

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): December 31, 2025

BLUM HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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

(888) 909-5564

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

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

Emerging growth company ☐

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

Item 1.01. Entry into a Material Definitive Agreement.

On December 31, 2025, Blum Holdings, Inc. (“Blüm” or the “Company”) entered into a Debt Conversion Agreement with an accredited investor that constitutes a related person under Regulation S-K (the “Investor”), pursuant to which an aggregate of \$3,050,000 of principal plus all accrued and unpaid interest through December 31, 2025 under certain unsecured promissory notes previously issued by the Company into shares of the Company’s common stock.

The conversion was effected at a fixed conversion price of \$0.98 per share, representing 85% of a \$20,900,000 pre-money valuation of Blüm on a fully diluted basis. As a result of the Debt Conversion Agreement, the Company issued 3,248,547 shares of its common stock and the applicable unsecured promissory notes were cancelled and satisfied in full with respect to the converted amounts.

On December 31, 2025, the Company executed and delivered a Senior Secured Promissory Note (the “Note”) in the principal amount of \$525,000 to the Investor. The Note amends, restates, consolidates, and replaces in their entirety two previously issued and expired promissory notes: (i) the \$200,000 unsecured promissory note dated February 25, 2025 (as amended May 7, 2025), and (ii) the \$325,000 unsecured promissory note dated April 18, 2025 (as amended May 8, 2025) (collectively, the “Prior Notes”). The Note has a maturity date of December 31, 2027 and bears interest at a rate of 8.0% per annum. The Company may prepay the principal balance in full at any time without penalty. The Note is convertible into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20,900,000 pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis).

In connection with the Note, the Company and the Investor entered into a Warrant Cancellation Agreement, pursuant to which the parties mutually agreed to cancel warrants previously issued in connection with the Prior Notes to purchase up to an aggregate of 198,114 shares of the Company’s common stock at an exercise price of \$0.53 per share.

The foregoing descriptions of the Debt Conversion Agreement, the Note, and the Warrant Cancellation Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the agreements, copies of which are filed as Exhibits 10.1 through 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

On December 31, 2025, the Board of Directors of the Company (the “Board”) adopted a unanimous written consent confirming and ratifying that Adnant, LLC (“Adnant”), the Company’s strategic and financial advisor, had earned a performance-based equity award pursuant to the Amended and Restated Engagement Letter dated January 1, 2025, between the Company and Adnant (the “Engagement Letter”). Adnant is a related party of the Company as a result of its ownership and control by Sabas Carrillo, the Company’s Chief Executive Officer. The equity award issued to Adnant was earned pursuant to a performance-based engagement letter approved by the Company’s Board of Directors, and the issuance was ratified by unanimous written consent of the Board.

In connection with such confirmation and ratification, the Board acknowledged and confirmed that the applicable performance objectives contemplated by the Engagement Letter had been satisfied and that the performance-based equity award became earned and payable by operation of the Engagement Letter. Pursuant to the Board’s ratification, the Company is obligated to issue an aggregate of 2,551,020 shares of the Company’s common stock to Adnant in full satisfaction of the performance-based equity award, at an implied price of \$0.98 per share.

Item 3.02. Unregistered Sales of Equity Securities.

On December 31, 2025, the Company issued 3,248,547 shares of its common stock in connection with the Debt Conversion Agreement at a conversion price of \$0.98 per share, resulting in the satisfaction of \$3,050,000 of outstanding debt and accrued interest. The shares of common stock issued in connection with the Debt Conversion Agreement were issued in reliance upon exemptions from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

In addition, on December 31, 2025, the Company issued an aggregate of 2,551,020 shares of its common stock to Adnant, LLC, a related party, in satisfaction of a performance-based equity award earned pursuant to the Engagement Letter and ratified by the Company’s Board of Directors. The shares were issued at an implied price of \$0.98 per share. The issuance of the shares to Adnant was not registered under the Securities Act of 1933, as amended, and was made in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act.

Item 7.01. Regulation FD Disclosure.

On January 7, 2026, the Company issued a press release announcing that approximately \$3.05 million of outstanding debt and accrued interest was converted into shares of the Company’s common stock. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information provided under this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit	Description
10.1*	Debt Conversion Agreement, dated December 31, 2025.
10.2*	Senior Secured Promissory Note, dated December 31, 2025
10.3*	Warrant Cancellation Agreement, dated December 31, 2025.
99.1	Press Release, dated January 7, 2026.
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document).

