

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

Commission File Number: 000-54258

UNRIVALED BRANDS, INC.

(Exact Name of Registrant as Specified in its Charter)

<u>Nevada</u> (State or Other Jurisdiction of Incorporation or Organization)	<u>26-3062661</u> (I.R.S. Employer Identification No.)
<u>3242 S. Halladay St., Suite 202</u> <u>Santa Ana, California</u> (Address of Principal Executive Offices)	<u>92705</u> (Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<u>None</u>	<u>UNRV</u>	<u>OTCQX</u>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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

As of August 10, 2021, there were 242,411,734 shares of common stock issued and 240,103,326 shares outstanding, 41,026,610 shares of common stock issuable upon the exercise of all of our outstanding warrants and 8,225,610 shares of common stock issuable upon the exercise of all vested options.

UNRIVALED BRANDS, INC.
INDEX TO FORM 10-Q FOR THE
QUARTERLY PERIOD ENDED JUNE 30, 2021

PART I FINANCIAL INFORMATION		<u>Page</u>
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets as of June 30, 2021 (Unaudited) and December 31, 2020</u>	3
	<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2021 (Unaudited) and 2020</u>	4
	<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2021 (Unaudited) and 2020</u>	5
	<u>Consolidated Statements of Stockholders Equity for the Three and Six Months Ended June 30, 2021 and 2020 (Unaudited)</u>	6
	<u>Notes to Unaudited Consolidated Financial Statements</u>	8
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
	<u>Company Overview</u>	29
	<u>Results of Operations</u>	30
	<u>Disclosure About Off-Balance Sheet Arrangements</u>	32
	<u>Critical Accounting Policies and Estimates</u>	32
	<u>Liquidity and Capital Resources</u>	33
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	35
<u>Item 4.</u>	<u>Controls and Procedures</u>	35
<u>PART II OTHER INFORMATION</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	36
<u>Item 1A.</u>	<u>Risk Factors</u>	36
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	36
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	36
<u>Item 5.</u>	<u>Other Information</u>	36
<u>Item 6.</u>	<u>Exhibits</u>	37
	<u>Signatures</u>	40

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

	June 30, 2021	December 31, 2020
	(Unaudited)	
ASSETS		
Current Assets:		
Cash	\$ 40,283	\$ 888
Accounts receivable, net	2,202	835
Short term investments	-	34,045
Inventory	2,590	1,602
Prepaid expenses and other assets	1,038	234
Current assets of discontinued operations	-	2
Total current assets	46,113	37,606
Property, equipment and leasehold improvements, net	31,214	32,480
Intangible assets, net	7,339	7,714
Goodwill	6,171	6,171
Other assets	12,733	13,040
Investments	330	330
Assets of discontinued operations	2,901	2,953
TOTAL ASSETS	\$ 106,801	\$ 100,294
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,550	\$ 8,621
Short-term debt	11,775	8,033
Current liabilities of discontinued operations	14,356	9,768
Total current liabilities	36,681	26,422
Long-term liabilities:		
Long-term debt, net of discounts	3,500	6,632
Long-term lease liabilities	7,094	8,082
Long-term liabilities of discontinued operations	-	28
Total long-term liabilities	10,594	14,742
Total liabilities	47,275	41,164
STOCKHOLDERS' EQUITY:		
Common stock, par value 0.001:	258	218
990,000,000 shares authorized as of June 30, 2021 and December 31, 2020; 236,555,408 shares issued and 234,247,000 shares outstanding as of June 30, 2021; 196,512,867 shares issued and 194,204,459 shares outstanding as of December 31, 2020.		
Additional paid-in capital	291,026	275,060
Treasury stock (2,308,408 shares of common stock, 12 shares of Preferred Stock Convertible Series A)	(808)	(808)
Accumulated deficit	(234,927)	(219,803)
Total Unrivald Brands Inc. stockholders' equity	55,549	54,667
Non-controlling interest	3,977	4,463
Total stockholders' equity	59,526	59,130
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 106,801	\$ 100,294

