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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2022

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: **000-54258**

UNRIVALED BRANDS, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**26-3062661**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
3242 S. Halladay Street Santa Ana, California	**92705**
(Address of Principal Executive Offices)	(Zip Code)

(888) 909-5564
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	**UNRV**	**OTCQX**

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 and 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 x No o

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 (section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes x No o

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. (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
Emerging growth company	o		

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. o

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

As of August 10, 2022, there were 530,456,383 shares outstanding, 83,661,093 shares of common stock issuable upon the exercise of all our outstanding warrants and 53,129,423 shares of common stock issuable upon the exercise of all vested options.

UNRIVALED BRANDS, INC.
INDEX TO FORM 10-Q FOR THE
QUARTERLY PERIOD ENDED JUNE 30, 2022

PART I FINANCIAL INFORMATION

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except shares)

	June 30, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Current Assets:		
Cash	$ 7,263	$ 6,891
Accounts receivable, net	855	4,677
Inventory, net	6,038	7,179
Prepaid expenses and other assets	3,084	1,272
Notes receivable	375	750
Current assets held for sale	582	4,495
Total current assets	18,197	25,264
Property, equipment and leasehold improvements, net	21,416	23,728
Intangible assets, net	102,772	129,637
Goodwill	14,506	48,132
Other assets	19,359	26,915
Investments	1,214	163
Long-term assets held for sale	2,791	17,984
TOTAL ASSETS	**$ 180,255**	**$ 271,824**
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	$ 37,148	$ 31,904
Short-term debt	26,532	45,749
Income taxes payable	9,913	7,969
Current liabilities held for sale	1,851	2,087
Total current liabilities	75,444	87,708
Long-term liabilities:		
Long-term debt, net of discounts	7,638	10,006
Deferred tax liabilities	3,986	6,123
Long-term lease liabilities	14,471	21,316
Long-term liabilities held for sale	1,465	184
Total long-term liabilities	27,560	37,629
Total liabilities	**103,004**	**125,337**
STOCKHOLDERS' EQUITY:		
Common stock, par value $0.001:		
990,000,000 shares authorized as of June 30, 2022 and December 31, 2021; 532,514,791 and 498,546,291 shares outstanding as of June 30, 2022 and December 31, 2021, respectively	554	521
Additional paid-in capital	401,214	392,930
Treasury stock: 2,308,408 shares of common stock as of June 30, 2022 and December 31, 2021	(808)	(808)
Accumulated deficit	(323,710)	(250,015)
Total Unrivaled Brands, Inc. Stockholders' Equity	77,251	142,628
Non-controlling interest	—	3,859
Total stockholders' equity	**77,251**	**146,487**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 180,255**	**$ 271,824**

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

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except for shares and per-share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Total revenues	$ 17,556	$ 2,872	$ 38,280	$ 4,928
Cost of goods sold	9,286	147	23,578	2,013
Gross profit	8,270	2,725	14,702	2,915
Selling, general and administrative expenses	19,070	4,698	37,837	17,347
Impairment of assets	55,726	—	55,726	—
Loss on sale of assets	542	—	343	—
Loss from operations	(67,068)	(1,973)	(79,204)	(14,432)
Other income (expense):				
Gain (loss) on extinguishment of debt	—	—	542	(6,161)
Interest expense, net	(443)	(39)	(2,210)	(112)
Unrealized gain on investments	963	—	963	—
Other income	443	17	1,477	362
Gain (loss) on investments	—	(874)	—	5,337
Total other income (expense)	963	(896)	773	(574)
Loss from continuing operations, before provision for income taxes	(66,105)	(2,869)	(78,432)	(15,006)
Provision for income tax benefit for continuing operations	449	—	2,136	—
Net loss from continuing operations	(65,655)	(2,869)	(76,295)	(15,006)
Income (loss) from discontinued operations, before provision for income taxes	1,843	(2,101)	3,979	(1,663)
Provision for income tax benefit for discontinued operations	95	—	—	—
Net income (loss) from discontinued operations	1,938	(2,101)	3,979	(1,663)
NET LOSS	**(63,718)**	**(4,970)**	**(72,317)**	**(16,669)**
Less: Loss attributable to non-controlling interest from continuing operations	—	(868)	—	(486)
Less: Income attributable to non-controlling interest from discontinued operations	—	—	275	—
NET LOSS ATTRIBUTABLE TO UNRIVALED BRANDS, INC.	**$ (63,718)**	**$ (4,102)**	**$ (72,592)**	**$ (16,183)**
Loss from continuing operations per common share attributable to Unrivaled Brands, Inc. common stockholders – basic and diluted	$ (0.11)	$ (0.01)	$ (0.13)	$ (0.06)
Net Loss per common share attributable to Unrivaled Brands, Inc. common stockholders – basic and diluted	$ (0.11)	$ (0.02)	$ (0.13)	$ (0.07)
Weighted-average number of common shares outstanding – basic and diluted	575,973,609	258,897,777	572,176,041	248,066,926

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

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (72,317)	$ (16,669)
Less: Net income (loss) from discontinued operations	3,979	(1,663)
Net loss from continuing operations	(76,295)	(15,006)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for income taxes	(2,136)	—
Bad debt expense	1,220	—
Depreciation and amortization	6,683	1,035
Gain on sale of assets	343	—
Gain on debt forgiveness	—	(86)
Gain on sale of investments	—	(5,337)
Amortization of operating lease right-of-use asset	1,127	385
Gain (loss) on extinguishment of debt	(542)	6,161
Non-cash interest expense	676	30
Non-cash portion of severance expense	—	7,990
Stock-based compensation	3,868	1,198
Unrealized gain on investments	(963)	—
Impairment expense	55,726	—
Change in operating assets and liabilities:		
Accounts receivable	2,595	(813)
Inventory	1,131	72
Prepaid expenses and other current assets	(1,958)	(735)
Other assets	(2,584)	(127)
Accounts payable and accrued expenses	10,156	1,033
Operating lease liabilities	121	(240)
Net cash used in operating activities - continuing operations	(833)	(4,440)
Net cash used in operating activities - discontinued operations	(489)	(2,296)
NET CASH USED IN OPERATING ACTIVITIES	**(1,322)**	**(6,736)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and leasehold improvements	(2,129)	(482)
Repayment of notes receivable	375	—
Proceeds from sale of investments	—	39,382
Proceeds from sales of assets	450	—
Net cash (used in) / provided by investing activities - continuing operations	(1,304)	38,900
Net cash provided by investing activities - discontinued operations	20,709	4,822
NET CASH PROVIDED BY INVESTING ACTIVITIES	**19,405**	**43,722**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	—	3,500
Payments of debt principal	(21,645)	(1,012)
Cash paid for debt discount	—	(178)
Proceeds from issuance of common stock	4,375	—
Net cash (used in) / provided by financing activities - continuing operations	(17,270)	2,310
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES	**(17,270)**	**2,310**
NET CHANGE IN CASH	**814**	**39,296**
Cash at beginning of period	6,891	217
Cash reclassified to discontinued operations	(442)	—
CASH AT END OF PERIOD	**$ 7,263**	**$ 39,513**
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	$ 1,558	$ 430
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Debt principal and accrued interest converted into common stock	$ 52	$ 3,596
Net assets transferred to held for sale	$ 1,328	$ —
Stock options exercised on a net share basis	$ —	$ 2
Promissory note issued for severance	$ —	$ 2,100

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

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2021
(UNAUDITED)
(in thousands, except for shares)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount		Amount			
Balance at March 31, 2022	**530,329,995**	**$ 552**	**$ 399,536**	**$ (808)**	**$ (258,888)**	**$ 4,134**	**$ 144,526**
Stock compensation - employees	1,200,000	1	169	—	—	—	170
Stock compensation - directors	259,796	0	29	—	—	—	29
Stock compensation - services expense	725,000	1	128	—	—	—	129
Stock option expense	—	—	1,352	—	—	—	1,352
Disposition of non-controlling interest	—	—	—	—	(1,103)	(4,134)	(5,237)
Net loss attributable to Unrivaled Brands, Inc.	—	—	—	—	(63,718)	—	(63,718)
Balance at June 30, 2022	**532,514,791**	**$ 554**	**$ 401,214**	**$ (808)**	**$ (323,710)**	**$ —**	**$ 77,251**

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount		Amount			
Balance at March 31, 2021	**235,491,198**	**$ 256**	**$ 290,225**	**$ (808)**	**$ (230,825)**	**$ 4,845**	**$ 63,693**
Stock compensation - employees	250,000	—	68	—	—	—	68
Stock compensation - directors	343,493	1	93	—	—	—	94
Stock option exercises	470,717	1	(1)	—	—	—	—
Stock option expense	—	—	641	—	—	—	641
Net loss attributable to non-controlling interest	—	—	—	—	—	(868)	(868)
Net loss attributable to Unrivaled Brands, Inc.	—	—	—	—	(4,102)	—	(4,102)
Balance at June 30, 2021	**236,555,408**	**$ 258**	**$ 291,026**	**$ (808)**	**$ (234,927)**	**$ 3,977**	**$ 59,526**

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

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(UNAUDITED)
(in thousands, except for shares)

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount		Amount			
Balance at December 31, 2021	**—**	**$ —**	**498,546,291**	**$ 521**	**$ 392,930**	**$ (808)**	**$ (250,015)**	**$ 3,859**	**$ 146,487**
Warrants exercise	—	—	4,759,708	4	(5)	—	—	—	(1)
Stock compensation - employees	—	—	2,100,000	2	350	—	—	—	352
Stock compensation - directors	—	—	943,128	1	212	—	—	—	213
Stock compensation - services expense	—	—	725,000	1	128	—	—	—	129
Stock option exercise	—	—	146,212	—	—	—	—	—	—
Debt conversion - common stock	—	—	294,452	—	75	—	—	—	75
Stock issued for cash	—	—	25,000,000	25	4,350	—	—	—	4,375
Stock option expense	—	—	—	—	3,174	—	—	—	3,174
Disposition of non-controlling interest	—	—	—	—	—	—	(1,103)	(4,134)	(5,237)
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	275	275
Net loss attributable to Unrivaled Brands, Inc.	—	—	—	—	—	—	(72,592)	—	(72,592)
Balance at June 30, 2022	**—**	**$ —**	**532,514,791**	**$ 554**	**$ 401,214**	**$ (808)**	**$ (323,710)**	**$ —**	**$ 77,251**

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount		Amount			
Balance at December 31, 2020	**12**	**$ —**	**196,512,867**	**$ 218**	**$ 275,060**	**$ (808)**	**$ (219,803)**	**$ 4,463**	**$ 59,130**
Adoption of ASU 2020-06	—	—	—	—	(1,071)	—	1,059	—	(12)
Debt conversion - common stock	—	—	20,391,774	20	3,990	—	—	—	4,010
Warrants issued to Dominion	—	—	—	—	5,978	—	—	—	5,978
Stock compensation - employees	—	—	250,000	—	67	—	—	—	67
Stock compensation - directors	—	—	885,159	1.00	213	—	—	—	214
Stock compensation - services expense	—	—	332,947	—	32	—	—	—	32
Stock option exercises	—	—	1,696,947	2	(2)	—	—	—	—
Acquisition of A shares	(8)	—	16,485,714	17	5,874	—	—	—	5,891
Elimination of Preferred Stock	(4)	—	—	—	—	—	—	—	—
Stock option expense	—	—	—	—	885	—	—	—	885
Net loss attributable to non-controlling interest	—	—	—	—	—	—	—	(486)	(486)
Net loss attributable to Unrivaled Brands, Inc.	—	—	—	—	—	—	(16,183)	—	(16,183)
Balance at June 30, 2021	**—**	**$ —**	**236,555,408**	**$ 258**	**$ 291,026**	**$ (808)**	**$ (234,927)**	**$ 3,977**	**$ 59,526**

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

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

References in this document to “the Company”, “Unrivaled”, “we”, “us”, or “our” are intended to mean Unrivaled Brands, Inc., individually, or as the context requires, collectively with its subsidiaries on a consolidated basis. Effective July 7, 2021, the Company changed its corporate name from “Terra Tech Corp.” to “Unrivaled Brands, Inc.” in connection with the Company’s acquisition of UMBRLA, Inc. (“UMBRLA”).

