 31, 2024	226	143
Inventory	706	674
Prepaid Expenses & Other Current Assets	419	826
Notes Receivable	2	188
Total Current Assets	1,741	2,871
Property, Equipment and Leasehold Improvements, Net	475	267
Right-of-Use Assets - Operating Leases	4,091	1,614
Intangible Assets, Net	8,249	2,952
Goodwill	30,369	17,116
Other Assets	156	—
TOTAL ASSETS	\$ 45,081	\$ 24,820
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT		
LIABILITIES:		
Current Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 11,361	\$ 6,208
Related Party Accounts Payable	2,038	1,183
Current Portion of Notes Payable	1,142	650
Income Taxes Payable	10,904	1,618
Total Current Liabilities	25,445	9,659
Notes Payable, Net of Discounts	3,983	2,317
Accrued Income Taxes	13,500	9,894
Deferred Tax Liabilities	2,239	1,774
Operating Lease Liabilities	3,489	1,818
Derivative Liability	3,693	4,102
TOTAL LIABILITIES	52,349	29,564
COMMITMENTS AND CONTINGENCIES (Note 23)		
MEZZANINE EQUITY (Note 15)	4,611	2,005
STOCKHOLDERS' DEFICIT:		
Preferred Stock, Convertible Series V, par value \$0.001: 25,000,000 shares authorized; 14,071,431 shares outstanding as of September 30, 2025 and December 31, 2024	1	1
Common Stock, par value \$0.001: 990,000,000 shares authorized; 13,553,473 shares outstanding as of September 30, 2025 and December 31, 2024	12	12
Additional Paid-In Capital	414,199	414,319
Accumulated Deficit	(426,091)	(421,081)
Total Stockholders' Deficit	(11,879)	(6,749)
TOTAL MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT	(7,268)	(4,744)
TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT	\$ 45,081	\$ 24,820

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

BLUM HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except for shares and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 4,847	\$ 4,364	\$ 10,565	\$ 9,933
Cost of Goods Sold	2,525	1,916	5,363	5,095
Gross Profit	2,322	2,448	5,202	4,838
Operating Expenses:				
Selling, General & Administrative	3,818	4,289	8,809	14,839
Impairment Expense	—	—	—	1,709
Loss on Disposal of Assets	—	359	—	493
Total Operating Expenses	3,818	4,648	8,809	17,041
Loss from Operations	(1,496)	(2,200)	(3,607)	(12,203)
Other Income (Expense):				
Interest Expense, Net	(481)	(665)	(1,038)	(1,792)
Gain (Loss) on Extinguishment of Debt	—	—	(174)	15,182
Change in Fair Value of Derivative Liability	(78)	(550)	191	(680)
Provision from Employee Retention Credit	—	(361)	—	—
Unrealized Gain on Long-Term Investments	—	520	—	167
Other Income (Expense)	(41)	60	659	208
Total Other Income (Expense), Net	(600)	(996)	(362)	13,085
Income (Loss) from Continuing Operations Before Provision for Income Taxes	(2,096)	(3,196)	(3,969)	882
Provision for Income Tax Expense for Continuing Operations	(463)	(431)	(1,041)	(745)
Net Income (Loss) from Continuing Operations	(2,559)	(3,627)	(5,010)	137
Income (Loss) from Discontinued Operations Before Provision for Income Taxes	—	(112)	—	16,157
Provision for Income Tax Benefit for Discontinued Operations	—	—	—	280
Net Income (Loss) from Discontinued Operations	—	(112)	—	16,437
NET INCOME (LOSS)	\$ (2,559)	\$ (3,739)	\$ (5,010)	\$ 16,574
Less: Net Loss from Continuing Operations Attributable to Non-Controlling Interest	—	(395)	—	(874)
NET INCOME (LOSS) ATTRIBUTABLE TO BLUM HOLDINGS, INC.	\$ (2,559)	\$ (3,344)	\$ (5,010)	\$ 17,448
Net Loss from Continuing Operations per Common Share - Basic and Diluted	\$ (0.25)	\$ (0.40)	\$ (0.52)	\$ (0.02)
Weighted-Average Shares Outstanding - Basic and Diluted	12,307,664	9,744,914	12,307,664	9,191,149

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

BLUM HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT (UNAUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(in thousands, except for shares)

	Mezzanine Equity Amount	Convertible Series V Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Non- Controlling Interest	Total
BALANCE AT JUNE 30, 2025	\$ 2,834	14,071,431	\$ 1	13,553,473	\$ 12	\$ 414,126	\$ (423,532)	\$ —	\$ (6,559)
Net Loss	—	—	—	—	—	—	(2,559)	—	(2,559)
Acquisition of EWCR	—	—	—	—	—	(20)	—	—	(20)
Acquisition of GDR	1,241	—	—	—	—	347	—	—	1,588
Accretion of Mezzanine Equity	536	—	—	—	—	(536)	—	—	—
Warrants Issued	—	—	—	—	—	282	—	—	282
BALANCE AT SEPTEMBER 30, 2025	\$ 4,611	14,071,431	\$ 1	13,553,473	\$ 12	\$ 414,199	\$ (426,091)	\$ —	\$ (7,268)
	Mezzanine Equity Amount	Convertible Series V Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non- Controlling Interest	Total
BALANCE AT JUNE 30, 2024	\$ 681	14,071,431	\$ 1	9,744,914	\$ 9	\$ 409,393	\$ (433,410)	\$ (479)	\$ (23,805)
Net Loss	—	—	—	—	—	—	(3,344)	(395)	(3,739)
Acquisition of Coastal Pines Group	606	—	—	—	(1)	(605)	—	—	—
Accretion of Mezzanine Equity	269	—	—	—	—	—	(269)	—	—
Stock-Based Compensation	—	—	—	—	—	66	—	—	66
BALANCE AT SEPTEMBER 30, 2024	\$ 1,556	14,071,431	\$ 1	9,744,914	\$ 8	\$ 408,854	\$ (437,023)	\$ (874)	\$ (27,478)

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

BLUM HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(in thousands, except for shares)

	Mezzanine Equity Amount	Convertible Series V Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Non- Controlling Interest	Total
BALANCE AT JANUARY 1, 2025	\$ 2,005	14,071,431	\$ 1	13,553,473	\$ 12	\$ 414,319	\$ (421,081)	\$ —	\$ (4,744)
Net Loss	—	—	—	—	—	—	(5,010)	—	(5,010)
Acquisition of EWCR	—	—	—	—	—	295	—	—	295
Acquisition of GDR	1,241	—	—	—	—	347	—	—	1,588
Accretion of Mezzanine Equity	1,365	—	—	—	—	(1,365)	—	—	—
Stock-Based Compensation	—	—	—	—	—	39	—	—	39
Issuance of Warrants	—	—	—	—	—	564	—	—	564
BALANCE AT SEPTEMBER 30, 2025	\$ 4,611	14,071,431	\$ 1	13,553,473	\$ 12	\$ 414,199	\$ (426,091)	\$ —	\$ (7,268)
	Mezzanine Equity Amount	Convertible Series V Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Non- Controlling Interest	Total
BALANCE AT JANUARY 1, 2024	\$ —	14,071,431	\$ 1	8,509,384	\$ 9	\$ 408,473	\$ (454,179)	\$ —	\$ (45,696)
Net Income (Loss)	—	—	—	—	—	—	17,448	(874)	16,574
Cancellation of Shares	—	—	—	(10,279)	(1)	1	—	—	—
Acquisition of Coastal Pines Group	1,264	—	—	1,245,809	—	(2)	—	—	1,262
Accretion of Mezzanine Equity	292	—	—	—	—	—	(292)	—	—
Stock-Based Compensation	—	—	—	—	—	382	—	—	382
BALANCE AT SEPTEMBER 30, 2024	\$ 1,556	14,071,431	\$ 1	9,744,914	\$ 8	\$ 408,854	\$ (437,023)	\$ (874)	\$ (27,478)

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

BLUM HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (5,010)	\$ 16,574
Less: Net Income from Discontinued Operations	—	16,437
Net Income (Loss) from Continuing Operations	(5,010)	137
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:		
Deferred Income Tax Benefit	(32)	(112)
Provision for Allowance for Credit Losses	—	110
Loss (Gain) on Extinguishment of Debt	174	(15,182)
Change in Fair Value of Derivative Liability	(191)	680
Non-Cash Interest Expense (Income), Net	48	(1)
Loss on Disposal of Assets	—	493
Depreciation and Amortization	597	513
Amortization of Operating Lease Right-of-Use Asset	150	770
Stock-Based Compensation	39	382
Unrealized Loss on Investments	—	(167)
Impairment Loss	—	1,709
Change in Operating Assets and Liabilities:		
Accounts Receivable	(82)	120
Inventory	498	370
Prepaid Expenses & Other Current Assets	418	123
Other Assets	(70)	1,282
Accounts Payable & Accrued Liabilities	1,507	7,955
Related Party Accounts Payable	855	—
Operating Lease Liabilities	(409)	(849)
Net Cash Used in Operating Activities - Continuing Operations	(1,508)	(1,667)
Net Cash Provided by Operating Activities - Discontinued Operations	—	359
NET CASH USED IN OPERATING ACTIVITIES	(1,508)	(1,308)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(35)	(8)
Proceeds from Notes Receivable	221	89
Issuance of Notes Receivable	(500)	—
Net Cash from Acquisitions	(655)	959
Proceeds from Sale of Investments	—	1,300
Net Cash (Used in) Provided by Investing Activities - Continuing Operations	(969)	2,340
Net Cash Used in Investing Activities - Discontinued Operations	—	(3)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(969)	2,337
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Notes Payable	2,375	—
Payments of Debt Principal	(550)	(420)
Net Cash Provided by (Used in) Financing Activities - Continuing Operations	1,825	(420)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,825	(420)
NET CHANGE IN CASH	(652)	609
Cash at Beginning of Period	1,040	416
CASH AT END OF PERIOD	\$ 388	\$ 1,025
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash Paid for Interest	\$ 147	\$ 984
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accretion of Mezzanine Equity	\$ 1,365	\$ 292
Right-of-Use Assets Obtained in Exchange for Lease Liabilities	\$ 1,276	\$ —
Conversion of Accounts Payable to Note Payable	\$ —	\$ 337
Non-Cash Consideration for Business Combinations, Including Liabilities Assumed	\$ 20,665	\$ 25,010

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

BLUM HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 – DESCRIPTION OF BUSINESS

Blum Holdings, Inc. (“Blüm” or the “Company”) is a publicly traded holding company with operating subsidiaries throughout California committed to providing the highest quality of medical and adult use cannabis products and related services. The Company is home to Korova, a brand of high potency products across multiple product categories. The Company formerly operated Blüm Santa Ana, a premier cannabis dispensary in Orange County, California, which was sold in June 2024. The Company previously owned dispensaries in California which operated as Blüm in Oakland and Blüm in San Leandro, which were sold in November 2024. In May 2024, the Company began operating the retail store, Cookies Sacramento, and providing consulting services for two additional dispensaries located in Northern California. In May 2025, the Company began operating a retail dispensary located in Santa Clara County, California. In July 2025, the Company began operating Cookies Redding. As of September 30, 2025, the Company operates a total of five cannabis retail locations in the state of California.

References in the consolidated financial statements to the “Company”, “Blüm”, “we”, “us”, or “our” are intended to mean Blum Holdings, Inc., individually, or as the context requires, collectively with its subsidiaries on a consolidated basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and with the instructions for U.S. Securities and Exchange Commission (“SEC”) Form 10-Q and Article 10 of Regulation S-X of the Securities Act of 1933 and reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest in accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, “Consolidation”.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the consolidated financial position of the Company as of September 30, 2025 and December 31, 2024, and the consolidated results of operations and cash flows for the periods ended September 30, 2025 and 2024 have been included. These interim unaudited consolidated financial statements do not include all disclosures required by GAAP for complete financial statements and, therefore, should be read in conjunction with the more detailed audited consolidated financial statements for the year ended December 31, 2024. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

Going Concern

The Company incurred pre-tax net loss from continuing operations of \$2.1 million and \$3.97 million for the three and nine months ended September 30, 2025, respectively. While pre-tax net income from continuing operations was \$0.88 million for the nine months ended September 30, 2024, the Company incurred pre-tax net loss from continuing operations of \$3.2 million for the three months ended September 30, 2024. As of September 30, 2025 and December 31, 2024, the Company had an accumulated deficit of \$426.09 million and \$421.08 million, respectively. At September 30, 2025, the Company had a consolidated cash balance of \$0.39 million. Management expects to experience further net losses in 2025 and in the foreseeable future. The Company may not be able to generate sufficient cash from operating activities to fund its ongoing operations. The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that the Company will be able to generate enough revenue or raise capital to support its operations.

The Company will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements until it is able to raise revenues to a point of positive cash flow. The Company is evaluating various options to further reduce its cash requirements to operate at a reduced rate, as well as options to raise additional funds, including obtaining loans and selling common stock. There is no guarantee that it will be able to generate enough revenue or raise capital to support its operations, or if it is able to raise capital, that it will be available to the Company on acceptable terms, on an acceptable schedule, or at all.

The issuance of additional securities may result in a significant dilution in the equity interests of the Company's current stockholders. Obtaining loans, assuming these loans would be available, will increase the Company's liabilities and future cash commitments. There is no assurance that the Company will be able to obtain further funds required for its continued operations or that additional financing will be available for use when needed or, if available, that it can be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, it will not be able to meet its other obligations as they become due and the Company will be forced to scale down or perhaps even cease its operations.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. In an effort to achieve liquidity that would be sufficient to meet all of its commitments, the Company has undertaken a number of actions, including minimizing capital expenditures and reducing recurring expenses. However, management believes that even after taking these actions, the Company will not have sufficient liquidity to satisfy all of its current and future financial obligations. The risks and uncertainties surrounding the ability to raise capital, the limited capital resources, and the weak industry conditions impacting the Company's business raise substantial doubt as to its ability to continue as a going concern for twelve months from the issuance of these financial statements.

Significant Accounting Policies

The significant accounting policies and critical estimates applied by the Company in these interim unaudited consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements and accompanying notes included in the Company's 2024 Form 10-K, unless otherwise disclosed in these accompanying notes to the unaudited consolidated financial statements for the interim period ended September 30, 2025.

Notes Receivable

The Company invests in convertible notes receivable issued by private entities, which may include embedded or freestanding equity conversion features. These notes are accounted for under ASC 310, "*Receivables*," and ASC 320, "*Investments – Debt Securities*", depending on their classification, with interest income recognized using the effective interest method. The notes are measured at amortized cost on an individual asset basis. The Company evaluates these assets for impairment regularly and records an allowance if credit losses are expected.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses in the reporting periods. The Company regularly evaluates estimates and assumptions related to allowances for credit losses, sales returns, inventory valuation, investments, depreciable lives and residual value of property, equipment and leasehold improvements, goodwill and purchased intangible asset valuations, right-of-use assets, lease liabilities, derivative liabilities, stock-based compensation expense, deferred income tax asset valuation allowances, uncertain tax positions, and litigation and other loss contingencies.

These estimates and assumptions are based on current facts, historical experience and various other factors that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results the Company experiences may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. Related party accounts payable previously included in "Accounts Payable & Accrued Liabilities" are now presented as a single line item on the consolidated balance sheets. Employee retention credit liabilities previously included in "Accrued Income Taxes" are now presented as a component of "Accounts Payable & Accrued Liabilities" on the consolidated balance sheets. These reclassifications did not affect total assets, total liabilities, mezzanine equity, stockholders' deficit or net loss.

Income (Loss) Per Common Share

In accordance with the provisions of ASC 260, "*Earnings Per Share*", net loss per share is computed by dividing net loss by the weighted-average shares of common stock outstanding during the period. During a loss period, the effect of the potential exercise of stock options, warrants, convertible preferred stock, and convertible debt are not considered in the diluted loss per share calculation since the effect would be anti-dilutive. If the Company is in a net income position, diluted earnings per share includes stock options, warrants, convertible preferred stock, and convertible debt that are determined to be dilutive using the treasury stock method for all equity instruments issuable in equity units and the "if converted" method for the Company's convertible debt. Refer to "*Note 17 – Loss Per Share*".

Dilutive securities that are not included in the calculation of diluted net loss per share because their effect is anti-dilutive are as follows (in common equivalent shares):

	Nine Months Ended September 30,	
	2025	2024
Common Stock Warrants	4,244,287	1,460,199
Common Stock Options	273,257	285,928
Convertible Debt	2,363,581	405,201
Series V Preferred Stock	4,690,477	1,407,143
	11,571,602	3,558,471

Income Taxes

In accordance with the provisions of ASC 740, "*Income Taxes*", the Company has computed its provision for income taxes under the discrete method which treats the year-to-date period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. Due to its cannabis operations, the Company is subject to the limitations of the U.S. Internal Revenue Code of 1986, as amended ("IRC") Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income and provides for effective tax rates that are well in excess of statutory tax rates.

The One Big Beautiful Bill Act ("OBBA") was enacted on July 4, 2025, resulting in significant changes to the U.S. federal tax code. Under ASC 740, "*Income Taxes*", the effects of the tax law changes are recognized in the period of enactment. The enactment of OBBA on July 4, 2025 did not have a material impact on the Company's consolidated financial statements.

