



**Quarterly Report**

For the Quarterly Period Ended March 31, 2026

**BLUM HOLDINGS, INC.**

(Exact name of Company as specified in its charter)

**11516 Downey Avenue,  
Downey, California 90241**

(Address of principal executive offices) (Zip Code)

**888-909-5564**

(Company telephone number, including area code)

**www.blumholdings.com**

(Company website)

**info@blumholdings.com**

(Company email)

**Outstanding Shares**

The number of shares outstanding of our Common Stock was: 31,528,812 as of March 31, 2026 and December 31, 2025.

The number of shares outstanding of our Convertible Series V Preferred Stock was: 14,071,431 as of March 31, 2026 and December 31, 2025.

**Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934): Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period: Yes:  No:

**Change in Control**

Indicate by check mark whether a Change in Control of the company has occurred during this reporting period: Yes:  No:

---

---

## CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

*In addition to historical information, this disclosure information and related exhibits provided pursuant to the OTC Markets Group (“OTC”) OTCID Disclosure Guidelines<sup>(1)</sup> (“Quarterly Report”) that set forth the disclosure obligations that make up the “Alternative Reporting Standard” for companies on the OTCID™ Basic Market, 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. Such risks, uncertainties, and other important factors that could cause actual results to differ materially include, without limitation, marketability of our products; legal and regulatory risks associated with the share exchange; our ability to raise additional capital to finance our activities; the effectiveness, profitability and; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed in other filings we make from time to time with the OTC. Refer to “Section 1A. Risk Factors” in this Quarterly Report for further information.*

*We caution you that the risks, uncertainties, and other factors set forth in our periodic filings with the OTC 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 Quarterly 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.*

*The following discussion should be read in conjunction with our unaudited consolidated financial statements and notes thereto included as Exhibit 9.1 in this Quarterly Report.*

<sup>(1)</sup> The OTCID Disclosure Guidelines (“Guidelines”) have been designed to encompass the “current information” requirements under state and federal securities laws, such as Rules 10b-5 and 15c2-11 of the Exchange Act as well as Rule 144 of the Securities Act Securities Act, and state Blue Sky laws. However, these Guidelines have not been reviewed by the U.S. Securities and Exchange Commission or any state securities regulator. These Guidelines do not constitute legal advice, and the Company makes no assurance that compliance with OTCID Guidelines will satisfy any legal requirements.

## SECTION 1. NAME AND ADDRESS OF THE ISSUER AND ITS PREDECESSORS

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

Blüm Holdings, Inc. (“Blüm,” or “the Company”), was incorporated in the state of Delaware on September 28, 2023, and is currently active and in good standing in this jurisdiction. Blüm is a holding company with operating subsidiaries throughout California committed to providing the highest quality of medical and adult use cannabis products and related services. Effective January 12, 2024, Unrivaled Brands, Inc., a Nevada corporation and the Company’s predecessor (“Unrivaled”), completed a reverse stock split of its Common Stock at a 1-for-100 ratio (the “Reverse Stock Split”). Accordingly, all share and per share amounts for all periods presented in this Quarterly Report have been adjusted retroactively, where applicable, to reflect this Reverse Stock Split and adjustment of the preferred stock conversion ratios.

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. Effective January 12, 2024, Unrivaled completed a corporate reorganization (the “Reorganization”), which resulted in the Company becoming the publicly-traded parent company of Unrivaled. After the Reorganization, the Company continues to engage in the business conducted by it prior to the Reorganization, and all of its contractual, employment and other business relationships have generally continued unaffected by the Reorganization.

### **Describe Any Trading Suspension or Halt Orders Issued by the SEC or FINRA Concerning the Issuer or its Predecessors Since Inception:**

None.

### **List Any Company Name Change, Stock Split, Dividend, Recapitalization, Merger, Acquisition, Spin-Off, or Reorganization Either Currently Anticipated or That Occurred Within the Past 12 Months:**

As of the date of this Quarterly Report, the Company is not currently anticipating such action. During the year ended December 31, 2025, the Company acquired EWC Resources Inc. For further information on the acquisition, refer to “*Note 10 – Business Combinations*” in Exhibit 9.1 in this Quarterly Report.

### **Address of the Issuer’s Principal Executive Office:**

Our corporate headquarters are located at 11516 Downey Avenue, Downey, California 90241.

**Address of the Issuer’s Principal Place Of Business:**  *Check if principal executive office and principal place of business are the same address*

**Has the Issuer or Any of its Predecessors Been in Bankruptcy, Receivership, or Any Similar Proceeding in the Past Five Years? Yes:  No:**

*Chapter 11 Filing by Unrivaled Brands, Inc. and Halladay Holding, LLC*

On November 6, 2024, Unrivaled and Halladay Holding, LLC (“Halladay Holding,” and together with Unrivaled, each a “Debtor” and collectively, the “Debtors”) voluntarily filed for relief under Chapter 11 of the U.S. Bankruptcy Code (“Bankruptcy Code”) in the U.S. Bankruptcy Court for the Central District of California, Los Angeles Division (“Bankruptcy Court”) following insolvency and litigation by People’s California, LLC (“People’s”). Chapter 11 filing is limited to Unrivaled and Halladay Holding, meaning only their assets and liabilities are included in the debtors-in-possession estates. The Company, along with all other operations of the Company, are not included in the bankruptcy proceeding and continue operating in the ordinary course of business. For further information, refer to “*Note 3 – Bankruptcy Filing*” in Exhibit 9.1 in this Quarterly Report.

## SECTION 1A. RISK FACTORS

Certain factors that may affect the Company's business or operations are described under "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K (the "2024 Annual Report") filed on March 13, 2025 with the U.S. Securities and Exchange Commission ("SEC"). Significant changes to our risk factors from the key risk factors previously disclosed in the 2024 Annual Report are as follows:

***Our financial statements for the current fiscal year are unaudited, which may reduce the reliability and comparability of our financial information.***

On March 31, 2026, the Company filed Form 15-12G with the SEC. As a result, the registration of our securities was terminated and our reporting obligations with the SEC are suspended. We are no longer required to file periodic reports with the SEC or to have our financial statements audited in accordance with Public Company Accounting Oversight Board standards.

The financial statements included in this Quarterly Report for the quarterly period ended March 31, 2026, or the current fiscal period, and the financial statements included in our 2025 Annual Report for the fiscal year ended December 31, 2025, are unaudited. Although such financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States, they have not been subject to an independent audit or review. Accordingly, there can be no assurance that these financial statements are free from material misstatement or that they would not differ materially if they had been audited.

The lack of an independent audit or review for the current reporting period and comparative fiscal year may impair the comparability of our financial results between periods and may limit investors' ability to evaluate our financial condition, results of operations, and cash flows on a consistent basis.

***We are subject to reduced reporting and regulatory requirements, which may result in less transparency and could adversely affect investor confidence.***

On March 26, 2026, the Company transitioned from the OTCQB market to the OTCID market operated by OTC Markets Group. As a result, we are no longer subject to the same level of reporting, disclosure, and regulatory oversight as companies that are registered with the SEC or quoted on higher-tier markets.

We are no longer required to comply with certain provisions applicable to SEC reporting companies, including requirements relating to periodic reporting and certain internal control and corporate governance standards. The reduced level of reporting and oversight may result in less publicly available information about our business, financial condition, and results of operations.

Any reduction in transparency may adversely affect investor confidence in our company and could negatively impact the trading price and liquidity of our common stock.

***The market for our common stock may be adversely affected by our transition to OTCID and reduced disclosure obligations.***

Our transition to the OTCID market and the absence of an independent audit or review for the current-period financial statements may limit the willingness of certain investors, analysts, and broker-dealers to invest in or provide coverage of our common stock. This may result in reduced trading volume, increased price volatility, and a decline in the market price of our common stock.

## SECTION 2. SECURITY INFORMATION

### Transfer Agent

West Coast Stock Transfer Inc.  
(619) 664-4780  
cs@westi.com  
721 N. Vulcan Ave. First Floor Encinitas, CA 92024

### Publicly Quoted or Traded Securities

Trading Symbol(s)	Title of Each Class	CUSIP
<b>BLMH</b> <sup>(1)</sup>	<b>Common Stock</b>	<b>09642F 101</b>

<sup>(1)</sup> Our Common Stock is quoted on the OTC Markets Group, Inc.'s OTCID tier under the symbol "BLMH." Prior to March 26, 2026 ("Transition Date"), our Common Stock was quoted on the OTC Markets Group, Inc.'s OTCQB ("OTCQB") tier under the symbol "BLMH." Prior to February 12, 2024, our Common Stock was quoted on the OTCQB under the symbol "UNRV."

#### *Common Equity*

The Company authorized 990,000,000 shares of Common Stock with \$0.001 par value per share ("Common Stock"). As of March 31, 2026, there were 31,528,812 shares of Common Stock issued and outstanding (excluding shares of Common Stock issuable upon conversion of all of our warrants, options and convertible notes) held by approximately 300 stockholders of record.

The Company has not declared any dividends on its Common Stock and does not plan to declare any dividends in the foreseeable future. There are no restrictions in our Certificate of Incorporation or Bylaws that prevent us from declaring dividends. However, the terms of any future debt agreements or other contractual obligations may preclude us from paying dividends. As a result, capital appreciation, if any, of our shares of Common Stock will be your sole source of gain for the foreseeable future.

Holders of the Company's Common Stock are entitled to one vote per share on all matters submitted to a vote of stockholders and vote together as a single class, except where otherwise required by law or the Company's governing documents. The Company's governing documents do not provide for general preemptive rights for holders of its common stock. As a result, stockholders do not have an automatic right to participate in future issuances of equity securities in order to maintain their proportional ownership interest, except to the extent such rights may be granted pursuant to specific contractual arrangements.

### Other Classes of Authorized or Outstanding Equity Securities That Do Not Have a Trading Symbol

#### *Series V Preferred Stock*

The Company authorized 25,000,000 shares of Series V Preferred Stock with \$0.001 par value per share ("Series V Preferred Stock"). As of March 31, 2026, there were 14,071,431 shares of Series V Preferred Stock issued and outstanding held by approximately 20 preferred stockholders of record. Series V Preferred Stock does not have a trading symbol.

Each share of Series V Preferred Stock is convertible into ten shares of Common Stock at any time from and after the first anniversary of the issuance date. Each share of Series V Preferred Stock will automatically be converted into ten fully paid and non-assessable shares of Common Stock on the second anniversary of the date on which the holder's shares of Series V Preferred Stock were issued. The Series V Class of Preferred Stock have a one-year lock-up and have a two times voting right which automatically expires in two years. The conversion ratio of each share of Series V Preferred Stock was adjusted to one-tenth (1/10th) of a share of Common Stock to reflect the reverse stock split of its Common Stock at a ratio of 1-for-100 effective January 12, 2024 (the "Reverse Stock Split") as retroactively presented herein. The Series V Preferred Stock have an aggregate liquidation preference of \$1.00 as of March 31, 2026.

In December 2024, the Series V Preferred Stock was amended wherein the conversion ratio of each share of Series V Preferred Stock was increased to one-third (1/3rd) of a share of Common Stock and the automatic conversion was extended to the fourth anniversary of the date on which the holder's shares of Series V Preferred Stock were issued.

