

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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 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

(State or Other Jurisdiction
of Incorporation or Organization)

26-3062661

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

**3242 S. Halladay Street
Santa Ana, California**

(Address of Principal Executive Offices)

92705

(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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer,"

"accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of May 9, 2022, there were 530,331,383 shares outstanding, 85,826,871 shares of common stock issuable upon the exercise of all our outstanding warrants and 43,336,824 shares of common stock issuable upon the exercise of all vested options.

UNRIVALED BRANDS, INC.
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QUARTERLY PERIOD ENDED MARCH 31, 2022

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

	March 31, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current Assets:		
Cash	\$ 3,666	\$ 6,891
Accounts receivable, net	4,026	4,677
Inventory, net	7,724	7,179
Prepaid expenses and other assets	2,195	1,272
Notes receivable	375	750
Current assets of discontinued operations	5,643	4,495
Total current assets	23,629	25,264
Property, equipment and leasehold improvements, net	23,457	23,728
Intangible assets, net	127,294	129,637
Goodwill	48,132	48,132
Other assets	22,235	26,915
Investments	239	163
Assets of discontinued operations	4,817	17,984
TOTAL ASSETS	\$ 249,802	\$ 271,824
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 36,483	\$ 31,904
Short-term debt	29,566	45,749
Income taxes payable	8,124	7,969
Current liabilities of discontinued operations	2,210	2,087
Total current liabilities	76,383	87,708
Long-term liabilities:		
Long-term debt, net of discounts	7,308	10,006
Deferred tax liabilities	4,435	6,123
Long-term lease liabilities	17,000	21,316
Long-term liabilities of discontinued operations	150	184
Total long-term liabilities	28,893	37,629
Total liabilities	105,276	125,337
STOCKHOLDERS' EQUITY:		
Common stock, par value \$0.001:		
990,000,000 shares authorized as of March 31, 2022 and December 31, 2021; 530,330,007 shares issued and 528,021,587 shares outstanding as of March 31, 2022; 498,546,295 shares issued and 496,237,883 shares outstanding as of December 31, 2021.	552	521
Additional paid-in capital	399,536	392,930
Treasury stock	(808)	(808)
Accumulated deficit	(258,888)	(250,015)
Total Unrivald Brands, Inc. Stockholders' Equity	140,392	142,628
Non-controlling interest	4,134	3,859
Total stockholders' equity	144,526	146,487
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 249,802	\$ 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	
	March 31,	
	2022	2021
Total revenues	\$ 20,725	\$ 2,057
Cost of goods sold	14,292	1,866
Gross profit	6,433	191
Selling, general and administrative expenses	18,767	12,650
Gain on sale of assets	(198)	—
Loss from operations	(12,136)	(12,459)
Other income (expense):		
Gain (loss) on extinguishment of debt	542	(6,161)
Interest expense, net	(1,766)	(71)
Other income	1,034	345
Gain on investments	—	6,212
Total other income (expense)	(190)	325
Loss from continuing operations, before provision for income taxes	(12,326)	(12,134)
Provision for income taxes for continuing operations	1,688	—
Net income (loss) from continuing operations	(10,638)	(12,134)
Income from discontinued operations, before provision for income taxes	2,135	438
Provision for income taxes for discontinued operations	(95)	—
Net income (loss) from discontinued operations	2,040	438
NET LOSS	(8,598)	(11,696)
Less: Income (loss) attributable to non-controlling interest from continuing operations	—	—
Less: Income (loss) attributable to non-controlling interest from discontinued operations	275	381
NET LOSS ATTRIBUTABLE TO UNRIVALED BRANDS, INC.	\$ (8,873)	\$ (12,077)
Loss from continuing operations per common share attributable to Unrivald Brands, Inc. common stockholders – basic and diluted	\$ (0.02)	\$ (0.05)
Net Loss per common share attributable to Unrivald Brands, Inc. common stockholders – basic and diluted	\$ (0.02)	\$ (0.05)
Weighted-average number of common shares outstanding – basic and diluted	561,818,857	237,752,273