Recently Adopted Accounting Standards

In June 2022, the FASB issued ASU 2022-03, “*Fair Value Measurements—Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (Topic 820)*”. ASU 2022-03 clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. It also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. The adoption of the standard on January 1, 2024 did not have a material impact on the Company’s consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, “*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*,” which requires that a public entity provide all annual disclosures about a reportable segment’s profit or loss and assets currently required by Topic 280 in interim periods, including those that have a single reportable segment. It also requires all public entities, including those with a single reportable segment, to disclose significant segment expenses and other segment items for each reportable segment. In addition, the ASU requires entities to disclose information about the chief operating decision maker (“CODM”) and an explanation of how the CODM uses the reported measures. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of the standard on December 31, 2024 did not have a material impact on the Company’s consolidated financial statements. Refer to “*Note 20 – Segment Information*”.

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-09, “*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*,” which requires public business entities to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate (the rate reconciliation) for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. In addition, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2024 and interim periods within fiscal years beginning after December 15, 2025. The Company is currently evaluating the effect of adopting this ASU.

In November 2024, the FASB issued ASU 2024-03, “*Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*,” which requires disaggregation of relevant expense captions in a tabular presentation within the footnotes to the financial statements. Further, certain other expenses and gains or losses that must be disclosed under existing GAAP, and that are recorded in a relevant expense caption, must be presented in the same tabular disclosure. In addition, the ASU requires entities to disclose selling expenses on an annual and interim basis. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

In November 2024, the FASB issued ASU 2024-04, “*Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*,” to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

In May 2025, the FASB issued ASU 2025-03, “*Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*,” which revises the guidance in ASC 805 on identifying the accounting acquirer in a business combination in which the legal acquiree is a variable interest entity (VIE). Under ASU 2025-03, a reporting entity involved in a business combination effected primarily by the exchange of equity interests must consider the factors in ASC 805-10-55-12 through 55-15 to determine the accounting acquirer, regardless of whether the legal acquiree is a VIE, which may result in a reverse acquisition where the legal acquirer is identified as the acquiree for accounting purposes. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

In May 2025, the FASB issued ASU 2025-04, “*Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer*,” which clarifies the guidance in both ASC 606 and ASC 718 on the accounting for share-based payment awards that are granted by an entity as consideration payable to its customer. ASU 2025-04 revises the definition of a “performance condition”, eliminates a forfeiture policy election for service conditions associated with share-based consideration payable to a customer, and clarifies that the guidance in ASC 606 on the variable consideration constraint does not apply to share-based consideration payable to a customer “regardless of whether an award’s grant date has occurred” (as determined under ASC 718). For public business entities, the ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

In July 2025, the FASB issued ASU 2025-05, “*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*” which amends ASC 326-202 to provide a practical expedient (for all entities) and an accounting policy election (for all entities, other than public business entities, that elect the practical expedient) related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The ASU is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The ASU should be applied on a prospective basis. The Company is currently evaluating the effect of adopting this ASU.

NOTE 3 – BANKRUPTCY FILING

On November 6, 2024 (the “Petition Date”), the Company’s wholly owned subsidiaries Unrivaled Brands, Inc. (“Unrivaled”) and Halladay Holding, LLC (“Halladay Holding”) (each a “Debtor” and collectively, the “Debtors”) voluntarily filed for relief under Chapter 11 of the U.S. Bankruptcy Code (“Bankruptcy Code”) in the U.S. Bankruptcy Court for the Central District of California, Los Angeles Division (“Bankruptcy Court”), bearing case numbers 2:24-bk-19127-BB and 2:24-bk-19128-BB (“Bankruptcy Cases”). The Debtors voluntarily filed for relief under Chapter 11 of the Bankruptcy Code following insolvency and litigation by People’s California, LLC (“People’s”). The Chapter 11 filing is limited to Unrivaled and Halladay Holding, meaning only their assets and liabilities are included in the Debtors-in-Possession estates. Blum Holdings, Inc., along with all other operations of the Company are not included in the bankruptcy proceeding and continue operating in the ordinary course of business.

As a result of the Chapter 11 filing, the Debtors are now subject to review and oversight by the Bankruptcy Court. As a result, the Company no longer has exclusive control over Debtors’ activities during the Chapter 11 proceedings. Therefore, all assets and liabilities related to the Debtors were deconsolidated as of the Petition Date. Prior to the Chapter 11 filing, the Company issued a guarantee on behalf of Unrivaled and Halladay Holding for accounts payable totaling \$6.96 million, which was recorded at fair value.

The Debtors jointly filed a liquidating plan on February 4, 2025, and a disclosure statement describing the plan. While the plan and related documents are available on the public docket, the Bankruptcy Court has not approved the disclosure statement as containing adequate information about the plan, nor has the Bankruptcy Court confirmed the plan.

Significant Bankruptcy Court Actions

In the Bankruptcy Cases, the most active adversarial party has been a creditor, People’s, with whom the Debtors were engaged in pre-bankruptcy litigation.

Within the first 30 days of the bankruptcy proceedings, the Debtors successfully obtained court approval to sell the real property owned by Halladay Holding free and clear of the disputed liens, claims, and interests asserted by People’s. The court-approved sale was finalized on February 14, 2025.

On December 16, 2024, the Debtors initiated an adversary proceeding against People’s in Bankruptcy Court (Case No. 2:24-ap- 1272-BB) seeking to recover approximately \$8.22 million in allegedly avoidable cash transfers made to People’s in the two years preceding the bankruptcy filing, pursuant to Bankruptcy Code Sections 544, 547, 548, and 550.

On December 17, 2024, the Debtors removed a pre-bankruptcy lawsuit filed by People’s against Unrivaled from California State Court to Bankruptcy Court, commencing Case No. 2:24-ap-1274-BB. This case pertains to an attempted foreclosure sale of Halladay Holding’s commercial real property and payments made by Unrivaled to People’s under a prepetition settlement agreement.

On January 7, 2025, People’s filed a motion to dismiss the Debtors’ bankruptcy case. The hearing on that motion was continued multiple times as the parties engaged in settlement discussions, and then voluntarily withdrawn by People’s as part of a global settlement discussed in the paragraph immediately below.

On February 12, 2025, the Debtors and People’s participated in an in-person mediation and reached a settlement, on March 27, 2025, the parties executed definitive documentation for the terms of the settlement, on May 2, 2025, the Bankruptcy Court signed an order approving the settlement, and on May 16, 2025, the settlement went into effect. Under the settlement terms, all pre-petition litigation and bankruptcy adversary proceedings between the parties were dismissed, People’s withdrew its motion to dismiss the bankruptcy case, People’s will support the Debtors’ liquidating plan, and a payment of \$0.40 million from the sale of the Halladay Holding property was made to People’s, with an additional \$1.00 million subject to an interpleader complaint, which was later resolved and distributed to People’s and a third party.

The Debtors’ Bankruptcy Cases remain pending with one contested matter pending before the Bankruptcy Court on the issue of whether Unrivaled should be allowed to abandon its equity shares in Mystic Holdings, LLC, which a hearing on this matter has been continued to December 3, 2025.

NOTE 4 – CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in several financial institutions that are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Association up to certain federal limitations. At times, the Company’s cash balance exceeds these federal limitations. The Company has not historically experienced any material loss from carrying cash on hand. The amount in excess of insured limitations was nil and \$0.14 million as of September 30, 2025 and December 31, 2024, respectively.

The Company provides credit in the normal course of business to customers located throughout the U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for credit losses based on factors surrounding the credit risk of specific customers, historical trends, and other information. There were no customers that comprised more than 10.0% of the Company’s revenue for the three and nine months ended September 30, 2025 and 2024.

The Company sources cannabis products from various vendors for retail and distribution. However, as a result of regulations in the State of California, the Company’s California retail and distribution operations must use vendors licensed by the State. As a result, the Company is dependent upon the licensed vendors in California to supply products. If the Company is unable to enter into relationships with sufficient members of properly licensed vendors, the Company’s sales may be impacted. During the three and nine months ended September 30, 2025 and 2024, the Company did not have any concentration of vendors for inventory purchases. However, this may change depending on the number of vendors who receive appropriate licenses to operate in the State of California.

NOTE 5 – INVENTORY

Raw materials consist of materials and packaging for manufacturing of products owned by the Company. Finished goods consists of cannabis products sold in retail and distribution. Inventory consisted of the following:

	(in thousands)	
	September 30, 2025	December 31, 2024
Raw Materials	\$ 259	\$ 313
Finished Goods	447	361
Total Inventory	\$ 706	\$ 674

NOTE 6 – NOTES RECEIVABLE

On January 31, 2025, the Company entered into a binding letter of intent with EWCR (the “Target”). In connection with the proposed transaction, Blum Management Holdings, Inc. (“Blum Management”) entered into a senior secured convertible promissory note for \$0.50 million with the Target. The note receivable earns interest at a rate of 8.0% per annum and matured on March 31, 2025. At the Company’s option, the promissory note may be converted into shares of the Target, based on a Target valuation of \$2.00 million, subject to performance-based adjustments. The promissory note is secured by all assets of the Target. On March 31, 2025, the maturity date of the promissory note was amended to May 30, 2025. The promissory note was recorded at amortized cost, which was \$0.50 million. The Company's rights to the note receivable were assigned to the seller of EWCR as part of the consideration paid to acquire the Target on May 15, 2025. Refer to “*Note 10 – Business Combinations*”.

NOTE 7 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements consisted of the following:

	(in thousands)	
	September 30, 2025	December 31, 2024
Furniture and Equipment	\$ 284	\$ 41
Computer Hardware	227	52
Leasehold Improvements	2,273	621
Vehicles	280	7
Subtotal	3,064	721
Less Accumulated Depreciation	(2,589)	(454)
Property, Equipment and Leasehold Improvements, Net	\$ 475	\$ 267

Depreciation expense related to continuing operations was \$0.1 million and \$0.15 million for the three months ended September 30, 2025 and 2024, respectively, and \$0.28 million and \$0.43 million for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 8 – INTANGIBLE ASSETS

Intangible assets consisted of the following:

	Estimated Useful Life in Years	(in thousands)					
		September 30, 2025			December 31, 2024		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizing Intangible Assets:							
Trademarks and Patent	10	\$ 1,400	\$ (53)	\$ 1,347	\$ —	\$ —	\$ —
Operating Licenses	14	7,310	(408)	6,902	3,100	(148)	2,952
Total Amortizing Intangible Assets		8,710	(461)	8,249	3,100	(148)	2,952
Total Intangible Assets, Net		\$ 8,710	\$ (461)	\$ 8,249	\$ 3,100	\$ (148)	\$ 2,952

Amortization expense related to continuing operations was \$0.17 million and \$0.05 million for the three months ended September 30, 2025 and 2024, respectively, and \$0.31 million and \$0.09 million for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 9 – GOODWILL

As of September 30, 2025, changes in the carrying amount of goodwill during the period presented were as follows:

	(in thousands)
Balance as of December 31, 2024	\$ 17,116
Acquisitions	13,253
Balance as of September 30, 2025	\$ 30,369

Goodwill is assigned to the reporting unit, which is the operating segment level or one level below the operating segment. The Company conducts its annual goodwill impairment assessment on November 1, and between annual tests if the Company becomes aware of an event or a change in circumstances that would indicate the carrying value may be impaired. For the purpose of the goodwill impairment assessment, the Company has the option to perform a qualitative assessment (commonly referred to as “step zero”) to determine whether further quantitative analysis for impairment of goodwill or indefinite-lived intangible assets is necessary (“step one”). As of September 30, 2025, the retail reporting unit had a negative carrying amount of which all of goodwill is allocated to the reporting unit and accordingly, no impairment was recognized. The balance of goodwill at September 30, 2025 and December 31, 2024 was \$30.37 million and \$17.12 million, respectively.

Goodwill acquired from EWCR and GDR is expected to primarily reflect anticipated synergies from combining operations, expansion of the Company’s retail footprint in Northern California, the value of the assembled workforce acquired, and other intangible benefits that do not qualify for separate recognition. Refer to "Note 10 – Business Combinations" for goodwill acquired during the nine months ended September 30, 2025.

NOTE 10 – BUSINESS COMBINATIONS***Safe Accessible Solutions, Inc.***

On May 1, 2024, the Company executed an amended and restated binding letter of intent (the “Amended LOI”) with Safe Accessible Solutions, Inc. (“SAS”) wherein the Company and the stockholders of SAS shall enter into a Stock Sale and Purchase Agreement in which the Company will acquire 100% of the common stock of SAS. The Company paid an aggregate consideration of \$1,671,451 as follows: (i) a secured promissory note in the aggregate principal amount of \$1,000,071 to be paid in monthly installments of approximately \$23,811 per month over 42 months; and (ii) the issuance of 945,605 shares of Common Stock of the Company valued at \$671,380 based on the closing share price, of which 196,507 shares of the Company's Common Stock shall be issued and transferred no later than 12 months from closing date. The Company issued and transferred 749,097 shares of Common Stock on May 1, 2024. On the date which is 24 months subsequent to the closing date, the previous stockholders of SAS shall have the option, but not the obligation, to exchange shares of the Company's Common Stock received as part of the purchase price for a promissory note (the “Put Option”). The Put Option is exercisable for a period of 90 days thereafter. Refer to “*Note 14 - Derivative Liabilities*” for the Put Option. The Note may be converted into Common Stock of the Company at the transaction valuation, on terms to be agreed upon. The Stock Sale and Purchase Agreement is subject to close upon regulatory approval.

On May 1, 2024, the Company, through its wholly-owned subsidiary Blum Management, executed a management services agreement with SAS pursuant to which the Company shall manage the operations of SAS. SAS operates Cookies Sacramento, a retail dispensary located in Sacramento, California. As consideration for such services, the Company shall receive a management fee of 100% of the economic benefit of SAS. The Company shall pay all expenses and liabilities incurred to operate SAS. The term of the management services agreement is indefinite and may only be terminated by the Company or upon the closing of the Stock Sale and Purchase Agreement. The fair value of non-controlling interest related to SAS was nil as of May 1, 2024 as a result of the management fee.

Coastal Pine Holdings, Inc.

On May 1, 2024, the Company, through its wholly-owned subsidiary Blum Management, executed an advisory and consulting engagement letter (the “Agreement”) with Coastal Pine Holdings, Inc. (“Coastal”) pursuant to which Blum Management shall provide advisory and consulting services and related business support to Coastal. Coastal is a holding company involved in the management of retail dispensaries throughout Northern California. As compensation for such services, the Company shall receive a monthly fee of \$75,000. The term of the Agreement is indefinite and may only be terminated by the Company. The Agreement includes an option by Blum Management to purchase all of the outstanding equity of Coastal in exchange for (i) a promissory note in the amount of \$940,974 payable to the shareholders of Coastal and (ii) the issuance of 889,725 shares of the Company's Common Stock, of which 496,712 shares of the Company's Common Stock were issued and transferred on May 1, 2024 and 393,013 shares of the Company's Common Stock shall be issued and transferred on the 12-month anniversary of the date of the Agreement. On the date which is 24 months subsequent to the closing date, the previous stockholders of Coastal shall have the option, but not the obligation, to exchange shares of the Company's Common Stock received as part of the purchase price for a promissory note, which is exercisable for a period of 90 days thereafter. Refer to “*Note 14 - Derivative Liabilities*” for the Put Option. The sale of the equity of Coastal is subject to close upon regulatory approval.

The transactions are intended to expand the Company's retail footprint in Northern California and to achieve synergies with the Company's existing retail operations in Northern California. Transaction-related costs and issuance costs related to the business combination were nil. As a result of the agreements entered into on May 1, 2024, the Company determined these entities are variable interest entities under ASC 810, “*Consolidation*” (“ASC 810”) of which the Company is a primary beneficiary. The entities are under common control and accounted for as a single transaction under Coastal Pines Group (“CPG”) for presentation purposes. Refer to “*Note 15 – Stockholders' Deficit*” for variable interest entities.

EWCR

On May 13, 2025, the Company executed an Amended and Restated Binding Letter of Intent ("A&R LOI") with EWC Resources Inc. ("EWCR") wherein the Company and the sellers of EWCR shall enter into a Stock Sale and Purchase Agreement in which the Company will acquire 100% of the common stock of EWCR. The total consideration paid shall consist of: (i) \$800,000 in cash upon execution of the MSA dated May 15, 2025, (ii) assignment of a senior secured convertible promissory note in the amount of \$500,000, (iii) the issuance of 434,783 shares of Common Stock of the Company valued at \$500,000 based on a per share price of \$1.15, which shall be issued at closing and subject to a 12-month holdback, and (iv) an earn-out provision in the amount of \$200,000 payable in cash or Common Stock at the seller's election. Refer to "Note 14 - Derivative Liabilities" for the earn-out provision. The proposed transaction is subject to definitive documentation upon regulatory approval.

On May 15, 2025, the Company, through its wholly-owned subsidiary Blum Management, executed a management services agreement with EWCR (the "MSA") pursuant to which the Company shall have immediate operational and economic control of EWCR. EWCR operates a retail dispensary located in Santa Clara County. As consideration for such services, the Company shall receive a management fee of 100% of the economic benefit of EWCR. The Company shall pay all expenses and liabilities incurred to operate EWCR. The term of the MSA is indefinite and may only be terminated by the Company or upon the closing of the proposed transaction. As a result of the MSA effective on May 15, 2025, the Company determined EWCR to be a variable interest entity under ASC 810 of which the Company is a primary beneficiary. Refer to "Note 15 – Stockholders' Deficit" for variable interest entities.