Unrivaled is a holding company with the following subsidiaries:

- 620 Dyer LLC, a California corporation (“Dyer”)
- 1815 Carnegie LLC, a California limited liability company (“Carnegie”)
- Black Oak Gallery, a California corporation (“Black Oak”)
- Blüm San Leandro, a California corporation (“Blüm San Leandro”)
- MediFarm, LLC, a Nevada limited liability company (“MediFarm”)
- MediFarm I, LLC, a Nevada limited liability company (“MediFarm I”)
- 121 North Fourth Street, LLC, a Nevada limited liability company ("121 North Fourth")
- OneQor Technologies, Inc., a Delaware corporation ("OneQor")
- UMBRLA, Inc., a Nevada corporation ("UMBRLA")
- Halladay Holding, LLC, a California limited liability company (“Halladay”)
- People's First Choice, LLC, a California limited liability company ("People's")
- Silverstreak Solutions, Inc., a California corporation ("Silverstreak")

The Company is a multi-state operator ("MSO") with retail, production, distribution, and cultivation operations, with an emphasis on providing the highest quality of medical and adult use cannabis products. From the acquisition of UMBRLA, the Company has multiple cannabis lifestyle brands. The Company is home to Korova, a brand of high potency products across multiple product categories, currently available in California, Oregon, Arizona, and Oklahoma. Other Company brands include Cabana, a boutique cannabis flower brand, and Sticks, a mainstream value-driven cannabis brand, active in California and Oregon. With the acquisition of People’s First Choice, the Company operates a premier cannabis dispensary in Orange County, California. The Company also owns dispensaries in California which operate as The Spot in Santa Ana, Blum in Oakland and Silverstreak in San Leandro. The Company also has licensed distribution facilities in Portland, OR, Los Angeles, CA, and Sonoma County, CA.

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 to 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 our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of FASB or ASC 810, *“Consolidation,”* we consolidate any variable interest entity (“VIE”) of which we are the primary beneficiary. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. We do not consolidate a VIE in which we have a majority ownership interest when we are not considered the primary beneficiary. We evaluate our relationships with all the VIEs on an ongoing basis to reassess if we continue to be the primary beneficiary.

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 June 30, 2022 and December 31, 2021, and the consolidated results of operations and cash flows for the quarters ended June 30, 2022 and 2021 have been included. These interim unaudited condensed 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, 2021. The December 31, 2021 balances reported herein are derived from the audited consolidated financial statements for the year ended December 31, 2021. 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 accompanying financial statements have been prepared assuming that we will continue as a going concern. In an effort to achieve liquidity that would be sufficient to meet all of our commitments, we have undertaken a number of actions, including minimizing capital expenditures and reducing recurring expenses. However, we believe that even after taking these actions, we will not have sufficient liquidity to satisfy all of our future financial obligations. The risks and uncertainties surrounding our ability to raise capital, our limited capital resources, and the weak industry conditions impacting our business raise substantial doubt as to our ability to continue as a going concern. See Note 20, "*Going Concern*" of the Notes to Consolidated Financial Statements for additional information.

Non-Controlling Interest

Non-controlling interest is shown as a component of stockholders' equity on the consolidated balance sheets and the share of net income (loss) attributable to non-controlling interest is shown as a component of net income (loss) in the consolidated statements of operations.

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 revenue recognition, allowances for doubtful accounts, sales returns, inventory valuation, stock-based compensation expense, goodwill and purchased intangible asset valuations, derivative liabilities, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, 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. These reclassifications did not affect net loss, revenues or stockholders' equity. See Note 17, "*Discontinued Operations*" for further discussion regarding discontinued operations.

Trade and Other Receivables

The Company extends non-interest bearing trade credit to its customers in the ordinary course of business which is not collateralized. Accounts receivable are shown on the face of the consolidated balance sheets, net of an allowance for doubtful accounts. The Company analyzes the aging of accounts receivable, historical bad debts, customer creditworthiness and current economic trends, in determining the allowance for doubtful accounts. The Company does not accrue interest receivable on past due accounts receivable. The allowance for doubtful accounts was $4.76 million and $3.68 million as of June 30, 2022 and December 31, 2021, respectively.

Investments

Investments in unconsolidated affiliates are accounted for under the cost or the equity method of accounting, as appropriate. The Company accounts for investments in limited partnerships or limited liability corporations, whereby the Company owns a minimum of 5% of the investee's outstanding voting stock, under the equity method of accounting. These investments are recorded at the amount of the Company's investment and adjusted each period for the Company's share of the investee's income or loss, and dividends paid. As investments accounted for under the cost method do not have readily determinable fair values, the Company only estimates fair value if there are identified events or changes in circumstances that could have a significant adverse effect on the investment's fair value.

Publicly held equity securities are recorded at fair value with unrealized gains or losses resulting from changes in fair value reflected as unrealized gains or losses on equity securities in our consolidated statements of operations.

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost being determined on the first-in, first-out ("FIFO") method of accounting. The Company periodically reviews physical inventory for excess, obsolete, and potentially impaired items and reserves. The reserve estimate for excess and obsolete inventory is based on expected future use. The reserve estimates have historically been consistent with actual experience as evidenced by actual sale or disposal of the goods.

Prepaid Expenses and Other Current Assets

Prepaid expenses consist of various payments that the Company has made in advance for goods or services to be received in the future. These prepaid expenses include advertising, insurance, and service or other contracts requiring upfront payments.

Property, Equipment and Leasehold Improvements, Net

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The approximate useful lives for depreciation of our property, equipment and leasehold improvements are as follows:

Buildings	32 years
Furniture and equipment	3 to 8 years
Computer and software	3 to 5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease term or economic life

Repairs and maintenance expenditures that do not extend the useful lives of related assets are expensed as incurred. Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The Company continually monitors events and changes in circumstances that could indicate that the carrying balances of its property, equipment and leasehold improvements may not be recoverable in accordance with the provisions of ASC 360, *"Property, Plant, and Equipment."* When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. See Note 8, *"Property, Equipment and Leasehold Improvements, Net"* for further information.

Intangible Assets

Intangible assets continue to be subject to amortization, and any impairment is determined in accordance with ASC 360, *"Property, Plant, and Equipment,"* intangible assets are stated at historical cost and amortized over their estimated useful lives. The Company uses a straight-line method of amortization unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed can be reliably determined. The approximate useful lives for amortization of our intangible assets are as follows:

Customer relationships	3 to 5 years
Trademark and patent	2 to 8 years
Dispensary licenses	14 years

The Company reviews intangible assets subject to amortization quarterly to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset, a product recall, or an adverse action or assessment by a regulator. If an impairment indicator exists, we test the intangible asset for recoverability. For purposes of the recoverability test, we group our amortizable intangible assets with other assets and liabilities at the lowest level of identifiable cash flows if the intangible asset does not generate cash flows independent of other assets and liabilities. If the carrying value of the intangible asset (asset group) exceeds the undiscounted cash flows expected to result from the use and eventual disposition of the intangible asset (asset group), the Company will write the carrying value down to the fair value in the period identified.

Intangible assets that have indefinite useful lives (e.g. trade names) are tested annually for impairment and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its fair value.

Goodwill

Goodwill is measured as the excess of consideration transferred and the net of the acquisition date fair value of assets acquired, and liabilities assumed in a business acquisition. In accordance with ASC 350, *"Intangibles—Goodwill and Other,"* goodwill and other intangible assets with indefinite lives are no longer subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired.

The Company reviews the goodwill allocated to each of our reporting units for possible impairment annually as of September 30, and whenever events or changes in circumstances indicate carrying amount may not be recoverable. In the impairment test, the Company measures the recoverability of goodwill by comparing a reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit.

The carrying amount of each reporting unit is determined based upon the assignment of our assets and liabilities, including existing goodwill and other intangible assets, to the identified reporting units. Where an acquisition benefits only one reporting unit, the Company allocates, as of the acquisition date, all goodwill for that acquisition to the reporting unit that will benefit. Where the Company has had an acquisition that benefited more than one reporting unit, The Company has assigned the goodwill to our reporting units as of the acquisition date such that the goodwill assigned to a reporting unit is the excess of the fair value of the acquired business, or portion thereof, to be included in that reporting unit over the fair value of the individual assets acquired and liabilities assumed that are assigned to the reporting unit.

If the carrying amount of a reporting unit is in excess of its fair value, the Company recognizes an impairment charge equal to the amount in excess.

Notes Receivable

The Company reviews all outstanding notes receivable for collectability as information becomes available pertaining to the Company's inability to collect. An allowance for notes receivable is recorded for the likelihood of non-collectability. The Company accrues interest on notes receivable based net realizable value. The allowance for uncollectible notes was nil as of June 30, 2022 and December 31, 2021, respectively.

Assets Held for Sale and Discontinued Operations

Assets held for sale represent furniture, equipment, and leasehold improvements less accumulated depreciation as well as any other assets that are held for sale in conjunction with the sale of a business. The Company records assets held for sale in accordance with ASC 360*, "Property, Plant, and Equipment,"* at the lower of carrying value or fair value less costs to sell. Fair value is based on the estimated proceeds from the sale of the facility utilizing recent purchase offers, market comparables and/or data. Our estimate as to fair value is regularly reviewed and subject to changes in the commercial real estate markets and our continuing evaluation as to the facility's acceptable sale price. The reclassification takes place when the assets are available for immediate sale and the sale is highly probable. These conditions are usually met from the date on which a letter of intent or agreement to sell is ready for signing. The Company follows the guidance within ASC 205, *"Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity"* when assets held for sale represent a strategic shift in the Company's operations and financial results. For long-lived assets or disposals groups that are classified as held for sale but do not meet the criteria for discontinued operations, the assets and liabilities are presented separately on the balance sheet of the initial period in which it is classified as held for sale.

Revenue Recognition and Performance Obligations

Revenue from our retail dispensaries is recorded at the time customers take possession of the product. Revenue from our retail dispensaries is recognized net of discounts, promotional adjustments, and returns. We collect taxes on certain revenue transactions to be remitted to governmental authorities, which may include sales, excise and local taxes. These taxes are not included in the transaction price and are, therefore, excluded from revenue. Upon purchase, the Company has no further performance obligations and collection is assured as sales are paid for at time of purchase.

The Company recognizes revenue from cultivation, manufacturing and distribution product sales when our customers obtain control of our products. Revenue is recorded when the customer is determined to have taken control of the product. This determination is based on the customer specific terms of the arrangement and gives consideration to factors including, but not limited to, whether the customer has an unconditional obligation to pay, whether a time period or event is specified in the arrangement and whether the Company can mandate the return or transfer of the products. Revenue is recorded net of taxes collected from customers that are remitted to governmental authorities with collected taxes recorded as current liabilities until remitted to the relevant government authority.

Disaggregation of Revenue

The table below includes revenue disaggregated by geographic location for the periods presented:

	(in thousands)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
California	$ 15,608	$ 2,872	$ 34,053	$ 4,928
Oregon	1,947	—	4,227	—
Total	**$ 17,556**	**$ 2,872**	**$ 38,280**	**$ 4,928**

Contract Balances

Due to the nature of the Company’s revenue from contracts with customers, the Company does not have material contract assets or liabilities that fall under the scope of ASC Topic 606.