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)

	Three Months Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (8,598)	\$ (11,696)
Less: Net income (loss) from discontinued operations	2,040	438
Net loss from continuing operations	(10,638)	(12,134)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for income taxes	(1,688)	—
Bad debt expense	1,220	—
Depreciation and amortization	3,289	529
Gain on sale of assets	(198)	—
Gain on debt forgiveness	—	(86)
Gain on sale of investments	—	(6,212)
Amortization of operating lease right-of-use asset	580	195
Loss (gain) on extinguishment of debt	(542)	6,161
Non-cash interest expense	346	27
Non-cash portion of severance expense	—	7,990
Stock-based compensation	2,187	398
Change in operating assets and liabilities:		
Accounts receivable	(570)	(148)
Inventory	(544)	299
Prepaid expenses and other current assets	(922)	(290)
Other assets	(638)	(23)
Accounts payable and accrued expenses	5,707	882
Operating lease liabilities	(624)	(133)
Net cash provided by / (used in) operating activities - continuing operations	(3,035)	(2,545)
Net cash provided by / (used in) operating activities - discontinued operations	(62)	(366)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	(3,097)	(2,911)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and leasehold improvements	(926)	(50)
Repayment of notes receivable	375	—
Proceeds from sales of assets	450	—
Net cash provided by / (used in) investing activities - continuing operations	(101)	(50)
Net cash provided by / (used in) investing activities - discontinued operations	14,209	—
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	14,108	(50)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	—	3,500
Payments of debt principal	(18,611)	(6)
Cash paid for debt discount	—	(178)
Proceeds from issuance of common stock	4,375	—
Net cash provided by / (used in) financing activities - continuing operations	(14,236)	3,316
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	(14,236)	3,316
NET CHANGE IN CASH	(3,225)	355
Cash at beginning of period	6,891	217
CASH AT END OF PERIOD	\$ 3,666	\$ 572
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	\$ 1,445	\$ 182
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Debt principal and accrued interest converted into common stock	\$ 52	\$ 3,596
Stock options exercised on a net share basis	\$ —	\$ 1
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 MARCH 31, 2022
(UNAUDITED)
(in thousands, except for shares)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non- Controlling Interest	Total
	Convertible Series A					Shares	Amount			
	Shares	Amount	Shares	Amount	Shares			Amount		
Balance at December 31, 2021	8	\$ —	496,237,883	\$ 521	\$ 392,930	2,308,420	\$ (808)	\$ (250,015)	\$ 3,859	\$ 146,487
Warrants exercise	—	—	4,759,708	5	(5)	—	—	—	—	—
Stock compensation - employees	—	—	900,000	1	181	—	—	—	—	182
Stock compensation - directors	—	—	683,332	1	183	—	—	—	—	184
Stock option exercise	—	—	146,212	—	—	—	—	—	—	—
Debt conversion - common stock	—	—	294,452	—	75	—	—	—	—	75
Stock issued for cash	—	—	25,000,000	24	4,351	—	—	—	—	4,375
Stock option expense	—	—	—	—	1,821	—	—	—	—	1,821
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	—	275	275
Net loss attributable to Unrivald Brands, Inc.	—	—	—	—	—	—	—	(8,873)	—	(8,873)
Balance at March 31, 2022	8	\$ —	528,021,587	\$ 552	\$ 399,536	2,308,420	\$ (808)	\$ (258,888)	\$ 4,134	\$ 144,526