Green Door Redding, LLC

On July 1, 2025, the Company entered into a binding term sheet with Green Door Redding, LLC ("GDR") pursuant to which the Company intends to acquire 80% of the membership interests in GDR (the "Transaction") in exchange for 3,633,540 shares of the Company's Common Stock, which shall be heldback in escrow until closing of the transaction and subject to consideration adjustments. The total purchase consideration will be determined based on the greater of: (i) GDR's trailing twelve months revenue or (ii) the best consecutive six-month revenue period during the 12-month period following closing multiplied by 2.0x, and reduced by verified and unrecorded liabilities as of the closing date. The exchange valuation may be further increased by 125% of any available cash at closing that is contributed to or invested directly into the Company. In addition, up to \$750,000 of contingent consideration, payable in shares of the Company's Common Stock, is contingent upon GDR's achievement of specified revenue and EBITDA margin thresholds during the 12-month period following closing (the "Earnout Provision"). The equity consideration includes a redemption right permitting the seller, if the average closing price of the Company's Common Stock over any 15 consecutive trading-day period between 24 and 26 months after closing is below \$1.15 per share, to redeem all of the Common Stock received in exchange for the return of their original equity interests in GDR (the "Put Option"). The final purchase price will be determined 12 months after the closing date and payable in shares of Common Stock. The preliminary exchange valuation was determined using a Monte Carlo simulation model and consists of 1,428,696 shares of Common Stock with an aggregate value of \$1,643,000 based on a per share price of \$1.15. The fair value of the equity consideration was measured at \$914,000 based on the Company's closing stock price on July 1, 2025. Refer to "Note 15 – Stockholders' Deficit" for further information. The fair value of the Earnout Provision was determined to be nil based on a Monte Carlo simulation model reflecting the probability-weighted outcomes of the specified revenue and EBITDA performance thresholds. The fair value of the Put Option was estimated to be \$327,000 based on a Monte Carlo simulation model incorporating the expected volatility of the Company's stock price, the option exercise window, and risk-free interest rates as of the valuation date. The closing of the Transaction is subject to customary regulatory approvals at the state and municipal levels.

On July 1, 2025, the Company, through its wholly-owned subsidiary Blum Management, entered into a management services agreement with GDR pursuant to which the Company has been granted exclusive operational and economic control of GDR. GDR operates Cookies Redding, a retail dispensary located in Redding, California. As consideration for such management services, the Company shall receive 100% of the economic benefit of GDR. The Company shall pay all expenses and liabilities incurred to operate GDR. The term of the MSA is indefinite and may only be terminated by the Company or upon the closing of the proposed transaction. As a result of the MSA effective on July 1, 2025, the Company determined GDR to be a variable interest entity under ASC 810 of which the Company is a primary beneficiary. Refer to "Note 15 – Stockholders' Deficit" for variable interest entities.

The preliminary allocation was based upon the Company's estimates and assumptions of the assets and liabilities of EWCR and GDR and are subject to change within the measurement period, which is not to exceed one year from the acquisition date. The Company is in the process of obtaining additional information necessary to finalize the valuation of the assets acquired and liabilities assumed, including intangible assets and income tax related amounts. Therefore, the preliminary fair values set forth below are subject to adjustment as additional information is obtained and the valuations are completed.

The table below summarizes the allocation of the purchase price based on fair value of net assets acquired, which is a preliminary estimate as it relates to EWCR and GDR:

	(in thousands)		
	Coastal Pine Group	EWCR	Green Door Redding
Equity Consideration - Common Stock	\$ 1,264	\$ 316	\$ 914
Put Option	3,480	—	327
Note Payable	1,874	457	—
Cash Consideration	—	800	—
Earnout Provision	—	4	—
Non-Controlling Interest	—	—	347
Total Consideration	\$ 6,618	\$ 1,577	\$ 1,588
Assets Acquired:			
Cash	959	29	137
Accounts Receivable	85	—	1
Inventory	524	364	166
Prepaid Expenses & Other Current Assets	112	11	—
Property, Equipment and Leasehold Improvements	470	162	295
Right-of-Use Asset - Operating Leases	1,694	—	1,351
Intangible Assets	3,100	3,600	2,010
Other Assets	—	86	—
Total Assets Acquired	6,944	4,252	3,960
Liabilities Assumed:			
Accounts Payable & Accrued Liabilities	3,877	4,548	752
Operating Lease Liabilities	2,077	—	804
Notes Payable	307	457	4
Income Taxes Payable	9,632	7,527	740
Accrued Income Taxes	—	2,014	957
Deferred Tax Liabilities	1,549	319	178

Total Liabilities Assumed	17,442	14,865	3,435
Fair Value of Net Assets (Liabilities) Acquired	(10,498)	(10,613)	525
Goodwill	\$ 17,116	\$ 12,190	\$ 1,063

CPG contributed revenue of \$0.91 million and \$4.8 million for the three and nine months ended September 30, 2025, respectively, and net loss of \$0.98 million and \$2.48 million for the three and nine months ended September 30, 2025, respectively. CPG contributed revenue of \$2.93 million and \$5.06 million for the three and nine months ended September 30, 2024, respectively, and net loss of \$0.52 million and \$1.1 million for the three and nine months ended September 30, 2024, respectively.

EWCR contributed revenue of \$2.89 million and \$4.53 million for the three and nine months ended September 30, 2025, respectively, and net loss of \$0.81 million and \$1.03 million for the three and nine months ended September 30, 2025, respectively.

GDR contributed revenue of \$0.98 million and net income of \$0.18 million for the three and nine months ended September 30, 2025.

Supplemental information on an unaudited pro forma basis is reflected as if the transactions described above had occurred on January 1, 2024. The supplemental unaudited pro forma financial information is presented for comparative purposes only and is not necessarily indicative of what the Company's financial position or results of operations would have been had the Company completed the transaction at the dates indicated, nor is it intended to project the future financial position or operating results of the Company as a result of the transactions described above.

	(in thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Pro Forma Revenue	\$ 4,847	\$ 8,815	\$ 17,358	\$ 27,424
Pro Forma Net Income (Loss)	\$ (2,559)	\$ (3,940)	\$ (5,320)	\$ 15,236

NOTE 11 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following:

	(in thousands)	
	September 30, 2025	December 31, 2024
Accounts Payable	\$ 8,297	\$ 5,809
Excise, City, and Sales Tax Liabilities	975	4
Accrued Payroll and Benefits	265	230
Current Portion of Operating Lease Liabilities	426	165
Employee Retention Credit Liabilities	361	—
Other Accrued Expenses	1,037	—
Total Accounts Payable & Accrued Liabilities	\$ 11,361	\$ 6,208

NOTE 12 – LEASES

The Company occupies office and other facilities under lease agreements that expire at various dates. In addition, office, production and transportation equipment are leased under agreements that expire at various dates. The Company does not have any significant finance leases. Total operating lease costs were \$0.34 million and \$0.37 million for the three months ended September 30, 2025 and 2024, respectively, and \$0.62 million and \$1.26 million for the nine months ended September 30, 2025 and 2024, respectively. Short-term lease costs were \$0.15 million and \$0.03 million for the three months ended September 30, 2025 and 2024, respectively, and \$0.28 million and \$0.1 million for the nine months ended September 30, 2025 and 2024, respectively.

As of September 30, 2025 and December 31, 2024, short-term lease liabilities of \$0.43 million and \$0.17 million, respectively, are included in “Accounts Payable & Accrued Liabilities” on the consolidated balance sheets. The table below presents total operating lease right-of-use assets and lease liabilities as of:

	(in thousands)	
	September 30, 2025	December 31, 2024
Operating Lease Right-of-Use Assets	\$ 4,091	\$ 1,614
Operating Lease Liabilities	\$ 3,915	\$ 1,983

On August 15, 2025, the Company entered in a new lease agreement for its retail dispensary located in Santa Clara County and recognized a right-of-use asset of \$1.28 million and an operating lease liability of \$1.28 million.

The table below presents the weighted average remaining lease term for operating leases and weighted average discount rate used in calculating operating lease right-of-use assets:

	September 30, 2025	December 31, 2024
Weighted Average Remaining Lease Term (Years)	7.6	10.0
Weighted Average Discount Rate	13.0%	13.9%

NOTE 13 – NOTES PAYABLE

Notes payable consisted of the following:

	(in thousands)	
	September 30, 2025	December 31, 2024
Promissory notes dated May 1, 2024 issued for liabilities assumed by the Company in connection with the acquisition of CPG, which shall bear at a nominal interest rate.	\$ 761	\$ 761
Convertible promissory note dated August 1, 2024 issued to the shareholders of SAS, which matures through May 1, 2028 and bear interest at a rate of 6.0% per annum.	303	382
Convertible promissory notes dated May 1, 2024 and August 1, 2024 issued to the shareholders of Coastal and SAS, which bear interest at a rate of 7.0% per annum and mature in May through November 2027.	838	1,192
Notes payable issued in January 2023, assumed by the Company on May 1, 2024 in connection with the acquisition of CPG, which matured on June 1, 2025 and bear interest at a rate of 10.0% per annum.	—	68
Unsecured promissory note dated November 12, 2024 issued to an accredited investor, which matures on December 31, 2026. The non-interest bearing note is convertible into common stock of the Company.	800	800
Unsecured promissory notes dated January 8, 2025 issued to accredited investors, which mature on January 8, 2027. The non-interest bearing note is convertible into common stock of the Company.	50	—
Unsecured promissory note dated February 25, 2025 issued to an accredited investor, which matured on September 30, 2025. The non-interest bearing note is convertible into common stock of the Company.	200	—
Unsecured promissory note dated April 18, 2025 issued to an accredited investor, which matured on July 31, 2025. The non-interest bearing note is convertible into common stock of the Company.	325	—
Unsecured promissory note dated May 2, 2025 issued to an accredited investor, which matures on May 2, 2027 and bears interest at a rate of 8.0% per annum. The note is convertible into common stock of the Company.	1,000	—
Senior secured convertible promissory note dated January 31, 2025, assumed by the Company on May 15, 2025 in connection with the acquisition of EWCR Inc. The note bears interest at a rate of 8.0% per annum and shall mature 30 months from the closing date of the acquisition.	500	—
Unsecured promissory note dated September 16, 2025 issued to an accredited investor, which matures on September 16, 2027 and bears interest at a rate of 8.0% per annum. The note is convertible into common stock of the Company.	500	—
Unsecured promissory note dated September 17, 2025 issued to an accredited investor, which matures on September 17, 2027 and bears interest at a rate of 8.0% per annum. The note is convertible into common stock of the Company.	250	—
Notes Payable - Promissory Notes	5,527	3,203
Other Loans	4	—
Less: Short-Term Debt	(1,142)	(650)
Less: Debt Discount, net	(406)	(236)
Net Long-Term Debt	\$ 3,983	\$ 2,317

On January 8, 2025, the Company issued unsecured promissory notes in the aggregate principal amount of \$0.10 million (the “Notes”) amongst four separate investors (the “Lenders”). The Notes have a maturity date of December 30, 2026 with no interest accruing except for default interest and no prepayment penalty. The Notes are convertible at the Lenders’ individual election into a convertible promissory note that shall include 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 \$10.00 million or such lesser amount as approved by Lenders 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 \$30.00 million pre-money valuation of the Company. The Company issued to the Lenders warrants to purchase, in the aggregate, up to 7,812 shares of the Company’s Common Stock (the “Common Stock”), at an exercise price of \$0.64 per share. Refer to “*Note 18 – Warrants*” for additional details. On April 30, 2025, the Company amended and restated the Notes wherein the maturity date was extended to January 8, 2027 and the conversion feature was amended. The Notes, as amended, may be converted at the Lender’s election into a convertible promissory note that shall include an automatic conversion into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). As a result, the Conversion Option no longer met the criteria in ASC 815-15 to be classified as a derivative liability. The amendment was deemed to be a substantial modification under ASC Subtopic 470-50 and a loss on extinguishment of debt of \$0.01 million was recorded in the consolidated statement of operations for the nine months ended September 30, 2025.

On February 25, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.20 million which matured on September 30, 2025 and bears no interest. The Company may prepay the principal balance in full at any time without penalty. On May 7, 2025, the unsecured promissory note was amended wherein the note may be converted at the Lender’s election into a convertible promissory note. The conversion shall include the option to convert into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). In addition, the Company issued to the Lender warrants to purchase up to 75,472 shares of the Company’s common stock, at an exercise price of \$0.53 per share. Refer to “*Note 18 – Warrants*” for additional details. The amendment was deemed to be a substantial modification under ASC Subtopic 470-50 and a loss on extinguishment of debt of \$0.04 million was recorded in the consolidated statement of operations for the nine months ended September 30, 2025. The balance of the unsecured promissory note was unpaid as of September 30, 2025. Management is renegotiating terms of the promissory note as of the date of these consolidated financial statements were issued.

On April 18, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.33 million which matured on July 31, 2025 and bears no interest. The Company may prepay the principal balance in full at any time without penalty. On May 8, 2025, the unsecured promissory note was amended wherein the note may be converted at the Lender’s election into a convertible promissory note. The conversion shall include the option to convert into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). In addition, the Company issued to the Lender warrants to purchase up to 122,642 shares of the Company’s common stock, at an exercise price of \$0.53 per share. Refer to “*Note 18 – Warrants*” for additional details. The amendment was deemed to be a substantial modification under ASC Subtopic 470-50 and a loss on extinguishment of debt of \$0.06 million was recorded in the consolidated statement of operations for the nine months ended September 30, 2025. The balance of the unsecured promissory note was unpaid as of September 30, 2025. Management is renegotiating terms of the promissory note as of the date of these consolidated financial statements were issued.

On May 2, 2025, the Company executed and delivered an Unsecured Promissory Note in the principal amount of \$1.00 million (the “Note”) to an investor (the “Lender”). The Note has a maturity date of May 2, 2027 and bears interest at a rate of 8.0% per annum payable monthly in arrears, commencing on June 15, 2025. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible at the Lender’s election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). The Company issued to the Lender warrants to purchase up to 377,358 shares of Common Stock, at an exercise price of \$0.53 per share. Refer to “*Note 18 – Warrants*” for additional details.

On May 15, 2025, the Company amended and restated the unsecured promissory note dated November 12, 2024 in the aggregate principal amount of \$0.80 million wherein the conversion feature was amended to an automatic conversion into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). As a result, the Conversion Option no longer met the criteria in ASC 815-15 to be classified as a derivative liability. The amendment was deemed to be a substantial modification under ASC Subtopic 470-50 and a loss on extinguishment of debt of \$0.08 million was recorded in the consolidated statement of operations for the nine months ended September 30, 2025.

On September 16, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.50 million which matures on September 16, 2027 and bears interest at a rate of 8.0% per annum payable monthly in arrears, commencing on January 15, 2026. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible at the Lender's election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). The Company issued to the Lender warrants to purchase up to 571,429 shares of Common Stock, at an exercise price of \$0.35 per share. Refer to "Note 18 – Warrants" for additional details.

On September 17, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.25 million which matures on September 17, 2027 and bears interest at a rate of 8.0% per annum payable monthly in arrears, commencing on January 15, 2026. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible at the Lender's election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). The Company issued to the Lender warrants to purchase up to 285,714 shares of Common Stock, at an exercise price of \$0.35 per share. Refer to "Note 18 – Warrants" for additional details.

On September 26, 2025, the Company received an advance payment of \$0.20 million in connection with a promissory note that is currently under verbal agreement. The promissory note has not yet been formally signed by the parties involved. The advance is recorded as a liability until the terms of the formal agreement are finalized. The Company is in the process of negotiating the terms of the promissory note as of the date of these consolidated financial statements were issued.

NOTE 14 – DERIVATIVE LIABILITIES

A reconciliation of the changes in fair value of derivative liabilities for the three and nine months ended September 30, 2025 and 2024 is as follows:

	(in thousands)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Balance, Beginning of Period	\$ 3,615	\$ 1,923	\$ 4,102	\$ —
Issuance of Derivative Liability	—	—	20	1,793
Derecognition Due to Debt Amendments	—	—	(238)	—
Measurement Period Adjustment	—	1,687	—	1,687
Change in Fair Value of Derivative Liability	78	550	(191)	680
Balance, End of Period	\$ 3,693	\$ 4,160	\$ 3,693	\$ 4,160

In connection with the transaction described in "Note 10 – Business Combinations", on May 1, 2024, the Company issued 945,605 shares of Common Stock to the previous stockholders of SAS and 889,725 shares of Common Stock to the shareholders of Coastal, of which 196,507 and 393,013 shares of Common Stock, respectively, shall be transferred on the 12-month anniversary of the transaction. As of September 30, 2025, such shares of Common Stock have not been transferred to the parties. The holders of such Common Stock have the option, but not the obligation, to exchange shares of the Company's Common Stock received as part of the purchase price for a promissory note (the "Put Option"). The Put Option is exercisable 24 months subsequent to the closing date for a period of 90 days thereafter. The Put Option met the criteria in ASC 815-15 and is therefore classified as a derivative liability at fair value with changes being reported through the statement of operations. Refer to "Note 15 – Stockholders' Deficit" for further information on the underlying common shares. The fair value of the Put Option was \$3.69 million as of September 30, 2025. The fair value of the Put Option was determined using the Black-Scholes simulation model based on Level 3 inputs on the fair value hierarchy. The following inputs and assumptions were used for the periods presented:

	Issuance Date	September 30, 2025
Share Price	\$ 0.71	\$ 0.68
Exercise Price	\$ 2.75	\$ 2.75
Expected Life (in Years)	2.25	0.83
Annualized Volatility	88.0%	92.0%
Risk-Free Annual Interest Rate	4.9%	3.7%

The Unsecured Promissory Note dated November 12, 2024, as amended and restated on December 31, 2024, referred to as the A&R Note, and the Unsecured Promissory Notes dated January 8, 2025 may be automatically converted into shares of Common Stock upon its next bona fide equity financing with proceeds of at least \$10.00 million or such lesser amount as approved by the lender, at a conversion price equal to the lesser of (x) 85% of the lowest price paid by the cash investors in such qualifying financing and (y) the price represented by a \$30.00 million pre-money valuation of the Company (the "Conversion Option"). The conversion price is unknown at the issuance date and determined by future equity financing. The Conversion Option met the criteria in ASC 815-15 and is therefore classified as a derivative liability at fair value with changes being reported through the statement of operations. On May 15, 2025, the Conversion Option was amended and no longer met the criteria in ASC 815-15 to be classified as a derivative liability. Refer to "Note 13 - Notes Payable" for further details on the extinguishment of debt. The fair value of the Conversion Option was \$0.0 million as of September 30, 2025. The fair value of the Conversion Option was determined using the Monte Carlo simulation model based on Level 3 inputs on the fair value hierarchy. The following inputs and assumptions were used for the periods presented:

	Issuance Date	September 30, 2025
Share Price	\$ 0.23	\$ —
Expected Life (in Years)	1.50	0.00
Annualized Volatility	165.0%	—%
Risk-Free Annual Interest Rate	4.4%	—%

In connection with the A&R LOI dated May 13, 2025 described in "Note 10 – Business Combinations", the total consideration paid includes an earn-out provision based on the revenue of EWCR in the one-year following the closing date, upon which the seller of EWCR shall receive, at the seller's election: (i) \$200,000 payable in cash or (ii) \$200,000 payable in shares of Common Stock at \$1.15 per share. If the seller elects payment in Common Stock, then the Company shall issue 10,938 warrants to acquire shares of Common Stock at an exercise price of \$0.64 per share. The earn-out provision met the criteria in ASC 815-15 and is therefore classified as a derivative liability at fair value with changes being reported through the statement of operations. The fair value of the earn-out provision was less than \$0.01 million as of September 30, 2025.