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total revenues	\$ 6,262	\$ 2,706	\$ 11,375	\$ 6,753
Cost of goods sold	3,924	1,458	6,604	3,181
Gross profit	2,338	1,248	4,771	3,572
Selling, general and administrative expenses	6,188	6,279	20,325	14,820
Impairment of assets	-	4,998	-	10,118
Loss (gain) on sale of assets	6	-	6	(35)
Loss from operations	(3,856)	(10,029)	(15,560)	(21,331)
Other income (expense):				
Loss on extinguishment of debt	-	-	(6,161)	-
Interest expense, net	(204)	(454)	(604)	(1,356)
Other income/loss	17	(89)	362	(23)
Gain (loss) on sale of investment	(874)	-	5,337	-
Total other income (expense)	(1,061)	(543)	(1,066)	(1,379)
Loss from continuing operations	(4,917)	(10,572)	(16,626)	(22,710)
Loss from discontinued operations, net of tax	(56)	(7,908)	(43)	(13,143)
NET LOSS	(4,973)	(18,480)	(16,669)	(35,853)
Less: Income (loss) attributable to non-controlling interest from continuing operations	(868)	(298)	(486)	(341)
NET LOSS ATTRIBUTABLE TO UNRIVALED BRANDS, INC.	\$ (4,105)	\$ (18,182)	\$ (16,183)	\$ (35,512)
Loss from continuing operations per common share attributable to Unrivald Brands, Inc. common stockholders – basic and diluted	\$ (0.02)	\$ (0.06)	\$ (0.07)	\$ (0.13)
Net Loss per common share attributable to Unrivald Brands Inc. common stockholders – basic and diluted	\$ (0.02)	\$ (0.10)	\$ (0.07)	\$ (0.20)
Weighted-average number of common shares outstanding – basic and diluted	258,897,777	186,068,175	248,066,926	174,781,579

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

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

	Six Months Ended	
	June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (16,669)	\$ (35,853)
Less: net loss from discontinued operations	42	13,143
Net loss from continuing operations	(16,627)	(22,710)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	-	300
Gain from debt forgiveness	(86)	-
Gain on sale of investment	(5,337)	-
Loss on extinguishment of debt	6,161	-
Non-cash portion of severance expense	7,990	-
Non-cash interest expense	30	627
Gain (loss) on sale of assets	6	(35)
Depreciation and amortization	2,252	3,413
Amortization of operating lease right of use asset	385	446
Stock based compensation	1,198	1,244
Impairment loss	-	16,434
Change in operating assets and liabilities:		
Accounts receivable	(1,367)	411
Inventory	(988)	(272)
Prepaid expenses and other current assets	(804)	46
Other assets	(69)	(1,285)
Accounts payable and accrued expenses	1,314	2,593
Deferred income	-	(300)
Operating lease liabilities	(302)	(655)
Net cash provided by / (used in) operating activities - continuing operations	(6,244)	257
Net cash provided by / (used in) operating activities - discontinued operations	(187)	(8,421)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	(6,431)	(8,164)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and leasehold improvements	(688)	(584)
Cash outflow for loans	-	(250)
Purchase of intangible assets	-	-
Cash from acquisitions	-	57
Proceeds from sales of investment	39,382	-
Proceeds from sales of assets	72	35
Net cash provided by / (used in) investing activities - continuing operations	38,766	(742)
Net cash provided by / (used in) investing activities - discontinued operations	4,750	6,176
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	43,516	5,434
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable	3,500	1,953
Payments of debt principal	(1,012)	(35)
Cash paid for debt issuance costs	(178)	-
Proceeds from issuance of common stock	-	250
Cash contribution (distribution) from non-controlling interest	-	80
Net cash provided by / (used in) financing activities - continuing operations	2,310	2,248
Net cash provided by / (used in) financing activities - discontinued operations	-	-
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	2,310	2,248
NET CHANGE IN CASH	39,395	(482)
Cash at beginning of period	888	1,226
CASH AT END OF PERIOD	\$ 40,283	\$ 744
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	\$ 430	\$ 625
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Debt principal and accrued interest converted into common stock	\$ 3,596	\$ 1,829
Promissory note issued for severance	\$ 2,100	\$ -
Stock Issued for the acquisition of OneQor	\$ -	\$ 9,305
Fixed assets in accounts payable	\$ -	\$ 35
Stock options exercised on a net share basis	\$ 2	\$ -