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 THREE MONTHS ENDED MARCH 31, 2021
(UNAUDITED)
(in thousands, except for shares)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non- Controlling Interest	Total
	Convertible Series A		Shares	Amount		Shares	Amount			
	Shares	Amount								
Balance at December 31, 2020	—	\$ —	194,204,459	\$ 218	\$ 275,060	2,308,412	\$ (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	3,989	—	—	—	—	4,009
Warrants issued to Dominion	—	—	—	—	5,978	—	—	—	—	5,978
Stock compensation - directors	—	—	541,666	1	121	—	—	—	—	122
Stock compensation - services expense	—	—	322,947	—	32	—	—	—	—	32
Stock option exercises	—	—	1,226,230	1	(1)	—	—	—	—	—
Acquisition of A shares	—	—	16,485,714	16	5,873	8	—	—	—	5,889
Stock option expense	—	—	—	—	244	—	—	—	—	244
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	—	381	381
Net loss attributable to Unrivald Brands, Inc.	—	—	—	—	—	—	—	(12,077)	—	(12,077)
Balance at March 31, 2021	—	\$ —	233,172,790	\$ 256	\$ 290,225	2,308,420	\$ (808)	\$ (230,821)	\$ 4,844	\$ 63,696

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 People's in Los Angeles, 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 March 31, 2022 and December 31, 2021, and the consolidated results of operations and cash flows for the quarters ended March 31, 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 19, "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 16, "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 March 31, 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 7, "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 March 31, 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.

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 three months ended March 31, 2022 and 2021:

	(in thousands)	
	2022	2021
California	\$ 18,445	\$ 2,057
Oregon	2,280	—
Total	\$ 20,725	\$ 2,057

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 \$0.93 million and \$0.03 million for the three months ended March 31, 2022 and 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 March 31, 2022 and 2021, such net operating losses were offset entirely by a valuation allowance.

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 months ended March 31, 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):

	Three Months Ended March 31,	
	2022	2021
Common stock warrants	24,945,055	16,076,556
Common stock options	87,851,618	11,937,987
	112,796,673	28,014,543

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 \$0.22 million and \$5.42 million as of March 31, 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 months ended March 31, 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 months ended March 31, 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 with an expected closing in 2022. NuLeaf operations are considered held for sale as of March 31, 2022 and are therefore included in Discontinued Operations as of and for the three months ended March 31, 2022 and 2021.

During the three months ended March 31, 2022, revenue and net loss attributed to NuLeaf was \$2.81 million and \$0.07 million, respectively. During the three months ended March 31, 2021, revenue and net loss attributed to NuLeaf was \$3.06 million and \$0.76 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)	
	March 31, 2022	December 31, 2021
Current assets:		
Cash	\$ 863	\$ 1,544
Accounts receivable, net	2,261	1,553
Inventory	1,718	1,359
Prepaid expenses and other current assets	85	39
Total current assets	4,927	4,495
Property, equipment and leasehold improvements, net	4,516	5,099
Other assets	262	295
TOTAL ASSETS	\$ 9,705	\$ 9,889
Liabilities:		
Total current liabilities	\$ 378	\$ 350
Total long-term liabilities	150	184
TOTAL LIABILITIES	\$ 528	\$ 534

NOTE 5 – 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 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.

NOTE 6 – 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 March 31, 2022 and December 31, 2021 consisted of the following:

	(in thousands)	
	March 31, 2022	December 31, 2021
Raw materials	\$ 2,371	\$ 2,258
Work-in-progress	340	1,077
Finished goods	5,013	3,844
Total inventory	\$ 7,724	\$ 7,179

NOTE 7 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Land and building	\$ 7,581	\$ 7,787
Furniture and equipment	4,508	3,873
Computer hardware	407	348
Leasehold improvements	14,518	14,409
Vehicles	1,142	1,142
Construction in progress	1,910	1,832
Subtotal	<u>30,066</u>	<u>29,391</u>
Less accumulated depreciation	<u>(6,609)</u>	<u>(5,663)</u>
Property, equipment and leasehold improvements, net	<u>\$ 23,457</u>	<u>\$ 23,728</u>

Depreciation expense related to property, equipment and leasehold improvements for the three months ended March 31, 2022 and March 31, 2021 was \$0.95 million and \$0.34 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 8 – INTANGIBLE ASSETS AND GOODWILL