The Company's governing documents do not provide for general preemptive rights for holders of its Series V Preferred Stock. As a result, stockholders do not have an automatic right to participate in future issuances of equity securities in order to maintain their proportional ownership interest, except to the extent such rights may be granted pursuant to specific contractual arrangements.

### *Series N Preferred Stock*

The Company authorized 2,500,000 shares of Series N Preferred Stock with \$0.001 par value per share (“Series N Preferred Stock”). As of March 31, 2026, there were nil shares of Series N Preferred Stock issued or outstanding. Series N Preferred Stock does not currently have any impact on the Company’s voting control or governance structure. Series N Preferred Stock does not have a trading symbol.

Each share of Series N Preferred Stock is convertible into 100 shares of the Company’s Common Stock at any time from and before the first anniversary of the issuance date. Each share of Series N Preferred Stock will automatically be converted into 100 fully paid and non-assessable shares of Common Stock on the first anniversary of the issuance date. The conversion ratio of each share of Series N Preferred Stock was adjusted to one (1) share of Common Stock to reflect the Reverse Stock Split effective January 12, 2024.

The Company’s governing documents do not provide for general preemptive rights for holders of its Series N Preferred Stock. As a result, stockholders do not have an automatic right to participate in future issuances of equity securities in order to maintain their proportional ownership interest, except to the extent such rights may be granted pursuant to specific contractual arrangements.

### **Other Material Rights of Common or Preferred Stockholders.**

None.

### **Material Modifications to Rights of Holders of the Company’s Securities That Have Occurred Over the Reporting Period Covered by This Report.**

None.

## **SECTION 3. ISSUANCE HISTORY**

### **Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years and any subsequent interim period: No:  Yes:

The table describing the Company’s changes to the number of outstanding shares for the fiscal years ended December 31, 2025 and 2024, and for the three months ended March 31, 2026, is attached as Exhibit 3.1 to this Quarterly Report and incorporated herein by reference thereto.

### **Convertible Debt Issued or Outstanding**

Indicate by check mark whether there are any issued or outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of issuer’s equity securities within the last completed fiscal year and any interim period between the last fiscal year end and the date of this Quarterly Report: No  Yes:

The table describing the Company’s convertible debt issued and outstanding as of and for the fiscal year ended December 31, 2025 and for the interim period through May 20, 2026, is attached as Exhibit 3.2 to this Quarterly Report and incorporated hereby reference thereto.

## SECTION 4. ISSUER'S BUSINESS, PRODUCTS AND SERVICES

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

### Our Business

Blum Holdings, Inc. (“Blüm” or the “Company”) (OTCMarkets: BLMH) is a holding company with operating subsidiaries throughout California committed to providing the highest quality of medical and adult use cannabis products and related services. The Company is home to Korova, a brand of high potency products across multiple product categories. In May 2024, the Company began operating a retail dispensary, Cookies Sacramento, and providing consulting services for two additional dispensaries located in Northern California. In May 2025, the Company began operating a retail dispensary located in Santa Clarita County, California. In July 2025, the Company began operating a retail dispensary, Cookies Redding, located in Northern California. As of March 31, 2026, the Company operates a total of five cannabis retail locations in the state of California.

Blum Holdings, Inc. has the following subsidiaries:

- Blum Management Holdings, Inc., a Delaware corporation (“Blum Management”)
- Safe Accessible Solutions, Inc., a California corporation (“Cookies Sacramento”)
- Coastal Pine Holdings, Inc., a Wyoming corporation (“Coastal”)
- Westcoast Management Holdings, Inc., a Wyoming corporation
- Blum A2, Inc., a Delaware corporation
- EWC Resources, Inc., a California corporation (“EWC”)
- Green Door Redding LLC, a California limited liability company (“GDR”)

### Our Operations

We are organized into two reportable segments:

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

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

### Our Marijuana Dispensaries and Distribution Operations

#### *Northern California Dispensaries*

On May 1, 2024, the Company executed a management services agreement to manage the operations of Safe Accessible Solutions, Inc. (“SAS”), which operates as Cookies Sacramento. Cookies Sacramento is a premium cannabis dispensary in Sacramento, California, offering a wide selection of high-quality strains, edibles, and accessories. Known for its connection to the iconic Cookies brand, it provides a modern, upscale shopping experience with expert staff and a focus on customer education.

On May 1, 2024, the Company executed an agreement with Coastal Pine Holdings, Inc. (“Coastal”) to provide advisory and consulting services and related business support for the management of retail dispensaries throughout Northern California. Coastal operates two licensed retail dispensaries in Northern California.

On May 13, 2025, the Company executed a management services agreement to manage the operations of EWC Resources, Inc. (“EWCR”). EWCR is a well-established, high-volume and fully licensed retail operator located in a major Northern California market. On December 18, 2025, the Company and sellers of EWCR entered into a Stock Sale and Purchase Agreement in which the Company acquired all outstanding equity and the acquisition of EWCR was completed.

On July 1, 2025, the Company entered into a management services agreement to exclusively manage the operations and economic interest of Green Door Redding LLC (“Cookies Redding”). Cookies Redding is a licensed adult-use and medical cannabis dispensary located in Northern California. Known for its connection to the iconic Cookies brand, it provides a modern, upscale shopping experience with expert staff and a focus on customer education.

### ***Distribution Operations***

Our branded products, including Korova, are developed, owned and controlled by the Company. The Company engages licensed third-party manufacturers and distributors in California to produce and distribute finished products in accordance with Company specifications, quality standards, and brand guidelines. These third-party service providers operate pursuant to contractual arrangements and applicable state licensing requirements. The Company retains ownership of all intellectual property associated with its brands and maintains oversight of product development, formulation, packaging, marketing and commercial strategy.

In addition, the Company licenses certain brand rights to third-party operators in select jurisdictions outside of California, including the State of Arizona, pursuant to licensing agreements. Under these arrangements, licensees are authorized to manufacture and distribute products under the Company's brand in accordance with defined quality standards and brand controls, while the Company retains ownership of the underlying intellectual property.

### **Recent Developments**

#### ***Adnant Engagement***

On January 1, 2026, the Company entered into a "Third A&R Engagement Letter" with Adnant LLC, wherein the term of the engagement was extended through March 31, 2026 and the monthly fee remained unchanged. See "*Note 21 – Related Party Transactions*" in Exhibit 9.1 in this Quarterly Report.

#### ***Notice of Rescission and Termination***

On January 8, 2026, Green Door Redding, LLC ("GDR") delivered a Notice of Rescission and Termination pursuant to which it rescinded and declared void certain prior agreements with a third party, including the related purported issuance of a 19.99% membership interest. As a result, the previously issued membership interest was rescinded, deemed null and void, and returned to GDR as treasury membership interests. As a consequence of the rescission, the Company will acquire 100% of the outstanding membership interests of GDR in exchange for the same purchase consideration, payable in shares of the Company's common stock, as set forth in the binding term sheet dated July 1, 2025. See "*Note 10 – Business Combinations*" in Exhibit 9.1 in this Quarterly Report.

#### ***Unsecured Note Financing***

On February 28, 2026, the Company issued an unsecured promissory note in the principal amount of \$0.20 million ("Note") to an investor. The proceeds from the Note were used for working capital needs. The Note has a maturity date of March 28, 2027 and bears a variable interest rate based on the date which the debt principal is paid. As of March 31, 2026 the Note bears interest at a rate of 38.8% per annum using a 1-year repayment estimate and is being repaid in weekly installments of approximately \$0.01 million. The Company may prepay the principal balance in full at any time without penalty.

#### ***Market and Reporting Changes***

On March 26, 2026, the Company transitioned to the OTC Market Group Inc.'s OTCID tier ("Transition Date") under the symbol "BLMH." Prior to the Transition Date, our Common Stock was quoted on the OTC Markets Group, Inc.'s OTCQB tier under the symbol "BLMH;" prior to February 12, 2024, our Common Stock was quoted on the OTCQB under the symbol "UNRV."

On March 31, 2026, the Company filed a Certification and Notice of Termination of Registration Under Section 12(g) of the Securities Exchange Act of 1934 or suspension of duty to file reports under Sections 13 and 15(d) of the Securities Exchange Act of 1934 ("Form 15").

## **Regulatory Update**

### ***Section 280E and Potential Federal Rescheduling of Marijuana to Schedule III***

Section 280E of the Internal Revenue Code (“Section 280E”) generally disallows federal income tax deductions for ordinary and necessary business expenses incurred in a business that consists of trafficking in Schedule I or Schedule II controlled substances. Because marijuana is currently classified as a Schedule I controlled substance under the U.S. Controlled Substances Act (“CSA”), Section 280E has materially increased the Company’s effective federal income tax rate and reduced operating cash flows. As a result, the Company generally pays federal income taxes on a measure closer to gross profit than operating income.

In December 2025, President Trump issued an executive order directing the U.S. Attorney General to take steps to complete the ongoing rulemaking process to reschedule marijuana from Schedule I to Schedule III. The executive order does not reschedule marijuana itself, and the rescheduling process remains subject to further administrative proceedings, including notice-and-comment rulemaking and potential hearings. Accordingly, there can be no assurance as to whether, when, or on what terms rescheduling will be finalized.

On April 23, 2026, the U.S. Department of Justice issued an order (i) immediately placing both FDA-approved products containing marijuana and marijuana products regulated by a state medical marijuana license on Schedule III of the Controlled Substances Act and (ii) initiating an expedited administrative hearing process to consider the broader rescheduling of marijuana from Schedule I to Schedule III (the “Order”). Within the Order, the acting Attorney General noted that, as a consequence of the rule, state licensees would no longer be subject to the deduction disallowance imposed by Section 280E. The Order also encouraged the Secretary of the Treasury to consider providing retrospective relief from Section 280E liabilities for prior taxable years in which businesses operated pursuant to state medical marijuana licenses.

Rescheduling marijuana to Schedule III removes certain marijuana-related activities from the scope of Section 280E, allowing the Company to deduct ordinary and necessary business expenses for federal income tax purposes on a prospective basis. This could materially reduce the effective tax rate applicable to such operations, decrease cash tax payments, improve operating cash flows, and materially reduce the Company’s total consolidated liabilities.

Based on guidance from the Company’s tax advisors, management believes that the Company may be able to reduce its future federal income tax expense and may evaluate available administrative procedures to reduce, settle, or otherwise resolve a portion of tax-related liabilities for prior periods. Any improvement in operating cash flows and liquidity resulting from relief from Section 280E could enhance the Company’s ability to service and reduce outstanding federal income tax indebtedness and other liabilities over time. There can be no assurance, however, as to the timing, scope, or ultimate implementation of any such regulatory change, or as to the extent to which the Company may realize the anticipated benefits.

As of March 31, 2026 and December 31, 2025, the Company’s consolidated federal income tax liability was \$2.21 million and \$2.22 million, respectively, and the related liability for uncertain tax positions (which represents additional exposure if the IRS were to successfully challenge the Company’s positions) was \$15.39 million and \$15.07 million, respectively, which together represented approximately 35% and 35% of the Company’s total consolidated liabilities as of March 31, 2026 and December 31, 2025, respectively. Accordingly, any reduction or resolution of these tax-related liabilities could materially reduce the Company’s total consolidated liabilities.