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

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(UNAUDITED)
(in thousands)

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance at March 31, 2021	-	\$ -	233,182,790	\$ 256	\$ 290,225	2,308,420	\$ (808)	\$ (230,822)	\$ 4,845	\$ 63,696
Stock compensation - employees	-	-	250,000	-	68	-	-	-	-	68
Stock compensation - directors	-	-	343,493	1	93	-	-	-	-	94
Stock Option Exercises	-	-	470,717	1	(1)	-	-	-	-	-
Stock option expense	-	-	-	-	641	-	-	-	-	641
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	(868)	(868)
Net loss attributable to Unrivald Brands Inc.	-	-	-	-	-	-	-	(4,105)	-	(4,105)
Balance at June 30, 2021	<u>-</u>	<u>\$ -</u>	<u>234,247,000</u>	<u>\$ 258</u>	<u>\$ 291,026</u>	<u>2,308,420</u>	<u>\$ (808)</u>	<u>\$ (234,927)</u>	<u>\$ 3,977</u>	<u>\$ 59,526</u>

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance at March 31, 2020	8	\$ -	190,930,853	\$ 192	\$ 272,454	2,308,412	\$ (808)	\$ (207,016)	\$ 5,305	\$ 70,127
Debt conversion - common stock	-	-	12,943,496	13	788	-	-	-	-	801
Stock compensation - employees	-	-	826,429	1	57	-	-	-	-	58
Stock compensation - directors	-	-	(173,610)	-	(100)	-	-	-	-	(100)
Stock compensation - services expense	-	-	250,000	1	32	-	-	-	-	33
Stock option expense	-	-	-	-	295	-	-	-	-	295
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	(84)	(84)
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	(298)	(298)
Net loss attributable to Unrivald Brands Inc.	-	-	-	-	-	-	-	(18,182)	-	(18,182)
Balance at June 30, 2020	<u>8</u>	<u>\$ -</u>	<u>204,777,168</u>	<u>\$ 207</u>	<u>\$ 273,526</u>	<u>2,308,412</u>	<u>\$ (808)</u>	<u>\$ (225,198)</u>	<u>\$ 4,923</u>	<u>\$ 52,650</u>

UNRIVALED BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(UNAUDITED)
(in thousands)

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance at December 31, 2020	8	\$ -	194,204,459	\$ 218	\$ 275,060	2,308,412	\$ (808)	\$ (219,803)	\$ 4,463	\$ 59,130
Adoption of ASU 2020-06	-	-	-	-	(1,071)	-	-	1,059	-	(12)
Debt conversion - common stock	-	-	20,391,774	20	3,990	-	-	-	-	4,010
Warrants issued to Dominion	-	-	-	-	5,978	-	-	-	-	5,978
Stock compensation - employees	-	-	250,000	-	67	-	-	-	-	67
Stock compensation - directors	-	-	885,159	1	213	-	-	-	-	214
Stock compensation - services expense	-	-	332,947	-	32	-	-	-	-	32
Stock option exercises	-	-	1,696,947	2	(2)	-	-	-	-	-
Acquisition of A shares	(8)	-	16,485,714	17	5,874	8	-	-	-	5,891
Stock option expense	-	-	-	-	885	-	-	-	-	885
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	(486)	(486)
Net loss attributable to Unrivald Brands Inc.	-	-	-	-	-	-	-	(16,183)	-	(16,183)
Balance at June 30, 2021	8	\$ -	234,247,000	\$ 258	\$ 291,026	2,308,420	\$ (808)	\$ (234,927)	\$ 3,977	\$ 59,526