Intangible Assets, Net

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

	Estimated Useful Life in Years	(in thousands)					
		March 31, 2022			December 31, 2021		
		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	(1,303)	3,197	4,500	(750)	3,750
Operating Licenses	14	100,701	(8,654)	92,047	100,701	(6,864)	93,837
Total Amortizing Intangible Assets		112,601	(17,357)	95,244	112,601	(15,014)	97,587
Non-Amortizing Intangible Assets:							
Trade Name	Indefinite	32,050	—	32,050	32,050	—	32,050
Total Non-Amortizing Intangible Assets		32,050	—	32,050	32,050	—	32,050
Total Intangible Assets, Net		\$ 144,651	\$ (17,357)	\$ 127,294	\$ 144,651	\$ (15,014)	\$ 129,637

Amortization expense for the three months ended March 31, 2022 and 2021 was \$2.34 million and \$0.19 million, respectively.

Goodwill

Goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities.

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. Management did not identify any impairment triggers during the first quarter of 2022 and concluded there was no impairment of goodwill.

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). Goodwill is assigned to the reporting unit, which is the operating segment level or one level below the operating segment. The balance of goodwill at March 31, 2022 and December 31, 2021 remained unchanged at \$48.13 million.

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	(in thousands)	
	March 31, 2022	December 31, 2021
Accounts Payable	\$ 19,185	\$ 16,804
Tax Liabilities	7,452	5,147
Accrued Payroll and Benefits	1,283	1,409
Current Lease Liabilities	2,200	3,120
Other Accrued Expenses	6,363	5,424
Total Accounts Payable and Accrued Expenses	\$ 36,483	\$ 31,904

NOTE 10 – NOTES PAYABLE

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

	(in thousands)	
	March 31, 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 matured in two years on May 4, 2022.	20	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 matures 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 2% 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 matures 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 matures 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.	24,569	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.	2,944	2,954
Notes payable - promissory notes	\$ 38,340	\$ 57,522
Vehicle loans	184	204
Less: Short-term debt	(29,566)	(45,749)
Less: Debt discount	(1,650)	(1,971)
Net Long-Term Debt	\$ 7,308	\$ 10,006

During the three months ended March 31, 2022, the Company converted debt and accrued interest into 294,452 shares of the Company's common stock. See Note 12, "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 matures 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 matures on February 22, 2022 and bears 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 16, "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 matures 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.

NOTE 11 – 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 March 31, 2022 and March 31, 2021 were

\$1.21 million and \$0.41 million, respectively. Short-term lease costs during the 2022 and 2021 fiscal quarters ended March 31 were not material.

As of March 31, 2022 and December 31, 2021, short term lease liabilities of \$2.20 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 March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
Operating lease right-of-use assets	\$ 18,739	\$ 24,448
Operating lease liabilities	\$ 19,200	\$ 24,436

The table below presents the maturities of operating lease liabilities as of March 31, 2022:

	(in thousands) Operating Leases
2022 (remaining)	\$ 2,771
2023	3,652
2024	3,727
2025	3,292
2026	2,675
Thereafter	10,777
Total lease payments	26,894
Less: discount	(7,694)
Total operating lease liabilities	\$ 19,200

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:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Weighted average remaining lease term (years)	6.3	8.2
Weighted average discount rate	11.3 %	11.6 %

NOTE 12 – EQUITY

Common Stock

The Company authorized 990,000,000 shares of common stock with \$0.001 par value per share. As of March 31, 2022 and December 31, 2021, 528,021,587 and 496,237,883 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 its' 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 three months ended March 31, 2022, the Company issued 4,759,708 and 146,212 common shares for the cashless exercise of warrants and options, respectively.

During the three months ended March 31, 2022, the Company issued 900,000 and 683,332 common shares to employees and directors, respectively. As a result, the Company recorded stock compensation of \$0.18 million and \$0.18 million, respectively.