Contract Estimates and Judgments

The Company’s revenues accounted for under ASC Topic 606, generally, do not require significant estimates or judgments based on the nature of the Company’s revenue streams. The sales prices are generally fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company’s contracts do not include multiple performance obligations or material variable consideration.

Cost of Goods Sold

Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and delivery costs. It also includes the labor and overhead costs incurred in cultivating and producing cannabis flower and cannabis-derived products. Overhead expenses include allocations of rent, administrative salaries, utilities, and related costs.

Advertising Expenses

The Company expenses advertising costs as incurred in accordance with ASC 720-35, *“Other Expenses – Advertising Cost.”* Advertising expenses from continuing operations totaled $0.77 million and $1.69 million for the three and six months ended June 30, 2022, respectively, and $0.08 million and $0.11 million for the three and six months ended June 30, 2021, respectively.

Stock-Based Compensation

The Company accounts for its stock-based awards in accordance with ASC Subtopic 718-10, *"Compensation – Stock Compensation",* which requires fair value measurement on the grant date and recognition of compensation expense for all stock-based payment awards made to employees and directors, including restricted stock awards. For stock options, the Company estimates the fair value using a closed option valuation (Black-Scholes) model. The fair value of restricted stock awards is based upon the quoted market price of the common shares on the date of grant. The fair value is then expensed over the requisite service periods of the awards, net of estimated forfeitures, which is generally the performance period and the related amount is recognized in the consolidated statements of operations.

The Black-Scholes option-pricing model requires the input of certain assumptions that require the Company's judgment, including the expected term and the expected stock price volatility of the underlying stock. The assumptions used in calculating the fair value of stock-based compensation represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change resulting in the use of different assumptions, stock-based compensation expense could be materially different in the future. The Company accounts for forfeitures of stock-based awards as they occur.

Income Taxes

The provision for income taxes is determined in accordance with ASC 740, *"Income Taxes"*. The Company files a consolidated United States federal income tax return. The Company provides for income taxes based on enacted tax law and statutory tax rates at which items of income and expense are expected to be settled in our income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has incurred net operating losses for financial-reporting and tax-reporting purposes. At June 30, 2021, such net operating losses were offset entirely by a valuation allowance. No valuation allowance remained at June 30, 2022.

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50.0% likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax related interest and penalties as interest expense and selling, general and administrative expense, respectively, on the consolidated statements of operations.

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. The results of operations were a net loss for the three and six months ended June 30, 2022 and 2021. Therefore, the basic and diluted weighted-average shares of common stock outstanding were the same for all periods presented.

Potentially 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):

	Six Months Ended June 30,	
	2022	**2021**
Common stock warrants	85,826,872	16,076,556
Common stock options	88,126,615	16,721,567
	173,953,487	**32,798,123**

NOTE 3 – 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, and it maintains significant cash on hand at certain of its locations. The Company has not historically experienced any material loss from carrying cash on hand. The amount in excess of insured limitations was at $0.89 million and $5.42 million as of June 30, 2022 and December 31, 2021, 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 doubtful accounts 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 six months ended June 30, 2022 and 2021.

The Company sources cannabis products for retail, cultivation and production from various vendors. However, as a result of regulations in the State of California, the Company's California retail, cultivation and production 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 a relationship with sufficient members of properly licensed vendors, the Company's sales may be impacted. During the three and six months ended June 30, 2022 and 2021, we 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 4 – VARIABLE INTEREST ENTITIES

On October 26, 2017, the Company entered into operating agreements with NuLeaf, Inc. and formed NuLeaf Sparks Cultivation, LLC and NuLeaf Reno Production, LLC (collectively, "NuLeaf") to build and operate cultivation and production facilities for our IVXX brand of cannabis products in Nevada. The agreements were subject to approval by the State of Nevada, the City of Sparks and the City of Reno in Nevada. Under the terms of the agreements, the Company remitted to NuLeaf an upfront investment of $4.50 million in the form of convertible loans bearing an interest rate of 6% per annum. On June 28, 2018, the Company received approval from the State of Nevada. The remaining required approvals from local authorities were received in July 2018. As a result, the notes receivable balance was converted into a 50% ownership interest in NuLeaf. The investment in NuLeaf was initially recorded at cost and accounted for using the equity method.

In February 2019, we amended and restated the NuLeaf agreements and obtained control of the operations of NuLeaf. The Company has determined these entities are variable interest entities in which the Company is the primary beneficiary by reference to the power and benefits criterion under ASC 810, *"Consolidation."* The provisions within the amended agreement granted the Company the power to manage and make decisions that affect the operation of these entities. As the primary beneficiary of NuLeaf Sparks Cultivation, LLC and NuLeaf Reno Production, LLC, the Company began consolidating the accounts and operations of these entities on March 1, 2019. All intercompany transactions are eliminated in the consolidated financial statements. Effective March 1, 2019, we remeasured our equity method investment in NuLeaf to fair value and consolidated the results of NuLeaf within our consolidated financial statements.

In November 2021, Nuleaf entered a definitive agreement with Jushi Holdings Inc. to acquire NuLeaf, Inc., together with its subsidiaries and affiliated companies and the Company classified the Nuleaf operations as classified as held for sale as of December 31, 2021. The transaction closed in April 2022 and the Nuleaf operations are classified as discontinued operations for all periods presented. See Note 17, "*Discontinued Operations*" for further information.

During the three and six months ended June 30, 2022, revenue attributed to NuLeaf was $— million and $2.81 million, respectively, and net loss attributed to NuLeaf was $8.12 million and $8.19 million, respectively. During the three and six months ended June 30, 2021, revenue attributed to NuLeaf was $3.39 million and $6.45 million, respectively, and net loss attributed to NuLeaf was $1.73 million and $0.97 million, respectively. The aggregate carrying values of Sparks

Cultivation, LLC and NuLeaf Reno Production, LLC assets and liabilities, after elimination of any intercompany transactions and balances, in the consolidated balance sheets were as follows:

		(in thousands)
		December 31, 2021
Current assets:		
Cash	$	1,544
Accounts receivable, net		1,553
Inventory		1,359
Prepaid expenses and other current assets		39
Total current assets		4,495
Property, equipment and leasehold improvements, net		5,099
Other assets		295
TOTAL ASSETS	**$**	**9,889**
Liabilities:		
Total current liabilities	$	350
Total long-term liabilities		184
TOTAL LIABILITIES	**$**	**534**

During the six months ended June 30, 2022, the Company sold its interest in NuLeaf and no assets and liabilities remained as of June 30, 2022. See Note 17, *"Discontinued Operations"* for further discussions.

NOTE 5 – ASSETS HELD FOR SALE

Assets held for sale consist of those classified as discontinued operations and those that do not meet the criteria for discontinued operations under ASC 205. See Note 17, "*Discontinued Operations*" for further information. Subsidiaries classified as held for sale that do not qualify as discontinued operations as of June 30, 2022 consist of the following:

	(in thousands) June 30, 2022
Cash	$ 439
Accounts receivable, net	6
Inventory	7
Prepaid expenses and other assets	130
Total current assets held for sale	582
Property, equipment and leasehold improvements, net	1,132
Other assets	1,659
Total long-term assets held for sale	2,791
TOTAL ASSETS OF SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**$ 3,373**
Accounts payable and accrued expenses	$ 1,851
Total current liabilities held for sale	1,851
Long-term lease liabilities	1,465
Total long-term liabilities held for sale	1,465
TOTAL LIABILITIES OF SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**$ 3,316**

During the fiscal second quarter of 2022, the Company decided to divest two operating dispensaries in the state of California. In June 2022, the Company permanently closed Blüm San Leandro and is actively marketing the retail location for sale. The transaction is expected to close within the next year. The assets are classified as held for sale as of June 30, 2022 but do not meet the criteria for discontinued operation.

On June 18, 2022, the Company entered into a settlement agreement and transferred 100% of the membership interests in the People's dispensary in Los Angeles, CA wherein all operational control and risk of loss was transferred to the Buyer and the Company had no further obligations except for the operating lease payments. As consideration received, a promissory note of $1.4 million with the Buyer was forgiven. The Company recognized a loss upon sale of assets of $0.54 million for the difference between the aggregate consideration and the book value of the assets as of the disposition date which is recognized in the consolidated statements of operations during the three months ended June 30, 2022. All assets and liabilities related to the dispensary are excluded from the consolidated balance sheet as of June 30, 2022, except for the lease related assets and liabilities. All profits or losses subsequent to June 18, 2022 are excluded from the consolidated statements of operations.

NOTE 6 – INVESTMENTS IN UNCONSOLIDATED AFFILIATES

On March 30, 2020, Edible Garden Corp. ("Edible Garden"), a wholly-owned subsidiary of Terra Tech Corp. (the "Company"), entered into and closed an Asset Purchase Agreement (the "Purchase Agreement") with Edible Garden Incorporated (the "Purchaser"), pursuant to which Edible Garden Corp. sold and the Purchaser purchased substantially all of the assets of Edible Garden (the "Business"). The consideration paid for the Business included two option agreements to purchase up to a 20% interest in the Purchaser for a nominal fee. The first option gives the Company the right to purchase a 10% interest in the Purchaser for one dollar at any time between the one and five-year anniversary of the transaction, or at any time should a change in control event or public offering occur. The second option gives the Company the right to purchase an additional 10% interest in the Purchaser for one dollar at any point prior to the five-year anniversary of the transaction. During the year ended December 31, 2021, the Company exercised its options and acquired 5,000,000 shares of Edible Garden's common stock for a nominal fee. During the fourth quarter of 2021, management concluded that the investment was impaired and recorded an impairment charge of $0.33 million, representing the total amount of the investment.

On May 3, 2022, Edible Garden completed a 1-for-5 reverse stock split of its outstanding common stock. As a result, the Company held 1,000,000 shares in Edible Garden. On May 5, 2022, Edible Garden announced the pricing of its initial public offering of 2,930,000 shares of its common stock and accompanying warrants to purchase up to 2,930,000 shares of common stock for an exercise price of $5.00 per share. Each share of common stock is being sold together with one warrant at a combined offering price of $5.00, for gross proceeds of approximately $14.70 million. The Company holds a 20% interest in Edible Garden. As a result of the initial public offering, the Company reassessed its write down on the investment and recorded a write up to its fair value, which is categorized within the fair value hierarchy as Level 2. As a result, the Company recorded a gain on investment of $0.96 million for the three and six months ended June 30, 2022.

NOTE 7 – INVENTORY

Raw materials consist of materials and packaging for manufacturing of products owned by Unrivaled Brands. Work-in-progress consists of cultivation materials and live plants grown at Black Oak Gallery and Hegenberger. Finished goods consists of cannabis products sold in retail and distribution. Inventory as of June 30, 2022 and December 31, 2021 consisted of the following:

	(in thousands)	
	June 30, 2022	**December 31, 2021**
Raw materials	$ 1,848	$ 2,258
Work-in-progress	1,686	1,077
Finished goods	2,504	3,844
Total inventory	**$ 6,038**	**$ 7,179**

NOTE 8 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment, and leasehold improvements as of June 30, 2022 and December 31, 2021 consisted of the following:

	(in thousands)	
	June 30, 2022	**December 31, 2021**
Land and building	$ 7,581	$ 7,787
Furniture and equipment	3,970	3,873
Computer hardware	341	348
Leasehold improvements	11,454	14,409
Vehicles	1,143	1,142
Construction in progress	2,436	1,832
Subtotal	26,925	29,391
Less accumulated depreciation	(5,509)	(5,663)
Property, equipment and leasehold improvements, net	**$ 21,416**	**$ 23,728**

Depreciation expense related to property, equipment and leasehold improvements for the three months ended June 30, 2022 and June 30, 2021 was $0.97 million and $0.32 million, respectively, and for the six months ended June 30, 2022 and June 30, 2021 was $1.92 million and $0.66 million, respectively

On January 21, 2022, the Company sold its land in Spanish Springs, Nevada for $0.45 million to an unrelated third party.