* Portions of the exhibit have been omitted.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLUM HOLDINGS, INC.

Date: January 7, 2026

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

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

DEBT CONVERSION AGREEMENT

This Debt Conversion Agreement (this “Agreement”) is entered into as of December 31, 2025 (the “Effective Date”), by and between Blum Holdings, Inc., a Delaware corporation (the “Company”) and [***], an individual (the “Holder” or “Investor”), with reference to the following facts:

WHEREAS, the Company has issued to Holder certain unsecured promissory notes identified on Exhibit A attached hereto (collectively, the “Notes”);

WHEREAS, the Notes represent outstanding indebtedness of the Company in an aggregate principal amount of \$3,050,000 together with all accrued and unpaid interest thereon through December 31, 2025 (collectively, the “Conversion Amount”);

WHEREAS, pursuant to the terms of the Notes and as approved by the Company’s Board of Directors, Holder desires to convert, and the Company agrees to convert, the Conversion Amount into shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a fixed conversion price of \$0.98 per share on a fully diluted basis;

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

Section 1. Conversion of Notes.

- a. Election to Convert. At the sole and absolute election of the Holder, and as agreed to by the Company, and without the payment of any additional consideration, the Holder hereby elects to convert the Conversion Amount into shares of Common Stock in accordance with the terms of this Agreement.
- b. Conversion Price. The conversion price shall be \$0.98 per share (the “Conversion Price”), representing eighty-five percent (85%) of a \$20,900,000 pre-money valuation of the Company on a fully diluted basis.
- c. Conversion Shares. Based on the Conversion Amount and the Conversion Price, the Company shall issue to the Holder 3,248,547 shares of Common Stock (the “Conversion Shares”), subject to customary rounding of fractional shares.

Section 2. Effect of Conversion.

- a. Satisfaction of Notes. Upon issuance of the Conversion Shares (i) the Conversion Amount shall be deemed paid in full and satisfied; (ii) all accrued and unpaid interest on the Notes through the Effective Date shall be deemed converted into shares of Common Stock as part of the Conversion Amount; (iii) the Notes shall be cancelled and of no further force or effect with respect to the Conversion Amount.
- b. No Impact on Other Instruments. For the avoidance of doubt, this Agreement does not amend or affect (i) the Senior Secured Promissory Note issued in connection with the May 7 and May 8, 2025 notes; or (ii) any warrants previously issued to Holder, except as may be expressly amended pursuant to separate written agreement.

Section 3. Issuance of Shares.

- a. Authorization. The Company represents that the Conversion Shares have been duly authorized by all necessary corporate action.

- b. Restricted Securities. The Conversion Shares are being issued in reliance upon exemptions from registration under the Securities Act of 1933 (as defined below in Section 4), as amended, and shall constitute “restricted securities” within the meaning of Rule 144.
- c. Legends. The book-entry records evidencing the Conversion Shares shall bear a customary restrictive legend reflecting their unregistered status.

Section 4. Investor Representations. The Company is issuing the Common Stock to Investor in reliance upon the following representations made by Investor:

- a. Investor acknowledges and agrees that the shares of Common Stock are characterized as “restricted securities” under the Securities Act of 1933 (as amended and together with the rules and regulations promulgated thereunder, the “Securities Act”) and that, under the Securities Act and applicable regulations thereunder, such securities may not be resold, pledged or otherwise transferred without registration under the Securities Act or an exemption therefrom. Investor acknowledges and agrees that (i) the shares of Common Stock are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the shares of Common Stock have not yet been registered under the Securities Act, and (ii) such shares of Common Stock may be offered, resold, pledged or otherwise transferred only in a transaction registered under the Securities Act, or meeting the requirements of Rule 144, or in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Company so requests) and in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.
- b. Investor acknowledges and agrees that (i) the registrar or transfer agent for the shares of Common Stock will not be required to accept for registration of transfer any shares except upon presentation of evidence satisfactory to the Company that the restrictions on transfer under the Securities Act have been complied with and (ii) any shares of Common Stock in the form of definitive physical certificates will bear a restrictive legend.
- c. Investor acknowledges and agrees that: (a) the shares of Common Stock have not been registered under the Securities Act, or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering; (b) Investor is acquiring the shares of Common Stock solely for its own account for investment purposes, and not with a view to the distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction; (c) Investor is a sophisticated purchaser with such knowledge and experience in business and financial matters that it is capable of evaluating the merits and risks of purchasing the shares of Common Stock; (d) Investor has had the opportunity to obtain from the Company such information as desired in order to evaluate the merits and the risks inherent in holding the shares of Common Stock; (e) Investor is able to bear the economic risk and lack of liquidity inherent in holding the shares of Common Stock; (f) Investor is an “accredited investor” within the meaning of Rule 501(a) under the Securities Act; and (g) Investor either has a pre-existing personal or business relationship with the Company or its officers, directors or controlling persons, or by reason of Investor’s business or financial experience, or the business or financial experience of their professional advisors who are unaffiliated with and who are not compensated by the Company, directly or indirectly, have the capacity to protect their own interests in connection with the purchase of the Common Stock.
- d. Investor’s investment in the Company pursuant to this Common Stock is consistent, in both nature and amount, with Investor’s overall investment program and financial condition.
- e. Investor’s principal place of business is in the State of California.