NOTE 13 – 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 March 31, 2022:

	<u>Awards Reserved for Issuance</u>	<u>Awards Exercised</u>	<u>Awards Outstanding</u>	<u>Awards Available for Grant</u>
2016 Equity Incentive Plan	999,906	—	499,953	499,953
2018 Equity Incentive Plan	30,159,437	4,080,088	14,009,842	12,069,507
2019 Equity Incentive Plan	101,475,719	54,383	73,014,714	28,406,622

Stock Options

The following table summarizes the Company's stock option activity and related information for the three months ended March 31, 2022:

	<u>Number of Shares</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Weighted- Average Remaining Contractual Life</u>	<u>Aggregate Intrinsic Value of In-the-Money Options</u>
Options outstanding as of January 1, 2022	88,251,380	\$ 0.20		
Exercised	(146,212)	\$ 0.08		
Forfeited	(223,788)	\$ 0.15		
Expired	(29,762)	\$ 0.34		
Options outstanding as of March 31, 2022	87,851,618	\$ 0.20	8.5 years	\$ 526
Options exercisable as of March 31, 2022	41,296,676	\$ 0.26	7.4 years	\$ 1,338

As of March 31, 2022, there was \$6.37 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:

Type of Award	(in thousands except for shares / options)			
	For the Three Months Ended			
	March 31, 2022		March 31, 2021	
	Number of Shares or Options Granted	Stock-Based Compensation Expense	Number of Shares or Options Granted	Stock-Based Compensation Expense
Stock options	114,006,195	\$ 1,821	500,000	\$ 244
Stock grants:				
Employees (common stock)	900,000	\$ 182	—	—
Directors (common stock)	683,332	\$ 184	541,666	121
Non-employee consultants (common stock)	—	\$ —	332,947	33
Total stock-based compensation expense		\$ 2,187		\$ 398

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.

NOTE 14 – WARRANTS

The following table summarizes warrant activity for the three months ended March 31, 2022:

	Warrants	Weighted-Average Exercise Price
Warrants Outstanding as of January 1, 2022	85,826,872	\$ 0.22
Issued	—	\$ —
Exercised	—	\$ —
Warrants Outstanding as of March 31, 2022	85,826,872	\$ 0.14

The Company estimated the fair value of the warrants issued in 2022 utilizing the Black-Scholes option-pricing model with the following weighted-average inputs:

	March 31, 2022
Expected term (years)	2.5
Volatility	115.2 %
Risk-free interest rate	0.1 %
Dividend yield	0.0 %

NOTE 15 – 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 March 31, 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 Picky 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.

NOTE 16 – 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 Company will recognize a gain upon completion of the sale of the assets, equal to the difference between the consideration paid and the book value of the assets as of the disposition date, less direct costs to sell, and reflect such loss in discontinued operations upon closing of the transaction, which is expected to occur during 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 10, "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 Nevada operations, expected and 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	
	March 31,	
	2022	2021
Total revenues	\$ 2,605	\$ 3,055
Cost of goods sold	543	815
Gross profit	2,062	2,240
Selling, general and administrative expenses	1,635	1,475
(Gain) / Loss on sale of assets	(1,682)	—
Income (Loss) from operations	\$ 2,109	\$ 765
Interest expense	—	(327)
Other income (expense)	26	—
Income tax expense	(95)	—
Income (Loss) from discontinued operations	\$ 2,040	\$ 438
Income (Loss) from discontinued operations per common share attributable to Unrivald Brands, Inc. common stockholders - basic and diluted	\$ 0.00	\$ 0.00

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

	(in thousands)	
	March 31,	December 31,
	2022	2021
Cash	\$ 863	\$ 1,544
Accounts receivable, net	2,261	1,553
Inventory	2,434	1,359
Prepaid expenses and other assets	86	39
Property, equipment and leasehold improvements, net	4,516	17,661
Other assets	300	323
Assets of discontinued operations	\$ 10,460	\$ 22,479
Accounts payable and accrued expenses	\$ 1,198	\$ 1,170
Income taxes payable	1,012	917
Long-term lease liabilities	150	184
Liabilities of discontinued operations	\$ 2,360	\$ 2,271