NOTE 15 – STOCKHOLDERS' DEFICIT

Series V Preferred Stock

In December 2022, the Company filed a Certificate of Designation of Rights, Privileges, Preferences, and Restrictions with the Secretary of State of the State of Nevada to establish a new class of preferred shares, the Series V Preferred Stock, \$0.001 par value. The number of authorized shares of Series V Preferred Stock is 25,000,000 shares. Each share of Series V Preferred Stock is convertible into ten shares of Common Stock at any time from and after the first anniversary of the issuance date. Each share of Series V Preferred Stock will automatically be converted into ten fully paid and non-assessable shares of Common Stock on the second anniversary of the date on which the holder's shares of Series V Preferred Stock were issued. The Series V Class of Preferred Stock have a one-year lock-up and have a two times voting right which automatically expires in two years. The conversion ratio of each share of Series V Preferred Stock was adjusted to one-tenth (1/10th) of a share of Common Stock to reflect the reverse stock split of its Common Stock at a ratio of 1-for-100 effective January 12, 2024 (the "Reverse Stock Split") as retroactively presented herein.

In January 2023, the Company entered into Securities Purchase Agreements with certain investors, including Sabas Carrillo, the Company's Chief Executive Officer, Patty Chan, the Company's Chief Financial Officer, James Miller, the Company's former Chief Operating Officer, and Robert Baca, the Company's Chief Legal Officer (the "2023 Private Placement"). Pursuant to the SPA, the Company issued (i) 14,071,431 shares of Series V Preferred Stock at \$0.14 per share which is equal to the closing share price of the Company's Common Stock on December 30, 2022 on an as-converted-to-common stock-basis of one-tenth (1/10th) of a share of Common Stock for each one share of Series V Preferred Stock or \$1.40 per share of Common Stock and (ii) 703,572 warrants to purchase up to 703,572 of Common Stock with an exercise price of \$2.80 or equivalent to two times the as-converted-to-common stock purchase price of \$1.40. The Company received total gross proceeds of \$1.97 million from the 2023 Private Placement. The purchasers in the 2023 Private Placement entered into a voting agreement to assign their voting rights to Sabas Carrillo, the Company's Chief Executive Officer. On December 30, 2024, the Board of Directors amended the Series V Preferred Stock wherein the conversion ratio of each share of Series V Preferred Stock was increased to one-third (1/3rd) of a share of Common Stock and the automatic conversion was extended to the fourth anniversary of the date on which the holder's shares of Series V Preferred Stock were issued.

Series N Preferred Stock

In February 2023, the Company filed a Certificate of Designation of Rights, Privileges, Preferences, and Restrictions with the Secretary of State of the State of Nevada to establish a new class of preferred shares, the Series N Preferred Stock, \$0.001 par value. The number of authorized shares of Series N Preferred Stock is 2,500,000 shares. Each share of Series N Preferred Stock is convertible into 100 shares of the Company's Common Stock at any time from and before the first anniversary of the issuance date. Each share of Series N Preferred Stock will automatically be converted into 100 fully paid and non-assessable shares of the Company's Common Stock on the first anniversary of the issuance date. The conversion ratio of each share of Series N Preferred Stock was adjusted to one (1) share of Common Stock to reflect the Reverse Stock Split effective January 12, 2024.

Common Stock and Mezzanine Equity

The Company authorized 990,000,000 shares of Common Stock with \$0.001 par value per share. As of September 30, 2025 and December 31, 2024, 13,553,473 and 13,553,473 shares of Common Stock were outstanding, respectively.

On May 1, 2024, the Company issued 749,097 shares of Common Stock to the previous stockholders of SAS and 496,712 shares of Common Stock to the shareholders of Coastal for the transaction described in "Note 10 – Business Combinations", wherein the holders have the option, but not the obligation, to exchange the shares for a promissory note. The Put Option is exercisable 24 months subsequent to the closing date for a period of 90 days thereafter. Refer to "Note 14 – Derivative Liabilities" for further information on the Put Option. The shares issued are classified as temporary equity in accordance with ASC 480, "Distinguishing Liabilities from Equity" and recorded as mezzanine equity on the consolidated balance sheets. The carrying amount of these shares was \$3.37 million as of September 30, 2025. The redemption value at maturity is \$5.05 million. Accretion related to mezzanine equity is recognized using the interest method and included in the calculation of earnings per share for the three and nine months ended September 30, 2025. Refer to "Note 17 - Loss Per Share".

On July 1, 2025, the Company entered into a binding term sheet with GDR for the transaction described in "Note 10 – Business Combinations", wherein the sellers have the option, but not the obligation, to redeem all of the Common Stock received in exchange for the return of their original equity interests in GDR if the average closing price of the Company's Common Stock over any 15 consecutive trading-day period between 24 and 26 months after closing is below \$1.15 per share. The redemption rights are an embedded feature of the shares of Common Stock issued to the sellers and not bifurcated as a derivatives. The preliminary exchange valuation was determined to be 1,428,696 shares of Common Stock and the actual number of shares will be determined 12 months after the closing date. The shares of Common Stock to be issued as part of the equity consideration are classified as temporary equity in accordance with ASC 480, "Distinguishing Liabilities from Equity" and recorded as mezzanine equity on the consolidated balance sheets. The carrying amount of these shares was \$1.24 million as of September 30, 2025. The redemption value at maturity is expected to be \$0.77 million based on a Monte Carlo simulation model. Accretion related to the mezzanine equity for such shares shall commence on the closing date of the transaction.

Variable Interest Entities

The information below relates to entities that the Company has concluded to be variable interest entities ("VIEs"). The Company holds a controlling financial interest in these VIEs as it (i) has the power to direct the activities that most significantly impact the VIEs' economic performance, (ii) is exposed to, or has rights to, variable returns from its involvement with the VIEs, and (iii) has the ability to use its power to affect those returns. VIEs include the balances of Safe Accessible Solutions, Inc., Coastal Pine Holdings, Inc., EWCR, and GDR as disclosed in "Note 10 – Business Combinations". The following table represents the summarized financial information about the Company's consolidated VIEs before intercompany eliminations.

The balances of the VIEs consisted of the following for the periods presented:

	(in thousands)	
	September 30, 2025	December 31, 2024
Current Assets	\$ 909	\$ 1,436
Non-Current Assets	43,324	21,925
Total Assets	\$ 44,233	\$ 23,361
Current Liabilities	\$ 20,647	\$ 5,551
Non-Current Liabilities	19,607	13,409
Total Liabilities	\$ 40,254	\$ 18,960

Revenue resulting from the VIEs included in the consolidated statements of operations was \$4.78 million and \$10.32 million for the three and nine months ended September 30, 2025, respectively, and \$2.93 million and \$5.06 million for the three and nine months ended September 30, 2024, respectively.

NOTE 16 – STOCK-BASED COMPENSATION
Equity Incentive Plans

As a result of the corporate reorganization on January 12, 2024, Unrivala Brands, Inc. assigned to Blüm, and Blüm assumed and agreed to perform all obligations pursuant to (a) the Terra Tech Corp. 2016 Equity Incentive Plan (the “2016 Plan”), the Terra Tech Corp. Amended and Restated 2018 Equity Incentive Plan (the “2018 Plan”), and the UMBRLA, Inc. 2019 Equity Incentive Plan (the “2019 Plan”), and (b) each award agreement entered into pursuant to the equity incentive plans. The following table contains information about the Company’s equity incentive plans as of September 30, 2025:

	Awards Reserved for Issuance	Awards Exercised	Awards Outstanding	Awards Available for Grant
2016 Plan	2,000,000	—	2,489	1,997,511
2018 Plan	43,976,425	40,221	150,860	43,785,344
2019 Plan	55,000,000	349	119,908	54,879,743

Stock-Based Compensation Expense

The following table sets forth the total stock-based compensation expense resulting from stock options and restricted grants of Common Stock to employees, directors and non-employee consultants in the consolidated statement of operations which are included in selling, general and administrative expenses:

(in thousands, except for shares / options)				
For the Three Months Ended				
Type of Award	September 30, 2025		September 30, 2024	
	Number of Shares or Options Granted	Stock-Based Compensation Expense	Number of Shares or Options Granted	Stock-Based Compensation Expense
Stock Options	—	\$ —	—	\$ 66
Total Stock-Based Compensation Expense		\$ —		\$ 66

(in thousands, except for shares / options)				
For the Nine Months Ended				
Type of Award	September 30, 2025		September 30, 2024	
	Number of Shares or Options Granted	Stock-Based Compensation Expense	Number of Shares or Options Granted	Stock-Based Compensation Expense
Stock Options	—	\$ 39	—	\$ 382
Total Stock-Based Compensation Expense		\$ 39		\$ 382

Stock Options

The following table summarizes the Company's stock option activity and related information for the nine months ended September 30, 2025:

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value of In-the-Money Options
Options Outstanding as of January 1, 2025	297,064	\$ 15.20		
Forfeited	(23,807)	\$ 1.07		
Options Outstanding as of September 30, 2025	273,257	\$ 16.53	5.9 years	\$ 2
Options Exercisable as of September 30, 2025	273,257	\$ 16.53	5.9 years	\$ 2

As of September 30, 2025, total unrecognized stock-based compensation was nil. The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period.

The Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. Hence, the Company uses the "simplified method" described in Staff Accounting Bulletin 107 to estimate the expected term of share option grants. The expected stock price volatility assumption was determined by examining the historical volatilities for the Company's Common Stock. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company's Common Stock becomes available. The risk-free interest rate assumption is based on the U.S. treasury instruments whose term was consistent with the expected term of the Company's stock options. The expected dividend assumption is based on the Company's history and expectation of dividend payouts. The Company has never paid dividends on its Common Stock and does not anticipate paying dividends on its Common Stock in the foreseeable future. Accordingly, the Company has assumed no dividend yield for purposes of estimating the fair value of the Company stock-based compensation.

NOTE 17 – LOSS PER SHARE

The following is a reconciliation for the calculation of basic and diluted loss per share for the three and nine months ended September 30, 2025 and 2024:

	(in thousands, except for shares and per share data)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net Income (Loss) from Continuing Operations	\$ (2,559)	\$ (3,627)	\$ (5,010)	\$ 137
Less: Accretion of Mezzanine Equity	(536)	(269)	(1,365)	(292)
Adjusted Net Loss from Continuing Operations Attributable to Common Shareholders, Basic and Diluted	\$ (3,095)	\$ (3,896)	\$ (6,375)	\$ (155)
Weighted-Average Shares Outstanding - Basic and Diluted	12,307,664	9,744,914	12,307,664	9,191,149
Net Loss from Continuing Operations per Common Share - Basic and Diluted	<u>\$ (0.25)</u>	<u>\$ (0.40)</u>	<u>\$ (0.52)</u>	<u>\$ (0.02)</u>

NOTE 18 – WARRANTS

The following table summarizes the Company's warrant activity for the nine months ended September 30, 2025:

	Warrants	Weighted-Average Exercise Price
Warrants Outstanding as of January 1, 2025	3,255,820	\$ 2.41
Issued	1,440,427	\$ 0.42
Expired	(451,960)	\$ 6.99
Warrants Outstanding as of September 30, 2025	4,244,287	\$ 1.25

In connection with the Unsecured Promissory Notes on January 8, 2025, the Company issued warrants to purchase up to 7,812 shares of Common Stock with an exercise price of \$0.64 per share. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until January 8, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

In connection with the amendment of the unsecured promissory note dated February 25, 2025, on May 7, 2025, the Company issued warrants to purchase up to 75,472 shares of Common Stock with an exercise price of \$0.53 per share. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until May 7, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

In connection with the amendment of the unsecured promissory note dated April 18, 2025, on May 8, 2025, the Company issued warrants to purchase up to 122,642 shares of Common Stock with an exercise price of \$0.53 per share. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until May 8, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

In connection with the Unsecured Promissory Note on May 2, 2025, the Company issued warrants to purchase up to 377,358 shares of Common Stock with an exercise price of \$0.53 per share. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until May 2, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

In connection with the Unsecured Promissory Note on September 16, 2025, the Company issued warrants to purchase up to 571,429 shares of Common Stock with an exercise price of \$0.35 per share. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until September 16, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

In connection with the Unsecured Promissory Note on September 17, 2025, the Company issued warrants to purchase up to 285,714 shares of Common Stock with an exercise price of \$0.35 per share. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until September 17, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

The warrants issued during the nine months ended September 30, 2025, as described above, all met the scope exception under ASC 815, “*Derivatives and Hedging*” and are classified as equity instruments. Refer to “*Note 13 - Notes Payable*”. The fair value of the warrants issued during the nine months ended September 30, 2025 was determined using the Black-Scholes simulation model based on Level 3 inputs on the fair value hierarchy. The following weighted average assumptions were used for the period presented:

	September 30, 2025
Expected Term (in Years)	3.0
Volatility	109.5%
Risk-Free Interest Rate	4.3%
Dividend Yield	0.0%

NOTE 19 – DISCONTINUED OPERATIONS

Southern California Retail Operations

On June 10, 2024, Unrivaled entered into a Membership Interest Purchase Agreement (the “MIPA”) and simultaneously completed the sale of its controlling membership interest in People's First Choice, LLC (“PFC”), which operates as Blüm Santa Ana, for a total sale price of \$22.54 million. Effective upon the closing of the transaction, the buyer assumed full operational and management control of the PFC business pursuant to a Management Services Agreement between PFC and the buyer, pending transfer of the cannabis licenses. As a result of the Management Services Agreement, the Company no longer had a controlling financial interest and deconsolidated all assets and operations related to PFC as of June 10, 2024. The Company has continuing involvement in PFC as a result of the Trademark License Agreement in which the buyer shall have the right to continued use of the “Blüm” name and registered trademarks in connection with the on-going business of Blüm Santa Ana on a royalty-free basis for up to 18 months, and for a license fee thereafter at the buyer’s option. During the nine months ended September 30, 2025, the Company had cash inflows and outflows of nil from discontinued operations related to PFC after the disposal date.

On February 18, 2024, The Spot closed its doors for in-store shopping and continued offering cannabis delivery. During the fiscal second quarter of 2024, the Company ceased operations at The Spot. On April 11, 2024, Unrivaled entered into a Stock Purchase Agreement to sell 100% of the issued and outstanding capital stock of The Spot for a purchase price of \$0.53 million to be paid in cash. The transaction closed on October 25, 2024.

The assets and liabilities related to PFC and The Spot were measured at the lower of their carrying amount or fair value less costs to sell (“FVLCTS”) upon classification as held for sale. The Company concluded that the disposal of PFC and the exit of The Spot, as reported under the cannabis retail segment, represented a strategic shift that will have a major effect on the Company's operations and financial results and thus all assets and liabilities allocable to the entities were classified as discontinued operations. Revenue and expenses, gains or losses relating to the discontinuation of such operations were eliminated from profit or loss from the Company’s continuing operations and are shown as a single line item in the consolidated statements of operations for all periods presented.

Operating results for the discontinued operations were comprised of the following:

	(in thousands)	
	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Total Revenues	\$ —	\$ 8,531
Cost of Goods Sold	—	3,840
Gross Profit	—	4,691
Selling, General & Administrative Expenses	36	3,827
Impairment of Assets	76	123
Gain on Disposal of Assets	—	(16,535)
Income (Loss) from Operations	(112)	17,276
Interest Expense	—	(1,143)
Other Income	—	24
Income (Loss) from Discontinued Operations Before Provision for Income Taxes	(112)	16,157
Provision for Income Tax Benefit for Discontinued Operations	—	280
Net Income (Loss) from Discontinued Operations	\$ (112)	\$ 16,437
Net Income (Loss) from Discontinued Operations per Common Share - Basic and Diluted	\$ (0.01)	\$ 1.79

As of September 30, 2025 and December 31, 2024, the assets and liabilities related to discontinued operations were deconsolidated and no balance or operations remained. There were no activities related to discontinued operations during the three and nine months ended September 30, 2025.