## **Outlook**

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

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

## SECTION 5. ISSUER'S FACILITIES

A summary of the offices and properties that we lease or own are presented in the table below. Each of our facilities is considered to be in good condition, adequate for its purpose, and suitably utilized according to the individual nature and requirements of the relevant operations.

Purpose	Location	Reporting Segment	Own or Lease	Base Monthly Rent	Lease Begin Date	Lease End Date
Dispensary (Cookies Sacramento)	Sacramento, CA	Retail	Lease	\$ 16,106	6/1/2019	5/31/2029
Dispensary (Coastal Pines Group)	Northern CA	Retail	Lease	\$ 12,752	8/1/2022	7/31/2027
Dispensary (Coastal Pines Group)	Northern CA	Retail	Lease	\$ 7,500	1/1/2020	12/31/2026
Dispensary (EWCR)	Northern CA	Retail	Lease	\$ 26,474	8/15/2025	8/15/2030
Dispensary (Cookies Redding)	Northern CA	Retail	Lease	\$ 12,626	8/1/2018	7/31/2033
Corporate Headquarters	Downey, CA	Corporate	Lease	\$ 9,323	2/1/2023	5/31/2025*

\* Refer to "Note 21 – Related Party Transactions" in Exhibit 9.1 in this Quarterly Report.

## SECTION 6. OFFICERS, DIRECTORS, AND 5% BENEFICIAL OWNERS OF THE COMPANY

The following table sets forth certain information as of March 31, 2026 with respect to the holdings of: (1) each person known to us to be the beneficial owner of more than 5.0% of our Common Stock; (2) each of our directors, nominees for director and executive officers; and (3) all directors and executive officers as a group.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	Percent of Common Stock <sup>(1)</sup>	
<b>Greater than 5% Beneficial Owners:</b>				
Sabas Carrillo	(2)	Common Stock	13,374,197	40.03%
Douglas Rosenberg	(3)	Common Stock	6,513,073	18.72%
<b>Named Executive Officers and Directors:</b>				
Sabas Carrillo	(2)	Common Stock	13,374,197	40.03%
<i>Chief Executive Officer and Chairman of the Board of Directors</i>				
Patty Chan	(4)	Common Stock	387,755	1.22%
<i>Chief Financial Officer</i>				
James Miller	(4)	Common Stock	369,899	1.17%
<i>Director and Former Chief Operating Officer</i>				
Matthew Barron	(4)	Common Stock	229,898	*
<i>Former Director</i>				
Brad Hirsch	(4)	Common Stock	64,082	*
<i>Director</i>				
<b>All Current Directors and Executive Officers as a Group (4 persons)</b>			<b>14,195,933</b>	<b>42.42%</b>

(1) As of March 31, 2026, we had a total of 31,528,812 shares of Common Stock issued and outstanding.

(2) Includes (i) 11,496,094 shares of Common Stock held by Adnant, (ii) 1,190,476 shares underlying convertible Series V Preferred Stock held by Adnant, and (iii) 595,238 shares underlying exercisable warrants held by Adnant, of which Mr. Carrillo is the sole member.

(3) Includes (i) 3,248,547 shares of Common Stock held by Douglas Rosenberg, (ii) 2,726,812 shares underlying exercisable warrants held by Douglas Rosenberg, and (iii) 537,714 shares underlying convertible notes held by Douglas Rosenberg. The stockholder's principal address is 3030 Bridgeway Ste. 214, Sausalito, CA 94965.

(4) Includes the following: Patty Chan – 30,612 shares of Common Stock, 119,048 shares underlying exercisable warrants and 238,095 shares underlying convertible Series V Preferred Stock; James Miller – 191,327 shares of Common Stock, 59,524 shares underlying exercisable warrants and 119,048 shares underlying convertible Series V Preferred Stock; Matthew Barron – 194,183 shares of Common Stock, 11,905 shares underlying exercisable warrants and 23,810 shares underlying convertible Series V Preferred Stock; and Brad Hirsch – 64,082 shares of Common Stock.

\* Represents beneficial ownership of less than one percent (1.0%) of the outstanding shares of our Common Stock.

To the best of our knowledge, each of the persons named in the tables above as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated. Unless otherwise specified, the address of each of the persons set forth is in care of the Company, at the address of 11516 Downey Avenue, Downey, CA 90241.

The following table sets forth certain information as of March 31, 2026 with respect to the holdings of: (1) each person known to us to be the beneficial owner of more than 5.0% of our Series V Preferred Stock; (2) each of our directors, nominees for director and executive officers; and (3) all directors and executive officers as a group. As of March 31, 2026 and the date of this Quarterly Report, there are no shares of Series N Preferred Stock outstanding.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	Percent of Series V Preferred Stock <sup>(1)(2)</sup>
<b>Greater than 5% Beneficial Owners:</b>			
Sabas Carrillo	(3) Series V Preferred Stock	3,571,429	25.38%
SME Maywood, LLC (Edwin Movagharian)	(6) Series V Preferred Stock	1,785,714	12.69%
MKSI Investments (Salwa Ibrahim)	(7) Series V Preferred Stock	1,428,571	10.15%
Miguel Rodriguez	(8) Series V Preferred Stock	1,071,429	7.61%
David Kang	(4) Series V Preferred Stock	1,071,429	7.61%
Robert Baca	(5) Series V Preferred Stock	1,071,429	7.61%
Alicia Cotta	(9) Series V Preferred Stock	857,143	6.09%
Patty Chan	Series V Preferred Stock	714,286	5.08%
Justin Jarin	(5) Series V Preferred Stock	714,286	5.08%
<b>Named Executive Officers and Directors:</b>			
Sabas Carrillo	(3) Series V Preferred Stock	3,571,429	25.38%
<i>Chief Executive Officer and Chairman of the Board of Directors</i>			
Patty Chan	Series V Preferred Stock	714,286	5.08%
<i>Chief Financial Officer</i>			
James Miller	Series V Preferred Stock	357,143	2.54%
<i>Director and Former Chief Operating Officer</i>			
Matthew Barron	Series V Preferred Stock	71,429	*
<i>Former Director</i>			
<b>All Current Directors and Executive Officers as a Group (4 persons)</b>		<b>4,642,858</b>	<b>33.50%</b>

- (1) As of March 31, 2026, we had a total of 14,071,431 shares of Series V Preferred Stock issued and outstanding.
- (2) In connection with the Securities Purchase Agreement entered into on or about December 30, 2022, all other investors in the 2022 Private Placement executed Voting Agreements pursuant to which such investors provide Mr. Carrillo with their voting rights with respect to the Series V Preferred Stock owned by them. As a result, Mr. Carrillo has voting power over 100% of the Company's Series V Preferred Stock.
- (3) Includes 3,571,429 shares of Series V Preferred Stock held by Adnant, of which Mr. Carrillo, the Company's Chief Executive Officer and Chairman of the Board, is the sole member. In connection with the Securities Purchase Agreement entered into on or about December 30, 2022, all other investors in the 2022 Private Placement executed Voting Agreements pursuant to which such investors provide Mr. Carrillo with their voting rights with respect to the Series V Preferred Stock owned by them. As a result, Mr. Carrillo has voting power over 100% of the Company's Series V Preferred Stock.
- (4) The stockholder's principal address is 9200 Double R Blvd, Reno, NV 89521.
- (5) Mr. Baca is the Company's Chief Legal Officer. The stockholder's principal address is 401 E. 8th St, Sioux Falls, SD 57103.
- (6) Edwin Movagharian is the managing member of SME Maywood, LLC and as such may be deemed to have sole voting and investment discretion with respect to the Series V Preferred Stock held by SME Maywood, LLC. Mr. Movagharian disclaims any beneficial ownership of the securities held by SME Maywood, LLC other than to the extent of any pecuniary interest he may have therein, directly or indirectly. The stockholder's principal address is 5815 Maywood Ave, Maywood, CA 90270.
- (7) Martin Kaufman and Salwa Ibrahim are the managers of MKSI Investments LLC and have shared voting and investor control over the shares beneficially owned by MKSI Investments LLC. Each of Mr. Kaufman and Ms. Ibrahim disclaims any beneficial ownership of the securities held by MKSI Investments LLC other than to the extent of any pecuniary interest he or she may have therein, directly or indirectly.
- (8) The stockholder's principal address is 3130 Balfour Rd, Brentwood, CA 94513.
- (9) The stockholder's principal address is 1700 E. Cypress Ave, Redding, CA 96002.
- \* Represents beneficial ownership of less than (1.0%) of the outstanding shares of our Series V Preferred Stock.

To the best of our knowledge, each of the persons named in the tables above as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated. Unless otherwise specified, the address of each of the persons set forth is in care of the Company, at the address of 11516 Downey Avenue, Downey, CA 90241.

## **SECTION 7. LEGAL AND DISCIPLINARY HISTORY**

To our knowledge, persons or entities listed above have not been involved in any of the following events during the past ten years:

- Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);
- Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;
- Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;
- Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or
- Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.
- Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

In the ordinary course of business, we vigorously defend against and prosecute various legal actions. We consider all current pending legal proceedings to be ordinary routine litigation incidental to the operation of our business. See "*Note 22 – Commitments and Contingencies*" in Exhibit 9.1 in this Quarterly Report.

## **SECTION 8. THIRD PARTY SERVICE PROVIDERS**

### **Securities Counsel**

Manatt, Phelps & Phillips, LLP  
(310) 312-4000  
HRochman@manatt.com  
2049 Century Park East, Suite 1700 Los Angeles, CA 90067

### **Accountant and Auditor**

GuzmanGray  
(949) 316-0600  
www.GuzmanGray.com  
3200 Bristol St., Suite 640 Costa Mesa, CA 92626

Adnant, LLC  
(323) 841-0046  
Info@adnant.com  
11516 Downey Ave. Downey, CA 90241

## **SECTION 9. DISCLOSURE & FINANCIAL INFORMATION**

### **Disclosure Information**

The Company's Disclosure Statement for the quarterly period ended March 31, 2026, was prepared by the Company's Chief Executive Officer, Sabas Carrillo.

### **Financial Information**

Refer to Exhibit 9.1 as included in this Quarterly Report for the Company's unaudited financial statements.

The accompanying Consolidated Balance Sheets of Blum Holdings, Inc. as of March 31, 2026 and December 31, 2025 (Unaudited), and the related Consolidated Statements of Operations (Unaudited), Consolidated Statements of Mezzanine Equity and Stockholders' Deficit (Unaudited), and Consolidated Statements of Cash Flows (Unaudited) for the three months ended March 31, 2026 and 2025, and the related notes (collectively referred to as the "financial statements") are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") by the Company's Chief Financial Officer, Patty Chan. Ms. Chan's qualifications are as follows:

*Patty Chan, Chief Financial Officer*

Ms. Chan serves as our Chief Financial Officer, a position she has held since June 2023. Previously, Ms. Chan served as our Interim Chief Financial Officer from September 2022 to June 2023. Ms. Chan has over 15 years of accounting, financial reporting, compliance, and operational experience across the cannabis, real estate, and financial services industries. Before entering the cannabis and CBD industries, she accrued nearly 10 years of experience managing forensic accounting engagements for business litigation, supervising and conducting fraud investigations, and preparing forensic analysis of complex financial transactions. She previously served as Chief Financial Officer for Upexi Inc. f/k/a Grove Inc. (NASDAQ: UPXI) a manufacturing, distribution, wholesale and retail company in the CBD industry from June 2016 until June 2020. Prior to that company's initial public offering, she was part of the team overseeing their business model transition, equity fundraising, and go-public efforts. In February 2021, Ms. Chan joined Adnant where she currently serves as a Senior Manager. At Adnant, Ms. Chan focuses on advising hypergrowth clients on their operations and audit preparation as well as managing the accounting and reporting for cannabis investment funds. She has also implemented financial controls and infrastructure for cannabis clients in various stages of their business development. Ms. Chan received a B.A. in Business Economics with a minor in accounting and political science from the University of California, Los Angeles and is a Certified Public Accountant in the state of California.