NOTE 17 - 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		% of Total Revenue	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2022	2021	2022	2021
Cannabis Retail	\$ 12,109	\$ 1,699	58.4 %	82.6 %
Cannabis Cultivation & Distribution	8,616	358	41.6 %	17.4 %
Total	\$ 20,725	\$ 2,057	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)			
	Three Months Ended March 31, 2022			
	Cannabis Retail	Cannabis Cultivation & Distribution	Corporate & Other	Total
Total revenues	\$ 12,109	\$ 8,616	\$ —	\$ 20,725
Cost of goods sold	6,881	7,411	—	14,292
Gross profit	5,228	1,205	—	6,433
Selling, general and administrative expenses	5,025	4,600	9,142	18,767
(Gain) Loss on sale of assets	—	—	(198)	(198)
Income (Loss) from operations	203	(3,395)	(8,945)	(12,136)
Other income (expense):				
Interest expense	—	(165)	(1,601)	(1,766)
Gain on extinguishment of debt	—	—	542	542
Other income (loss)	78	415	541	1,034
Total other income	78	250	(518)	(190)
Loss before provision for income taxes	\$ 281	\$ (3,145)	\$ (9,463)	\$ (12,326)
Total assets at March 31, 2022	\$ 52,125	\$ 580	\$ 197,097	\$ 249,802

	(in thousands)			
	Three Months Ended March 31, 2021			
	Cannabis Retail	Cannabis Cultivation & Distribution	Corporate & Other	Total
Total revenues	\$ 1,699	\$ 357	\$ —	\$ 2,057
Cost of goods sold	956	910	—	1,866
Gross profit	743	(553)	—	191
Selling, general and administrative expenses	1,248	362	11,040	12,650
Income (Loss) from operations	(505)	(915)	(11,040)	(12,459)
Other income (expense):				
Interest expense	—	—	(71)	(71)
Loss on extinguishment of debt	—	—	(6,161)	(6,161)
Unrealized gain (loss) on investments	—	—	6,212	6,212
Other income (loss)	—	—	345	345
Total other income	—	—	325	325
Loss before provision for income taxes	\$ (505)	\$ (915)	\$ (10,715)	\$ (12,134)
Total assets at March 31, 2021	\$ 20,062	\$ 11,847	\$ 75,310	\$ 107,219

NOTE 18 – RELATED PARTY TRANSACTIONS

Refer to Note 10, "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 19 – GOING CONCERN

We have incurred significant losses in prior periods. For the three months ended March 31, 2022, we incurred a pre-tax net loss from continuing operations of \$2.33 million and, as of that date, we had an accumulated deficit of \$258.89 million. For the three months ended March 31, 2021, we incurred a net loss from continuing operations of \$2.13 million. 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 March 31, 2022, we had a consolidated cash balance of approximately \$3.67 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 20 – SUBSEQUENT EVENTS

On April 7, 2022, the Company sold its NuLeaf cultivation and production operations in Nevada for \$6.50 million.

On April 11, 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). The company will pay People's California, LLC \$3 million upon execution of this amendment and \$5 million in June of 2022. The remainder of the promissory note held by People's California, LLC shall be subordinated to a future debt facility. The promissory note becomes convertible to the Company's Common Stock at a yet to be agreed upon exercise price.

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 shall vest immediately. As part of this agreement Mr. Knuettel has 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 \$ 83,333 in cash compensation. As part of this agreement Mr. Imbimbo has resigned as a director of the Company and as an Advisor to the company.

On May 5, 2022, Edible Garden AG, Inc. ("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 \$14.7 million. The Company holds a 20% interest in Edible Garden. As a result of the initial public offering during the second quarter of 2022, the Company will reassess its allowance on the investment and record the investment at its fair value. The Company is currently assessing the exact impact on the Company's financial statements. See Note 5, "Investments in Unconsolidated Affiliates" for additional information.