	Preferred Stock Convertible Series A		Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Shares	Amount		Shares	Amount			
Balance at December 31, 2019	8	\$ -	118,004,978	\$ 120	\$ 260,516	2,308,412	\$ (808)	\$ (189,686)	\$ 5,184	\$ 75,326
Beneficial conversion feature - convertible notes	-	-	22,067,056	22	1,807	-	-	-	-	1,829
Stock compensation - employees	-	-	3,179,544	3	431	-	-	-	-	434
Stock compensation - directors	-	-	(173,610)	-	(100)	-	-	-	-	(100)
Stock compensation - services expense	-	-	1,075,000	1	140	-	-	-	-	141
Stock issued for cash	-	-	2,470,173	3	248	-	-	-	-	251
Stock issued for assets	-	-	58,154,027	58	9,246	-	-	-	-	9,304
Stock option expense	-	-	-	-	1,238	-	-	-	-	1,238
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	80	80
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	(341)	(341)
Net loss attributable to Unrivald Brands Inc.	-	-	-	-	-	-	-	(35,512)	-	(35,512)
Balance at June 30, 2020	8	\$ -	204,777,168	\$ 207	\$ 273,526	2,308,412	\$ (808)	\$ (225,198)	\$ 4,923	\$ 52,650

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

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

NOTE 1 – DESCRIPTION OF BUSINESS

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

Unrivald is a holding company with the following subsidiaries:

- 620 Dyer LLC, a California corporation (“Dyer”)
- 1815 Carnegie LLC, a California limited liability company (“Carnegie”)
- Black Oak Gallery, a California corporation (“Black Oak”)
- Blüm San Leandro, a California corporation (“Blüm San Leandro”)
- MediFarm, LLC, a Nevada limited liability company (“MediFarm”)
- MediFarm I, LLC, a Nevada limited liability company (“MediFarm I”)
- 121 North Fourth Street, LLC, a Nevada limited liability company (“121 North Fourth”)
- OneQor Technologies, Inc., a Delaware corporation (“OneQor”)
- UMBRLA, Inc., a Nevada corporation (“UMBRLA”)

The Company is a retail, production, and cultivation company, with an emphasis on providing the highest quality of medical and adult use cannabis products. We currently have a concentrated cannabis interest in California. All of the Company’s cannabis dispensaries operate under the name Blüm. The Company’s cannabis dispensaries in California operate as Black Oak Gallery in Oakland and Blüm San Leandro in San Leandro and offer a broad selection of medical and adult-use cannabis products including flowers, concentrates and edibles.

From the acquisition of UMBRLA, the Company has become a cannabis multi-state operator and the parent company of multiple cannabis lifestyle brands. The Company is home to Korova, a brand of high potency products across multiple product categories, currently available in California, Oregon, Arizona, and Oklahoma. Other Company brands include Cabana, a boutique cannabis flower brand, and Sticks, a mainstream value-driven cannabis brand, active in California and Oregon. The Company also added a dispensary in California which operates as The Spot in Santa Ana and licensed distribution facilities in Portland, Los Angeles, Orange, and Sonoma County. See Note 19 – Subsequent Events for further discussion on the acquisition of UMBRLA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and with the instructions to U.S. Securities and Exchange Commission (“SEC”) Form 10-Q and Article 10 of Regulation S-X of the Securities Act of 1933 and reflect the accounts and operations of the Company and those of our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of FASB or ASC 810, “*Consolidation*,” we consolidate any variable interest entity (“VIE”) of which we are the primary beneficiary. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. We do not consolidate a VIE in which we have a majority ownership interest when we are not considered the primary beneficiary. We evaluate our relationships with all the VIEs on an ongoing basis to reassess if we continue to be the primary beneficiary.

All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the consolidated financial position of the Company as of June 30, 2021 and December 31, 2020, and the consolidated results of operations and cash flows for the quarters ended June 30, 2021 and 2020 have been included. These interim unaudited condensed consolidated financial statements do not include all disclosures required by GAAP for complete financial statements and, therefore, should be read in conjunction with the more detailed audited consolidated financial statements for the year ended December 31, 2020. The December 31, 2020 balances reported herein are derived from the audited consolidated financial statements for the year ended December 31, 2020. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

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

Going Concern

The accompanying financial statements have been prepared assuming that we will continue as a going concern. The risks and uncertainties on the future of our business due to COVID-19 and regulatory uncertainty, combined with the fact that we have historically lost money, have in the past, raised substantial doubt as to our ability to continue as a going concern. However, management believes that the acquisition of UMBRLA, proceeds from sales of Hydrofarm investment, proceeds from the Nevada asset sales, management's past and on-going efforts to trim costs and management's recent efforts to boost sales will lead to cash sustainability. Therefore, management believes that there is no material uncertainty as to the Company's ability to continue as a going concern. See Note 5 – Investments in Unconsolidated Affiliates for more details about the Hydrofarm investment.