## **SECTION 10. ISSUER CERTIFICATIONS**

Refer to Blum Holdings Inc.'s certifications as included in Exhibit 10.1 and Exhibit 10.2 of this Quarterly Report.

## EXHIBITS

The following exhibits are incorporated by reference from the Exhibit Index attached hereto:

<b>Exhibit</b>	<b>Description</b>
3.1	Changes to the Number of Outstanding Shares.
3.2	Convertible Debt Issued or Outstanding.
9.1	Blum Holdings, Inc. Unaudited Consolidated Financial Statements as of March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025.
10.1	Certification of Chief Executive Officer.
10.2	Certification of Chief Financial Officer.

BLUM HOLDINGS, INC.  
Changes to the Number of Outstanding Shares  
Exhibit 3.1

Balance of Shares Outstanding At:		Common Stock		Convertible Series V Preferred Stock						
		Shares	Amount	Shares	Amount					
December 31, 2023		8,509,384	\$ 9,000	14,071,431	\$ 1,000					

  

Date of Transaction	Transaction Type	# of Shares *	Class of Securities	Value of Shares at Issuance (\$/per share)	Shares Issued at a Discount Market Price? (Yes/No)	Holder of Issued Shares	Reason for Share Issuance	Restricted or Unrestricted as of this Filing?	Exemption or Registration Type
5/1/2024	New Issuance	302,905	Common Stock	\$ 0.71	No	GEVORG KADZHICYAN	Costal Pine Consulting Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
5/1/2024	New Issuance	302,905	Common Stock	\$ 0.71	No	GRACH SEROBYAN	Costal Pine Consulting Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
5/1/2024	New Issuance	337,094	Common Stock	\$ 0.71	No	ROOTS VENTURES LLC (ALIK ELIASIAN)	Letter of Intent dated April 26, 2024	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
5/1/2024	New Issuance	302,905	Common Stock	\$ 0.71	No	GAYK SEROBYAN	Costal Pine Consulting Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2024	New Issuance	3,808,559	Common Stock	\$ 0.98	No	ADNANT LLC (SABAS CARRILLO.)	Debt Conversion Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	899,150	Common Stock	\$ 1.15	No	GEVORG KADZHICYAN	Costal Pine Consulting Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	899,150	Common Stock	\$ 1.15	No	GRACH SEROBYAN	Costal Pine Consulting Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	899,150	Common Stock	\$ 1.15	No	ROOTS VENTURES LLC (ALIK ELIASIAN)	Letter of Intent dated April 26, 2024	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	814,172	Common Stock	\$ 1.15	No	GAYK SEROBYAN	Costal Pine Consulting Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	692,163	Common Stock	\$ 1.15	No	ALICIA COTTA	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	692,163	Common Stock	\$ 1.15	No	JUSTIN JARIN	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	812,320	Common Stock	\$ 1.15	No	MIGUEL RODRIGUEZ	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	724,140	Common Stock	\$ 1.15	No	DAVID KANG	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	552,517	Common Stock	\$ 1.15	No	AFTER SPORTS GROUP (JAMES ROLLINS)	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	120,123	Common Stock	\$ 1.15	No	AARON KRAW	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	40,114	Common Stock	\$ 1.15	No	ROBERT KRAW	GDR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	434,783	Common Stock	\$ 1.15	No	TATE OF DERIK HOWARD (JEREMY YATI)	EWCR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	23,112	Common Stock	\$ 0.98	No	ARTURO SANCHEZ	Conversion of Amounts Owing	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	61,224	Common Stock	\$ 0.98	No	JASON ASSAD	Conversion of Amounts Owing	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
11/13/2025	New Issuance	4,012,920	Common Stock	\$ 0.98	No	ADNANT LLC (SABAS CARRILLO.)	Debt Conversion Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	30,612	Common Stock	\$ 0.98	No	PATTY CHAN	EWCR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	194,183	Common Stock	\$ 0.98	No	MATT BARRON	Board Compensation	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	2,551,020	Common Stock	\$ 0.98	No	ADNANT LLC (SABAS CARRILLO.)	Performance Award	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	191,327	Common Stock	\$ 0.98	No	JAMES MILLER	Board Compensation	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	9,183	Common Stock	\$ 0.98	No	TJ COOPER	EWCR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	3,248,547	Common Stock	\$ 0.98	No	DOUGLAS ROSENBERG	Debt Conversion Agreement	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	9,184	Common Stock	\$ 0.98	No	TRACY MCCOURT	EWCR Acquisition	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933
12/31/2025	New Issuance	64,082	Common Stock	\$ 0.98	No	BRADLEY HIRSCH	Board Compensation	Restricted	Section 4(a)(2) and Rule 506(b) of Regulation D under the Securities Act of 1933

\* On January 25, 2024, an aggregate of 10,279 shares of Common Stock issued to Cede & Co (Fast) were cancelled.

Balance of Shares Outstanding At:		Common Stock		Convertible Series V Preferred Stock	
		Shares	Amount	Shares	Amount
December 31, 2025		31,528,812	\$ 27,000	14,071,431	\$ 1,000
March 31, 2026		31,528,812	\$ 27,000	14,071,431	\$ 1,000
May 20, 2026		31,528,812	\$ 27,000	14,071,431	\$ 1,000

**BLUM HOLDINGS, INC.**  
**Convertible Debt Issued or Outstanding**  
**Exhibit 3.2**

<u>Name of Noteholder</u>	<u>Reason for Issuance</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Principal Amount at Issuance (\$)</u>	<u>Outstanding Balance as of 12/31/2025</u>	<u>Outstanding Balance as of 3/31/2026</u>	<u># Shares Converted as of 3/31/2026</u>	<u># of Potential Shares to be Issued Upon Conversion as of 3/31/2026</u>
COSTAL PINE HOLDINGS, INC. (GAYK SEROBYAN)	Secured Promissory Note in exchange for 100% of the Common Stock of SAS <sup>(1)</sup>	5/1/2024	11/1/2027	\$ 1,491,000	\$ 716,000	\$ 592,000	-	139,953
ROOTS VENTURES, LLC (ALIK ELIASIAN)	Secured Promissory Note in exchange for 100% of the Common Stock of SAS <sup>(1)</sup>	5/1/2024	5/1/2028	\$ 450,000	\$ 285,000	\$ 248,000	-	58,629
KEITH ADAMS	Round A Raise <sup>(2)</sup>	1/8/2025	1/8/2027	\$ 30,000	\$ 30,000	\$ 30,000	-	30,612
LEVY AFFILIATED HOLDINGS, LLC (S. LEVY)	Round A Raise <sup>(2)</sup>	1/8/2025	1/8/2027	\$ 10,000	\$ 10,000	\$ 10,000	-	10,204
GILAC, LLC (SANAZ R.)	Round A Raise <sup>(2)</sup>	1/8/2025	1/8/2027	\$ 10,000	\$ 10,000	\$ 10,000	-	10,204
ESTATE OF DERIK HOWARD (JEREMY YATES)	Senior Secured Convertible Promissory Note in connection with the acquisition of EWCR Inc. <sup>(2)</sup>	1/31/2025	7/31/2027	\$ 500,000	\$ 500,000	\$ 500,000	-	510,204
AVE GROUP (JIM P.)	Loan <sup>(2)</sup>	5/2/2025	5/2/2027	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	-	1,020,408
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	12/31/2025	12/31/2027	\$ 535,000	\$ 535,000	\$ 535,000	-	535,715
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	9/16/2025	9/16/2027	\$ 500,000	\$ -	\$ -	526,505	-
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	9/17/2025	9/17/2027	\$ 250,000	\$ -	\$ -	262,787	-
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	12/1/2025	9/26/2027	\$ 200,000	\$ -	\$ -	208,467	-
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	12/2/2025	10/31/2027	\$ 200,000	\$ -	\$ -	206,903	-
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	12/3/2025	10/31/2027	\$ 500,000	\$ -	\$ -	517,144	-
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	12/4/2025	11/17/2027	\$ 100,000	\$ -	\$ -	103,109	-
DOUGLAS ROSENBERG	Loan <sup>(2)</sup>	12/5/2025	11/25/2027	\$ 500,000	\$ -	\$ -	514,288	-
					<u>\$ 3,086,000</u>	<u>\$ 2,925,000</u>	<u>2,339,204</u>	<u>2,315,929</u>

**Conversion Terms:**

- (1) The outstanding principal and any accrued interest may be converted, at the Lender's election, into shares of capital stock issued by Blüm at a conversion price based on a transaction valuation to be determined and agreed upon by the Company and Lender. Actual conversion terms remain subject to final agreement.
- (2) Convertible debt may be converted, at the Lender's election, into a convertible promissory note that shall include an automatic conversion into shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis).

\* There was no convertible debt issued after December 31, 2025 through May 20, 2026, the date of the Issuers Quarterly Report.

**BLUM HOLDINGS, INC.**  
**INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

	<u>Page</u>
Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025 (Unaudited)	F-2
Consolidated Statements of Operations for the three months ended March 31, 2026 and 2025 (Unaudited)	F-3
Consolidated Statements of Mezzanine Equity and Stockholders' Deficit for the three months ended March 31, 2026 and 2025 (Unaudited)	F-4
Consolidated Statements of Cash Flows for the three months ended March 31, 2026 and 2025 (Unaudited)	F-5
Notes to Unaudited Consolidated Financial Statements	F-6

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2026</b>	<b>2025</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 626	\$ 813
Accounts Receivable, Net of Allowance for Credit Losses of nil at both March 31, 2026 and December 31, 2025	111	100
Inventory	304	403
Prepaid Expenses & Other Current Assets	220	323
Notes Receivable	11	11
Total Current Assets	<u>1,272</u>	<u>1,650</u>
Property, Equipment and Leasehold Improvements, Net	372	406
Right-of-Use Assets - Operating Leases	3,872	3,983
Intangible Assets, Net	7,917	8,083
Goodwill	30,210	30,210
Other Assets	201	186
<b>TOTAL ASSETS</b>	<b><u>\$ 43,844</u></b>	<b><u>\$ 44,518</u></b>
<b>LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>		
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 11,781	\$ 11,411
Related Party Accounts Payable	977	702
Current Portion of Notes Payable	805	623
Income Taxes Payable	11,628	11,470
Total Current Liabilities	<u>25,191</u>	<u>24,206</u>
Notes Payable, Net of Discounts	2,377	2,533
Related Party Note Payable, Net of Discounts	525	525
Accrued Income Taxes	15,390	15,071
Deferred Tax Liabilities	2,209	2,224
Operating Lease Liabilities	3,266	3,368
Derivative Liability	1,325	812
<b>TOTAL LIABILITIES</b>	<b><u>50,283</u></b>	<b><u>48,739</u></b>
<b>COMMITMENTS AND CONTINGENCIES (Note 22)</b>		
<b>MEZZANINE EQUITY (Note 15)</b>	2,949	2,949
<b>STOCKHOLDERS' DEFICIT:</b>		
Preferred Stock, Convertible Series V, par value \$0.001: 25,000,000 shares authorized; 14,071,431 shares outstanding as of March 31, 2026 and December 31, 2025	1	1
Common Stock, par value \$0.001: 990,000,000 shares authorized; 31,528,812 shares outstanding as of March 31, 2026 and December 31, 2025	27	27
Additional Paid-In Capital	421,845	421,845
Accumulated Deficit	(431,261)	(429,043)
Total Stockholders' Deficit	<u>(9,388)</u>	<u>(7,170)</u>
<b>TOTAL MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>	<b><u>(6,439)</u></b>	<b><u>(4,221)</u></b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT</b>	<b><u>\$ 43,844</u></b>	<b><u>\$ 44,518</u></b>