NOTE 20 – SEGMENT INFORMATION

The Company operates in two segments:

- (i) *Cannabis Retail* – Either independently or in conjunction with third parties, the Company operates medical marijuana and adult use cannabis dispensaries in California. All retail dispensaries offer a broad selection of medical and adult use cannabis products including flower, concentrates, and edibles.
- (ii) *Cannabis Distribution* – The Company distributes its own branded products under the Korova brand as well as third party products to retail dispensaries in California through a licensed distributor.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis and by operating segments. The CODM uses revenue, gross profit, operating income, and income (loss) before taxes to assess the Company's financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions related to business growth and operational efficiency, such as product offerings, store expansions, marketing strategies, and financial management.

For the periods presented, revenue by reportable segments are as follows:

	(in thousands)				(in thousands)			
	Total Revenue		% of Total Revenue		Total Revenue		% of Total Revenue	
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	2025	2024	2025	2024	2025	2024
Cannabis Retail	\$ 4,777	\$ 4,283	98.6%	98.1%	\$ 10,328	\$ 9,793	97.8%	98.6%
Cannabis Distribution	70	81	1.4%	1.9%	237	140	2.2%	1.4%
Total	\$ 4,847	\$ 4,364	100.0%	100.0%	\$ 10,565	\$ 9,933	100.0%	100.0%

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A reconciliation of the reportable segments' results of operations to the consolidated statements of operations is as follows, in which "Corporate & Other" represents non-cash income/expense and corporate expenditures unrelated to revenue-generating operations.

	(in thousands)							
	Three Months Ended September 30, 2025				Three Months Ended September 30, 2024			
	Cannabis Retail	Cannabis Distribution	Corporate & Other	Total	Cannabis Retail	Cannabis Distribution	Corporate & Other	Total
Total Revenues	\$ 4,777	\$ 70	\$ —	\$ 4,847	\$ 4,283	\$ 81	\$ —	\$ 4,364
Cost of Goods Sold	2,504	21	—	2,525	1,974	(58)	—	1,916
Gross Profit	2,273	49	—	2,322	2,309	139	—	2,448
Gross Profit %	47.6%	70.0%			53.9%	171.6%		
Selling, General & Administrative	3,332	3	483	3,818	2,563	111	1,615	4,289
Loss on Disposal of Assets	—	—	—	—	32	—	327	359
Income (Loss) from Operations	(1,059)	46	(483)	(1,496)	(286)	28	(1,942)	(2,200)
Other Income (Expense):								
Interest Income (Expense)	(486)	—	5	(481)	(207)	—	(458)	(665)
Change in Fair Value of Derivative Liability	—	—	(78)	(78)	—	—	(550)	(550)
Provision from Employee Retention Credit	—	—	—	—	—	—	(361)	(361)
Unrealized Gain on Investments	—	—	—	—	—	—	520	520
Other Income (Loss)	2	—	(43)	(41)	61	—	(1)	60
Total Other Expense, Net	(484)	—	(116)	(600)	(146)	—	(850)	(996)
Income (Loss) Before Provision for Income Taxes	\$ (1,543)	\$ 46	\$ (599)	\$ (2,096)	\$ (432)	\$ 28	\$ (2,792)	\$ (3,196)
Total Assets	\$ 44,233	\$ 458	\$ 390	\$ 45,081	\$ 26,388	\$ 574	\$ 11,716	\$ 38,678

	(in thousands)							
	Nine Months Ended September 30, 2025				Nine Months Ended September 30, 2024			
	Cannabis Retail	Cannabis Distribution	Corporate & Other	Total	Cannabis Retail	Cannabis Distribution	Corporate & Other	Total
Total Revenues	\$ 10,328	\$ 237	\$ —	\$ 10,565	\$ 9,793	\$ 140	\$ —	\$ 9,933
Cost of Goods Sold	5,220	143	—	5,363	4,815	280	—	5,095
Gross Profit	5,108	94	—	5,202	4,978	(140)	—	4,838
Gross Profit %	49.5%	39.7%			50.8%	(100.0)%		
Selling, General & Administrative Expenses	6,830	61	1,918	8,809	6,490	229	8,120	14,839
Impairment Expense	—	—	—	—	—	—	1,709	1,709
(Gain) Loss on Disposal of Assets	—	—	—	—	206	(40)	327	493
Income (Loss) from Operations	(1,722)	33	(1,918)	(3,607)	(1,718)	(329)	(10,156)	(12,203)
Other Income (Expense):								
Interest Expense	(1,025)	—	(13)	(1,038)	(556)	—	(1,236)	(1,792)
Gain (Loss) on Extinguishment of Debt	—	—	(174)	(174)	—	—	15,182	15,182
Change in Fair Value of Derivative Liability	—	—	191	191	—	—	(680)	(680)
Unrealized Gain on Investments	—	—	—	—	—	—	167	167
Other Income	2	—	657	659	207	—	1	208
Total Other Income (Expense), Net	(1,023)	—	661	(362)	(349)	—	13,434	13,085
Income (Loss) Before Provision for Income Taxes	\$ (2,745)	\$ 33	\$ (1,257)	\$ (3,969)	\$ (2,067)	\$ (329)	\$ 3,278	\$ 882
Total Assets	\$ 44,233	\$ 458	\$ 390	\$ 45,081	\$ 26,388	\$ 574	\$ 11,716	\$ 38,678

NOTE 21 - FAIR VALUE MEASUREMENTS

The following tables present the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis:

(in thousands)			
September 30, 2025			
Amount	Level 1	Level 2	Level 3

Financial Liabilities:								
Derivative Liabilities	\$	3,693	\$	—	\$	—	\$	3,693
(in thousands)								
December 31, 2024								
Amount		Level 1		Level 2		Level 3		
Financial Liabilities:								
Derivative Liabilities	\$	4,102	\$	—	\$	—	\$	4,102

There have been no transfers between fair value levels during the nine months ended September 30, 2025.

The fair value of derivative liabilities is determined using valuation models which rely on unobservable inputs such volatility, correlations, and market assumptions that are based on management's judgment and estimates (Level 3). Refer to "Note 14 – Derivative Liabilities" for assumptions used to value derivative liabilities.

NOTE 22 – RELATED PARTY TRANSACTIONS

All related party transactions are monitored quarterly by the Company and approved by the Audit Committee of the Company's Board of Directors.

During the three and nine months ended September 30, 2025, the Company incurred engagement fees totaling \$0.23 million and \$0.69 million, respectively, pursuant to the engagement letter with Adnant, LLC ("Adnant") dated August 12, 2022, as subsequently amended, for executive level consulting and related business support services (the "Engagement"). On January 1, 2025, the Company entered into an Amended and Restated Engagement Letter with Adnant wherein the term of the Engagement was extended to December 31, 2025 and the monthly service fee was decreased from \$0.25 million to \$0.08 million, which shall be payable monthly subject to the Company having a sufficient cash balance.

On January 3, 2023, the Company entered into a sublease agreement with Adnant for use of the office building located in Downey, California as the Company's corporate headquarters. The lease term commenced on February 1, 2023 and expires on May 31, 2025, upon which the sublease shall automatically continue on a month-to-month basis thereafter. Total rent expense incurred with the related party was \$27,968 and \$27,968 for the three months ended September 30, 2025 and 2024, respectively, and \$0.11 million and \$0.10 million for the nine months ended September 30, 2025 and 2024, respectively.

As of September 30, 2025 and December 31, 2024, total amounts due to Adnant were \$2.04 million and \$1.18 million, respectively, and included in "Related Party Accounts Payable" on the consolidated balance sheets.

NOTE 23 – COMMITMENTS AND CONTINGENCIES

California Operating Licenses

The Company's entities have been eligible for applicable licenses and renewals of those licenses.

Litigation and Claims

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued if such disclosure is necessary for the Company's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company determined that there were no matters that required an accrual as of September 30, 2025.

Beginning November 6, 2024, the Company has filed automatic stays for all litigation where Unrivaled is a party. Refer to "Note 3 - Bankruptcy Filing" for further information.

People's California, LLC v. Unrivaled Brands, Inc. - On July 19, 2022, People's, the sellers of PFC, filed an action against the Company in the Superior Court for the State of California, County of Orange, bringing claims for breach of contract and breach of the covenant of good faith and fair dealing stemming from the Company's alleged breach of certain agreements with People's. The complaint claims at least \$23.00 million in damages. On September 20, 2022, the Company filed a cross-complaint. The Company was seeking a minimum of \$5.40 million in damages. On March 6, 2023, the parties entered into a binding term sheet to settle the litigation. On June 28, 2024, the Court denied an ex parte application by People's to enforce the settlement through an approximately \$12.93 million judgment. A notice of bankruptcy stay of the entire action was filed and the entire matter has been removed to the Bankruptcy Court. A settlement agreement has been executed contemplating dismissal of the action with prejudice. On May 2, 2025, the Bankruptcy Court signed an order approving the settlement, and on May 16, 2025, the settlement went into effect. There are no ongoing obligations subsequent to the settlement.

People's California, LLC v. Kovacevich, et al - On August 1, 2022, People's filed an action against certain current and former officers and directors of the Company in the Superior Court for the State of California, County of Orange, derivatively on behalf of the Company and listing the Company as a nominal defendant alleging claims for breach of fiduciary duty, abuse of control, self-dealing, corporate waste, and unjust enrichment. The complaint does not state a specific claim for damages. On March 6, 2023, the parties entered into a binding term sheet to settle the litigation. The litigation is stayed pursuant to the bankruptcy action. A settlement agreement has been executed contemplating dismissal of the action with prejudice. On May 2, 2025, the Bankruptcy Court signed an order approving the settlement, and on May 16, 2025, the settlement went into effect. There are no ongoing obligations subsequent to the settlement.

People's California, LLC v. Carrillo, et al - On July 26, 2024, People's filed an action against certain officers and directors of the Company in the Superior Court for the State of California, County of Orange, derivatively on behalf of the Company and listing the Company as a nominal defendant alleging claims for breach of fiduciary duty, self-dealing, corporate waste, and unjust enrichment. The complaint does not state a specific claim for damages. The litigation is stayed pursuant to the bankruptcy action. A settlement agreement has been executed contemplating dismissal of the action with prejudice. On May 2, 2025, the Bankruptcy Court signed an order approving the settlement, and on May 16, 2025, the settlement went into effect. There are no ongoing obligations subsequent to the settlement.

People's California, LLC v. Carrillo, et al - On August 13, 2024, People's filed an action against certain individuals and companies in the Superior Court for the State of California, County of Orange, alleging claims for defamation-libel-per se, intentional interference with contractual relations, negligent interference with contractual relations, intentional interference with economic advantage, and civil conspiracy. The complaint does not state a specific claim for damages. The litigation is stayed pursuant to the bankruptcy action. A settlement agreement has been executed contemplating dismissal of the action with prejudice. On May 2, 2025, the Bankruptcy Court signed an order approving the settlement, and on May 16, 2025, the settlement went into effect. There are no ongoing obligations subsequent to the settlement.

1149 South LA Street Fashion District, LLC v. Unrivaled Brands, Inc. - On January 30, 2023, 1149 South LA Street Fashion District, LLC and 1135 South LA Street Fashion District LLC filed an action against the Company and other defendants in the Superior Court of the State of California, County of Los Angeles, alleging claims for breach of written contract, breach of written guaranty, breach of implied covenant of good faith and fair dealing, waste, and declaratory relief. The complaint claims at least \$0.58 million in damages. On April 10, 2023, the Company filed an answer to the complaint. On October 31, 2023, the Court granted the Plaintiff's Application for Right to Attach Order in the amount of \$0.50 million. In doing so, the Court found that the Plaintiffs had demonstrated a probability that they would succeed on the merits of their claims. The litigation is stayed pursuant to the bankruptcy action.

Greenlane Holdings, LLC v. Unrivaled Brands, Inc. - On February 6, 2023, Greenlane Holdings, LLC filed an action against the Company in the Superior Court of the State of California, County of Los Angeles, alleging claims for breach of contract, account stated, and unjust enrichment. The complaint alleges damages of \$0.40 million. On April 10, 2023, the Company filed an answer to the complaint. On May 28, 2024, a non-jury trial was held in which the Court found in favor of Greenlane and subsequently entered judgment against the Company in the amount of \$1.85 million. Greenlane Holdings, LLC is now an unsecured creditor in the bankruptcy action.

WGS Group, Inc. v. Unrivaled Brands, Inc. - On July 17, 2023, WGS Group, Inc. filed an action against the Company in the Superior Court of California, County of Orange Central Justice Center, alleging claims for damages and declaratory relief, breach of security service agreements, breach of the implied covenant of good faith and fair dealing, quantum meruit, violations of business and professional code sections 17200 Et SEQ., declaratory relief regarding successor-in-interest liability, and declaratory relief regarding ultra vires actions imposing personal liability on chief financial officer. Gateway Acceptance Company ("Gateway"), via a lending arrangement with WGS, is alleged to have Accounts Receivable rights in the alleged damages and has authorized WGS to pursue the present litigation on behalf of Gateway. The litigation is stayed as to the Company pursuant to the bankruptcy action. WGS Group, Inc. and Gateway are both unsecured creditors in the bankruptcy action.

No Smoking Allowed Except Turn, LLC v. People's Riverside, LLC and Unrivaled Brands, Inc. - On July 21, 2023, No Smoking Allowed Except Turn, LLC filed an action against the Company in the Superior Court of California, County of Riverside, alleging claims for damages for breach of contract and negligence. The complaint alleges damages in excess of \$0.60 million. On September 13, 2023, the Company filed an answer to the complaint. The litigation is stayed pursuant to the bankruptcy action.

Glaser Weil Fink Howard Jordan & Shapiro LLP v. Unrivaled Brands, Inc. - On January 19, 2024, Glaser Weil Fink Howard Jordan & Shapiro LLP filed an action against Unrivaled Brands, Inc., in the Superior Court for the State of California, County of Orange, alleging claims for breach of contract. The complaint claims at least \$0.28 million in damages. On March 12, 2024, the Company filed an answer to the complaint. The litigation is stayed pursuant to the bankruptcy action.

Magee v. UMBRLA, Inc. et al. - On July 21, 2020, Mr. Kurtis Magee, filed an action against the Company, in the Superior Court of the State of California, County of Orange, alleging a claim for breach of contract in connection with Mr. Magee's separation agreement. Mr. Magee amended his complaint to add Unrivaled Brands, Inc. and Buchanan Group, LLC as defendants on January 17, 2024. Unrivaled Brands Inc. was not served in the matter. In June 2025, Mr. Magee entered into a conditional settlement agreement with defendant LTRMN, Inc. and Buchanan Group, LLC. On June 30, 2025, Mr. Magee entered into a joint stipulation dismissing the action without prejudice as to Company defendants UMBRLA, Inc. and BRND House, Inc.

Fusion LLF, LLC v. Unrivaled Brands, Inc. - On June 27, 2022, Fusion LLF, LLC filed an action against the Company, in the Superior Court for the State of California, County of Orange, alleging claims for breach of contract, account stated, and right to attach order, and writ of attachment. The complaint claims at least \$4.55 million in damages. On August 11, 2022, the Company filed an answer to the complaint. On August 5, 2022, Fusion LLF, LLC filed an application for a right to attach order and writ of attachment, which was denied on December 8, 2022. The litigation is stayed pursuant to the bankruptcy action.

Fairway Medical Plaza, LLC v. Unrivaled Brands, Inc., et al - On March 5, 2025, Fairway Medical Plaza, LLC ("Fairway") filed a complaint in the Superior Court for the State of California, County of Alameda, Case No. 25CV114561, against Unrivaled Brands, Inc. (f/k/a Terra Tech Corp.), Blum San Leandro, and Blum Holdings, Inc., asserting claims for breach of contract, intentional interference with prospective economic relations, negligent interference with prospective economic relations, and negligence. Because no conclusion has been formed as to whether an unfavorable outcome is either probable or remote, no opinion is expressed as to the likelihood of an unfavorable outcome or the amount or range of any possible loss to the Company. No trial date has been set. The litigation is stayed pursuant to the bankruptcy action.

NOTE 24 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 14, 2025, which is the date these consolidated financial statements were issued, and has concluded that the following subsequent events have occurred that would require disclosure in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

On October 30, 2025 and October 31, 2025, the Company received an advance payment of \$0.20 million and \$0.50 million, respectively, in connection with promissory notes that are currently under verbal agreement. The promissory notes have not yet been formally signed by the parties involved. The advances are recorded as a liability until the terms of the formal agreement are finalized. The Company is in the process of negotiating the terms of the promissory notes.

On November 13, 2025, the Company issued 1,530,612 shares of Common Stock to Adnant, a related party, as repayment of accounts payable totaling \$1.50 million pursuant to the Original Adnant Letter dated August 12, 2022, the A&R Engagement Letter dated June 30, 2023, and the Second A&R Engagement Letter (hereinafter defined) dated January 1, 2025.

On November 13, 2025, the Company issued an additional 2,482,308 shares of Common Stock to Adnant pursuant to the Debt Conversion Agreement between the Company and Adnant dated December 30, 2024. The Debt Conversion Agreement provides that, if the Company enters into any financing agreement with a third party on terms more favorable than the per-share price or discount set forth therein, the Company will, at Adnant's request, amend and restate the Debt Conversion Agreement to reflect economics at least equal to those of such third-party financing.

On November 13, 2025, the Company issued 84,337 shares of Common Stock to various vendors for payment of services provided.

On November 13, 2025, the Company issued 1,809,270 shares of Common Stock to the previous stockholders of SAS and 1,702,352 shares of Common Stock to the shareholders of Coastal as an amendment fee in connection with the First Amendment to the Amended LOI executed May 1, 2024 and the First Amendment to Advisory and Consulting Agreement executed May 1, 2024, respectively. Refer to "*Note 10 – Business Combinations*" for further information.