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 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 Orange County, California. The Company also owns dispensaries in California which operate as People's in Los Angeles, 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 March 31, 2022, the Company had 338 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 Nevada Dispensaries, OneQor, and Edible Garden to discontinued operations:

	(in thousands)			
	Three Months Ended March 31,			
	2022	2021	\$ Change	% Change
<i>Revenue</i>				
Continuing Operations	\$ 20,725	\$ 2,057	\$ 18,668	907.5 %
Discontinued Operations	2,605	3,399	(794)	(23.4)%
Total Revenue	\$ 23,330	\$ 5,456	\$ 17,874	327.6 %
<i>Cost of Goods Sold</i>				
Continuing Operations	\$ 14,292	\$ 1,866	\$ 12,426	665.9 %
Discontinued Operations	543	2,500	(1,957)	(78.3)%
Total Cost of Goods Sold	\$ 14,835	\$ 4,366	\$ 10,469	239.8 %
<i>Gross Profit \$</i>				
Continuing Operations	\$ 6,433	\$ 191	\$ 6,242	3,268.1 %
Discontinued Operations	2,062	899	1,163	129.4 %
Total Gross Profit \$	\$ 8,495	\$ 1,090	\$ 7,405	679.4 %
<i>Gross Profit %</i>				
Continuing Operations	31.0 %	9.3 %	21.8 %	
Discontinued Operations	79.2 %	26.4 %	52.7 %	
Total Gross Profit %	36.4 %	20.0 %	16.0 %	

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 & 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 March 31, 2022 and 2021

Revenues

During the three months ended March 31, 2022, the Company generated total revenue of \$20.73 million composed of retail revenue of \$12.11 million and cultivation/distribution revenue of \$8.62 million. This compared to total revenue of \$2.06 for the quarter ended March 31, 2021 which included retail revenue of \$1.70 million and cultivation/distribution revenue of \$0.36 million. This was an increase of 907.5% in total revenue.

Retail revenue for the quarter dramatically outpaced the first 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 successful merger with UMBRLA, now with a distribution network throughout California and Oregon. The additive distribution assets provided a net benefit of \$9.47 million for the three months ended March 31, 2022 as a direct result of integrating UMBRLA's platform - an increase of 2,863% compared to the three months ended March 31, 2021.

Gross Profit

The Company's gross profit for the three months ended March 31, 2022 was \$6.43 million, compared to a gross profit of \$0.19 million for the three months ended March 31, 2021, an increase of \$6.24 million or 3,268.1%.

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 March 31, 2022 were \$18.77 million, compared to \$12.65 million for the three months ended March 31, 2021, an increase of \$6.12 million or 48.4%. For the three months ended March 31, 2022, amortization and depreciation expenses increased by \$2.76 million over the three months ended March 31, 2021, facilities related expenses, such as rent, utilities, repairs and maintenance, security and insurance, increased by \$2.38 million over first quarter of 2021. Option expense and director's compensation increased by \$1.81 million with the addition of two more board members or 196 percent. Taxes, licensing and permitting increased by \$1.27 million. Advertising increased by \$0.90 million. Employee related expenses decreased by \$4.86 million or 69.4%.

Operating Income (Loss)

The Company realized an operating loss of \$12.14 million for the three months ended March 31, 2022 compared to an operating loss of \$12.46 million for the three months ended March 31, 2021, an improvement of \$0.32 million or 2.6%.

Other Income (Expense)

Other expense for the three months ended March 31, 2022 were \$0.19 million, compared to the \$0.32 million income recognized in the three months ended March 31, 2021, an increase of \$0.51 million. This increase was attributed to additional interest expense.

Discontinued Operations

We realized a net gain of \$2.04 million for the three months ended March 31, 2022. This was an increase of \$1.60 million over the three months ended March 31, 2021 resulting from the disposal of the Dyer property and profit from our NuLeaf operation.

Net Loss Attributable to Unrivaled Brands, Inc.

We incurred a net loss of \$8.87 million, or \$(0.02) per share, for the three months ended March 31, 2022, an improvement of \$0.03 per share compared to a net loss of \$(12.08) million, or \$(0.05) per share, for the three months ended March 31, 2021.