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

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
Revenue	\$ 3,502	\$ 2,240
Cost of Goods Sold	1,644	1,049
Gross Profit	<u>1,858</u>	<u>1,191</u>
Operating Expenses:		
Selling, General & Administrative	3,034	2,492
Total Operating Expenses	<u>3,034</u>	<u>2,492</u>
Loss from Operations	(1,176)	(1,301)
Other Income (Expense):		
Interest Expense, Net	(565)	(232)
Change in Fair Value of Derivative Liability	(513)	516
Other Income	21	700
Total Other Income (Expense), Net	<u>(1,057)</u>	<u>984</u>
Loss from Operations Before Provision for Income Taxes	(2,233)	(317)
Provision for Income Tax Benefit (Expense)	15	(247)
<b>NET LOSS</b>	<u><u>\$ (2,218)</u></u>	<u><u>\$ (564)</u></u>
Net Loss per Common Share - Basic and Diluted	<u><u>\$ (0.07)</u></u>	<u><u>\$ (0.08)</u></u>
Weighted-Average Shares Outstanding - Basic and Diluted	<u><u>31,528,812</u></u>	<u><u>12,307,664</u></u>

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

**BLUM HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025**  
(in thousands, except for shares)

	Mezzanine Equity	Convertible Series V Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Amount	Shares	Amount	Shares	Amount			
<b>BALANCE AT DECEMBER 31, 2025</b>	\$ 2,949	14,071,431	\$ 1	31,528,812	\$ 27	\$ 421,845	\$ (429,043)	\$ (4,221)
Net Loss	—	—	—	—	—	—	(2,218)	(2,218)
<b>BALANCE AT MARCH 31, 2026</b>	<u>\$ 2,949</u>	<u>14,071,431</u>	<u>\$ 1</u>	<u>31,528,812</u>	<u>\$ 27</u>	<u>\$ 421,845</u>	<u>\$ (431,261)</u>	<u>\$ (6,439)</u>
	Mezzanine Equity	Convertible Series V Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Amount	Shares	Amount	Shares	Amount			
<b>BALANCE AT DECEMBER 31, 2024</b>	\$ 2,005	14,071,431	\$ 1	13,553,473	\$ 12	\$ 414,319	\$ (421,081)	\$ (4,744)
Net Loss	—	—	—	—	—	—	(564)	(564)
Accretion of Mezzanine Equity	379	—	—	—	—	(379)	—	—
Stock-Based Compensation	—	—	—	—	—	39	—	39
Issuance of Warrants	—	—	—	—	—	3	—	3
<b>BALANCE AT MARCH 31, 2025</b>	<u>\$ 2,384</u>	<u>14,071,431</u>	<u>\$ 1</u>	<u>13,553,473</u>	<u>\$ 12</u>	<u>\$ 413,982</u>	<u>\$ (421,645)</u>	<u>\$ (5,266)</u>

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

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (2,218)	\$ (564)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Deferred Income Tax Benefit	(15)	(5)
Change in Fair Value of Derivative Liability	513	(516)
Non-Cash Interest Expense (Income), Net	2	(18)
Depreciation and Amortization	202	142
Amortization of Operating Lease Right-of-Use Asset	111	46
Stock-Based Compensation	—	39
Other	(2)	—
Change in Operating Assets and Liabilities:		
Accounts Receivable	(11)	8
Inventory	99	196
Prepaid Expenses & Other Current Assets	103	510
Other Assets	(15)	(51)
Accounts Payable & Accrued Liabilities	370	(815)
Related Party Accounts Payable	275	269
Income Taxes Payable	477	441
Operating Lease Liabilities	(102)	(46)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(211)</b>	<b>(364)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Notes Receivable	—	94
Acquisition of Notes Receivable	—	(500)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>—</b>	<b>(406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issuance of Notes Payable	200	300
Payments of Debt Principal	(172)	(140)
Cash Paid for Debt Issuance Costs	(4)	—
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>24</b>	<b>160</b>
<b>NET CHANGE IN CASH</b>	<b>(187)</b>	<b>(610)</b>
Cash at Beginning of Period	813	1,040
<b>CASH AT END OF PERIOD</b>	<b>\$ 626</b>	<b>\$ 430</b>
<b>SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:</b>		
Cash Paid for Interest	\$ 75	\$ 60
<b>SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Accretion of Mezzanine Equity	\$ —	\$ 379

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

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

**NOTE 1 – DESCRIPTION OF BUSINESS**

Blum Holdings, Inc. (“Blüm” or the “Company”) is a publicly traded holding company with operating subsidiaries throughout California committed to providing the highest quality of medical and adult use cannabis products and related services. The Company is home to Korova, a brand of high potency products across multiple product categories. In May 2024, the Company began operating the retail store, Cookies Sacramento, and providing consulting services for two additional dispensaries located in Northern California. In May 2025, the Company began operating a retail dispensary located in Santa Clara County, California. In July 2025, the Company began operating Cookies Redding. As of March 31, 2026, the Company operates a total of five cannabis retail locations in the state of California.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Basis of Presentation***

The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest in accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, “*Consolidation*” (“ASC 810”).

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, 2026 and December 31, 2025, and the consolidated results of operations and cash flows for the periods ended March 31, 2026 and 2025 have been included. These interim unaudited consolidated financial statements do not include all disclosures required by GAAP for complete financial statements and, therefore, should be read in conjunction with the more detailed unaudited consolidated financial statements for the year ended December 31, 2025. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

***Going Concern***

The Company incurred pre-tax net loss from operations of \$2.23 million and \$0.32 million for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and December 31, 2025, the Company had an accumulated deficit of \$431.26 million and \$429.04 million, respectively. At March 31, 2026, the Company had a consolidated cash balance of \$0.63 million. Management expects to experience further net losses in 2026 and in the foreseeable future. The Company may not be able to generate sufficient cash from operating activities to fund its ongoing operations. The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that the Company will be able to generate enough revenue or raise capital to support its operations.

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

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

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

***Significant Accounting Policies***

The significant accounting policies and critical estimates applied by the Company in these interim unaudited consolidated financial statements are the same as those applied in the Company's unaudited consolidated financial statements and accompanying notes included in the Company's 2025 Annual Report, unless otherwise disclosed in these accompanying notes to the unaudited consolidated financial statements for the interim period ended March 31, 2026.

***Use of Estimates***

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

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

***Reclassifications***

Certain comparative prior period amounts in the consolidated statement of cash flow for the three months ended March 31, 2025, have been reclassified to conform to the current period presentation. Related party accounts payable and income tax payable, previously included in "Accounts Payable and Accrued Liabilities," are now presented each as a single line item on the consolidated statements of cash flows. These reclassifications did not affect the net cash used in operating activities, net cash used in investing activities, net cash provided by financing activities or net change in cash.

***Loss Per Common Share***

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

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
Common Stock Warrants	5,863,520	3,263,632
Common Stock Options	222,773	271,064
Convertible Debt	2,353,990	1,350,622
Series V Preferred Stock	4,690,477	4,690,477
	<b>13,130,760</b>	<b>9,575,795</b>

## *Income Taxes*

The provision for income taxes is determined in accordance with ASC 740, "*Income Taxes*" ("ASC 740"). The Company files a consolidated United States federal income tax return with the exception of Coastal Pines Group, which files separate federal returns. 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.

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

The 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.

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

On April 23, 2026, the U.S. Department of Justice issued an order (i) immediately placing both FDA-approved products containing marijuana and marijuana products regulated by a state medical marijuana license on Schedule III of the Controlled Substances Act and (ii) initiating an expedited administrative hearing process to consider the broader rescheduling of marijuana from Schedule I to Schedule III (the "Order"). Within the Order, the Acting Attorney General noted that, as a consequence of the rule, state licensees would no longer be subject to the deduction disallowance imposed by Section 280E. The Order also encouraged the Secretary of the Treasury to consider providing retrospective relief from Section 280E liabilities for prior taxable years in which businesses operated pursuant to state medical marijuana licenses.

Rescheduling marijuana to Schedule III removes certain marijuana-related activities from the scope of Section 280E allowing the Company to deduct ordinary and necessary business expenses for federal income tax purposes on a prospective basis. This could materially reduce the effective tax rate applicable to such operations, decrease cash tax payments, improve operating cash flows, and materially reduce the Company's total consolidated liabilities.

Based on guidance from the Company's tax advisors, management believes that the Company may be able to reduce its future federal income tax expense and may evaluate available administrative procedures to reduce, settle, or otherwise resolve a portion of tax-related liabilities for prior periods. Any improvement in operating cash flows and liquidity resulting from relief from Section 280E could enhance the Company's ability to service and reduce outstanding federal income tax indebtedness and other liabilities over time. There can be no assurance, however, as to the timing, scope, or ultimate implementation of any such regulatory change, or as to the extent to which the Company may realize the anticipated benefits.

### ***Recently Adopted Accounting Standards***

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*," which requires public business entities to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate (the rate reconciliation) for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. In addition, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-09 as of January 1, 2025 and applied the changes using a prospective approach. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-04, "*Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*," to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted ASU 2024-09 as of January 1, 2026 and applied the changes using a prospective approach. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, "*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*" which amends ASC 326-202 to provide a practical expedient (for all entities) and an accounting policy election (for all entities, other than public business entities, that elect the practical expedient) related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The ASU is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The Company adopted ASU 2025-05 as of January 1, 2026 and elected the practical expedient upon adoption. The guidance was applied prospectively and adoption of the standard did not have a material impact on the Company's consolidated financial statements.

### ***Recently Issued Accounting Standards***

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

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

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

**NOTE 3 – BANKRUPTCY FILING**

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

As a result of the Chapter 11 filing, the Debtors are now subject to review and oversight by the Bankruptcy Court. As a result, the Company no longer has exclusive control over Debtors’ activities during the Chapter 11 proceedings. Therefore, all assets and liabilities related to the Debtors were deconsolidated as of the Petition Date.

The Debtors jointly filed a liquidating plan on February 4, 2025, an amended joint Chapter 11 plan on January 28, 2026, a further amended joint Chapter 11 plan on March 18, 2026, and an amended disclosure statement describing the amended plan. The amended plan and related documents are available on the public docket; the Bankruptcy Court approved the disclosure statement at a hearing on March 31, 2026. Plan confirmation is scheduled for June 4, 2026.