Non-Controlling Interest

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

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses in the reporting periods. The Company regularly evaluates estimates and assumptions related to revenue recognition, allowances for doubtful accounts, sales returns, inventory valuation, stock-based compensation expense, goodwill and purchased intangible asset valuations, derivative liabilities, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, litigation and other loss contingencies. These estimates and assumptions are based on current facts, historical experience and various other factors that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results the Company experiences may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications did not affect net loss, revenues or stockholders' equity. See Note 16 – Discontinued Operations for further discussion regarding discontinued operations.

Trade and Other Receivables

The Company extends noninterest bearing trade credit to its customers in the ordinary course of business which is not collateralized. Accounts receivable are shown on the face of the consolidated balance sheets, net of an allowance for doubtful accounts. The Company analyzes the aging of accounts receivable, historical bad debts, customer creditworthiness and current economic trends, in determining the allowance for doubtful accounts. The Company does not accrue interest receivable on past due accounts receivable. The allowance for doubtful accounts was zero as of June 30, 2021 and December 31, 2020.

Investments

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

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

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

Inventory

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

Prepaid Expenses and Other Current Assets

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

Property, Equipment and Leasehold Improvements, Net

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The approximate useful lives for depreciation of our property, equipment and leasehold improvements are as follows: thirty-two years for buildings; three to eight years for furniture and equipment; three to five years for computer and software; five years for vehicles and the shorter of the estimated useful life or the underlying lease term for leasehold improvements. Repairs and maintenance expenditures that do not extend the useful lives of related assets are expensed as incurred.

Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The Company continually monitors events and changes in circumstances that could indicate that the carrying balances of its property, equipment and leasehold improvements may not be recoverable in accordance with the provisions of ASC 360, “*Property, Plant, and Equipment.*” When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. See Note 7, “*Property, Equipment and Leasehold Improvements, Net*” for further information.

Intangible Assets

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

Customer relationships	3 to 5 Years
Trademarks and Patent	2 to 8 Years
Dispensary licenses	14 Years

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

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

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

Goodwill

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

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

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

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

Assets Held for Sale and Discontinued Operations

Assets held for sale represent furniture, equipment, and leasehold improvements less accumulated depreciation as well as any other assets that are held for sale in conjunction with the sale of a business. The Company records assets held for sale in accordance with ASC 360, *"Property, Plant, and Equipment,"* at the lower of carrying value or fair value less costs to sell. Fair value is based on the estimated proceeds from the sale of the facility utilizing recent purchase offers, market comparables and/or data. Our estimate as to fair value is regularly reviewed and subject to changes in the commercial real estate markets and our continuing evaluation as to the facility's acceptable sale price. The reclassification takes place when the assets are available for immediate sale and the sale is highly probable. These conditions are usually met from the date on which a letter of intent or agreement to sell is ready for signing. The Company follows the guidance within ASC 205, *"Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity"* when assets held for sale represent a strategic shift in the Company's operations and financial results.

Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

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

The following table presents the Company’s financial instruments that are measured and recorded at fair value on the Company’s balance sheets on a recurring basis, and their level within the fair value hierarchy as of June 30, 2021 and December 31, 2020:

	June 30, 2021			
	Amount	Level 1	Level 2	Level 3
Investments:				
Warrants to acquire shares of HydroFarm	\$ -	\$ -	\$ -	\$ -
Shares in HydroFarm	-	-	-	-
Option to acquire Edible Garden Inc	330	-	-	330
Total	\$ 330	\$ -	\$ -	\$ 330

	December 31, 2020			
	Amount	Level 1	Level 2	Level 3
Investments:				
Warrants to acquire shares of HydroFarm	\$ 10,195	\$ -	\$ 10,195	\$ -
Shares in HydroFarm	23,850	-	23,850	-
Option to acquire Edible Garden Inc	330	-	-	330
Total	\$ 34,375	\$ -	\$ 34,045	\$ 330