NOTE 9 – INTANGIBLE ASSETS AND GOODWILL

Intangible Assets, Net

Intangible assets, net consisted of the following as of June 30, 2022 and December 31, 2021:

		(in thousands)					
		June 30, 2022			December 31, 2021		
	Estimated Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizing Intangible Assets:							
Customer Relationships	3 to 5	$ 7,400	$ (7,400)	$ —	$ 7,400	$ (7,400)	$ —
Trademarks and Patent	2 to 8	4,500	(1,876)	2,624	4,500	(750)	3,750
Operating Licenses	14	100,701	(10,503)	90,198	100,701	(6,864)	93,837
Total Amortizing Intangible Assets		**112,601**	**(19,779)**	**92,822**	**112,601**	**(15,014)**	**97,587**
Non-Amortizing Intangible Assets:							
Trade Name	Indefinite	9,950	—	9,950	32,050	—	32,050
Total Non-Amortizing Intangible Assets		**9,950**	**—**	**9,950**	**32,050**	**—**	**32,050**
Total Intangible Assets, Net		**$ 122,551**	**$ (19,779)**	**$ 102,772**	**$ 144,651**	**$ (15,014)**	**$ 129,637**

Amortization expense for the three months ended June 30, 2022 and 2021 was $2.42 million and $0.18 million, respectively, and for the six months ended June 30, 2022 and 2021 was $4.77 million and $0.38 million, respectively.

During the second quarter of 2022, management noted indicators of impairment of its indefinite-lived assets of certain asset groups. Specifically, changes in circumstances resulted in significant differences in actual revenue compared to projections. The Company used a discount rate under current market conditions to determine a preliminary estimate, noting an impairment of $22.10 million which is included as a component of impairment expense for the three and six months ended June 30, 2022. The Company will conduct its annual impairment assessment on September 30 that may result in additional impairment.

Goodwill

Goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities. 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 September 30, 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 or a quantitative assessment (“step one”) where the Company estimates the fair value of each reporting unit using a discounted cash flow method (income approach).

During the second quarter of 2022, the Company identified changes in circumstances that would indicate the carrying value of certain reporting units may be impaired. Management performed a preliminary quantitative assessment using a comparison of actual revenues to projections and applied a current discount rate, which resulted in a goodwill impairment loss of $33.63 million for the three and six months ended June 30, 2022. The Company will conduct its annual impairment assessment on September 30 that may result in additional impairment. The balance of goodwill at June 30, 2022 and December 31, 2021 was $14.51 million and $48.13 million, respectively.

NOTE 10 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	(in thousands)	
	June 30, 2022	**December 31, 2021**
Accounts Payable	$ 19,898	$ 16,804
Tax Liabilities	7,244	5,147
Accrued Payroll and Benefits	948	1,409
Current Lease Liabilities	1,940	3,120
Other Accrued Expenses	7,118	5,424
Total Accounts Payable and Accrued Expenses	**$ 37,148**	**$ 31,904**

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NOTE 11 – NOTES PAYABLE

Notes payable as of June 30, 2022 and December 31, 2021 consisted of the following:

	(in thousands)	
	June 30, 2022	**December 31, 2021**
Promissory note dated January 18, 2018, issued for the purchase of real property. The promissory note was collateralized by the land and building purchased and matured January 18, 2022. The promissory note bears interest at 12.0% for year one and escalates 0.5% per year thereafter. The full principal balance and accrued interest are due at maturity. In the event of default, the note is convertible at the holder's option.	$ —	$ 6,500
Promissory note dated May 4, 2020, issued to Harvest Small Business Finance, LLC, an unaffiliated third party. Loan was part of the Paycheck Protection Program ("PPP Loan") offered by the U.S. Small Business Administration. The interest rate on the note was 1.0%. The note required interest and principal payments seven months from July 2020. The note matures in February 2025.	15	562
Unsecured promissory note dated January 22, 2021, issued to Michael Nahass (a related party), which matured January 25, 2022, and bore interest at a rate of 3% per annum.	—	1,050
Convertible promissory note dated January 25, 2021, issued to accredited investors, which matured July 22, 2022 and bears interest at a rate of 8% per annum. The conversion price is $0.175 per share.	3,450	3,500
Promissory note dated July 27, 2021, issued to Arthur Chan which matures July 26, 2024, and bears interest at a rate of 12% per annum.	2,500	2,500
Senior Secured Promissory Note dated November 22, 2021 issued to Dominion Capital LLC, which matured on February 22, 2022 and bore interest at a rate of 12% per annum.	—	2,500
Unsecured promissory note without interest from a related party. The loan is paid in 20 equal installments and matured on August 1, 2022.	60	90
Promissory note dated June 1, 2020, issued as part of the Paycheck Protection Program ("PPP Loan") offered by the U.S. Small Business Administration. The interest rate on the note is 1.0%. The note matured on June 1, 2022.	297	297
Line of credit agreement entered on March 31, 2021, which matured on March 31, 2022 and bore interest of 2.9% per 30 days.	—	4,500
Promissory note dated October 1, 2021, issued to Sterling Harlan as part of the SilverStreak Solutions acquisition. The interest rate on the note was 3.0%. The note matured on April 1, 2022.	2,000	2,000
Promissory note dated October 1, 2021, issued to Sterling Harlan as part of the SilverStreak Solutions acquisition. The interest rate on the note is 3.0%. The note matures on October 1, 2022.	2,500	2,500
Secured promissory note dated November 22, 2021 issued to People's California, LLC, which matures on November 22, 2023 and bears interest at a rate of 8.0% per annum. Payments due include $2.00 million plus accrued interest for the first twelve months followed by payments of $1.00 million plus accrued interest until maturity.	21,569	28,569
Promissory note dated May 1, 2019, assumed by the Company on July 1, 2021 in connection with the purchase of real property, from a related party. The note matures on May 15, 2039 and bears interest at a rate of 9.89% per year.	2,922	2,954
Notes payable - promissory notes	$ 35,313	$ 57,522
Vehicle loans	177	204
Less: Short-term debt	(26,532)	(45,749)
Less: Debt discount	(1,320)	(1,971)
Net Long-Term Debt	**$ 7,638**	**$ 10,006**

During the six months ended June 30, 2022, the Company converted debt and accrued interest into 294,452 shares of the Company's common stock. See Note 13, "*Stockholders' Equity*" for further information.

Series A Preferred Stock Purchase Agreement

On January 22, 2021, the Company entered into an unsecured promissory note in the amount of $1.05 million in connection with the Series A Preferred Stock Purchase Agreement with Michael A. Nahass. The promissory note bears interest at the rate of 3% and matured on or about January 25, 2022. On February 8, 2022, the Company paid the outstanding principal and interest on the $1.05 million promissory note held by Mr. Nahass. This payment satisfied the obligation and retired the note.

Debt Related to Dyer Property

On January 18, 2018, the Company entered into a $6.50 million promissory note for the purchase of land and building in Santa Ana, CA (the "Dyer Property"). On November 22, 2021, the Company issued a senior secured promissory note to Dominion Capital LLC in the amount of $2.50 million, which matured on February 22, 2022 and bore interest at a rate of 12% per annum. As a result of the sale of the Dyer Property on February 10, 2022, the Company retired a total of $9.00 million in outstanding debt related to the Dyer Property. See Note 17, "*Discontinued Operations*" for further information.

Forgiveness of PPP Note

On May 4, 2020, OneQor Technologies, Inc entered into a promissory note (the "PPP Note") with Harvest Small Business Finance, LLC (the "Lender"), pursuant to which the Lender agreed to make a loan to the Company under the Paycheck Protection Program ("PPP") offered by the U.S. Small Business Administration in a principal amount of $0.56 million. The PPP Note incurs interest at a fixed rate of 1% per annum and matured on May 4, 2022. On February 16, 2022, the Company received notice of forgiveness of approximately $0.54 million of the PPP Note. The remainder is to be paid off over the next three years.

Debt Assumed in the UMBRLA Acquisition

On July 1, 2021, upon the closing of the UMBRLA acquisition, the Company assumed a line of credit agreement with Bespoke Financial, Inc. for the lesser of a maximum draw amount of $4.50 million and a borrowing base consisting of eligible accounts receivable inventory and cash that serves as collateral. The line of credit accrues interest at a rate of 2.9% every 30 days and expires on March 31, 2022. On March 9, 2022, the Company paid the outstanding principal and interest due on the line of credit facility. The payment satisfied the obligation and retired the debt.

Amendment of People's Secured Promissory Note

On April 8, 2022, the Company and People's California, LLC agreed to amend a portion of the November 22, 2021 Closing Documents (Primary Membership Interest Purchase Agreement, Secondary Membership Interest Purchase Agreement, Secured Promissory Note, and other ancillary agreements). On April 11, 2022, the Company paid $3.00 million upon execution of the amendment and was to pay $5.00 million by June 1, 2022, or June 30, 2022 if the Company obtained debt financing approved by People's, to satisfy all financial obligations that would be owing as of June 30, 2022. People's declined to approve the debt financing obtained by the Company, and the Company did not make the $5.00 million payment. Management is renegotiating terms of the promissory note as of the date of these consolidated financial statements.

NOTE 12 – LEASES

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets are included in other assets while lease liabilities are a line item on the Company's Consolidated Balance Sheets. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The terms used to calculate the right-of-use assets for certain properties include the renewal options that the Company is reasonably certain to exercise.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes its secured borrowing rate. Right-of-use assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both right-of-use assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company's lease agreements do not contain significant residual value guarantees, restrictions or covenants.

The Company occupies office facilities under lease agreements that expire at various dates. In addition, office, production and transportation equipment is leased under agreements that expire at various dates. The Company does not have any significant finance leases. Total operating lease costs for the three months ended June 30, 2022 and June 30, 2021 were $1.50 million and $0.34 million, respectively, and for the six months ended June 30, 2022 and June 30, 2021 were $2.71 million and $0.75 million, respectively. Short-term lease costs during the 2022 and 2021 fiscal quarters ended June 30 were not material.

As of June 30, 2022 and December 31, 2021, short term lease liabilities of $1.94 million and $3.12 million are included in "Accounts Payable and Accrued Expenses" on the consolidated balance sheets, respectively. The table below presents total operating lease right-of-use assets and lease liabilities as of June 30, 2022 and December 31, 2021:

	(in thousands)	
	June 30, 2022	**December 31, 2021**
Operating lease right-of-use assets	$ 16,111	$ 24,448
Operating lease liabilities	$ 16,411	$ 24,436

The table below presents the maturities of operating lease liabilities as of June 30, 2022:

	(in thousands)
	Operating Leases
2022 (remaining)	$ 1,627
2023	3,308
2024	3,373
2025	2,927
2026	2,299
Thereafter	11,400
Total lease payments	24,934
Less: discount	(8,523)
Total operating lease liabilities	**$ 16,411**

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:

	Six Months Ended	
	June 30, 2022	**June 30, 2021**
Weighted average remaining lease term (years)	5.7	79.0
Weighted average discount rate	11.4 %	11.6 %

NOTE 13 – EQUITY

Common Stock

The Company authorized 990,000,000 shares of common stock with $0.001 par value per share. As of June 30, 2022 and December 31, 2021, 532,514,791 and 498,546,291 shares of common stock were outstanding, respectively.

On February 1, 2022 the Company granted 294,452 shares Common Stock to Apollo Management Group, Inc. in exchange for the $0.05 million Convertible Promissory Note that Apollo Management Group, Inc. held and the related accrued interest. The fair value of the shares was $0.08 million.