***Significant Bankruptcy Court Actions***

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

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

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

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

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

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

On January 7, 2026, the Bankruptcy Court denied the debtors’ motion to abandon the Mystic shares without prejudice. The Debtors have listed the proceeds from the potential sale of the Mystic shares in the amended plan and disclosure statement. The court approved of the disclosure statement at a hearing on March 31, 2026. Plan confirmation is scheduled for June 4, 2026.

**NOTE 4 – CONCENTRATIONS OF BUSINESS AND CREDIT RISK**

The Company maintains cash balances in several financial institutions that are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Association up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations. The Company has not historically experienced any material loss from carrying cash on hand. As of March 31, 2026 and December 31, 2025, the amount in excess of insured limitations was nil and \$0.15 million, respectively.

The Company provides credit in the normal course of business to customers located throughout the U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for credit losses based on factors surrounding the credit risk of specific customers, historical trends, and other information. There were no customers that comprised more than 10.0% of the Company's revenue for the three months ended March 31, 2026 and 2025.

The Company sources cannabis products from various vendors for retail and distribution. However, as a result of regulations in the State of California, the Company's California retail and distribution operations must use vendors licensed by the State. As a result, the Company is dependent upon the licensed vendors in California to supply products. If the Company is unable to enter into relationships with sufficient members of properly licensed vendors, the Company's sales may be impacted. During the three months ended March 31, 2026, the Company recorded \$1.00 million for purchased inventory from three vendors that represented 58.8% of the Company's total purchases. During the three months ended March 31, 2025, the Company had no such concentration of vendors for inventory purchases.

**NOTE 5 – INVENTORY**

Inventory consisted of the following:

	(in thousands)	
	March 31, 2026	December 31, 2025
Finished Goods	\$ 304	\$ 403
<b>Total Inventory</b>	<b>\$ 304</b>	<b>\$ 403</b>

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

**NOTE 6 – NOTES RECEIVABLE**

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

**NOTE 7 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

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

	(in thousands)	
	March 31, 2026	December 31, 2025
Furniture and Equipment	\$ 93	\$ 93
Computer Hardware	106	101
Leasehold Improvements	884	883
Vehicles	105	108
Subtotal	<u>1,188</u>	<u>1,185</u>
Less: Accumulated Depreciation	(816)	(779)
<b>Property, Equipment and Leasehold Improvements, Net</b>	<u><u>\$ 372</u></u>	<u><u>\$ 406</u></u>

Depreciation expense was \$0.04 million and \$0.09 million for the three months ended March 31, 2026 and 2025, respectively.

**NOTE 8 – INTANGIBLE ASSETS**

Intangible assets consisted of the following:

	Estimated Useful Life (in Years)	(in thousands)					
		March 31, 2026			December 31, 2025		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trademarks and Patent	10	\$ 1,400	\$ (123)	\$ 1,277	\$ 1,400	\$ (88)	\$ 1,312
Operating Licenses	14	7,310	(670)	6,640	7,310	(539)	6,771
<b>Total Intangible Assets, Net</b>		<u><u>\$ 8,710</u></u>	<u><u>\$ (793)</u></u>	<u><u>\$ 7,917</u></u>	<u><u>\$ 8,710</u></u>	<u><u>\$ (627)</u></u>	<u><u>\$ 8,083</u></u>

Amortization expense was \$0.17 million and \$0.06 million for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and December 31, 2025, the net carrying value of the Company's amortizing intangible assets was \$7.92 million and \$8.08 million, respectively.

**NOTE 9 – GOODWILL**

Goodwill is assigned to the reporting unit, which is the operating segment level or one level below the operating segment. The Company conducts its annual goodwill impairment assessment on November 1, and between annual tests if the Company becomes aware of an event or a change in circumstances that would indicate the carrying value may be impaired. For the purpose of the goodwill impairment assessment, the Company has the option to perform a qualitative assessment (commonly referred to as “step zero”) to determine whether further quantitative analysis for impairment of goodwill or indefinite-lived intangible assets is necessary (“step one”). As of November 1, 2025, the Company performed a quantitative assessment to test goodwill for impairment, and given the carrying value of the reporting unit was negative, no impairment was deemed necessary. As of March 31, 2026, the retail reporting unit had a negative carrying amount of which all goodwill is allocated to the reporting unit. The balance of goodwill at March 31, 2026 and December 31, 2025 remained unchanged at \$30.21 million.

**NOTE 10 – BUSINESS COMBINATIONS*****EWCR***

On May 13, 2025, the Company executed an Amended and Restated Binding Letter of Intent ("A&R LOI") with EWCR wherein the Company and the sellers of EWCR shall enter into a Stock Sale and Purchase Agreement in which the Company will acquire 100% of the common stock of EWCR. The total consideration paid shall consist of: (i) \$0.8 million in cash upon execution of the management services agreement dated May 15, 2025, (ii) assignment of a senior secured convertible promissory note in the amount of \$0.5 million, (iii) the issuance of 434,783 shares of Common Stock of the Company valued at \$0.5 million based on a per share price of \$1.15, which shall be issued at closing and subject to a 12-month holdback, and (iv) an earn-out provision in the amount of \$0.2 million payable in cash or Common Stock at the seller's election. Refer to "Note 14 – Derivative Liabilities" for the earn-out provision. The proposed transaction is subject to definitive documentation upon regulatory approval. On December 18, 2025, the Company executed a stock purchase agreement to purchase all outstanding equity of EWCR and closed on the acquisition of EWCR.

On May 15, 2025, the Company, through its wholly-owned subsidiary Blum Management, executed a management services agreement with EWCR (the "EWCR MSA") pursuant to which the Company shall have immediate operational and economic control of EWCR. EWCR operates a retail dispensary located in Santa Clara County. As consideration for such services, the Company shall receive a management fee of 100% of the economic benefit of EWCR. The Company shall pay all expenses and liabilities incurred to operate EWCR. The term of the MSA is indefinite and may only be terminated by the Company or upon the closing of the proposed transaction. As a result of the EWCR MSA effective May 15, 2025, the Company determined EWCR to be a variable interest entity under ASC 810 of which the Company is a primary beneficiary. As of December 18, 2025, the Company acquired 100% of the common stock of EWCR.

***Green Door Redding, LLC***

On July 1, 2025, the Company entered into a binding term sheet with Green Door Redding, LLC ("GDR") pursuant to which the Company intends to acquire 80% of the membership interests in GDR (the "Transaction") in exchange for 3,633,540 shares of the Company's Common Stock, which shall be heldback in escrow until closing of the transaction and subject to consideration adjustments. The total purchase consideration will be determined based on the greater of: (i) GDR's trailing twelve months revenue or (ii) the best consecutive six-month revenue period during the 12-month period following closing multiplied by 2.0x, and reduced by verified and unrecorded liabilities as of the closing date. The exchange valuation may be further increased by 125% of any available cash at closing that is contributed to or invested directly into the Company. In addition, up to \$0.75 million of contingent consideration, payable in shares of the Company's Common Stock, is contingent upon GDR's achievement of specified revenue and EBITDA margin thresholds during the 12-month period following closing (the "Earnout Provision"). The equity consideration includes a redemption right permitting the seller, if the average closing price of the Company's Common Stock over any 15 consecutive trading-day period between 24 and 26 months after closing is below \$1.15 per share, to redeem all of the Common Stock received in exchange for the return of their original equity interests in GDR (the "Put Option"). The final purchase price will be determined 12 months after the closing date and payable in shares of Common Stock. The preliminary exchange valuation was determined using a Monte Carlo simulation model and consists of 1,428,696 shares of Common Stock with an aggregate value of \$1.64 million based on a per share price of \$1.15. The fair value of the equity consideration was measured at \$0.91 million based on the Company's closing stock price on July 1, 2025. Refer to "Note 15 – Stockholders' Deficit" for further information. The fair value of the Earnout Provision was determined to be nil based on a Monte Carlo simulation model reflecting the probability-weighted outcomes of the specified revenue and EBITDA performance thresholds. The fair value of the Put Option was estimated to be \$0.33 million based on a Monte Carlo simulation model incorporating the expected volatility of the Company's stock price, the option exercise window, and risk-free interest rates as of the valuation date. The closing of the Transaction is subject to customary regulatory approvals at the state and municipal levels.

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

## EXHIBIT 9.1

On January 8, 2026, Green Door Redding, LLC (“GDR”) delivered a Notice of Rescission and Termination pursuant to which it rescinded and declared void certain prior agreements with a third party, including the related purported issuance of a 19.99% membership interest. As a result, the previously issued membership interest was rescinded, deemed null and void, and returned to GDR as treasury membership interests. As a consequence of the rescission, the Company will acquire 100% of the outstanding membership interests of GDR in exchange for the same purchase consideration, payable in shares of the Company’s common stock, as set forth in the binding term sheet dated July 1, 2025.

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

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

	(in thousands)	
	EWCR	Green Door Redding
Equity Consideration - Common Stock	\$ 316	\$ 914
Put Option	—	327
Note Payable	457	—
Cash Consideration	800	—
Earnout Provision	4	—
<b>Total Consideration</b>	<b>\$ 1,577</b>	<b>\$ 1,241</b>
Assets Acquired:		
Cash	29	137
Inventory	364	166
Prepaid Expenses & Other Current Assets	11	—
Property, Equipment and Leasehold Improvements	162	295
Right-of-Use Asset - Operating Leases	—	1,351
Intangible Assets	3,600	2,010
Other Assets	86	—
Total Assets Acquired	4,252	3,959
Liabilities Assumed:		
Accounts Payable & Accrued Liabilities	4,548	752
Operating Lease Liabilities	—	804
Notes Payable	457	—
Income Taxes Payable	7,527	931
Accrued Income Taxes	2,014	957
Deferred Tax Liabilities	319	178
Total Liabilities Assumed	14,865	3,622
Fair Value of Net Assets (Liabilities) Acquired	(10,613)	337
<b>Goodwill</b>	<b>\$ 12,190</b>	<b>\$ 904</b>

EWCR contributed revenue of \$2.07 million and net loss of \$0.17 million for the three months ended March 31, 2026.

GDR contributed revenue of \$0.85 million and net loss of \$0.08 million for the three months ended March 31, 2026.

**NOTE 11 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following:

	(in thousands)	
	March 31, 2026	December 31, 2025
Accounts Payable	\$ 10,017	\$ 9,620
Excise, City, and Sales Tax Liabilities	9	18
Accrued Payroll and Benefits	210	199
Current Portion of Operating Lease Liabilities	446	447
Employee Retention Credit Liabilities	361	361
Other Accrued Expenses	738	766
<b>Total Accounts Payable &amp; Accrued Liabilities</b>	<b>\$ 11,781</b>	<b>\$ 11,411</b>

**NOTE 12 – LEASES**

The Company occupies office and other facilities under lease agreements that expire at various dates. In addition, office, production and transportation equipment are leased under agreements that expire at various dates. The Company does not have any significant finance leases. Total operating lease costs were \$0.26 million and \$0.11 million for the three months ended March 31, 2026 and 2025, respectively. Short-term lease costs during the fiscal quarters ended March 31, 2026 and 2025 were not material.