Section 5. Miscellaneous

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

Section 6. No Impact on Other Instruments.

- a. For the avoidance of doubt, this Agreement does not amend, modify, or otherwise affect (i) that certain Senior Secured Promissory Note issued in connection with the May 7, 2025 and May 8, 2025 notes, or (ii) any warrants previously issued to Holder, except in each case as may be expressly amended pursuant to a separate written agreement executed by the Company and the Holder. The Company acknowledges and agrees that, in connection with the transactions contemplated hereby, Holder is entitled to receive warrant coverage on terms previously agreed by the parties, which warrant coverage shall be documented and issued pursuant to a separate written agreement contemporaneously with this Agreement.

[Signature Pages Follow]

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

INVESTOR:

By: _____
Name: [***]

COMPANY:

Blum Holdings, Inc.
a Delaware corporation

By: _____
Name: Sabas Carrillo
Title: CEO

EXHIBIT A

Notes being converted:

- Second Amended and Restated Unsecured Promissory Note dated May 15, 2025
- Unsecured Promissory Note dated August 11, 2025
- Unsecured Promissory Note dated August 20, 2025
- Unsecured Promissory Note dated December 1, 2025
- Unsecured Promissory Note dated December 2, 2025
- Unsecured Promissory Note dated December 3, 2025
- Unsecured Promissory Note dated December 4, 2025
- Unsecured Promissory Note dated December 5, 2025

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

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

SECURED PROMISSORY NOTE

\$525,000

December 31, 2025

FOR VALUE RECEIVED, Blum Holdings, Inc., a Delaware corporation (“Borrower”), hereby promises to pay to the order of [***], an individual (together with any and all of their successors and assigns and/or any other holder of this Note, as hereinafter defined, “Lender”), without offset, in immediately available funds in lawful money of the United States of America, the principal sum of Five Hundred Twenty Five Thousand and 00/100 Dollars (\$525,000) (the “Loan Amount”), together with any interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

This Senior Secured Promissory Note (this “Loan”) amends, restates, consolidates, and replaces in their entirety that certain Amended and Restated Unsecured Promissory Note dated May 7, 2025, in the original principal amount of \$200,000 (superseding the February 25, 2025 note), and that certain Amended and Restated Unsecured Promissory Note dated May 8, 2025, in the original principal amount of \$325,000 (superseding the April 18, 2025 note) (collectively, the “Prior Notes”).

Upon execution of this Note, the Prior Notes shall be deemed satisfied, canceled, and of no further force or effect.

Subject to the terms and conditions herein, on the date hereof, Lender shall make the Loan to Borrower, in an aggregate amount equal to the Loan Amount. Once the Loan is made, any portion of the Loan repaid may not be re borrowed.

Section 1 The principal amount of this Loan, together with all accrued and unpaid interest thereon, shall be due and payable in full on December 31, 2027 (the “Maturity Date”).

Section 2 Interest shall accrue on the unpaid balance of the Loan at the rate of eight percent (8.00%) per year, simple interest, calculated on the basis of a 365-day year and the actual number of days elapsed.

- (i) Any remaining principal balance on this Note and Interest shall be payable in full on the Maturity Date.