On February 28, 2022, the Company sold 25,000,000 shares for an aggregate sales price of $4.35 million to Arthur Chan, an unrelated party. The shares were restricted.

During the six months ended June 30, 2022 , the Company issued 4,759,708 and 146,212 common shares for the cashless exercise of warrants and options, respectively.

During the six months ended June 30, 2022, the Company issued 2,100,000 and 943,128 common shares to employees and directors, respectively. As a result, the Company recorded stock compensation of $0.35 million and $0.21 million, respectively.

During the three and six months ended June 30, 2022, the Company issued 725,000 common shares to third party service providers. As a result, the Company recorded stock compensation of $0.13 million.

NOTE 14 – STOCK-BASED COMPENSATION

Equity Incentive Plans

In the first quarter of 2016, the Company adopted the 2016 Equity Incentive Plan. In the fourth quarter of 2018, the Company adopted the 2018 Equity Incentive Plan. In July 2021, the Company assumed the 2019 Equity Incentive Plan as part of the acquisition of UMBRLA. The following table contains information about the Company's equity incentive plans as of June 30, 2022:

	Awards Reserved for Issuance	Awards Exercised	Awards Outstanding	Awards Available for Grant
2016 Equity Incentive Plan	999,906	—	499,953	499,953
2018 Equity Incentive Plan	30,988,982	4,022,133	14,009,842	12,957,007
2019 Equity Incentive Plan	109,990,468	34,884	73,014,714	36,940,870

Stock Options

The following table summarizes the Company’s stock option activity and related information for the six months ended June 30, 2022:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value of In-the-Money Options
Options outstanding as of January 1, 2022	**88,251,380**	$ 0.20		
Granted	400,000	—		
Exercised	(146,212)	$ 0.08		
Forfeited	(223,791)	$ 0.15		
Expired	(154,762)	$ 0.34		
Options outstanding as of June 30, 2022	**88,126,615**	$ 0.20	8.3 years	$ 33
Options exercisable as of June 30, 2022	**50,718,424**	$ 0.24	7.4 years	$ 50

As of June 30, 2022, there was $5.44 million total unrecognized stock-based compensation. Such costs are expected to be recognized over a weighted-average period of approximately 1.6 years.

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.

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			
	June 30, 2022		June 30, 2021	
Type of Award	**Number of Shares or Options Granted**	**Stock-Based Compensation Expense**	**Number of Shares or Options Granted**	**Stock-Based Compensation Expense**
Stock options	400,000	$ 1,352	5,409,716	$ 641
Stock grants:				
Employees (common stock)	1,200,000	$ 170	250,000	68
Directors (common stock)	259,796	$ 29	343,493	94
Non–employee consultants (common stock)	725,000	$ 129	—	—
Total stock–based compensation expense		**$ 1,680**		**$ 803**

Type of Award	(in thousands except for shares / options) For the Six Months Ended June 30, 2022 Number of Shares or Options Granted		June 30, 2022 Stock-Based Compensation Expense	June 30, 2021 Number of Shares or Options Granted		June 30, 2021 Stock-Based Compensation Expense
Stock options	400,000	$	3,174	5,909,716	$	885
Stock grants:						
Employees (common stock)	2,100,000	$	352	250,000		67
Directors (common stock)	943,128	$	213	885,159		214
Non–employee consultants (common stock)	725,000	$	129	332,947		32
Total stock–based compensation expense		**$**	**3,868**		**$**	**1,198**

On March 10, 2022, the Company terminated the employment of Oren Schauble, the Company's President. On March 13, 2022, the Company terminated the employment of Francis Knuettel II, the Company's Chief Executive Officer. The Company entered into separation agreements with each of Mr. Knuettel and Mr. Schauble regarding the compensation to be granted to each of them regarding their separation from the Company. In addition, on March 17, 2022 the Company entered into a consulting agreement with Mr. Schauble pursuant to which he will continue to provide certain services to the Company through a future agreed upon date. The Company granted Mr. Schauble 910,623 restricted shares of the Company's Common Stock in four monthly installments.

On April 12, 2022, the Company and Francis Knuettel, formerly the Company's Chief Executive Officer, agreed to terms on a separation agreement. The Company agreed to pay Mr. Knuettel 50% of his annual base salary and continue his medical benefits for a period of six months. Mr. Knuettel's unvested shares and options vested immediately. As part of this separation agreement Mr. Knuettel resigned as a director of the Company.

On April 14, 2022, the Company and Dallas Imbimbo, an advisor to the Company and a director of the Company, agreed to terms on a separation agreement. The Company agreed to vest 100% of Mr. Imbimbo's restricted common stock granted pursuant to the advisor agreement with Mr. Imbimbo. The Company agreed to vest 100% of the options to purchase shares of the Company's common stock granted as part Mr. Imbimbo's Independent Director Agreement. The Company will pay Mr. Imbimbo $0.08 million in cash compensation. As part of this separation agreement, Mr. Imbimbo resigned as a director of the Company and as an Advisor to the Company.

NOTE 15 – WARRANTS

The following table summarizes warrant activity for the six months ended June 30, 2022:

	Warrants		Weighted-Average Exercise Price
Warrants outstanding as of January 1, 2022	85,826,872	$	0.22
Issued	—	$	—
Exercised	(4,759,708)	$	—
Warrants outstanding as of June 30, 2022	**81,067,164**	$	0.14

NOTE 16 – COMMITMENTS AND CONTINGENCIES

California Operating Licenses

The Company's subsidiaries have operated compliantly and 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 was one matter that required an accrual as of June 30, 2022. We have accrued $0.50 million for the Magee litigation detailed below.

Magee v. UMBRLA, Inc. et al. - The company is currently involved in a breach of contract action brought by former LTRMN, Inc. ("LTRMN") employee, Kurtis Magee, which was filed by Mr. Magee in the Superior Court of the State of California, County of Orange, on July 21, 2020. Mr. Magee alleges breach of contract in connection with Mr. Magee's separation agreement with LTRMN. Trial in this matter is set for December 5, 2022.

Terra Tech Corp. v. National Fire & Marine Ins. Co., et al. - On or about December 6, 2021, the Company initiated an action in California Superior Court, County of Alameda, against National Fire & marine Insurance Company ("National Fire"), Woodruff-Sawyer & Co., and R-T Specialty, LLC in connection with the denial of an insurance claim by National Fire following the vandalism and looting of the Company's Bay Area dispensaries in May 2020. The Company alleges that coverage levels for the Company were changed after the policy was bound, in a manner inconsistent with the binder, which prevented the Company from fully recovering its losses in connection with the incidents. Trial in this matter has not yet been set.

Unrivaled Brands, Inc. et al v. Mystic Holdings, Inc., et al. - On May 11, 2022, Unrivaled and its wholly-owned subsidiary, Medifarm I, LLC ("Plaintiffs") initiated an action in the Second Judicial District of the State of Nevada, County of Washoe, against Mystic Holdings, Inc. ("Mystic") and Picksy Reno LLC (collectively with Mystic, "Defendants") in connection with Defendants' failure to honor Plaintiffs' exercise of a put option entitling Plaintiffs to the repurchase of approximately 8,332,096 shares of Mystic at a price of $1.00 per share. No proceedings have yet been held in this matter and a trial date has not been scheduled.

Fusion LLF, LLC v. Unrivaled Brands, Inc. - On June 27, 2022, Fusion LLF, LLC filed an action against the Company, Fusion LLF, LLC v. Unrivaled Brands, Inc., Superior Court for the State of California, County of Orange Case No. 30-2022-01266856-CU-BC-CJC 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. Company has not yet responded to the Complaint and is evaluating the claims.

NOTE 17 – DISCONTINUED OPERATIONS

NuLeaf

On November 17, 2021, Medifarm III, LLC ("Medifarm"), a wholly-owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") with NuLeaf, Inc., a Nevada corporation ("NuLeaf"). Upon the terms and subject to the satisfaction of the conditions described in the Purchase Agreement, Medifarm will sell its fifty percent (50%) of the outstanding membership interests of each of NuLeaf Reno Production, LLC ("NuLeaf Reno") and NuLeaf Sparks Cultivation, LLC ("NuLeaf Sparks") to NuLeaf, which currently owns the remaining fifty percent (50%) of the membership interests of NuLeaf Reno and NuLeaf Sparks, for aggregate consideration of $6.50 million in cash. The transaction closed in April 2022 and the Company recognized a gain of $2.05 million for the difference between the aggregate consideration and the book value of the assets as of the disposition date, less direct costs to sell, for the three and six months ended June 30, 2022.

Nevada Dispensaries

During fiscal year 2019 and 2020, the Company entered into Asset Purchase Agreements with unrelated third parties to sell substantially all of the assets of the Company related to the Company's dispensaries located at:

- 1130 East Desert Inn Road, Las Vegas, NV 89109
- 1085 S. Virginia St., Suite A, Reno, NV 89502
- 3650 S. Decatur Blvd., Las Vegas, NV

The dispensaries are collectively referred to as the "Nevada dispensaries". The transactions for the sale of the Nevada dispensaries closed upon receiving all required government approvals during the fiscal fourth quarter ended December 31, 2021.

Real Estate

On December 7, 2021, 620 Dyer LLC, a wholly-owned subsidiary of the Company, entered into a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (the “PSA”) with FRO III/SMA Acquisitions, LLC (the “Buyer”) to sell the real property located at 620 East Dyer Road, Santa Ana, CA (the “Dyer Property”) for $13.40 million in cash. On February 10, 2022, the Company announced the closing of the sale of the Dyer Property, resulting in the Company retiring $9.00 million of outstanding debt on the Dyer Property as disclosed in Note 11, "*Notes Payable*". The Company is continuing to evaluate its options with respect to the license originally connected to the Dyer property, including consideration of the retail density in the area. If the city of Santa Ana grants approval to relocate licenses elsewhere in the city, the Company may consider using the dispensary license to open a dispensary in an underserved part of Santa Ana.

During fiscal year 2020, the Company classified real property in Las Vegas, NV and Santa Ana, CA as available-for-sale as it met the criteria of ASC 360-10-45-0. In August 2021, the Company sold the properties.

OneQor

During fiscal year 2020, management suspended the operations of OneQor Technologies due to (i) a lack of proper growth in customer acquisition and revenue for this CBD operation during the COVID-19 pandemic and (ii) the overall financial health of the Company as a result of COVID-19 and social unrest. The Company plans to focus its attention and resources on growing its THC business.

Edible Garden

On March 30, 2020, the Company entered into and closed an Asset Purchase Agreement with Edible Garden AG Inc. (the "Purchaser") pursuant to which the Company sold substantially all of the assets of Edible Garden Corp. As part of the consideration received, the Company entered into two option agreements to purchase up to a 20% interest in the Purchaser. During the year ended December 31, 2021, the Company exercised both options and acquired 5,000,000 common shares of the Purchaser for a nominal fee.