On November 13, 2025, the Company issued 434,783 shares of Common Stock to the sellers of EWCR and will be fully heldback until the closing of the transaction to acquire 100% of the common stock of EWCR. The shares are subject to a 12-month holdback. Refer to "*Note 10 – Business Combinations*" for further information on the acquisition of EWCR on May 15, 2025.

On November 13, 2025, the Company issued 3,633,540 shares of Common Stock to the sellers of Green Door Redding, LLC and will be fully heldback until the closing of the transaction to acquire 80% of the membership interests in GDR pursuant to the binding term sheet dated July 1, 2025. Refer to "*Note 10 – Business Combinations*" for further information on the acquisition of GDR on July 1, 2025.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Blum Holdings, Inc. ("Blüm" or the "Company") is for the three and nine months ended September 30, 2025. The following discussion should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and the accompanying notes presented in Item 1 of this Quarterly Report on Form 10-Q (this "Form 10-Q") and those discussed in Item 8 of the Company's Annual Report on Form 10-K (the "Form 10-K") filed with the SEC on March 13, 2025. Except for historical information, the discussion in this section contains forward-looking statements that involve risks and uncertainties. Future results could differ materially from those discussed below for many reasons, including the risks described in "Cautionary Language Concerning Forward-Looking Statements," "Item 1A—Risk Factors" and elsewhere in this Form 10-Q.

COMPANY OVERVIEW

Our Business

Blüm is a publicly traded holding company with operating subsidiaries throughout California committed to providing the highest quality of medical and adult use cannabis products and related services. The Company is home to Korova, a brand of high potency products across multiple product categories. The Company formerly operated Blüm Santa Ana, a premier cannabis dispensary in Orange County, California, which was sold in June 2024. The Company previously owned dispensaries in California which operated as Blüm in Oakland and Blüm in San Leandro, which were sold in November 2024. In May 2024, the Company began operating the retail store, Cookies Sacramento, and providing consulting services for two additional dispensaries located in Northern California. In May 2025, the Company began operating a retail dispensary located in Santa Clara County, California. In July 2025, the Company began operating Cookies Redding. As of September 30, 2025, the Company operates a total of five cannabis retail locations in the state of California. As of September 30, 2025, the Company had 133 employees.

We are organized into two reportable segments:

- **Cannabis Retail** – Includes cannabis-focused retail, both physical stores and non-store front delivery
- **Cannabis Distribution** – Includes cannabis distribution operations

Either independently or in conjunction with third parties, we operate medical marijuana retail and adult use dispensaries in California.

Blüm has completed a significant realignment, divesting unprofitable assets, consolidating overhead, and concentrating resources on profitable channels. This groundwork has enabled a pivot to a platform model that can scale through both direct ownership and operational control agreements. Key pillars of our strategy:

1. **Portfolio Focus:** Concentrating on high-performing retail in strategic California markets.
2. **Capital Efficiency:** Using non-cash consideration, earn-outs, and management agreements to expand without overleveraging.
3. **Brand Strength:** Revitalizing core product lines and deepening retail brand presence to support margin growth.
4. **Operational Leverage:** Streamlining purchasing, marketing, and systems across the portfolio to drive efficiency and cash flow.

Our goal is to build not just a chain of stores, but a flywheel platform company that delivers consistent value to customers, partners, and shareholders.

Our corporate headquarters are located at 11516 Downey Avenue, Downey, California 90241 and our telephone number is (888) 909-5564. Our website address is www.blumholdings.com. No information available on or through our websites shall be deemed to be incorporated into this Form 10-Q. Our common stock, par value \$0.001 (the "Common Stock"), is quoted on the OTC Markets Group, Inc's OTCQB tier under the symbol "BLMH."

Recent Developments

Settlement with People's California, LLC

On February 12, 2025, the Company's wholly owned subsidiaries Unrivaled Brands, Inc. ("Unrivaled") and Halladay Holding, LLC ("Halladay Holding") (collectively, the "Debtors") and People's California, LLC ("People's") participated in an in-person mediation and reached a settlement. On March 27, 2025, the parties executed definitive documentation for the terms of the settlement. On May 2, 2025, the Bankruptcy Court signed an order approving the settlement, and on May 16, 2025, the settlement went into effect. Under the settlement terms, all pre-petition litigation and bankruptcy adversary proceedings between the parties were dismissed, People's withdrew its motion to dismiss the bankruptcy case, People's will support the Debtors' liquidating plan, and a payment of \$0.40 million from the sale of the Halladay Holding property was made to People's, with an additional \$1.00 million subject to an interpleader complaint, which was later resolved and distributed to People's and a third party.

Intended Acquisitions

On January 2, 2025, the Company entered into a binding term sheet with Mt. Tam Ventures II, LLC ("MTV II") pursuant to which the Company intends to negotiate and enter into an Acquisition Agreement or Share Exchange Agreement, or similarly situated document, pursuant to which the Company shall acquire 100% of the membership interests of MTV II (the "Transaction"). Upon closing of the Transaction, the Company shall pay \$0.25 million in cash to MTV II and issue 1,931,152 shares of common stock of the Company (the "Common Stock") to the various holders of the membership interests of MTV II (the "Sellers"). The Company shall also issue to the Sellers a Common Stock purchase warrant to purchase up to 238,368 shares of the Company with an exercise price of \$0.54. The aggregate value exchanged shall be equal to \$3.93 million. Closing of the Transaction is subject to the execution of definitive agreements and regulatory approvals among other customary conditions.

On January 8, 2025, the Company entered into a binding term sheet with Mesh Ventures, LLC ("Mesh") pursuant to which the Company intends to negotiate and enter into a Merger Agreement or Share Exchange Agreement, or similarly situated document for the Company's acquisition of 100% of the membership interests of Mesh (the "Transaction"). Upon closing of the Transaction, the Company shall pay \$0.36 million in cash to Mesh to pay agreed upon debts and liabilities and shall issue 4,531,965 shares of Common Stock to the various holders of the membership interests of Mesh (the "Sellers"). The Company shall also issue to the Sellers warrants to purchase, in the aggregate, up to 471,989 shares of Common Stock, at an exercise price of \$0.64 per share. The aggregate value exchanged is expected to equal to \$8.99 million. Closing of the Transaction is subject to the execution of definitive agreements and regulatory approvals among other customary conditions.

On May 12, 2025, the Company entered into a binding term sheet (the "Term Sheet") with a holding company ("Target Entity") that holds an equity interest in Cookies Creative Consulting & Promotions, Inc. ("Cookies") pursuant to which the Company intends to enter into a Share Exchange Agreement or similarly situated document whereby a wholly owned subsidiary of the Company ("Blüm Acquisition Co."), will acquire 100% of the membership interests of Target Entity (the "Transaction"). Upon closing of the Transaction, the Company shall issue 489,131 shares of common stock of the Company, par value \$0.001 (the "Common Stock") and a common stock purchase warrant to acquire, in the aggregate, up to 30,762 shares of Common Stock, at an exercise price of \$0.64 per share. The aggregate value exchanged is expected to equal to \$562,500.

Acquisition of Fourth Retail Location

On January 31, 2025, the Company entered into a binding letter of intent with EWCR wherein the Company and the sellers of EWCR shall enter into a Stock Sale and Purchase Agreement in which the Company will acquire 100% of the common stock of EWCR, a retail dispensary located in Santa Clara County. On January 31, 2025, Blum Management Holdings, Inc. ("Blum Management") entered into a senior secured convertible promissory note for \$0.50 million, bearing 8.0% interest and maturing on March 31, 2025, with an option to convert into shares of EWCR, subject to performance-based adjustments. On March 31, 2025, the maturity date of the promissory note was amended to May 30, 2025.

On May 13, 2025, the Company executed an Amended and Restated Binding Letter of Intent ("A&R LOI") with EWCR wherein the total consideration paid shall consist of: (i) \$0.80 million in cash upon execution of the MSA dated May 15, 2025, (ii) assignment of a senior secured convertible promissory note in the amount of the \$0.50 million, (iii) the issuance of 434,783 shares of Common Stock of the Company valued at \$0.50 million based on a per share price of \$1.15, which shall be issued at closing and subject to a 12-month holdback, and (iv) an earn-out provision in the amount of \$0.20 million payable in cash or Common Stock at the seller's election. The proposed transaction is subject to the execution of definitive agreements upon regulatory approval.

On May 15, 2025, the Company, through its wholly-owned subsidiary Blum Management, executed a management services agreement with EWCR (the "MSA") pursuant to which the Company shall have immediate operational and economic control of EWCR. As consideration for such services, the Company shall receive a management fee of 100% of the economic benefit of EWCR. The term of the MSA is indefinite and may only be terminated by the Company or upon the closing of the proposed transaction. The MSA entered into on May 15, 2025 resulted in the consolidation of EWCR. Refer to "Note 10 – Business Combinations" of the consolidated financial statements for further information.

Acquisition of Fifth Retail Location

On July 1, 2025, the Company entered into a binding term sheet with Green Door Redding, LLC ("GDR") pursuant to which the Company intends to acquire 80% of the membership interests in GDR (the "Transaction") in exchange for shares of the Company's Common Stock. The total purchase consideration will be determined based on the greater of: (i) GDR's trailing twelve months revenue or (ii) the best consecutive six-month revenue period during the 12-month period following closing multiplied by 2.0x, and reduced by verified and unrecorded liabilities as of the closing date. The exchange valuation may be further increased by 125% of any available cash at closing that is contributed to or invested directly into the Company. In addition, up to \$750,000 of contingent consideration, payable in shares of the Company's Common Stock, is contingent upon GDR's achievement of specified revenue and EBITDA margin thresholds during the 12-month period following closing. The equity consideration includes a redemption right permitting the seller, if the average closing price of the Company's Common Stock over any 15 consecutive trading-day period between 24 and 26 months after closing is below \$1.15 per share, to redeem all of the Common Stock received in exchange for the return of their original equity interests in GDR. The final purchase price will be determined 12 months after the closing date and payable in shares of Common Stock. The preliminary exchange valuation consists of 1,428,696 shares of Common Stock with an aggregate value of \$1,643,000 based on a per share price of \$1.15. The closing of the Transaction is subject to customary regulatory approvals at the state and municipal levels.

On July 1, 2025, the Company, through its wholly-owned subsidiary Blum Management, entered into a management services agreement with GDR pursuant to which the Company has been granted exclusive operational and economic control of GDR. GDR operates Cookies Redding, a retail dispensary located in Redding, California. As consideration for such management services, the Company shall receive 100% of the economic benefit of GDR. The Company shall pay all expenses and liabilities incurred to operate GDR. The term of the MSA is indefinite and may only be terminated by the Company or upon the closing of the proposed transaction. The MSA entered into on July 1, 2025 resulted in the consolidation of EWCR. Refer to "Note 10 – Business Combinations" of the consolidated financial statements for further information.

Unsecured Note Financing

On January 8, 2025, the Company issued unsecured promissory notes in the aggregate principal amount of \$0.10 million (the "January 2025 Notes") amongst four separate investors (the "Lenders"). The January 2025 Notes have a maturity date of December 30, 2026 with no interest accruing except for default interest and no prepayment penalty. The January 2025 Notes are convertible at the Lenders' individual 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 \$10.00 million or such lesser amount as approved by Lenders 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 \$30.00 million pre-money valuation of Blüm. The Company issued to the Lenders warrants to purchase, in the aggregate, up to 7,812 shares of the Company's Common Stock, at an exercise price of \$0.64 per share. The proceeds from the January 2025 Notes were used for general working capital needs. On April 30, 2025, the Company amended and restated the Notes wherein the maturity date was extended to January 8, 2027 and the conversion feature was amended. The Notes, as amended, may be converted at the Lender's election into a convertible promissory note that shall include an automatic conversion into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis).

On February 25, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.20 million which matured on September 30, 2025 and bears no interest. The Company may prepay the principal balance in full at any time without penalty. The proceeds from the unsecured promissory note dated February 25, 2025 were used for general working capital needs. On May 7, 2025, the unsecured promissory note was amended wherein the note may be converted at the Lender's election into a convertible promissory note. The conversion shall include the option to convert into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). In addition, the Company issued to the Lender warrants to purchase up to 75,472 shares of the Company's common stock, at an exercise price of \$0.53 per share. The balance of the unsecured promissory note was unpaid as of September 30, 2025. Management is renegotiating terms of the promissory note as of the date of these consolidated financial statements were issued.

On April 18, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.33 million which matured on July 31, 2025 and bears no interest. The Company may prepay the principal balance in full at any time without penalty. The proceeds from the unsecured promissory note dated April 18, 2025 were used for general working capital needs. On May 8, 2025, the unsecured promissory note was amended wherein the note may be converted at the Lender's election into a convertible promissory note. The conversion shall include the option to convert into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). In addition, the Company issued to the Lender warrants to purchase up to 122,642 shares of the Company's common stock, at an exercise price of \$0.53 per share. The balance of the unsecured promissory note was unpaid as of September 30, 2025. Management is renegotiating terms of the promissory note as of the date of these consolidated financial statements were issued.

On May 2, 2025, the Company executed and delivered an Unsecured Promissory Note in the principal amount of \$1.00 million (the "Note") to an investor (the "Lender"). The Note has a maturity date of May 2, 2027 and bears interest at a rate of 8.0% per annum payable monthly in arrears, commencing on June 15, 2025. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible at the Lender's election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). The Company issued to the Lender warrants to purchase up to 377,358 shares of Common Stock, at an exercise price of \$0.53 per share. The proceeds from the Note were used for the cash consideration of \$0.80 million related to EWCR and general working capital needs.

On May 15, 2025, the Company amended and restated the unsecured promissory note dated November 12, 2024 in the aggregate principal amount of \$0.80 million wherein the conversion feature was amended to an automatic conversion into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis).

On September 16, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.50 million which matures on September 16, 2027 and bears interest at a rate of 8.0% per annum payable monthly in arrears, commencing on January 15, 2026. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible at the Lender's election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). The Company issued to the Lender warrants to purchase up to 571,429 shares of Common Stock, at an exercise price of \$0.35 per share.

On September 17, 2025, the Company issued an unsecured promissory note in the principal amount of \$0.25 million which matures on September 17, 2027 and bears interest at a rate of 8.0% per annum payable monthly in arrears, commencing on January 15, 2026. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible at the Lender's election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis). The Company issued to the Lender warrants to purchase up to 285,714 shares of Common Stock, at an exercise price of \$0.35 per share.

On September 26, 2025, the Company received an advance payment of \$0.20 million in connection with a promissory note that is currently under verbal agreement. The promissory note has not yet been formally signed by the parties involved. The advance is recorded as a liability until the terms of the formal agreement are finalized. The Company is in the process of negotiating the terms of the promissory note as of the date of these consolidated financial statements were issued.

Management Changes

On January 1, 2025, the Company entered into an Amended and Restated Engagement Letter with Adnant, LLC wherein the term of the engagement was extended to December 31, 2025 and the monthly service fee was decreased from \$0.25 million to \$0.08 million, which shall be payable monthly subject to the Company having a sufficient cash balance.

On May 8, 2025, the Company appointed Brad Hirsch to the Board of Directors (the "Board"), effective May 8, 2025. Mr. Hirsch will serve as a member of the Company's (i) Audit Committee, (ii) Compensation Committee, and (iii) Governance and Nominating Committee.

Outlook

Blüm is progressing from a period of restructuring and cost reduction into a more focused and disciplined growth phase. Over the past year, the Company streamlined its operations by divesting non-core assets, lowering overhead, and improving efficiency, which has laid the foundation for sustainable expansion. Management believes this work is beginning to show results, as Blüm continues to add profitable retail locations in key California markets and expand its reach through a mix of acquisitions, management agreements, and partnerships that allow for growth without significant cash commitments. These efforts are complemented by initiatives to strengthen our retail brands and enhance the customer experience, supporting margin expansion, loyalty, and broader product distribution.

Looking ahead, management intends to maintain a balanced approach to growth by strengthening cash flow, maintaining a conservative balance sheet, and funding core drivers such as inventory, targeted promotions, and selective acquisitions. As integration activities from recent acquisitions progress, SG&A is expected to remain well managed relative to revenue, supporting improved operating leverage. The Company continues to seek financing structures that align with its long-term goals, focusing on flexibility and capital efficiency. Overall, Blüm's strategy centers on disciplined execution, prioritizing profitability, operational efficiency, and sustainable value creation for shareholders.

RESULTS OF OPERATIONS

The below table outlines our consolidated statements of operations for the nine months ended September 30, 2025 and 2024:

	(in thousands)			
	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
Revenue	\$ 10,565	\$ 9,933	\$ 632	6.4%
Cost of Goods Sold	5,363	5,095	268	5.3%
Gross Profit	5,202	4,838	364	7.5%
Gross Margin %	49.2%	48.7%	0.5%	
Operating Expenses:				
Selling, General & Administrative	8,809	14,839	(6,030)	(40.6)%
Impairment Expense	—	1,709	(1,709)	(100.0)%
Loss on Disposal of Assets	—	493	(493)	(100.0)%
Total Operating Expenses	8,809	17,041	(8,232)	(48.3)%
Loss from Operations	(3,607)	(12,203)	8,596	(70.4)%
Other Income (Expenses), Net	(362)	13,085	(13,447)	(102.8)%
Income (Loss) from Continuing Operations Before Provisions for Income Taxes	(3,969)	882	(4,851)	(550.0)%
Provision for Income Tax Expense for Continuing Operations	(1,041)	(745)	(296)	39.7%
Net Income (Loss) from Continuing Operations	(5,010)	137	(5,147)	(3756.9)%
Net Income from Discontinued Operations	—	16,437	(16,437)	(100.0)%
Net Income (Loss)	\$ (5,010)	\$ 16,574	\$ (21,584)	(130.2)%
Net Loss from Continuing Operations Attributable to Non-Controlling Interest	—	(874)	874	(100.0)%
Net Income (Loss) Attributable to Blum Holdings, Inc.	\$ (5,010)	\$ 17,448	\$ (22,458)	(128.7)%

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024 (Unaudited)***Revenue***

Overall revenue for the nine months ended September 30, 2025 was \$10.57 million compared to \$9.93 million for the nine months ended September 30, 2024, an increase of \$0.63 million or 6.4%. Revenue from continuing operations for the nine months ended September 30, 2025 was composed of retail revenue of \$10.33 million and distribution revenue of \$0.24 million. This compared to prior year revenue from continuing operations which composed of retail revenue of \$9.79 million and distribution revenue of \$0.14 million.