Section 3 Conversion. At the sole discretion of the Lender, and without the payment of any further consideration, all or any portion of the outstanding principal amount of this Note, together with any accrued and unpaid interest thereon, may be converted into shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), at a conversion price equal to eighty-five percent (85%) of a \$20,900,000 pre-money valuation of the Company, which is equal to a per-share price of \$0.98 on a fully diluted basis (the "Conversion Price").

For the avoidance of doubt, a conversion of the full principal amount of \$525,000 at the Conversion Price shall result in the issuance of 535,714 shares of Common Stock, subject to customary rounding of fractional shares. Upon any conversion pursuant to this Section 3, the portion of the principal and accrued and unpaid interest so converted shall be deemed paid in full and satisfied.

Section 4 Cancellation of Warrants. In connection with the amendment, restatement, consolidation, and replacement of the Prior Notes with this Senior Secured Promissory Note, the Borrower and the Lender hereby acknowledge and agree that all warrants previously issued to the Lender in connection with the Prior Notes, including, without limitation, the Common Stock Purchase Warrants issued pursuant to the Amended and Restated Unsecured Promissory Notes dated May 7, 2025 and May 8, 2025 (collectively, the "Prior Warrants"), are hereby irrevocably canceled and terminated in their entirety, effective as of the date hereof, and shall be of no further force or effect.

The Lender hereby waives any and all rights under the Prior Warrants, including any rights to exercise, receive shares, or receive consideration thereunder, and acknowledges that no equity, warrant coverage, or other participation rights shall survive with respect to the Prior Warrants following the execution of this Note.

The cancellation of the Prior Warrants is a material inducement to the Borrower's entry into this Note and is agreed to in consideration of the rights and benefits granted to the Lender herein.

Section 5 Security; Guaranty; Loan Documents. The security for this Note includes: (a) a Security Agreement (the "Security Agreement") of even date herewith from Borrower, for the benefit of Lender, conveying and encumbering the Collateral (as defined therein), for the benefit of Lender, and (b) a Guaranty Agreement (the "Guaranty Agreement") and together with the Security Agreement and this Note, the "Loan Documents") of even date herewith from the Guarantor (as defined therein), for the benefit of Lender. This Note, the Borrower Security Agreement and the Guaranty Agreement, and all other documents now or hereafter securing, guaranteeing, or executed in connection with the Loan, as the same may from time to time be amended, restated, modified or supplemented, are herein sometimes called individually a "Loan Document" and together the "Loan Documents."

Section 6 Prepayment. Borrower may prepay the principal balance of this Note, in full at any time without payment of premium or penalty.

Section 7 Events of Default. The occurrence of any Event of Default (as defined in the Loan Documents), under any of the Loan Documents (subject to any applicable grace or cure period) shall constitute an Event of Default under this Note.

Section 8 Heirs, Successors and Assigns. The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents.

Section 9 Severability. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

Section 10 Notices. Any notice, request, or demand to or upon Borrower or Lender shall be deemed given and complete upon personal delivery, or three (3) business days following mailing via United States registered or certified mail, return receipt requested, postage prepaid. Notice may also be given by, and shall be deemed complete upon receipt of, electronic facsimile, provided that any facsimile notice shall only be deemed received if (a) the transmission thereof is confirmed, and (b) facsimile notice followed by written notice, made either by (i) personal delivery thereof, or (ii) via deposit in registered or certified mail, return receipt required, postage prepaid, within three (3) business days following the facsimile notice. Notice shall be deemed given on the date it is sent via facsimile in accordance with the foregoing provisions. Notices shall be addressed to the parties as follows:

To Borrower:

Blum Holdings, Inc.

Attn: [***]

[***]

[***]

[***]

To Lender:

[***]

Email: [***]

Section 11 No Usury. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note and all other indebtedness secured by the Loan Documents, and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan.

Section 12 Assignment. Borrower may not assign this Note without the prior written consent of Lender, which consent shall not be unreasonably withheld. Lender may assign this Note without the prior written consent of Borrower.

[Remainder of Page Intentionally Blank]

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

BORROWER:

BLUM HOLDINGS, INC.

a Delaware corporation

By: _____

Name: Sabas Carrillo

Title: Chief Executive Officer

ACKNOWLEDGED AND AGREED BY LENDER:

[**]

By: _____

Name: [**]

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

**WARRANT CANCELLATION AGREEMENT
BLUM HOLDINGS, INC.**

THIS WARRANT CANCELLATION AGREEMENT (this “**Agreement**”) is entered into as of December 31, 2025 (the “**Effective Date**”), by and between Blum Holdings, Inc., a Delaware corporation (the “**Company**”), and [***] (the “**Holder**”).