The completed sales of our NuLeaf operations and Nevada dispensaries, completed sales of real estate assets, and assets divested during the periods presented represent a strategic shift that will have a major effect on the Company’s operations and financial results. As a result, management determined the results of these components qualified for discontinued operations presentation in accordance with ASC 205, "*Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity*". Operating results for the discontinued operations were comprised of the following:

	(in thousands)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenues	$ —	$ 3,391	$ 2,605	$ 6,446
Cost of goods sold	(23)	3,776	520	4,591
Gross profit	23	(385)	2,085	1,855
Selling, general and administrative expenses	228	1,561	1,862	3,036
Impairment of assets	—	—	—	—
(Gain) loss on sale of assets	(2,048)	5	(3,729)	6
Income (loss) from operations	$ 1,843	$ (1,951)	$ 3,952	$ (1,187)
Interest expense	—	(150)	—	(476)
Other income	—	—	27	—
Income tax benefit	95	—	—	—
Net income (loss) from discontinued operations	**$ 1,938**	**$ (2,101)**	**$ 3,979**	**$ (1,663)**
Loss from discontinued operations per common share attributable to Unrivaled Brands, Inc. common stockholders - basic and diluted	**$ (0.01)**	**$ (0.01)**	**$ —**	**$ (0.01)**

The carrying amounts of the major classes of assets and liabilities for the discontinued operations are as follows:

	(in thousands)
	December 31, 2021
Cash	$ 1,544
Accounts receivable, net	1,553
Inventory	1,359
Prepaid expenses and other assets	39
Property, equipment and leasehold improvements, net	17,661
Other assets	323
Assets of discontinued operations	**$ 22,479**
Accounts payable and accrued expenses	$ 1,170
Income taxes payable	917
Long-term lease liabilities	184
Liabilities of discontinued operations	**$ 2,271**

NOTE 18 – SEGMENT INFORMATION

The Company operates in two segments: (i) cannabis retail and (ii) cannabis cultivation and distribution. Our reportable segments are as follows:

Segment	(in thousands) Total Revenue Three Months Ended June 30, 2022	2021	% of Total Revenue 2022	2021	(in thousands) Total Revenue Six Months Ended June 30, 2022	2021	% of Total Revenue 2022	2021
Cannabis Retail	$ 10,947	$ 2,318	62.4 %	80.7 %	$ 23,056	$ 4,017	60.2 %	81.5 %
Cannabis Cultivation & Distribution	6,609	554	37.6 %	19.3 %	15,224	911	39.8 %	18.5 %
Total	**$ 17,556**	**$ 2,872**	**100.0 %**	**100.0 %**	**$ 38,280**	**$ 4,928**	**100.0 %**	**100.0 %**

Cannabis Retail

Either independently or in conjunction with third parties, we operate medical marijuana and adult use cannabis dispensaries in California. All our retail dispensaries offer a broad selection of medical and adult use cannabis products including flower, concentrates and edibles.

Cannabis Cultivation and Distribution

We operate distribution centers in California and Oregon that distribute our own branded products as well as third party products to our own dispensaries and to other non-affiliated medical marijuana and/or adult use cannabis dispensaries.

	(in thousands) Six Months Ended June 30, 2022				(in thousands) Six Months Ended June 30, 2021			
	Cannabis Retail	**Cannabis Cultivation & Distribution**	**Corporate & Other**	**Total**	**Cannabis Retail**	**Cannabis Cultivation & Distribution**	**Corporate & Other**	**Total**
Total revenues	$ 23,056	$ 15,224	$ —	$ 38,280	$ 4,017	$ 911	$ —	$ 4,928
Cost of goods sold	12,311	11,267	—	23,578	2,110	(97)	—	2,013
Gross profit	10,745	3,957	—	14,702	1,907	1,008	—	2,915
Selling, general and administrative expenses	11,452	8,486	17,899	37,837	2,664	874	13,809	17,347
Impairment of assets	—	—	55,726	55,726	—	—	—	—
Loss (gain) on sale of assets	542	—	(199)	343	—	—	—	—
Income (loss) from operations	(1,249)	(4,529)	(73,426)	(79,204)	(757)	134	(13,809)	(14,432)
Other income (expense):								
Interest expense	—	(176)	(2,034)	(2,210)	—	—	(112)	(112)
Gain (loss) on extinguishment of debt	—	—	542	542	—	—	(6,161)	(6,161)
Realized and unrealized gain on investments	—	—	963	963	—	—	5,337	5,337
Other income	200	527	750	1,477	80	—	282	362
Total other income (loss)	200	351	222	773	80	—	(654)	(574)
Income (loss) before provision for income taxes	**$ (1,049)**	**$ (4,178)**	**$ (73,204)**	**$ (78,432)**	**$ (677)**	**$ 134**	**$ (14,463)**	**$ (15,006)**
Total assets	**$ 51,164**	**$ (73)**	**$ 133,018**	**$ 180,255**	**$ 18,950**	**$ (3,522)**	**$ 91,373**	**$ 106,801**

	(in thousands) Three Months Ended June 30, 2022				(in thousands) Three Months Ended June 30, 2021			
	Cannabis Retail	Cannabis Cultivation & Distribution	Corporate & Other	Total	Cannabis Retail	Cannabis Cultivation & Distribution	Corporate & Other	Total
Total revenues	$ 10,947	$ 6,609	$ —	$ 17,556	$ 2,318	$ 554	$ —	$ 2,872
Cost of goods sold	5,430	3,856	—	9,286	1,154	(1,007)	—	147
Gross profit	5,517	2,753	—	8,270	1,164	1,561	—	2,725
Selling, general and administrative expenses	6,427	3,886	8,757	19,070	1,416	512	2,770	4,698
Impairment of assets	—	—	55,726	55,726	—	—	—	—
Loss on sale of assets	542	—	—	542	—	—	—	—
Income (loss) from operations	(1,452)	(1,133)	(64,483)	(67,068)	(252)	1,049	(2,770)	(1,973)
Other income (expense):								
Interest expense	—	(11)	(432)	(443)	—	—	(39)	(39)
Realized and unrealized gain (loss) on investments	—	—	963	963	—	—	(874)	(874)
Other income (loss)	122	112	209	443	80	—	(63)	17
Total other income (loss)	122	101	740	963	80	—	(976)	(896)
Income (loss) before provision for income taxes	**$ (1,330)**	**$ (1,032)**	**$ (63,743)**	**$ (66,105)**	**$ (172)**	**$ 1,049**	**$ (3,746)**	**$ (2,869)**
Total assets	**$ 51,164**	**$ (73)**	**$ 133,018**	**$ 180,255**	**$ 18,950**	**$ (3,522)**	**$ 91,373**	**$ 106,801**

NOTE 19 – RELATED PARTY TRANSACTIONS

Refer to Note 11, "*Notes Payable*" for related party transactions and balances during the current period.

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

NOTE 20 – GOING CONCERN

We have incurred significant losses in prior periods. For the three and six months ended June 30, 2022, we incurred a pre-tax net loss from continuing operations of $66.10 million and $78.43 million, respectively, and, as of that date, we had an accumulated deficit of $323.71 million. For the three and six months ended June 30, 2021, we incurred a net loss from continuing operations of $2.87 million and $15.01 million, respectively. As of December 31, 2021, we had an accumulated deficit of $250.02 million. We expect to experience further significant net losses in 2022 and the foreseeable future. At June 30, 2022, we had a consolidated cash balance of approximately $7.26 million. We have not been able to generate sufficient cash from operating activities to fund our ongoing operations. 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 are evaluating 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 it will be available to us 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 our current stockholders. Obtaining loans, assuming these loans would be available, will increase our liabilities and future cash commitments. There is no assurance that we will be able to obtain further funds required for our 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 we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease our operations.

The risks and uncertainties surrounding our ability to continue to raise capital and our limited capital resources raise substantial doubt as to our ability to continue as a going concern for twelve months from the issuance of these financial statements.

NOTE 21 – SUBSEQUENT EVENTS

On July 19, 2022, People's California, LLC, the sellers of Peoples First Choice, filed an action against Unrivaled Brands, Inc. (the "Company"), styled, People's California, LLC v. Unrivaled Brands, Inc., in the Superior Court for the State of California, County of Orange Case No. 30-2022-01270747-CU-BC-CJC, 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 California, LLC. The Complaint claims at least $23.00 million in damages. The Company has not yet responded to the Complaint and is evaluating the claims.

On August 1, 2022, People's California, LLC filed an action against certain current and former officers and directors of the Company, styled People's California, LLC v. Nicholas Kovacevich, et al, in the Superior Court for the State of California, County of Orange Case No. 30-2022-01272843-CU-MC-CJC, 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 based on a series of corporate transactions and management decisions. The Complaint does not state a specific claim for damages. The Company and the individual defendants have not yet responded to the Complaint and the Company is evaluating the claims.

On July 21, 2022, Tiffany Davis resigned as Interim Chief Executive Officer and as a member of the Company's Board of Directors effective immediately.

On August 12, 2022, the Board of Directors appointed Sabas Carrillo as Interim Chief Executive Officer. Mr. Carrillo is the Founder and CEO of Adnant, LLC, an accounting and consulting firm advising cannabis companies on technical and operational accounting, strategic transactions, and the public offering process.

On August 12, 2022, the Company entered into an engagement letter with Adnant, LLC ("Adnant"). Pursuant to the engagement letter, Adnant will provide executive level consulting and related business support and services related to the Company's present and future challenges and opportunities. Specifically, Adnant will provide a team of restructuring focused executives that may include, but not be limited to, CEO support, chief restructuring officer, executive vice president of finance, Financial Planning and Analysis ("FP&A") professional, and/or legal consulting. Adnant is expected to work closely with the Company and its internal teams, existing management, existing consultants and advisors, lenders, attorneys, and other relevant parties in connection with the implementation of the strategies most appropriate to achieve the Company's objectives and as directed and authorized by the Company's Board of Directors (the "Board").

Adnant's fees for the services will be a flat fee of $0.15 million monthly. The payment of the monthly fee shall be subject to the Company having available a cash balance greater than or equal to $1.2 million (the "Cash Threshold") following the payment of the monthly fee. Should cash not be sufficient when the fee becomes due and payable, the Company shall accrue such fee(s) until such time as the Cash Threshold is achieved or, at the election of Adnant, and as mutually agreed by the Company, such fees may be paid in an equivalent value of shares of the Company's common stock.

In addition to the monthly fee described above, a Performance Bonus Award in the aggregate amount of $2,000,000 shall be payable to Adnant in shares of the Company's common stock ("Performance Bonus Award Shares") based upon the achievement of the Performance Bonus Award Objectives set forth in the Engagement Letter and the continued performance of Adnant towards obtaining such Performance Bonus Award Objectives.

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

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 can 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, 2021 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.

Company Overview

Our corporate headquarters is located at 3242 S. Halladay St, Santa Ana, California 92705 and our telephone number is (888) 909-5564. Our website addresses are as follows: www.unrivaledbrands.com. No information available on or through our websites shall be deemed to be incorporated into this Quarterly Report on Form 10-Q. Our common stock, par value $0.001 (the "Common Stock"), is quoted on the OTC Markets Group, Inc's OTCQX tier under the symbol "UNRV."

Our Business

The Company is a multi-state operator ("MSO") with retail, production, distribution, and cultivation operations, with an emphasis on providing the highest quality of medical and adult use cannabis products. From the acquisition of UMBRLA, the Company has multiple cannabis lifestyle brands. The Company is home to Korova, a brand of high potency products across multiple product categories, currently available in California, Oregon, Arizona, and Oklahoma. Other Company brands include Cabana, a boutique cannabis flower brand, and Sticks, a mainstream value-driven cannabis brand, active in California and Oregon. With the acquisition of People's First Choice, the Company operates a premier cannabis dispensary in Santa Ana, California. The Company also owns dispensaries in California which operate as The Spot in Santa Ana, Blum in Oakland and Silverstreak in San Leandro. The Company also has licensed distribution facilities in Portland, OR, Los Angeles, CA and Sonoma County, CA.

We are organized into two reportable segments:

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

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

As of June 30, 2022, the Company had 238 employees. Our employees are the heart of our Company. In a rapidly evolving industry, it is imperative that we attract, develop, and retain top talent on an ongoing basis. To do this, we seek to make Unrivaled Brands an inclusive, diverse, and safe workplace, with meaningful compensation and opportunities for career growth.