The improvement in net loss was attributable to management's continued focus on efficiency as well as integrating the legacy Terra Tech operations, the legacy Umbra operations and the People's operation together.

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 months ended March 31, 2022 and 2021 and have an accumulated deficit of approximately \$258.89 million and \$250.02 million at March 31, 2022 and December 31, 2021, respectively.

As of March 31, 2022, we had working capital of \$(52.75) million, including \$3.67 million of cash compared to working capital of \$(62.44) million, including \$6.89 million of cash, as of December 31, 2021. Current assets were approximately 0.31 times current liabilities as of March 31, 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 three months ended March 31, 2022 was \$3.10 million, compared to \$(2.91) million for the three months ended March 31, 2021, an increase of \$0.19 million, or 6.4%. 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 three months ended March 31, 2022 was \$14.11 million, compared to cash provided by investing activities of \$(0.05) million for the three months ended March 31, 2021, a decrease of \$14.16 million, or 28,579.2%. The decrease in cash used in investing activities was primarily due to \$13.21 million of proceeds received from the sale of the Dyer Property and \$1.00 million of cash received in the first quarter of 2021 for the prior sale of the Reno subsidiary, both of which are classified as discontinued operations.

Financing Activities

Cash used in financing activities for the three months ended March 31, 2022 was \$14.24 million, compared to \$3.32 million provided by financing activities for the three months ended March 31, 2021, a decrease of \$17.55 million, or 529.3%. The decrease in cash provided by financing activities for the three months ended March 31, 2022 was primarily due to \$18.61 million of principal repayments of debt.

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 \$1.70 million for the three months ended March 31, 2022 compared to \$2.23 million for the three months ended March 31, 2021. The details of those expenses and non-GAAP reconciliation of these non-cash items are set forth below:

	(in thousands)	
	Three Months Ended March 31,	
	2022	2021
Net loss attributable to Unrivaled Brand, Inc.	\$ (8,873)	\$ (12,077)
Non-GAAP adjustments:		
Amortization of intangible assets	2,343	192
Depreciation expense	946	337
Stock-based compensation expense	2,186	397
Interest expense	1,766	73
Severance expense	670	8,990
Loss (Gain) on sale of investments	—	(6,212)
Gain on sale of assets	(198)	—
Gain for debt forgiveness	—	(86)
Loss on extinguishment of debt	(542)	6,161
Non-GAAP gain (loss)	\$ (1,702)	\$ (2,225)

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 March 31,	
	2022	2021
Non-GAAP net income (loss)	\$ (1,702)	\$ (2,225)
Denominator:		
Weighted average common shares - Basic	561,818,857	237,752,273
Weighted average common shares - Diluted	561,818,857	237,752,273
Non-GAAP earnings (loss) per common share:		
Non-GAAP earnings (loss) - Basic	\$ —	\$ (0.01)
Non-GAAP earnings (loss) - Diluted	\$ —	\$ (0.01)

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 March 31,

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 March 31, 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 March 31, 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 15, “*Commitments and Contingencies*” 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 15c-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.

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 Unrivald 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 Incentive 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 Battliner, dated June 7, 2021.
4.3	Loan Agreement Amendment, dated January 7, 2021.
4.4	Indemnification Agreement (Jeffrey Battliner), 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 Tiffany Davis, 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 Tiffany Davis, 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 March 31, 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: May 16, 2022

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

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

I, Tiffany Davis, 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: May 16, 2022

By: /s/ Tiffany Davis
Tiffany Davis
Chief Executive Officer and Director

**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 Unrivalled 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: May 16, 2022

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

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

In connection with the Quarterly Report of Unrivald Brands, Inc.(the “Company”) on Form 10-Q for the quarter ended March 31, 2022 (the “Form 10-Q”), I, Tiffany Davis, 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: May 16, 2022

By: /s/ Tiffany Davis
Tiffany Davis
Chief Executive Officer and Director

**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 Unrivald Brands, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 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: May 16, 2022

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