Business Combinations

The Company accounts for its business acquisitions in accordance with ASC 805-10, “*Business Combinations*.” The Company allocates the total cost of the acquisition to the underlying net assets based on their respective estimated fair values. As part of this allocation process, the Company identifies and attributes values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding multiple, highly subjective variables, including those with respect to future cash flows, discount rates, asset lives, and the use of different valuation models, and therefore require considerable judgment. The Company’s estimates and assumptions are based, in part, on the availability of listed market prices or other transparent market data. These determinations affect the amount of amortization expense recognized in future periods. The Company bases its fair value estimates on assumptions it believes to be reasonable but are inherently uncertain.

Revenue Recognition and Performance Obligations

Cannabis Dispensary, Cultivation and Production

The Company recognizes revenue from manufacturing and distribution product sales when our customers obtain control of our products. Revenue from our retail dispensaries is recorded at the time customers take possession of the product. Revenue from our retail dispensaries is recognized net of discounts, rebates, promotional adjustments, price adjustments and returns, and net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority. Upon purchase, the Company has no further performance obligations and collection is assured as sales are paid for at time of purchase.

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

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

Disaggregation of Revenue

The table below shows the revenue break between California operations and Nevada operations for the six months ended June 30, 2021 and 2020:

	(in thousands)	
	2021	2020
California	\$ 4,929	\$ 4,932
Nevada	6,446	1,821
Total	\$ 11,375	\$ 6,753

Contract Balances

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

Contract Estimates and Judgments

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

Cost of Goods Sold*Cannabis Dispensary, Cultivation and Production*

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

Advertising Expenses

The Company expenses advertising costs as incurred in accordance with ASC 720-35, "Other Expenses – Advertising Cost." Advertising expenses recognized totaled \$0.11 million and \$0.17 million for the six months ended June 30, 2021 and 2020, respectively.

Stock-Based Compensation

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

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

Income Taxes

The provision for income taxes is determined in accordance with ASC 740, "Income Taxes". The Company files a consolidated United States federal income tax return. The Company provides for income taxes based on enacted tax law and statutory tax rates at which items of income and expense are expected to be settled in our income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has incurred net operating losses for financial-reporting and tax-reporting purposes. At June 30, 2021 and 2020, such net operating losses were offset entirely by a valuation allowance.

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

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

Loss Per Common Share

In accordance with the provisions of ASC 260, “*Earnings Per Share*”, net loss per share is computed by dividing net loss by the weighted-average shares of common stock outstanding during the period. During a loss period, the effect of the potential exercise of stock options, warrants, convertible preferred stock, and convertible debt are not considered in the diluted loss per share calculation since the effect would be anti-dilutive. The results of operations were a net loss for the three and six months ended June 30, 2021 and 2020. Therefore, the basic and diluted weighted-average shares of common stock outstanding were the same for both years.

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

	Six Months Ended June 30,	
	2021	2020
Common stock warrants	16,076,556	1,205,126
Common stock options	16,721,567	15,350,580
	32,798,123	16,555,706

Warrants issued that are exercisable for little to no cost are included in the denominator of basic earnings per share. During the three months ended June 30, 2021, the Company issued no warrants.

Recently Adopted Accounting Standards

FASB ASU No. 2020-06 “Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” – Issued in August 2020, ASU 2020-06 simplifies the accounting for convertible instruments by eliminating the requirement to separate embedded conversion features from the host contract when the conversion features are not required to be accounted for as derivatives under Topic 815, *Derivatives and Hedging*, or that do not result in substantial premiums accounted for as paid-in capital. By removing the separation model, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and the interest rate on convertible debt instruments will typically be closer to the coupon interest rate when applying the guidance in Topic 835, Interest. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those years. The Company adopted ASU 2020-06 as of January 1, 2021, utilizing the modified retrospective method of adoption. As a result of adoption of the new standard, previously recognized beneficial conversion features for convertible debt instruments outstanding as of January 1, 2021 were removed from additional paid-in capital and the debt discount. A cumulative impact adjustment was recorded to account for a reduction in interest expense due to a decrease in the discount, which is recognized as interest expense upon conversion of the convertible notes. The January 1, 2021 cumulative effect adjustment to the Company’s financial position was as follows:

	As Reported December 31, 2020	Cumulative Effect Adjustment	As Reported January 1, 2021
Additional Paid-In Capital	\$ 275,060	\$ 1,071	\$ 276,131
Accumulated Deficit	219,803	(1,059)	218,744
Debt Discount	50	(12)	38

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

NOTE 3 – CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in several financial institutions that are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Association up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations, and it maintains significant cash on hand at certain of its locations. The Company has not historically experienced any material loss from carrying cash on hand. The amount in excess of insured limitations was at \$39.95 million as of June 30, 2021 and was approximately \$0.06 million as of December 31, 2020.

The Company provides credit in the normal course of business to customers located throughout the U.S. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. There were no customers that comprised more than 10.0% of the Company's revenue for the three and six months ended June 30, 2021 and 2020.

The Company sources cannabis products for retail, cultivation and production from various vendors. However, as a result of regulations in the State of California, the Company's California retail, cultivation and production operations must use vendors licensed by the State. As a result, the Company is dependent upon the licensed vendors in California to supply products. If the Company is unable to enter into a relationship with sufficient members of properly licensed vendors, the Company's sales may be impacted. During the three and six months ended June 30, 2021, we did not have any concentration of vendors for inventory purchases. However, this may change depending on the number of vendors who receive appropriate licenses to operate in the State of California.

NOTE 4 – VARIABLE INTEREST ENTITIES

NuLeaf, Inc.

On October 26, 2017, the Company entered into operating agreements with NuLeaf, Inc. and formed NuLeaf Sparks Cultivation, LLC and NuLeaf Reno Production, LLC (collectively "NuLeaf") to build and operate cultivation and production facilities for our IVXX brand of cannabis products in Nevada. The agreements were subject to approval by the State of Nevada, the City of Sparks and the City of Reno in Nevada. Under the terms of the agreements, the Company remitted to NuLeaf an upfront investment of \$4.50 million in the form of convertible loans bearing an interest rate of 6% per annum. On June 28, 2018, the Company received approval from the State of Nevada. The remaining required approvals from local authorities were received in July 2018. As a result, the notes receivable balance was converted into a 50% ownership interest in NuLeaf. The investment in NuLeaf was recorded at cost and accounted for using the equity method as of December 31, 2019.

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

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

Revenue and net loss attributed to NuLeaf was \$6.45 million and \$0.97 million, respectively, for the six months ended June 30, 2021 and was \$3.39 million and \$1.73 million, respectively, for the three months ended June 30, 2021. The aggregate carrying values of Sparks Cultivation, LLC and NuLeaf Reno Production, LLC assets and liabilities, after elimination of any intercompany transactions and balances, in the consolidated balance sheets were as follows:

	(in thousands)	
	June 30, 2021	December 31, 2020
Current assets:		
Cash	\$ 769	\$ 671
Accounts receivable, net	1,038	483
Inventory	1,961	3,118
Prepaid expenses and other current assets	89	21
Total current assets	3,857	4,293
Property, equipment and leasehold improvements, net	6,248	7,442
Other assets	347	395
TOTAL ASSETS	\$ 10,452	\$ 12,130
Liabilities:		
Total current liabilities	\$ 676	\$ 396
Total long-term liabilities	245	307
TOTAL LIABILITIES	\$ 921	\$ 703

NOTE 5 – INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Hydrofarm

On August 28, 2018, the Company entered into a Subscription Agreement with Hydrofarm Holdings Group, Inc. (“Hydrofarm”), one of the leading independent providers of hydroponic products in North America, pursuant to which the Company agreed to purchase from Hydrofarm and Hydrofarm agreed to sell to the Company 2,000,000 “Units”, each Unit consisting of one share of common stock and one warrant to purchase one-half of a share of common stock for an initial exercise price of \$5.00 per share, for \$2.50 per Unit for an aggregate purchase price of \$5.00 million.

