

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 19, 2022

UNRIVALED BRANDS, INC.

(Exact name of registrant as specified in its charter)

| | | |
|--|---|---|
| <u>Nevada</u> (State or other jurisdiction of incorporation) | <u>000-54258</u> (Commission File Number) | <u>26-3062661</u> (IRS Employer Identification No.) |
|--|---|---|

3242 S. Halladay St., Suite 202
Santa Ana, California 92705
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(888) 909-5564**

Not Applicable

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

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| | | |

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

Emerging growth company

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

Forward-looking Statements

Statements in this Current Report on Form 8-K may be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “anticipate”, “believe”, “estimate”, “expect”, “intend” and similar expressions, as they relate to Unrivaled Brands, Inc. (the “Company”) or its management, identify forward-looking statements. These statements are based on current expectations, estimates and projections about the Company’s business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and probably will, differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in the Company’s filings with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after such date.

Item 2.02. Results of Operations and Financial Condition.

On, August 19, 2022, Unrivaled Brands, Inc. (the “Company”) issued a press release announcing second quarter 2022 financial results. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 2.02 and in Exhibit 99.1 referenced herein is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), unless the Company expressly so incorporates such information by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

| Exhibit | Description |
|----------------------|--|
| 99.1 | Press Release, dated August 19, 2022 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL Document). |

SIGNATURES

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

UNRIVALED BRANDS, INC.

Date: August 19, 2022

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



Unrivaled Brands Reports Second Quarter 2022 Financial Results

SANTA ANA, Calif., August 19, 2022 (GLOBE NEWSWIRE) -- Unrivaled Brands, Inc. (OTCQX: UNRV) ("Unrivaled" or the "Company"), a multi-state vertically integrated company focused on the cannabis sector with operations in California and Oregon, yesterday reported its second quarter 2022 financial results for the quarter ended June 30, 2022.

Financial Update

- 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.
 - 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%.
 - 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%.
 - 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.
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About Unrivaled Brands

Unrivaled Brands is a multi-state vertically integrated company focused on the cannabis sector with operations in California and Oregon. In California, Unrivaled Brands operates dispensaries, direct to consumer delivery, a state-wide distribution network, company-owned brands, and two cultivation facilities. In Oregon, we operate a state-wide distribution network, company-owned brands and outdoor and greenhouse cultivation. Unrivaled Brands is home to Korova, the market leader in high potency products across multiple product categories, currently available in California, Oregon, Arizona, and Oklahoma, as well as Sticks and Cabana.

For more info, please visit: <https://unrivaledbrands.com>.

Cautionary Language Concerning Forward-Looking Statements

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

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

Contact
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LR Advisors LLC.
jassad@unrivaledbrands.com
678-570-6791

UNRIVALED BRANDS, INC. and Subsidiaries
Consolidated Balance Sheets

(in thousands, except shares)

June 30,
2022
(Unaudited)

December 31,
2021

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 Unrivald 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 |

UNRIVALED BRANDS, INC. and Subsidiaries
Consolidated Statement of Operations

(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 Unrivald Brands, Inc. common stockholders – basic and diluted | \$ (0.11) | \$ (0.01) | \$ (0.13) | \$ (0.06) |
| Net Loss per common share attributable to Unrivald 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 |