As of March 31, 2026 and December 31, 2025, short-term lease liabilities of \$0.45 million and \$0.45 million, respectively, are included in “Accounts Payable & Accrued Liabilities” on the consolidated balance sheets. The table below presents total operating lease right-of-use assets and lease liabilities as of:

	(in thousands)	
	March 31, 2026	December 31, 2025
Operating Lease Right-of-Use Assets	\$ 3,872	\$ 3,983
Operating Lease Liabilities	\$ 3,712	\$ 3,815

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:

	March 31, 2026	December 31, 2025
Weighted Average Remaining Lease Term (Years)	7.2	7.4
Weighted Average Discount Rate	13.0%	13.0%

**NOTE 13 – NOTES PAYABLE**

Notes payable consisted of the following:

	(in thousands)	
	March 31, 2026	December 31, 2025
Promissory notes dated May 1, 2024 issued for liabilities assumed by the Company in connection with the acquisition of CPG, which shall bear at a nominal interest rate.	\$ 761	\$ 761
Convertible promissory note dated August 1, 2024 issued to the shareholders of SAS, which matures through May 1, 2028 and bear interest at a rate of 6.0% per annum.	248	285
Convertible promissory notes dated May 1, 2024 and August 1, 2024 issued to the shareholders of Coastal and SAS, which bear interest at a rate of 7.0% per annum and mature in May through November 2027.	592	716
Unsecured promissory notes dated January 8, 2025 issued to accredited investors, which mature on January 8, 2027. The non-interest bearing note is convertible into common stock of the Company.	50	50
Unsecured promissory note dated May 2, 2025 issued to an accredited investor, which matures on May 2, 2027 and bears interest at a rate of 8.0% per annum. The note is convertible into common stock of the Company.	1,000	1,000
Senior secured convertible promissory note dated January 31, 2025, assumed by the Company on May 15, 2025 in connection with the acquisition of EWCR Inc. The note bears interest at a rate of 8.0% per annum and shall mature 30 months from the closing date of the acquisition.	500	500
Unsecured promissory note dated February 28, 2026 issued to an investor, which matures on March 28, 2027 and bears interest at a rate of 38.8% per annum.	185	—
Notes Payable - Promissory Notes	3,336	3,312
Less: Short-Term Debt	(805)	(623)
Less: Debt Discount, net	(154)	(156)
<b>Net Long-Term Debt</b>	<b>\$ 2,377</b>	<b>\$ 2,533</b>

On February 28, 2026, the Company executed and delivered an unsecured promissory note in the principal amount of \$0.20 million ("Note") to an investor. The Note has a maturity date of March 28, 2027 and bears a variable interest rate based on the date which the debt principal is paid. As of March 31, 2026 the Note bears interest at a rate of 38.8% per annum using a 1-year repayment estimate and is being repaid in weekly installments of approximately \$0.01 million. The Note can be repaid in full prior to the maturity date, in which the change in repayment estimate is recognized prospectively through the statement of operations. As of March 31, 2026 and December 31, 2025, the net carrying value of the Note was \$0.19 million and nil, respectively.

## NOTE 14 – DERIVATIVE LIABILITIES

A reconciliation of the changes in fair value of derivative liabilities is as follows:

	(in thousands)	
	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Balance, Beginning of Period	\$ 812	\$ 4,102
Issuance of Derivative Liability - Conversion Option	—	16
Change in Fair Value of Derivative Liability	513	(516)
<b>Balance, End of Period</b>	<b>\$ 1,325</b>	<b>\$ 3,602</b>

On May 1, 2024, the Company issued 945,605 shares of Common Stock to the previous stockholders of SAS and 889,725 shares of Common Stock to the shareholders of Coastal, of which 196,507 and 393,013 shares of Common Stock, respectively, shall be transferred on the 12-month anniversary of the transaction. As of March 31, 2026, such shares of Common Stock have not been transferred to the parties. The holders of such Common Stock have the option, but not the obligation, to exchange shares of the Company's Common Stock received as part of the purchase price for a promissory note (the "Put Option"). The Put Option is exercisable 24 months subsequent to the closing date for a period of 90 days thereafter. On November 13, 2025, the Put Option was amended to reduce the amount of the promissory note in exchange for 3,511,622 shares of Common Stock. The Put Option met the criteria in ASC 815-15 and is therefore classified as a derivative liability at fair value with changes being reported through the statement of operations. Refer to "Note 15 – Stockholders' Deficit" for further information on the underlying common shares. The fair value of the Put Option was \$1.32 million and \$3.34 million as of March 31, 2026 and 2025, respectively. The fair value of the Put Option was determined using the Black-Scholes simulation model based on Level 3 inputs on the fair value hierarchy. The following inputs and assumptions were used for the periods presented:

	<b>Issuance Date</b>	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Share Price	\$ 0.71	\$ 0.20	\$ 0.93
Exercise Price	\$ 2.75	\$ 0.93	\$ 2.75
Expected Life (in Years)	2.25	0.33	1.33
Annualized Volatility	88.0%	96.5%	95.3%
Risk-Free Annual Interest Rate	4.9%	3.7%	4.0%

The Unsecured Promissory Note dated November 12, 2024, as amended and restated on December 31, 2024, referred to as the A&R Note, and the Unsecured Promissory Notes dated January 8, 2025 may be automatically converted into shares of Common Stock upon its next bona fide equity financing with proceeds of at least \$10.00 million or such lesser amount as approved by the lender, at a conversion price equal to the lesser of (x) 85% of the lowest price paid by the cash investors in such qualifying financing and (y) the price represented by a \$30.00 million pre-money valuation of the Company (the "Conversion Option"). The conversion price is unknown at the issuance date and determined by future equity financing. The Conversion Option met the criteria in ASC 815-15 and is therefore classified as a derivative liability at fair value with changes being reported through the statement of operations. On May 15, 2025, the Conversion Option was amended and no longer met the criteria in ASC 815-15 to be classified as a derivative liability. The fair value of the Conversion Option was nil and \$0.26 million as of March 31, 2026 and 2025, respectively. The fair value of the Conversion Option was determined using the Monte Carlo simulation model based on Level 3 inputs on the fair value hierarchy. The following inputs and assumptions were used for the periods presented:

	<b>Issuance Date</b>	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Share Price	\$ 0.23	\$ —	\$ 0.93
Expected Life (in Years)	1.50	0.00	1.75
Annualized Volatility	165.0%	—%	100.0%
Risk-Free Annual Interest Rate	4.4%	—%	3.9%

In connection with the A&R LOI dated May 13, 2025 described in "Note 10 – Business Combinations", the total consideration paid includes an earn-out provision based on the revenue of EWCR in the one-year following the closing date, upon which the seller of EWCR shall receive, at the seller's election: (i) \$0.2 million payable in cash or (ii) \$0.2 million payable in shares of Common Stock at \$1.15 per share. If the seller elects payment in Common Stock, then the Company shall issue 10,938 warrants to acquire shares of Common Stock at an exercise price of \$0.64 per share. The earn-out provision met the criteria in ASC 815-15 and is therefore classified as a derivative liability at fair value with changes being reported through the statement of operations. The fair value of the earn-out provision was less than \$0.01 million and nil as of March 31, 2026 and 2025, respectively.

The fair value of derivative liabilities is based on significant unobservable inputs which involve inherent uncertainty. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market.

## NOTE 15 – STOCKHOLDERS' DEFICIT

### *Series V Preferred Stock*

In December 2022, the Company filed a Certificate of Designation of Rights, Privileges, Preferences, and Restrictions with the Secretary of State of the State of Nevada to establish a new class of preferred shares, the Series V Preferred Stock, \$0.001 par value. The number of authorized shares of Series V Preferred Stock is 25,000,000 shares. Each share of Series V Preferred Stock is convertible into ten shares of Common Stock at any time from and after the first anniversary of the issuance date. Each share of Series V Preferred Stock will automatically be converted into ten fully paid and non-assessable shares of Common Stock on the second anniversary of the date on which the holder's shares of Series V Preferred Stock were issued. The Series V Class of Preferred Stock have a one-year lock-up and have a two times voting right which automatically expires in two years. The conversion ratio of each share of Series V Preferred Stock was adjusted to one-tenth (1/10th) of a share of Common Stock to reflect the reverse stock split of its Common Stock at a ratio of 1-for-100 effective January 12, 2024 (the "Reverse Stock Split") as retroactively presented herein. The Series V Preferred Stock have an aggregate liquidation preference of \$1.00 as of March 31, 2026 and December 31, 2025.

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

### *Series N Preferred Stock*

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

### *Common Stock and Mezzanine Equity*

The Company authorized 990,000,000 shares of Common Stock with \$0.001 par value per share. As of March 31, 2026 and December 31, 2025, 31,528,812 and 31,528,812 shares of Common Stock were outstanding, respectively.

In May 2024, the Company issued 749,097 shares of Common Stock to the previous stockholders of SAS and 496,712 shares of Common Stock to the shareholders of Coastal, wherein the holders have the option, but not the obligation, to exchange shares of the Company's Common Stock received as part of the purchase price for a promissory note. The Put Option is exercisable 24 months subsequent to the closing date for a period of 90 days thereafter. On November 13, 2025, the Put Option was amended to reduce the amount of the promissory note from \$5.05 million to \$1.71 million in exchange for 3,511,622 shares of Common Stock. Refer to "Note 14 – Derivative Liabilities" for further information on the Put Option. The Company determined that the common shares are classified as temporary equity in accordance with ASC 480, "Distinguishing Liabilities from Equity" and has reflected the dollar amount as mezzanine equity in the consolidated balance sheets. The carrying value of such shares classified as mezzanine equity was unchanged at \$1.71 million as of March 31, 2026 and December 31, 2025. Accretion related to mezzanine equity is recognized using the interest method and included in the calculation of earnings per share. Refer to "Note 19 - Loss Per Share". As of March 31, 2026, the mezzanine equity was fully accreted to its redemption value at maturity of \$1.71 million.

On July 1, 2025, the Company entered into a binding term sheet with GDR for the transaction described in "Note 10 – Business Combinations", wherein the sellers have the option, but not the obligation, to redeem all of the Common Stock received in exchange for the return of their original equity interests in GDR if the average closing price of the Company's Common Stock over any 15 consecutive trading-day period between 24 and 26 months after closing is below \$1.15 per share. The redemption rights are an embedded feature of the shares of Common Stock issued to the sellers and not bifurcated as a derivatives. The preliminary exchange valuation was determined to be 1,428,696 shares of Common Stock and the actual number of shares will be determined 12 months after the closing date. The shares of Common Stock to be issued as part of the equity consideration are classified as temporary equity in accordance with ASC 480, "Distinguishing Liabilities from Equity" and recorded as mezzanine equity on the consolidated balance sheets. The carrying amount of these shares was unchanged at \$1.24 million as of March 31, 2026 and December 31, 2025. The redemption value at maturity is expected to be \$1.06 million based on a Monte Carlo simulation model. Accretion related to the mezzanine equity for such shares shall commence on the closing date of the transaction.

On November 13, 2025, the Company issued 434,783 and 3,633,540 shares of Common Stock related to the acquisition of EWCR and GDR, respectively.