WHEREAS, the Company previously issued to Holder that certain Common Stock Purchase Warrant dated February 25, 2025, with an exercise price of \$0.53 per share, that certain Common Stock Purchase Warrant dated April 18, 2025, with an exercise price of \$0.53 per share, and any other warrants issued to Holder in connection with the unsecured promissory notes dated February 25, 2025, April 18, 2025, May 7, 2025, and May 8, 2025 (collectively, the “**Prior Warrants**”);

WHEREAS, the Company and Holder have entered into that certain Senior Secured Promissory Note dated as of the Effective Date (the “**Secured Note**”), which amends, restates, consolidates, and replaces the prior unsecured promissory notes;

WHEREAS, the parties acknowledge that the cancellation of the Prior Warrants is a material inducement to the Company’s entry into the Secured Note.

WHEREAS, in connection with the execution of the Secured Note, the parties desire to cancel and terminate the Prior Warrants in their entirety, such that no equity, warrant, or participation rights remain outstanding with respect thereto.

NOW, THEREFORE, in consideration of the mutual agreements herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Cancellation of Prior Warrants.

a) Effective as of the Effective Date, the Prior Warrants are hereby irrevocably canceled and terminated in their entirety and shall be null and void and of no further force or effect.

Section 2. Waiver of Rights.

a) Holder hereby irrevocably waives and releases any and all rights, claims, or entitlements arising under or relating to the Prior Warrants, including, without limitation, any right to exercise the Prior Warrants, receive shares of common stock, receive consideration, or assert any equity or participation interest thereunder.

Section 3. No Surviving Equity Rights.

a) Holder acknowledges and agrees that, following the Effective Date, no warrants, options, equity participation rights, or similar rights issued in connection with the prior unsecured promissory notes shall remain outstanding, and that Holder’s rights are solely those expressly set forth in the Secured Note and any related loan documents.

Section 4. Further Assurances.

a) Each party agrees to execute and deliver such additional documents and take such further actions as may be reasonably necessary or desirable to effectuate the intent of this Agreement, including updating the Company's capitalization table, warrant ledger, and related records, and confirming the cancellation of the Prior Warrants on the Company's books and records.

Section 5. Governing Law.

a) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of law principles.

Section 6. Counterparts.

a) This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution by electronic signature shall be deemed effective.

(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.

COMPANY:
BLUM HOLDINGS, INC.

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

HOLDER:

[***]
By: _____
Name: [***]

Blüm Holdings Announces \$3.05 Million Debt Conversion

DOWNEY, Calif., Jan. 07, 2026 (GLOBE NEWSWIRE) – Blum Holdings, Inc. (OTCQB: BLMH) (the “Company,” “Blüm,” “Blüm Holdings,” “we” or “us”), a California-based publicly traded holding company, today announced that on December 31, 2025 certain outstanding indebtedness of the Company, together with accrued interest, totaling approximately \$3.05 million, was converted into shares of the Company’s common stock pursuant to a previously executed Debt Conversion Agreement.

The conversion was completed at a fixed price of \$0.98 per share, representing 85% of a \$20.9 million pre-money valuation on a fully diluted basis. As a result of the transaction, Blüm issued 3,248,547 shares of common stock, and the converted debt was cancelled and satisfied in full.

The transaction eliminates a meaningful portion of legacy unsecured obligations from the Company’s balance sheet and further simplifies its capital structure.

In connection with the transaction, Blüm also executed a \$525,000 senior secured promissory note consolidating two previously issued and expired unsecured notes. The new note bears interest at 8.0% per annum, matures on December 31, 2027, is secured by substantially all of the Company’s assets, and may be prepaid at any time without penalty. Warrants previously issued in connection with the prior notes were cancelled.

“These actions reflect continued progress in simplifying our capital structure and reducing legacy obligations,” said Sabas Carrillo, Chief Executive Officer of Blüm Holdings.

Additional details regarding the transactions are included in the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission.

About Blüm Holdings

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

For more info, please visit: <https://blumholdings.com> or follow us on Instagram.

Contact:
Jason Assad
LR Advisors LLC.
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Cautionary Language Concerning Forward-Looking Statements

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

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