Retail revenue for the nine months ended September 30, 2025 increased by \$0.54 million or 5.5% compared to the same period in prior year. The current year additions of two new retail dispensaries contributed \$5.52 million in retail revenue, which more than offset the loss of revenue resulting from the sale of Blüm Santa Ana in June 2024 and Blüm Oakland and Blüm San Leandro in November 2024. As of September 30, 2025, the Company's retail operations consisted of five dispensaries (three acquired in May 2024 and two in the current period) compared to six dispensaries as of September 30, 2024.

Distribution revenue for the nine months ended September 30, 2025 increased by \$0.1 million or 69.3% compared to the same period in the prior year. The increase in distribution revenue was primarily due to the distribution of Korova products to third-party retail dispensaries during the current year.

Gross Profit

Cost of goods sold for the nine months ended September 30, 2025 was \$5.36 million, an increase of \$0.27 million or 5.3% compared to \$5.1 million for the nine months ended September 30, 2024. The increase in cost of goods was directly correlated with the increase in overall revenue as described above.

Gross profit from continuing operations for the nine months ended September 30, 2025 was \$5.2 million compared to \$4.84 million for the nine months ended September 30, 2024, an increase of \$0.36 million or 7.5%. The increase in gross profit was primarily impacted by the increase in revenue as described above. The Company's overall gross margin for the nine months ended September 30, 2025 of 49.2% was generally consistent with 48.7% for the same period in the prior year. Gross margin for on-going retail operations declined from 50.8% for the nine months ended September 30, 2024 down to 49.5% for the nine months ended September 30, 2025, primarily reflecting the impact of the acquisition of EWCR, which operates with lower margins under a value-oriented pricing model designed to drive higher sales volumes and customer growth.

Selling, General & Administrative Expenses

Selling, general and administrative expenses for the nine months ended September 30, 2025 were \$8.81 million compared to \$14.84 million for the nine months ended September 30, 2024, a decrease of \$6.03 million or 40.6%. The decrease in selling, general and administrative expenses was primarily due to a decrease of \$0.63 million in rental and facility expenses, a decrease of \$0.53 million in security expense, and a decrease of \$0.37 million in stock-based compensation. The decreases in rent and security expense were primarily driven by the sale of three dispensaries with higher operating costs during fiscal year 2024. In addition, professional fees decreased by \$4.42 million due to the significant bankruptcy and restructuring efforts undertaken in the prior year as well as the Amended and Restated Engagement Letter with Adnant, LLC dated January 1, 2025 wherein the monthly service fee was decreased from \$0.25 million to \$0.08 million. The reduction in selling, general and administrative expenses reflects the Company's operational restructuring for a leaner corporate structure.

Operating Loss

The Company realized an operating loss from continuing operations of \$3.61 million for the nine months ended September 30, 2025 compared to \$12.2 million for the nine months ended September 30, 2024, a decrease of \$8.6 million or 70.4%. The decrease in operating loss was primarily due to the decrease in selling, general and administrative expenses as described above, coupled with an impairment loss on long-lived assets of \$1.71 million recognized in prior year versus none in the nine months ended September 30, 2025.

Other Income (Expenses)

The Company recognized other expenses of \$0.36 million for the nine months ended September 30, 2025 compared to other income of \$13.09 million for the nine months ended September 30, 2024, a decrease of \$13.45 million or 102.8%. This was primarily due to a gain on extinguishment of debt of \$15.18 million recognized in the prior year, resulting from the disposition of People's First Choice, LLC. In contrast, a loss on extinguishment of debt of \$0.17 million was recognized in the current year, resulting from amendments to unsecured promissory notes with various lenders during the nine months ended September 30, 2025. For the same reasons, interest expense decreased by \$0.75 million compared to the same period in the prior year. During the nine months ended September 30, 2025, the Company received a management service termination fee of \$0.70 million. In addition, the Company recognized a gain of \$0.19 million for changes in fair value of derivative liability in the current year, versus a loss of \$0.68 million in the prior year, primarily due to changes in the Company's underlying stock price as of the reporting date.

Provision for Income Taxes

Provision for income tax expense for continuing operations was \$1.04 million for the nine months ended September 30, 2025 compared to \$0.75 million for the nine months ended September 30, 2024, an increase of \$0.3 million or 39.7%. For the nine months ended September 30, 2025, the Company calculated its provision for income taxes during the interim reporting period by treating the year-to-date period as if it were the annual period and applying an estimate of the federal income tax rate on gross profit for the current period.

Discontinued Operations

Net income from discontinued operations was nil for the nine months ended September 30, 2025 compared to \$16.44 million for the comparative prior period. Discontinued operations for all periods presented consist of the Company's cultivation operations, Blüm Santa Ana, and The Spot. These operations were fully divested as of December 31, 2024, and as a result, the Company had no income or loss from discontinued operations during the nine months ended September 30, 2025.

Three Months Ended September 30, 2025 Compared to Three Months Ended June 30, 2025 (Unaudited)

The below table outlines our consolidated statements of operations for the fiscal third quarter of 2025 compared to the fiscal second quarter of 2025:

	(in thousands)			
	Three Months Ended			
	September 30, 2025	June 30, 2025	\$ Change	% Change
Revenue	\$ 4,847	\$ 3,478	\$ 1,369	39.4%
Cost of Goods Sold	2,525	1,789	736	41.1%
Gross Profit	2,322	1,689	633	37.5%
Gross Margin %	47.9%	48.6%	(0.7)%	
Operating Expenses:				
Selling, General & Administrative	3,818	2,499	1,319	52.8%
Total Operating Expenses	3,818	2,499	1,319	52.8%
Loss from Operations	(1,496)	(810)	(686)	84.7%
Other Expenses, Net	(600)	(746)	146	(19.6)%
Loss from Operations Before Provisions for Income Taxes	(2,096)	(1,556)	(540)	34.7%
Provision for Income Tax Expense	(463)	(331)	(132)	39.9%
Net Loss	\$ (2,559)	\$ (1,887)	\$ (672)	35.6%

Revenue

Overall revenue for the three months ended September 30, 2025 was \$4.85 million compared to \$3.48 million for the three months ended June 30, 2025, an increase of \$1.37 million or 39.4%. Revenue from continuing operations for the three months ended September 30, 2025 was composed of retail revenue of \$4.78 million and distribution revenue of \$0.07 million. This compared to the prior quarter ended June 30, 2025 in which revenue from continuing operations consisted of retail revenue of \$3.38 million and distribution revenue of \$0.1 million.

Retail revenue for the three months ended September 30, 2025 increased by \$1.4 million or 41.3% compared to the consecutive prior quarter ended June 30, 2025. On July 1, 2025, the Company began operating Cookies Redding which contributed \$0.98 million in retail revenue during the three months ended September 30, 2025. The addition of a retail location in Santa Clara County on May 15, 2025 contributed revenue for part of the fiscal second quarter, compared with a full three months in the fiscal third quarter.

Distribution revenue for the fiscal third quarter ended September 30, 2025 was generally consistent with the fiscal second quarter ended June 30, 2025.

Gross Profit

Cost of goods sold for the three months ended September 30, 2025 was \$2.53 million, an increase of \$0.74 million or 41.1%, compared to \$1.79 million for the three months ended June 30, 2025. The increase in cost of goods sold is relative to the increase in revenue as described above.

Gross profit from continuing operations for the three months ended September 30, 2025 was \$2.32 million compared to \$1.69 million for the three months ended June 30, 2025, an increase of \$0.63 million or 37.5%. The increase in gross profit was directly impacted by the increase in revenue as described above. The Company's overall gross margin declined slightly from the prior consecutive quarter at 47.9% compared to 48.6% for the three months ended June 30, 2025. The decrease primarily reflects the full-quarter impact of the EWCR acquisition, which operates with lower margins under a value-oriented pricing model. The prior quarter included only a partial contribution from EWCR following its acquisition on May 15, 2025. Similarly, gross margin for on-going retail operations decreased slightly to 47.6% for the three months ended September 30, 2025 compared to 48.4% for the preceding quarter.

Selling, General & Administrative Expenses

Selling, general and administrative expenses for the three months ended September 30, 2025 were \$3.82 million compared to \$2.5 million for the three months ended June 30, 2025, an increase of \$1.32 million or 52.8%. The increase in selling, general and administrative expenses was primarily due to an increase of \$0.48 million in salaries and benefits, an increase of \$0.19 million in rental and facility expenses, and an increase of \$0.17 million in general operating costs. Such increases resulted from the addition of a fifth retail location, Cookies Redding, in July 2025, and the addition of EWCR in May 2025 which contributed expenses for part of the prior quarter, compared with a full three months in the current quarter.

Operating Loss

The Company realized an operating loss from continuing operations of \$1.5 million for the three months ended September 30, 2025 compared to \$0.81 million for the three months ended June 30, 2025, an increase of \$0.69 million or 84.7%. The increase in operating loss from the preceding quarter was due to the increase in selling, general and administrative expenses of \$1.32 million as described above, offset by the increase in gross profit.

Other Expenses

The Company recognized other expenses of \$0.6 million for the three months ended September 30, 2025 compared to \$0.75 million for the three months ended June 30, 2025. Changes in fair value of derivative liability decreased by \$0.17 million compared to the preceding quarter as a result of stabilization in the underlying share price and associated market volatility during the current quarter. During the fiscal second quarter of 2025, the Company recognized a loss on extinguishment of debt of \$0.17 million, resulting from amendments to unsecured promissory notes with various lenders during the prior quarter, versus no such debt amendments during the current period.

Provision for Income Taxes

Provision for income tax expense for continuing operations was \$0.46 million for the three months ended September 30, 2025 compared to \$0.33 million for the three months ended June 30, 2025, an increase of \$0.13 million or 39.9%. For the three months ended September 30, 2025, the Company calculated its provision for income taxes during the interim reporting period by treating the year-to-date period as if it were the annual period and applying an estimate of the federal income tax rate on gross profit for the current period.

Non-GAAP Reconciliations

Non-GAAP earnings is a supplemental measure of our performance that is neither required by, nor presented in accordance with, U.S. generally accepted accounting principles ("US GAAP"). Non-GAAP earnings is not a measurement of the Company's financial performance under US GAAP and should not be considered as alternative to net income, operating income, or any other performance measures derived in accordance with US GAAP, or as alternative to cash flows from operating activities as a measure of the Company's liquidity. In addition, in evaluating non-GAAP earnings, you should be aware that in the future the Company will incur expenses or charges such as those added back to calculate non-GAAP earnings. The Company's presentation of non-GAAP earnings should not be construed as an inference that its future results will be unaffected by unusual or nonrecurring items.

Non-GAAP earnings has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of the Company's results as reported under US GAAP. Some of these limitations are (i) it does not reflect the Company's cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) it does not reflect changes in, or cash requirements for, the Company's working capital needs, (iii) it does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-GAAP earnings does not reflect any cash requirements for such replacements, (v) it does not adjust for all non-cash income or expense items that are reflected in the Company's statements of cash flows, and (vi) other companies in our industry may calculate this measure differently than we do, limiting its usefulness as comparative measures.

The Company compensates for these limitations by providing specific information regarding the US GAAP amounts excluded from such non-GAAP financial measures. The Company further compensates for the limitations in our use of non-GAAP financial measures by presenting comparable US GAAP measures more prominently.

The Company believes that non-GAAP earnings facilitates operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). The Company also presents non-GAAP earnings because (i) it believes that this measure is frequently used by securities analysts, investors and other interested parties to evaluate companies in the Company's industry, (ii) the Company believes that investors will find these measures useful in assessing the Company's ability to service or incur indebtedness, and (iii) the Company uses non-GAAP earnings internally as benchmark to compare its performance to that of its competitors.

In the presentation of the financial results below, the Company reconciles non-GAAP Adjusted EBITDA Loss with net loss attributable to continuing operations, the most directly comparable US GAAP measure. Management believes that this presentation may be more meaningful in analyzing our income generation.

On a non-GAAP basis, the Company recorded non-GAAP Adjusted EBITDA Loss of \$1.27 million for the three months ended September 30, 2025 compared to \$0.62 million for the three months ended June 30, 2025. For the nine months ended September 30, 2025 and 2024, the Company recorded non-GAAP Adjusted EBITDA Loss of \$2.31 million and \$8.84 million, respectively. The details of those expenses and non-GAAP reconciliation of these non-cash items are set forth below:

	(in thousands)			
	Three Months Ended		Nine Months Ended	
	September 30, 2025	June 30, 2025	September 30, 2025	September 30, 2024
Net Income (Loss)	\$ (2,559)	\$ (1,887)	\$ (5,010)	\$ 16,574
Less: Net Income from Discontinued Operations, Net	—	—	—	(16,437)
Add (Deduct) Impact of:				
Interest Expense	481	325	1,038	1,792
Provision for Income Tax Expense	463	331	1,041	745
Depreciation Expense	102	95	284	427
Amortization of Intangible Assets	166	92	313	85
EBITDA Income (Loss) from Continuing Operations (Non-GAAP)	\$ (1,347)	\$ (1,044)	\$ (2,334)	\$ 3,186
Non-GAAP Adjustments:				
Stock-based Compensation Expense	—	—	39	382
Impairment of Assets	—	—	—	1,709
Severance Expense	—	—	—	60
Unrealized Gain on Investments	—	—	—	(167)
Loss on Disposal of Assets	—	—	—	493
Change in Fair Value of Derivative Liability	78	247	(191)	680
Loss (Gain) on Extinguishment of Debt	—	174	174	(15,182)
Adjusted EBITDA Loss from Continuing Operations (Non-GAAP)	\$ (1,269)	\$ (623)	\$ (2,312)	\$ (8,839)

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

We incurred pre-tax net loss from continuing operations of \$2.1 million and \$3.97 million for the three and nine months ended September 30, 2025, respectively, and had an accumulated deficit of \$426.09 million and \$421.08 million at September 30, 2025 and December 31, 2024, respectively. As of September 30, 2025, we had a working capital deficit of \$23.7 million, including \$0.39 million of cash, compared to a working capital deficit of \$6.79 million, including \$1.04 million of cash, as of December 31, 2024. Current assets were approximately 0.07 times current liabilities as of September 30, 2025, compared to approximately 0.30 times current liabilities as of December 31, 2024.

We have not been able to generate sufficient cash from operating activities to fund our ongoing operations. Since our inception, we have raised capital through private sales of Common Stock, preferred stock, and debt securities. Our future success is dependent upon our ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations. We will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow. We continue to evaluate various options to further reduce our cash requirements to operate at a reduced rate, as well as options to raise additional funds, including obtaining loans and selling Common Stock. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations, or if we are able to raise capital, that such capital will be available to us on acceptable terms, on an acceptable schedule, or at all.

The risks and uncertainties surrounding the Company's ability to continue to raise capital and its limited capital resources raise substantial doubt as to the Company's ability to continue as a going concern for twelve months from the issuance of these financial statements. The accompanying consolidated financial statements have been prepared in accordance with US GAAP, which contemplate our continuation as a going concern.

Operating Activities

Cash used in operating activities for the nine months ended September 30, 2025 was \$1.51 million compared to \$1.31 million for the nine months ended September 30, 2024, a change of \$0.2 million. In May 2024, the Company expanded its retail operations through the addition of three dispensaries in Northern California, which represented all of the Company's retail operations during the fiscal first quarter of 2025. In May 2025 and July 2025, the Company added a dispensary located in Santa Clara County and Redding, California to its renewed retail portfolio. This contrasts with the nine months ended September 30, 2024, during which the Company's retail operations also included Blum Oakland and Blum San Leandro, which were subsequently sold in November 2024. Since August 2022, management implemented a restructuring and reorganization to stabilize operations and position the Company for profitability. As part of this initiative, the Company integrated five new retail locations in Northern California during fiscal year 2025 and strategically disposed of underperforming legacy assets, allowing the Company to redirect resources and enable better allocation of capital. Management anticipates improvements in cash flow from operating activities as the Company continues to execute its growth strategy.

Investing Activities

Cash used in investing activities for the nine months ended September 30, 2025 was \$0.97 million compared to cash provided by investing activities of \$2.34 million for the nine months ended September 30, 2024, a decrease of \$3.31 million, or 141.5%. The decrease in cash provided by investing activities was primarily due to proceeds from investments of \$1.30 million in the prior year. In addition, during the fiscal second quarter of 2024, the Company acquired \$0.96 million in cash from Coastal Pines Group as part of the transactions on May 1, 2024. Whereas during the nine months ended September 30, 2025, the Company has paid an aggregate amount of \$0.66 million in cash to acquire EWCR and GDR.