RESULTS OF OPERATIONS

The below table outlines the impact of reclassifying the operations of the NuLeaf operations, Nevada Dispensaries, OneQor, and Edible Garden to discontinued operations:

	(in thousands) Three Months Ended June 30,				(in thousands) Six Months Ended June 30,			
	2022	**2021**	**$ Change**	**% Change**	**2022**	**2021**	**$ Change**	**% Change**
Revenue								
Continuing Operations	$ 17,555	$ 2,871	$ 14,684	511.0 %	$ 38,280	$ 4,928	$ 33,352	677.0 %
Discontinued Operations	—	3,391	(3,047)	(100.0)%	2,605	6,446	(3,841)	(60.0)%
Total Revenue	**$ 17,555**	**$ 6,262**	**$ 11,637**	180.0 %	**$ 40,885**	**$ 11,374**	**$ 29,511**	259.0 %
Cost of Goods Sold								
Continuing Operations	$ 9,286	$ 147	$ 9,139	6,217.0 %	$ 23,578	$ 2,013	$ 21,565	1,071.0 %
Discontinued Operations	(23)	3,776	(3,799)	(101.0)%	520	4,591	(4,071)	(89.0)%
Total Cost of Goods Sold	**$ 9,263**	**$ 3,923**	**$ 5,340**	136.0 %	**$ 24,098**	**$ 6,604**	**$ 17,494**	265.0 %
Gross Profit $								
Continuing Operations	$ 8,269	$ 2,724	$ 5,545	204.0 %	$ 14,702	$ 2,915	$ 11,787	404.0 %
Discontinued Operations	23	(385)	408	(106.0)%	2,085	1,855	230	12.0 %
Total Gross Profit $	**$ 8,292**	**$ 2,339**	**$ 5,953**	255.0 %	**$ 16,787**	**$ 4,770**	**$ 12,017**	252.0 %
Gross Profit %								
Continuing Operations	47.1 %	94.9 %	(47.8) %		38.4 %	59.2 %	(20.7) %	
Discontinued Operations	n.d.	(11.4) %	11.4 %		80.0 %	28.8 %	51.3 %	
Total Gross Profit %	**47.2 %**	**37.4 %**	**9.9 %**		**41.1 %**	**41.9 %**	**(0.9)%**	

Outlook

Unrivaled Brands, Inc. has made substantial progress on its integration efforts since successfully closing the merger with UMBRLA on July 1st, 2021. Management believes that this strategic acquisition and corporate rebranding will provide a sustainable platform to capture synergies across organization verticals by leveraging Unrivaled's existing brand portfolio and scaling its multi-state distribution operations. Furthermore, on September 1st, 2021, the Company entered into a Management Agreement with People's First Choice; granting Unrivaled Brands, Inc. operational management and control of the Santa Ana, CA dispensary which provided an immediate lift to revenues as well as the opportunity to expand the retail footprint of our in-house product lines including, but not limited to, Korova, Sticks and Cabana. However, if these acquisitions do not perform as expected, an earlier than expected impairment analysis of these acquired intangible assets and goodwill may result in impairments of our long-lived assets.

Besides integrating and expanding the Company's platform, management is focused on fostering strategic partnerships with keystone brands in the west coast that complement our brand portfolio and corporate mission. As such, on August 18th 2021, Unrivaled entered into an exclusive distribution agreement with G-Eazy's FlowerShop, a lifestyle and wellness brand that can be found in over 400 retail stores across California at time of writing. To this end, the Company's efforts to create a robust and scalable platform in tandem to brand-conscious partnerships both position the Company to create sustainable shareholder value as "The West Coast MSO".

Comparison of the Three Months Ended June 30, 2022 and 2021

Revenues

During the three months ended June 30, 2022, the Company generated total revenue of $17.56 million composed of retail revenue of $10.95 million and cultivation/distribution revenue of $6.61 million. This compared to total revenue of $2.87 million for the quarter ended June 30, 2021, which included retail revenue of $2.32 million and cultivation/distribution revenue of $0.55 million. This was an increase of 511.0% in total revenue.

Retail revenue for the quarter dramatically outpaced the second quarter of the prior year due to the retail assets acquired in the Company's 2021 acquisitions of UMBRLA, People's First Choice and SilverStreak Solutions. We are operating five retail stores and a non-storefront delivery service in 2022 compared to prior year when the Company was operating two retail stores. On a comparable store basis, we saw a 23.3% increase over first quarter 2021 for the two comparable stores.

Cultivation and distribution revenues were dramatically increased as a result of the Company's merger with UMBRLA, with a wholesale/distribution operation throughout California and Oregon. The additive wholesale/distribution assets provided a net benefit of $9.47 million for the three months ended June 30, 2022 as a direct result of integrating UMBRLA's platform - an increase of 2,863% compared to the three months ended June 30, 2021.

Gross Profit

The Company's gross profit for the three months ended June 30, 2022 was $8.27 million, compared to a gross profit of $2.72 million for the three months ended June 30, 2021, an increase of $5.55 million or 204.0%.

Selling, General and Administrative Expenses and Other Operating Expenses

The merger with UMBRLA and the acquisitions of People's First Choice and SilverStreak Solutions in 2021 led to more operations with additional facilities, employees, and costs to support them. Selling, general and administrative expenses for the three months ended June 30, 2022 were $19.07 million, compared to $4.70 million for the three months ended June 30, 2021, an increase of $14.37 million or 305.9%. For the three months ended June 30, 2022, amortization and depreciation expenses increased by $2.56 million over the three months ended June 30, 2021, facilities related expenses, such as rent, utilities, repairs and maintenance, security, and insurance, increased by $2.89 million over second quarter of 2021. Taxes, licensing and permitting increased by $1.17 million. Advertising increased by $0.73 million. Employee related expenses increased by $3.93 million or 382%.

Operating Loss

The Company realized an operating loss of $67.07 million for the three months ended June 30, 2022 compared to an operating loss of $1.97 million for the three months ended June 30, 2021, an increase of $65.09 million or 3,298.5%. This increase was attributed primarily to a $55.73 million charge for impairment of intangible assets and goodwill related to the UMBRLA and People's acquisitions.

Other Income (Expense)

Other income for the three months ended June 30, 2022, were $0.96 million, compared to other expense of $0.90 million recognized in the three months ended June 30, 2021, an improvement of $1.86 million. This increase in other income was attributed to the mark-to-market adjustment for the Company's investment in Edible Garden which resulted in a $4.82 million unrealized gain during the fiscal second quarter.

Discontinued Operations

We realized a net income of $1.94 million for the three months ended June 30, 2022. This was an increase of $4.04 million over the three months ended June 30, 2021, resulting from the disposal of the Dyer property and profit from our NuLeaf operations.

Net Loss Attributable to Unrivaled Brands, Inc.

We incurred a net loss of $63.72 million, or $(0.11) per share, for the three months ended June 30, 2022, an increase of $(0.09) per share compared to a net loss of $4.10 million, or $(0.02) per share, for the three months ended June 30, 2021.

The increase in net loss per share was attributable to the $55.73 million impairment on intangible assets and goodwill related to the UMBRLA and People's acquisitions.

Comparison of the Six Months Ended June 30, 2022 and 2021

Revenues

During the six months ended June 30, 2022, the Company generated total revenue of $38.28 million composed of retail revenue of $23.06 million and cultivation/distribution revenue of $15.22 million. This compared to total revenue of $4.93 million for the six months ended June 30, 2021 which included retail revenue of $4.02 million and cultivation/distribution revenue of $0.91 million. This was an increase of 677.0% in total revenue.

Retail revenue for the six months ended June 30, 2022 dramatically outpaced the first six months of the prior year due to the retail assets acquired in the Company's 2021 acquisitions of UMBRLA, People's First Choice and SilverStreak Solutions. We operated five retail stores and a non-storefront delivery service in 2022 compared to prior year when the Company was operating two retail stores.

Cultivation and distribution revenues were dramatically increased as a result of the Company's merger with UMBRLA, with its distribution network in California and Oregon. The additive distribution assets provided a net benefit of $14.31 million for the six months ended June 30, 2022.

Gross Profit

The Company's gross profit for the six months ended June 30, 2022, was $14.70 million, compared to a gross profit of $2.92 million for the six months ended June 30, 2021, an increase of $11.79 million .

Selling, General and Administrative Expenses and Other Operating Expenses

The merger with UMBRLA and the acquisitions of People's First Choice and SilverStreak Solutions in 2021 led to more operations with additional facilities, employees, and costs to support them. Selling, general and administrative expenses for the six months ended June 30, 2022, were $37.84 million, compared to $17.35 million for the six months ended June 30, 2021, an increase of $20.49 million or 118.1%. For the six months ended June 30, 2022, amortization and depreciation expenses increased by $4.71 million over the six months ended June 30, 2021, facilities related expenses, such as rent, utilities, repairs and maintenance, security, and insurance, increased by $5.04 million over the first half of 2021. Option expense and director's compensation increased by $1.92 million with the two more board members in much of 2022 compared with 2021. Taxes, licensing and permitting increased by $2.40 million. Advertising increased by $1.63 million. These increases were partially offset by employee related expenses decreasing by $1.48 million and several other smaller expense decreases.

Operating Loss

The Company realized an operating loss of $79.20 million for the six months ended June 30, 2022, compared to an operating loss of $14.43 million for the six months ended June 30, 2021. This was primarily driven by a $55.73 million intangible asset and goodwill impairment charge related to the UMBRLA and People's acquisitions.

Other Income (Expense)

Other income for the six months ended June 30, 2022, were $0.77 million, compared to the $(0.57) million expense recognized in the six months ended June 30, 2021, an increase of $1.35 million. This increase in other income was attributed to the mark-to-market adjustment for the Company's investment in Edible Garden which resulted in a $4.82 million unrealized gain.

Discontinued Operations

We realized a net income of $3.98 million for the six months ended June 30, 2022. This was an increase of $5.55 million over the six months ended June 30, 2021 resulting from the disposal of the Dyer property and profit from our NuLeaf operations.

Net Loss Attributable to Unrivaled Brands, Inc.

We incurred a net loss attributable to Unrivaled Brands, Inc. of $72.32 million, or $(0.13) per share, for the six months ended June 30, 2022, an increase of $0.05 per share compared to a net loss of $16.18 million, or $(0.07) per share, for the six months ended June 30, 2021.

The dramatic increase in net loss was attributable to an impairment charge of $55.73 million on intangible assets and goodwill relating to the UMBRLA and People's acquisitions during the fiscal second quarter.

DISCLOSURE ABOUT OFF-BALANCE SHEET ARRANGEMENTS

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

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 condensed consolidated financial statements included in this report.

LIQUIDITY AND CAPITAL RESOURCES

We incurred net losses for the three and six months ended June 30, 2022 and 2021 and have an accumulated deficit of approximately $323.71 million and $250.02 million at June 30, 2022 and December 31, 2021, respectively.

As of June 30, 2022, we had working capital deficit of $57.25 million, including $7.26 million of cash compared to working capital deficit of $62.44 million, including $6.89 million of cash, as of December 31, 2021. Current assets were approximately 0.24 times current liabilities as of June 30, 2022, compared to approximately 0.29 times current liabilities as of December 31, 2021.

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 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. In addition to this, if certain of our previous acquisitions do not operationally improve, we may be required to do an earlier than expected impairment analysis of our intangible assets and goodwill may result in impairments of our long-lived assets.

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 believe our existing and available capital resources will be sufficient to satisfy our funding requirements through the end of 2022. However, 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 it will be available to us on acceptable terms, on an acceptable schedule, or at all.

Operating Activities

Cash used in operating activities for the six months ended June 30, 2022 was $1.32 million, compared to $6.74 million for the three months ended June 30, 2021, an increase of $5.41 million, or 80.4%. The increase in cash used in operating activities was due to primarily to increase in cash used for prepaid expenses and other assets.