### *Variable Interest Entities*

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

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

	(in thousands)	
	March 31, 2026	December 31, 2025
Current Assets	\$ 708	\$ 714
Non-Current Assets	25,578	25,760
<b>Total Assets</b>	<b>\$ 26,286</b>	<b>\$ 26,474</b>
Current Liabilities	\$ 8,620	\$ 8,262
Non-Current Liabilities	16,434	16,239
<b>Total Liabilities</b>	<b>\$ 25,054</b>	<b>\$ 24,501</b>

Revenue resulting from the VIEs included in the consolidated statements of operations was \$1.43 million and \$2.17 million for the three months ended March 31, 2026 and 2025, respectively.

## NOTE 16 – STOCK-BASED COMPENSATION

*Equity Incentive Plans*

As a result of the corporate reorganization on January 12, 2024, Unrivaled Brands, Inc. assigned to Blüm, and Blüm assumed and agreed to perform all obligations pursuant to (a) the Terra Tech Corp. 2016 Equity Incentive Plan (the “2016 Plan”), the Terra Tech Corp. Amended and Restated 2018 Equity Incentive Plan (the “2018 Plan”), and the UMBRLA, Inc. 2019 Equity Incentive Plan (the “2019 Plan”), and (b) each award agreement entered into pursuant to the equity incentive plans. The following table contains information about the Company’s equity incentive plans as of March 31, 2026:

	<b>Awards Reserved for Issuance</b>	<b>Awards Exercised</b>	<b>Awards Outstanding</b>	<b>Awards Available for Grant</b>
2016 Plan	2,000,000	—	1,889	1,998,111
2018 Plan	43,976,425	40,221	101,360	43,834,844
2019 Plan	55,000,000	349	119,524	54,880,127

*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:

<b>Type of Award</b>	<b>(in thousands, except for shares / options)</b>			
	<b>For the Three Months Ended</b>			
	<b>March 31, 2026</b>		<b>March 31, 2025</b>	
	<b>Number of Shares or Options Granted</b>	<b>Stock-Based Compensation Expense</b>	<b>Number of Shares or Options Granted</b>	<b>Stock-Based Compensation Expense</b>
Stock Options	—	\$ —	—	\$ 39
<b>Total Stock-Based Compensation Expense</b>		<b>\$ —</b>		<b>\$ 39</b>

**Stock Options**

The following table summarizes the Company's stock option activity and related information for the three months ended March 31, 2026:

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value of In-the-Money Options
<b>Options Outstanding as of January 1, 2026</b>	228,623	\$ 19.38		
Forfeited	(5,850)	\$ 14.47		
<b>Options Outstanding as of March 31, 2026</b>	<u>222,773</u>	<u>\$ 19.50</u>	5.0 years	\$ 2
<b>Options Exercisable as of March 31, 2026</b>	<u>222,773</u>	<u>\$ 19.50</u>	5.0 years	\$ 2

As of March 31, 2026, total unrecognized stock-based compensation was nil. The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period.

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

**NOTE 17 – LOSS PER SHARE**

The following is a reconciliation for the calculation of basic and diluted loss per share for the three months ended March 31, 2026 and 2025:

	(in thousands, except for shares and per share data)	
	Three Months Ended March 31,	
	2026	2025
Net Loss	\$ (2,218)	\$ (564)
Less: Accretion of Mezzanine Equity	—	(379)
Adjusted Net Loss Attributable to Common Shareholders	\$ (2,218)	\$ (943)
Weighted-Average Shares Outstanding - Basic and Diluted	31,528,812	12,307,664
Net Loss per Common Share - Basic and Diluted	<u>\$ (0.07)</u>	<u>\$ (0.08)</u>

**NOTE 18 – WARRANTS**

The following table summarizes the Company's warrant activity for the three months ended March 31, 2026:

	Warrants	Weighted- Average Exercise Price
<b>Warrants Outstanding as of January 1, 2026</b>	5,913,520	\$ 1.00
Expired	(50,000)	\$ 1.00
<b>Warrants Outstanding as of March 31, 2026</b>	<u>5,863,520</u>	\$ 1.00

## NOTE 19 – SEGMENT INFORMATION

The Company operates in two segments:

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

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

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

	(in thousands)			
	Total Revenue		% of Total Revenue	
	Three Months Ended March 31,			
	2026	2025	2026	2025
Cannabis Retail	\$ 3,502	\$ 2,170	100.0%	96.9%
Cannabis Distribution	—	70	0.0%	3.1%
<b>Total</b>	<b>\$ 3,502</b>	<b>\$ 2,240</b>	<b>100.0%</b>	<b>100.0%</b>

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

	(in thousands)						
	Three Months Ended March 31, 2026			Three Months Ended March 31, 2025			
	Cannabis Retail	Corporate & Other	Total	Cannabis Retail	Cannabis Distribution	Corporate & Other	Total
	Total Revenues	\$ 3,502	\$ —	\$ 3,502	\$ 2,170	\$ 70	\$ —
Cost of Goods Sold	1,644	—	1,644	972	77	—	1,049
Gross Profit (Loss)	1,858	—	1,858	1,198	(7)	—	1,191
<i>Gross Profit %</i>	<i>53.1%</i>			<i>55.2%</i>	<i>(10.0)%</i>		
Selling, General & Administrative	2,560	474	3,034	1,503	57	932	2,492
Loss from Operations	(702)	(474)	(1,176)	(305)	(64)	(932)	(1,301)
Other Income (Expense):							
Interest Expense	(562)	(3)	(565)	(217)	—	(15)	(232)
Change in Fair Value of Derivative Liability	—	(513)	(513)	—	—	516	516
Other Income	—	21	21	—	—	700	700
Total Other Income (Expense), Net	(562)	(495)	(1,057)	(217)	—	1,201	984
<b>Income (Loss) Before Provision for Income Taxes</b>	<b>\$ (1,264)</b>	<b>\$ (969)</b>	<b>\$ (2,233)</b>	<b>\$ (522)</b>	<b>\$ (64)</b>	<b>\$ 269</b>	<b>\$ (317)</b>
<b>Total Assets</b>	<b>\$ 43,758</b>	<b>\$ 86</b>	<b>\$43,844</b>	<b>\$ 22,414</b>	<b>\$ 451</b>	<b>\$ 900</b>	<b>\$23,765</b>

**NOTE 20 - FAIR VALUE MEASUREMENTS**

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

	<b>(in thousands)</b>			
	<b>March 31, 2026</b>			
	<b>Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial Assets:				
Cash	\$ 626	\$ 626	\$ —	\$ —
Financial Liabilities:				
Derivative Liabilities	\$ 1,325	\$ —	\$ —	\$ 1,325

	<b>(in thousands)</b>			
	<b>December 31, 2025</b>			
	<b>Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial Assets:				
Cash	\$ 813	\$ 813	\$ —	\$ —
Financial Liabilities:				
Derivative Liabilities	\$ 812	\$ —	\$ —	\$ 812

There have been no transfers between fair value levels during the three months ended March 31, 2026.

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

**NOTE 21 – RELATED PARTY TRANSACTIONS**

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

During the three months ended March 31, 2026 and 2025, the Company incurred engagement fees totaling \$0.27 million and \$0.23 million, respectively, pursuant to the engagement letter with Adnant, LLC ("Adnant") dated August 12, 2022, as subsequently amended, for executive-level strategic consulting services, financial reporting, financial statement preparation and related business support services (the "Engagement"). The Engagement, as amended on January 1, 2025 (the "Second A&R Engagement Letter"), wherein the term of the Engagement was extended to December 31, 2025 and the monthly service fee was decreased from \$0.25 million to \$0.08 million, which shall be payable monthly subject to the Company having a sufficient cash balance. On January 1, 2026 (the "Third A&R Engagement Letter"), the term of the Engagement was extended through March 31, 2026 and the monthly service fee remained unchanged at \$0.08 million, which is payable monthly subject to the Company having a sufficient cash balance.

On January 3, 2023, the Company entered into a sublease agreement with Adnant for use of the office building located in Downey, California as the Company's corporate headquarters. The lease term commenced on February 1, 2023 and expired on May 31, 2025, upon which the sublease shall automatically continue on a month-to-month basis thereafter. Total rent expense incurred with the related party was \$0.03 million and \$0.03 million for the three months ended March 31, 2026 and 2025, respectively.

As of March 31, 2026 and December 31, 2025, total amounts due to Adnant were \$0.98 million and \$0.70 million, respectively, and included in "Related Party Accounts Payable" on the consolidated balance sheets.

On December 5, 2025, a third-party investor ("Lender") of the Company became a related party through their beneficial ownership. On December 31, 2025, the Company executed and delivered a Senior Secured Promissory Note in the principal amount of \$0.53 million to Lender ("Senior Note"). The Senior Note amends, restates, consolidates, and replaces in their entirety two previously issued and expired promissory notes: (i) the \$0.2 million unsecured promissory note dated February 25, 2025 (as amended May 7, 2025), and (ii) the \$0.33 million unsecured promissory note dated April 18, 2025 (as amended May 8, 2025). The Senior Note has a maturity date of December 31, 2027 and bears interest at a rate of 8.0% per annum. The Company may prepay the principal balance in full at any time without penalty. The Senior Note is convertible at the Lender's election into a convertible promissory note that shall include an automatic conversion into the shares of capital stock issued by Blüm at a conversion price equal to 85% of a \$20.90 million pre-money valuation of Blüm (equal to a per share price of \$0.98 on a fully diluted basis).

As of March 31, 2026 and December 31, 2025, total amounts due pursuant to the Senior Note was \$0.53 million and \$0.53 million, respectively, and included in "Related Party Note Payable, Net of Discounts" on the consolidated balance sheets.

## NOTE 22 – COMMITMENTS AND CONTINGENCIES

*California Operating Licenses*

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

*Litigation and Claims*

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued if such disclosure is necessary for the Company's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company determined that there were no matters that required an accrual as of March 31, 2026.

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

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE 23 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 20, 2026, which is the date these consolidated financial statements were issued, and has concluded that the following subsequent events have occurred that would require disclosure in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

On May 18, 2026, the Company issued a secured promissory note in the principal amount of \$0.65 million (the "Note") to a third-party lender. The Note has a maturity date of May 18, 2028 and bears interest at a rate of 18.46% per annum payable monthly in arrears, commencing on July 1, 2026. The Company may prepay the principal balance in full at any time without payment of premium or penalty.

I, Sabas Carrillo, certify that:

- I have reviewed this Quarterly Report for Blum Holdings, Inc.
- Based on my knowledge, this disclosure statement 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 Quarterly Report; and
- Based on my knowledge, the unaudited consolidated financial statements, management's discussion and analysis of financial condition and results of operations and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Date: May 20, 2026

**Blum Holdings, Inc.**

By: /s/ Sabas Carrillo

Sabas Carrillo  
Chief Executive Officer

I, Patty Chan, certify that:

- I have reviewed this Quarterly Report for Blum Holdings, Inc.
- Based on my knowledge, this disclosure statement 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 Quarterly Report; and
- Based on my knowledge, the unaudited consolidated financial statements, management's discussion and analysis of financial condition and results of operations and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Date: May 20, 2026

**Blum Holdings, Inc.**

By: /s/ Patty Chan

Patty Chan  
Chief Financial Officer