Financing Activities

Cash provided by financing activities for the nine months ended September 30, 2025 was \$1.83 million compared to cash used in financing activities of \$0.42 million for the nine months ended September 30, 2024, a decrease of \$2.25 million, or 534.5%. The decrease in cash used in financing activities as compared to the prior year was primarily due to cash proceeds totaling \$2.34 million from unsecured note financing during the nine months ended September 30, 2025, versus no financing in the comparative prior period. This was offset by an increase of \$0.13 million in payments of debt principal.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” section discusses our unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. These accounting policies are described in “*Note 2 – Summary of Significant Accounting Policies*” of the notes to unaudited consolidated financial statements included in this Form 10-Q.

DISCLOSURE ABOUT OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2025, the Company does not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

This item is omitted as it is not required for a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, our principal executive officer and our principal financial officer are responsible for conducting an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of September 30, 2025. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were not effective to a reasonable level as of September 30, 2025.

Based on the results of its assessment, our management concluded that our internal control over financial reporting was not effective as of September 30, 2025 based on such criteria due to material weaknesses in internal control over financial reporting described below:

Material Weaknesses in Internal Control over Financial Reporting

- Failure to timely record transactions and to timely review account reconciliations resulting in post-closing adjustments and restatement of the financial statements.
- The Company’s primary user access controls (i.e. provisioning, de-provisioning, and quarterly user access review) to ensure appropriate segregation of duties that would adequately restrict user and privileged access to the financially relevant systems and data to appropriate Company personnel were not operating effectively. Automated process-level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency.

Remediation Plan

We plan to enhance our internal control over financial reporting in an effort to remediate the material weaknesses described above. We are committed to ensuring that our internal control over financial reporting is designed and operating effectively. Our remediation process will include:

- Enhancing the organizational structure to support financial reporting processes and internal controls.
- Investing in IT systems to enhance our operational and financial reporting and internal controls.
- Establishing effective general controls over IT systems to ensure that information produced can be relied upon by process level controls is relevant and reliable.
- Providing guidance, education and training to employees relating to our accounting policies and procedures.
- Further developing and documenting detailed policies and procedures regarding business processes for significant accounts, critical accounting policies and critical accounting estimates.

We expect to remediate these material weaknesses during fiscal year 2025. However, we may discover additional material weaknesses that may require additional time and resources to remediate.

Changes in Internal Control Over Financial Reporting

We regularly assess the adequacy of our internal controls over financial reporting and enhance our controls in response to internal control assessments and external audit and regulatory recommendations. No changes in internal control over financial reporting have been identified in connection with the evaluation of disclosure controls and procedures during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. See “*Note 23 – Commitments and Contingencies*” for further information about litigation and claims.

ITEM 1A. RISK FACTORS.

Certain factors that may affect the Company’s business or operations are described under “Risk Factors” in Part I, Item 1A, of our Annual Report on Form 10-K (the “Annual Report”). There have been no material changes to our risk factors from the risk factors previously disclosed in the 2024 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In connection with the Unsecured Promissory Note dated September 16, 2025, the Company issued warrants to purchase up to 571,429 shares of Common Stock with an exercise price of \$0.35 per share to an accredited investor. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until September 16, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

In connection with the Unsecured Promissory Note dated September 17, 2025, the Company issued warrants to purchase up to 285,714 shares of Common Stock with an exercise price of \$0.35 per share to an accredited investor. The warrants may be exercised at the election of the holder on a cashless basis in the event that the underlying common shares are unregistered. The warrants are exercisable until September 17, 2028 upon which the warrants shall be automatically exercised on a cashless basis.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit	Description	Incorporated by Reference		
		Form	Date Filed	Exhibit
2.1	Agreement and Plan of Merger, dated as of October 9, 2023, by and among Unrivald Brands, Inc., Blum Holdings, Inc., and Blum Merger Sub, Inc.	8-K	10/10/2023	2.1
3.1	Amended and Restated Certificate of Incorporation of Blum Holdings, Inc., a Delaware corporation, effective January 11, 2024.	8-K	1/16/2024	3.1
3.2	Certificate of Designation of Series V Preferred Stock of Blum Holdings, Inc., a Delaware corporation, effective January 11, 2024.	8-K	1/16/2024	3.2
3.3	Certificate of Designation of Series N Preferred Stock of Blum Holdings, Inc., a Delaware corporation, effective January 11, 2024.	8-K	1/16/2024	3.3
3.4	Amended and Restated Bylaws of Blum Holdings, Inc., a Delaware corporation, dated January 11, 2024.	8-K	1/16/2024	3.4
3.5	Articles of Merger, filed with the Nevada Secretary of State, effective January 12, 2024.	8-K	1/16/2024	3.1
3.6	Amended and Restated Certificate of Designation of Series V Preferred Stock of Blum Holdings, Inc., a Delaware corporation, effective December 30, 2024.	8-K	1/6/2025	3.1
4.1	Description of Capital Stock.	10-K	4/15/2024	4.1
4.2	Form of Common Stock Purchase Warrant (“A Warrant”).	8-K	1/25/2021	4.5
4.3	Form of Common Stock Purchase Warrant (“B Warrant”).	8-K	1/25/2021	4.6
4.4	Unsecured Promissory Note, dated November 12, 2024.	8-K	11/14/2024	10.1
4.5	Amended and Restated Unsecured Promissory Note, dated December 31, 2024.	8-K	1/7/2025	10.1
4.6	Form of Unsecured Promissory Note, dated January 8, 2025.	8-K	1/15/2025	10.1
4.7	Senior Secured Promissory Note, dated January 31, 2025.	8-K	2/4/2025	10.2
4.8	Secured Promissory Note between Westcoast Management Holdings, Inc. and [***], dated May 1, 2024.	10-K	3/13/2025	10.32
4.9	Secured Promissory Note between Westcoast Management Holdings, Inc. and [***], dated May 1, 2024.	10-K	3/13/2025	10.33
4.10	First Amended and Restated Secured Promissory Note between Westcoast Management Holdings, Inc. and [***], dated August 1, 2024.	10-K	3/13/2025	10.34
4.11	First Amended and Restated Secured Promissory Note between Westcoast Management Holdings, Inc. and [***], dated August 1, 2024.	10-K	3/13/2025	10.35
4.12	Form of Unsecured Promissory Note, dated May 2, 2025.	8-K	5/7/2025	10.1
4.13	Form of Unsecured Promissory Note, dated September 16, 2025.	8-K	9/22/2025	10.1
4.14	Form of Unsecured Promissory Note, dated September 17, 2025.	8-K	9/22/2025	10.2
4.15	Form of Common Stock Purchase Warrant, dated September 16, 2025. *			
4.16	Form of Common Stock Purchase Warrant, dated September 17, 2025. *			
10.1	Binding Term Sheet, dated July 1, 2025.	8-K	7/3/2025	10.1
10.2	Management Services Agreement, dated July 1, 2025.	8-K	7/3/2025	10.2
21.1	List of Subsidiaries *			
31.1	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *			
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *			
32.1	Certification of Chief Executive Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **			
32.2	Certification of Chief Financial Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **			
101.INS	Inline XBRL Instance Document *			
101.SCH	Inline XBRL Taxonomy Extension Schema Document *			
101.CAL	Inline XBRL Taxonomy Extension Calculations Linkbase Document *			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document *			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document *			
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document *			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed herewith.

** Furnished herewith.

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, thereunto duly authorized.

BLUM HOLDINGS, INC.

Date: November 14, 2025

By: /s/ Patty Chan

Patty Chan

Chief Financial Officer

(Principal Accounting Officer and

Principal Financial Officer)

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

**COMMON STOCK PURCHASE WARRANT
BLUM HOLDINGS, INC.**

Warrant Shares: 571,429

Issue Date: September 16, 2025

THIS COMMON STOCK PURCHASE WARRANT (this “**Warrant**”) certifies that, for value received, [] or his assigns (the “**Holder**”) is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date of this Warrant and on or prior to 5:00 p.m. (Pacific Time) on September 17, 2028 (the “**Termination Date**”), but not thereafter, to subscribe for and purchase from Blum Holdings, Inc., a Delaware corporation (the “**Company**”), up to 571,429 shares of the Company’s common stock, par value \$0.001 per share (the “**Common Stock**”) (subject to adjustment hereunder, the “**Warrant Shares**”). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 1(b).

Section 1. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the date hereof and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy (or .pdf copy via e-mail attachment) of the Notice of Exercise in the form annexed hereto as Exhibit A (the “**Notice of Exercise**”). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 1(d)(i)) following the date of exercise as aforesaid, the Holder shall deliver the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier’s check drawn on a United States bank unless the cashless exercise procedure specified in Section 1(c) below is specified in the applicable Notice of Exercise. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the later of (y) the day on which the Notice of Exercise is delivered to the Company by the Holder as provided herein and (z) the day on which the Holder delivers the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise as provided herein (unless the cashless exercise procedure specified in Section 1(c) below is specified in the applicable Notice of Exercise). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, in the event that this Warrant is exercised for the purchase of only a portion of the Warrant Shares hereunder, the remaining number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be \$0.35, subject to adjustment hereunder (the “**Exercise Price**”).

c) Cashless Exercise. If there is no effective registration statement registering the Warrant Shares, or the Company has failed to keep any such registration statement effective or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then the Holder may, in its sole discretion, exercise this Warrant, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares determined according to the following formula (a “**Cashless Exercise**”):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

(A) = the total number of shares with respect to which the Warrants are then being exercised.

(B) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder’s execution of the applicable Notice of Exercise if such Notice of Exercise is executed during “regular trading hours” on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of “regular trading hours” on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of “regular trading hours” on such Trading Day; and

(C) = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

“**Bid Price**” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as

applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 1(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder’s or its designee’s balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system (“DWAC”) if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company’s share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period after the later of (y) the day on which the Notice of Exercise is delivered to the Company by the Holder as provided herein and (z) the day on which the Holder delivers the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise as provided herein (unless the cashless exercise procedure specified in Section 2(c) above is specified in the applicable Notice of Exercise) (such date, the “Warrant Share Delivery Date”). The Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, on the later of (y) the day on which the Notice of Exercise is delivered to the Company by the Holder as provided herein and (z) the day on which the Holder delivers the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise as provided herein (unless the cashless exercise procedure specified in Section 2(c) above is specified in the applicable Notice of Exercise). The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, “Standard Settlement Period” means the standard settlement period, expressed in a number of Trading Days, on the Company’s primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder’s brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a “Buy-In”), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder’s total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder’s right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company’s failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

v. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto as Exhibit B duly executed by the Holder, and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vi. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder’s Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of

Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Capital Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a Holder, the Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. The provisions of this paragraph shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 2. Certain Adjustments.

a) Stock Dividends, Splits, Etc. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 2(a) above, if at any time the Company grants, issues or sells any Capital Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of shares of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding shares of Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the shares of Common Stock or any compulsory share exchange pursuant to which the shares of Common Stock are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons, whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each, a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 1(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 1(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of shares of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate

Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “**Successor Entity**”) to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 2(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

e) Calculations. All calculations under this Section 2 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 2, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 2, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the shares of Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the shares of Common Stock, (C) the Company shall authorize the granting to all holders of the shares of Common Stock rights or warrants to subscribe for or purchase any capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the shares of Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the shares of Common Stock are converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least five (5) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the shares of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or stock exchange is expected to become effective or close, and the date as of which it is expected that holders of the shares of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or stock exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice and provided, further that no notice shall be required if the information is disseminated in a press release or document filed with the Securities and Exchange Commission. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 3. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 3(d) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 3(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issue Date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “**Warrant Register**”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 4. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 1(d)(i), except as expressly set forth in Section 2.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or

stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate. The applicant for a new Warrant or stock certificate under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

i. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued shares of Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the shares of Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

ii. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

iii. Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. This Warrant shall be governed under the laws of Delaware.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that the Holder's right to exercise this Warrant terminates on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered to the address most recently supplied to the Company by the Holder.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BLUM HOLDINGS, INC.

By: _____
Name: Sabas Carrillo
Title: Chief Executive Officer

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

**COMMON STOCK PURCHASE WARRANT
BLUM HOLDINGS, INC.**

Warrant Shares: 285,714

Issue Date: September 17, 2025

THIS COMMON STOCK PURCHASE WARRANT (this “**Warrant**”) certifies that, for value received, [] or his assigns (the “**Holder**”) is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date of this Warrant and on or prior to 5:00 p.m. (Pacific Time) on September 17, 2028 (the “**Termination Date**”), but not thereafter, to subscribe for and purchase from Blum Holdings, Inc., a Delaware corporation (the “**Company**”), up to 285,714 shares of the Company’s common stock, par value \$0.001 per share (the “**Common Stock**”) (subject to adjustment hereunder, the “**Warrant Shares**”). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 1(b).

Section 1. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the date hereof and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy (or .pdf copy via e-mail attachment) of the Notice of Exercise in the form annexed hereto as Exhibit A (the “**Notice of Exercise**”). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 1(d)(i)) following the date of exercise as aforesaid, the Holder shall deliver the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier’s check drawn on a United States bank unless the cashless exercise procedure specified in Section 1(c) below is specified in the applicable Notice of Exercise. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the later of (y) the day on which the Notice of Exercise is delivered to the Company by the Holder as provided herein and (z) the day on which the Holder delivers the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise as provided herein (unless the cashless exercise procedure specified in Section 1(c) below is specified in the applicable Notice of Exercise). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, in the event that this Warrant is exercised for the purchase of only a portion of the Warrant Shares hereunder, the remaining number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be \$0.35, subject to adjustment hereunder (the “**Exercise Price**”).

c) Cashless Exercise. If there is no effective registration statement registering the Warrant Shares, or the Company has failed to keep any such registration statement effective or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then the Holder may, in its sole discretion, exercise this Warrant, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares determined according to the following formula (a “**Cashless Exercise**”):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

(A) = the total number of shares with respect to which the Warrants are then being exercised.

(B) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder’s execution of the applicable Notice of Exercise if such Notice of Exercise is executed during “regular trading hours” on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of “regular trading hours” on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of “regular trading hours” on such Trading Day; and

(C) = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

“**Bid Price**” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as

applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 1(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder’s or its designee’s balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system (“DWAC”) if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company’s share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period after the later of (y) the day on which the Notice of Exercise is delivered to the Company by the Holder as provided herein and (z) the day on which the Holder delivers the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise as provided herein (unless the cashless exercise procedure specified in Section 2(c) above is specified in the applicable Notice of Exercise) (such date, the “Warrant Share Delivery Date”). The Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, on the later of (y) the day on which the Notice of Exercise is delivered to the Company by the Holder as provided herein and (z) the day on which the Holder delivers the unpaid portion of the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise as provided herein (unless the cashless exercise procedure specified in Section 2(c) above is specified in the applicable Notice of Exercise). The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, “Standard Settlement Period” means the standard settlement period, expressed in a number of Trading Days, on the Company’s primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder’s brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a “Buy-In”), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder’s total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder’s right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company’s failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

v. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto as Exhibit B duly executed by the Holder, and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vi. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder’s Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of

Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Capital Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a Holder, the Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. The provisions of this paragraph shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 2. Certain Adjustments.

a) Stock Dividends, Splits, Etc. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 2(a) above, if at any time the Company grants, issues or sells any Capital Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of shares of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding shares of Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the shares of Common Stock or any compulsory share exchange pursuant to which the shares of Common Stock are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons, whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each, a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 1(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 1(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of shares of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate

Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “**Successor Entity**”) to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 2(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

e) Calculations. All calculations under this Section 2 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 2, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 2, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the shares of Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the shares of Common Stock, (C) the Company shall authorize the granting to all holders of the shares of Common Stock rights or warrants to subscribe for or purchase any capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the shares of Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the shares of Common Stock are converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least five (5) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the shares of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or stock exchange is expected to become effective or close, and the date as of which it is expected that holders of the shares of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or stock exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice and provided, further that no notice shall be required if the information is disseminated in a press release or document filed with the Securities and Exchange Commission. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 3. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 3(d) hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 3(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issue Date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “**Warrant Register**”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 4. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 1(d)(i), except as expressly set forth in Section 2.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or

stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate. The applicant for a new Warrant or stock certificate under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

i. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued shares of Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the shares of Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

ii. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

iii. Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. This Warrant shall be governed under the laws of Delaware.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that the Holder's right to exercise this Warrant terminates on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered to the address most recently supplied to the Company by the Holder.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BLUM HOLDINGS, INC.

By: _____
Name: Sabas Carrillo
Title: Chief Executive Officer

SUBSIDIARIES OF THE REGISTRANT

Blum Holdings, Inc. is a holding company with the following subsidiaries, including variable interest entities that are consolidated by the Company:

- Blum Management Holdings, Inc., a Delaware corporation
- Safe Accessible Solutions, Inc., a California corporation
- Coastal Pine Holdings, Inc., a Wyoming corporation
- Westcoast Management Holdings, Inc., a Wyoming corporation
- Blum A2, Inc., a Delaware corporation
- EWC Resources Inc., a California corporation
- Green Door Redding, LLC, a California limited liability company
- Blum A3, Inc., a Delaware corporation

**Certifications pursuant to Securities and Exchange Act of 1934
Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Sabas Carrillo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Blum Holdings, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 14, 2025

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

**Certifications pursuant to Securities and Exchange Act of 1934
Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Patty Chan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Blum Holdings, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d – 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 14, 2025

By: /s/ Patty Chan
Patty Chan
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Blum Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2025 (the "Form 10-Q"), I, Sabas Carrillo, Chief Executive Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company's Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2025

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

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Blum Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2025 (the “Form 10-Q”), I, Patty Chan, Chief Financial Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company’s Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2025

By: /s/ Patty Chan
Patty Chan
Chief Financial Officer