Investing Activities

Cash provided by investing activities for the six months ended June 30, 2022 was $19.41 million, compared to cash provided by investing activities of $43.72 million for the six months ended June 30, 2021, a decrease of $24.32 million, or 55.6%. The decrease in cash provided by investing activities was primarily due to the $39.38 million gain on sale of the Company's Hydrofarm investment in 2021 and no comparable sale in 2022.

Financing Activities

Cash used in financing activities for the six months ended June 30, 2022 was $17.27 million, compared to $2.31 million provided by financing activities for the six months ended June 30, 2021, a decrease of $19.58 million, or 847.6%. The decrease in cash provided by financing activities for the six months ended June 30, 2022 was primarily due to $21.64 million of principal repayments of debt made in the first half of the year.

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 our 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 our liquidity. In addition, in evaluating non-GAAP earnings, you should be aware that in the future we will incur expenses or charges such as those added back to calculate non-GAAP earnings. Our presentation of non-GAAP earnings should not be construed as an inference that our 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 our results as reported under US GAAP. Some of these limitations are (i) it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) it does not reflect changes in, or cash requirements for, our working capital needs, (iii) it does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our 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 our 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.

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

We believe 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). We also present non-GAAP earnings because (i) we believe that this measure is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe that investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use non-GAAP earnings internally as benchmark to compare our performance to that of our competitors.

In the presentation of the financial results below, the Company reconciles non-GAAP earnings (loss) with net loss attributable to continuing operations, the most directly comparable GAAP measure, and reports non-GAAP earnings (loss) per share, which is calculated by dividing non-GAAP net income (loss) divided by weighted average common shares. Management believes that this presentation may be more meaningful in analyzing our income generation.

On a non-GAAP basis, the Company recorded a non-GAAP loss of $2.82 million for the three months ended June 30, 2022 compared to $1.88 million for the three months ended June 30, 2021. For the six months ended June 30, 2022, the Company recorded a $4.40 million loss compared to a $4.11 million loss for the six months ended June 30, 2021. The details of those expenses and non-GAAP reconciliation of these non-cash items are set forth below:

	(in thousands)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss attributable to Unrivaled Brand, Inc.	$ (63,718)	$ (4,102)	$ (72,592)	$ (16,183)
Non-GAAP adjustments:				
Amortization of intangible assets	2,422	184	4,765	376
Depreciation expense	972	323	1,918	660
Stock-based compensation expense	1,553	803	3,868	1,198
Impairment of assets	55,726	—	55,726	—
Interest expense	443	39	2,210	112
Severance expense	201	—	871	8,990
Loss (gain) on sale of investments	—	874	—	(5,337)
Unrealized gain on investments	(963)	—	(963)	—
Loss on sale of assets	542	—	343	—
Gain for debt forgiveness	—	—	—	(86)
Loss (gain) on extinguishment of debt	—	—	(542)	6,161
Non-GAAP net loss attributable to Unrivaled Brands, Inc.	**$ (2,822)**	**$ (1,879)**	**$ (4,396)**	**$ (4,109)**

The following table sets forth the computation of basic and diluted loss per share on a non-GAAP basis:

	(in thousands, except for shares)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Non-GAAP net loss	$ (2,822)	$ (1,879)	$ (4,396)	$ (4,109)
Denominator:				
Weighted average common shares - Basic	575,973,609	258,897,777	572,176,041	248,066,926
Weighted average common shares - Diluted	575,973,609	258,897,777	572,176,041	248,066,926
Non-GAAP loss per common share:				
Non-GAAP loss - Basic	$ —	$ (0.01)	$ (0.01)	$ (0.02)
Non-GAAP loss - Diluted	$ —	$ (0.01)	$ (0.01)	$ (0.02)

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 June 30, 2022. 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 June 30, 2022.

Based on the results of its assessment, our management concluded that our internal control over financial reporting was not effective as of December 31, 2021 based on such criteria due to material weaknesses in internal control over financial reporting described below:

Material Weaknesses in Internal Control over Financial Reporting

- 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.

- The Company did not maintain adequate and timely review transactions and account reconciliations resulting in material audit adjustments.

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:

- Investing in IT systems to enhance our operational and financial reporting and internal controls.
- Enhancing the organizational structure to support financial reporting processes and internal controls.
- 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.
- Establishing effective general controls over IT systems to ensure that information produced can be relied upon by process level controls is relevant and reliable.

We expect to remediate these material weaknesses during 2022. 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 June 30, 2022 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 16, *“Commitments and Contingencies”* and Note 21, *"Subsequent Events"* for further information about legal activity.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Part I, Item 1A, *“Risk Factors”,* of our Annual Report on Form 10-K for the year ended December 31, 2021, except for the risk factors noted below. Please refer to that section for disclosures regarding the risk and uncertainties relating to our business.

The effects of war, acts of terrorism, threat of terrorism, or other types of violence, could adversely affect our business.

Some of our stores are located in areas with a high amount of foot traffic. Any threat of terrorist attacks or actual terrorist events, or other types of violence, such as shootings or riots, could lead to lower consumer traffic and a decline in sales. Decreased sales could have a material adverse effect on our business, financial condition and results of operations.

Our common stock may be categorized as “penny stock,” which may make it more difficult for investors to sell their shares of common stock due to suitability requirements.

Our common stock may be categorized as “penny stock.” The Commission has adopted Rule 15g-9 under the Exchange Act, which generally defines “penny stock” to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. The price of our common stock is significantly less than $5.00 per share and, unless we qualify for an exception, may be considered “penny stock.” This designation imposes additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules, if applicable to us, would require a broker-dealer buying our securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities given the increased risks generally inherent in penny stocks. These rules may restrict the ability and/or willingness of brokers or dealers to buy or sell our common stock, either directly or on behalf of their clients, may discourage potential stockholders from purchasing our common stock, or may adversely affect the ability of stockholders to sell their shares.

If our acquired intangible assets become impaired in the future, we may incur significant impairment charges.

At least annually, or whenever events or circumstances arise indicating impairment may exist, we review goodwill for impairment as required by generally accepted accounting principles in the United States. Long-lived assets other than goodwill and indefinite-lived intangible assets, held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. During the fiscal second quarter ended June 30, 2022, we recorded an impairment charge of $22.10 million for intangible assets and $33.63 million for goodwill related to acquisitions during the 2021 fiscal year. As of June 30, 2022, we had remaining goodwill of $14.51 million and intangible assets of $102.77 million. The Company will perform its annual impairment assessment on September 30 that may result in additional impairment.

In the future, we may need to further reduce the carrying amount of goodwill and incur additional non-cash charges to our results of operations. Such charges could have the effect of reducing goodwill with a corresponding impairment expense and may have a material effect upon our reported results. The additional expense may reduce our reported profitability or increase our reported losses in future periods and could negatively affect the value of our securities, our ability to obtain other sources of capital, and may generally have a negative effect on our future operations.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit	Description
2.1	Agreement and Plan of Merger, dated March 2, 2021
2.2	Name Change Agreement and Plan of Merger, dated as of June 30, 2021, by and between the Company and Unrivaled Brands, Inc.
2.3	Membership Interest Purchase Agreement, dated as of July 1, 2021, by and among the Company and Nicholas Kovacevich and Dallas Imbimbo.
2.4	Membership Interest Purchase Agreement, dated August 15, 2021.
2.5	Membership Interest Purchase Agreement, dated as of November 17, 2021.
2.6	Membership Interest Purchase Agreement, dated November 22, 2021.
2.7	Certificate of Withdrawal of Certificate of Designation of Series A Preferred Stock
2.8	Certificate of Withdrawal of Certificate of Designation of Series B Preferred Stock
2.9	Articles of Merger, filed with the Nevada Secretary of State on July 1, 2021.
2.10	Name Change Articles of Merger, filed with the Nevada Secretary of State on July 1, 2021.
2.11	Articles of Incorporation.
2.12	Certificate of Amendment
2.13	Certificate of Change
2.14	Certificate of Amendment
2.12	Second Amended and Restated Bylaws.
3.1	Form of Amendment No. 1 to 7.5% Senior Convertible Promissory Note.
3.2	Form of Amendment No. 2 to 7.5% Senior Convertible Promissory Note, dated January 11, 2021.
3.3	Form of Amendment No. 3 to 7.5% Senior Convertible Promissory Note.
3.4	Form of Common Stock Purchase Warrant
3.5	Form of 3.0% Senior Convertible Promissory Note.
3.6	Form of Common Stock Purchase Warrant (“A Warrant”).
3.7	Form of Common Stock Purchase Warrant (“B Warrant”).
3.8	Form of Straight Promissory Note (“6-Month Note”).
3.9	Form of Straight Promissory Note (“12-Month Note”).
3.10	Common Stock Purchase Warrant
3.11	Form of Senior Secured Promissory Note.
3.12	Secured Promissory Note, dated November 22, 2021.
3.13	2016 Equity Incentive Plan.†
3.14	Form of Terra Tech Corp. Amended and Restated 2018 Equity Incentive Plan.†
3.15	Amendment to Terra Tech Corp. Amended and Restated 2018 Equity Incentive Plan, dated as of February 14, 2020.†
3.16	2019 Equity Incentive Plan of UMBRLA, Inc.†
3.17	Amendment to 2019 Equity Incentive Plan of UMBRLA, Inc., dated March 1, 2020.†
3.18	Amendment to 2019 Equity Inventive Plan of UMBRLA, Inc., dated October 22, 2020.†
4.1	Sublease, dated March 29, 2016, by and between Black Oak Gallery and CCIG Properties, LLC .
4.2	Employment Agreement between Terra Tech Corp. and Jeffrey Batliner, dated June 7, 2021.
4.3	Loan Agreement Amendment, dated January 7, 2021.
4.4	Indemnification Agreement (Jeffrey Batliner), dated January 7, 2021.†
4.5	Indemnification Agreement (Steven J. Ross), dated January 7, 2021.†
4.6	Form of Registration Rights Agreement.
4.7	Independent Director Agreement between Terra Tech Corp. and Nicholas Kovacevich, dated February 1, 2021.†

4.8	Independent Director Agreement between Terra Tech Corp. and Ira Ritter, dated February 1, 2021.†
4.9	Registration Rights Agreement.
4.10	Independent Director Agreement between Terra Tech Corp. and Tiffany Davis, dated April 6, 2021.†
4.11	Director Indemnification Agreement between Terra Tech Corp. and Tiffany Davis, dated April 6, 2021.†
4.12	Stock Option Agreement between Terra Tech Corp. and Tiffany Davis, dated April 6, 2021.
31.1	Certification of Sabas Carrillo, Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Jeffrey Batliner, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Sabas Carrillo, Chief Executive Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **
32.2	Certification of Jeffrey Batliner, Chief Financial Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Cash Flow, (iv) Consolidated Statements of Stockholders Equity, and (v) Notes to Unaudited Consolidated Financial Statements.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith

** Furnished herewith

*** Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request.

♦ Indicates a management contract or compensatory plan or arrangement.

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.

UNRIVALED BRANDS, INC.

Date: August 18, 2022

By: */s/ Jeffrey Batliner*
Jeffrey Batliner
Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

EXHIBIT 31.1

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 Unrivaled Brands, 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: August 18, 2022

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

EXHIBIT 31.2

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, Jeffrey Batliner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Unrivaled Brands, 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: August 18, 2022

By: */s/ Jeffrey Batliner*
Jeffrey Batliner
Chief Financial Officer

EXHIBIT 32.1

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 Unrivaled Brands, Inc.(the “Company”) on Form 10-Q for the quarter ended June 30, 2022 (the “Form 10-Q”), I, Sabas Carrillo, Interim 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: August 18, 2022

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

EXHIBIT 32.2

**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 Unrivaled Brands, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2022 (the "Form 10-Q"), I, Jeffrey Batliner, 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: August 18, 2022

By: */s/ Jeffrey Batliner*
Jeffrey Batliner
Chief Financial Officer