On November 24, 2020, Hydrofarm’s board of directors and stockholders approved an amendment to their amended and restated certificate of incorporation effecting a 1-for-3.3712 reverse stock split of their issued and outstanding shares of common stock. Subsequent to the reverse split, the Company owned 593,261 shares of common stock in Hydrofarm, with an acquisition price of \$8.43 per share, and 296,630 warrants to purchase one share of common stock, with an exercise price of \$6.86 per share.

On December 14, 2020, Hydrofarm announced the closing of its initial public offering; shares of Hydrofarm began trading on the Nasdaq Global Select Market under the ticker symbol “HYFM.” Hydrofarm’s common shares outstanding on the closing date were 31,720,727; the Company’s ownership percentage in Hydrofarm was approximately 1.9%.

Upon closing of Hydrofarm’s initial public offering, the Company determined that the investment in Hydrofarm no longer qualified to be stated at cost, as the equity security had a readily determinable value and therefore should be recorded at fair value. In the fourth quarter of 2020, the Company recorded its investment in Hydrofarm of 593,261 common shares at fair value, and the warrants to acquire an additional 296,630 shares of Hydrofarm common stock at an exercise price of \$6.86, at their respective fair values. The Company marked the investment in Hydrofarm to market as of December 31, 2020 and March 31, 2021 and recorded the change in fair value in those period’s earnings.

On June 16, 2021, the Company completed disposition of 593,261 shares of Hydrofarm common stock and warrants to purchase 296,630 shares of Hydrofarm common stock at a current exercise price of \$16.86 per share, for aggregate gross proceeds of \$40.76 million in cash pursuant to a Securities Purchase Agreement (the “SPA”) between the Company and two accredited investors. There is no material relationship between the Company or its affiliates and either of the investors other than in respect of the transactions contemplated by the SPA.

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

NOTE 6 – INVENTORY

Raw materials consist of material for NuLeaf and IVXX’s line of cannabis pure concentrates. Work-in-progress consists of cultivation materials and live plants grown at NuLeaf and Black Oak Gallery. Finished goods consists of cannabis products sold in retail.

Inventory as of June 30, 2021 and December 31, 2020 consisted of the following:

	(in thousands)	
	June 30, 2021	December 31, 2020
Raw materials	\$ 1,122	\$ 39
Work-in-progress	1,145	1,196
Finished goods	323	367
Total inventory	\$ 2,590	\$ 1,602

NOTE 7 – PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment, and leasehold improvements, net consists of the following:

	(in thousands)	
	June 30, 2021	December 31, 2020
Land and building	\$ 11,206	\$ 11,206
Furniture and equipment	2,894	2,913
Computer hardware	228	215
Leasehold improvements	16,765	16,459
Construction in progress	10,167	9,922
Subtotal	41,260	40,715
Less accumulated depreciation	(10,046)	(8,235)
Property, equipment and leasehold improvements, net	\$ 31,214	\$ 32,480

Depreciation expense related to property, equipment and leasehold improvements for the three months ended June 30, 2021 and June 30, 2020 was \$0.93 million and \$0.96 million, respectively, and for the six months ended June 30, 2021 and June 30, 2020 was \$1.88 million and \$1.92 million, respectively.

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

NOTE 8 – INTANGIBLE ASSETS AND GOODWILL

Intangible Assets, Net

Intangible assets, net consisted of the following as of June 30, 2021 and December 31, 2020:

	Estimated Useful Life in Years	(in Thousands)					
		June 30, 2021			December 31, 2020		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizing Intangible Assets:							
Customer Relationships	3 to 5	\$ 7,400	\$ (7,400)	\$ -	\$ 7,400	\$ (7,400)	\$ -
Trademarks and Patent	2 to 8	196	(196)	-	196	(187)	9
Dispensary Licenses	14	10,270	(3,851)	6,419	10,270	(3,485)	6,785
Total Amortizing Intangible Assets		17,866	(11,447)	6,419	17,866	(11,072)	6,794
Non-Amortizing Intangible Assets:							
Trade Name	Indefinite	920	-	920	920	-	920
Total Non-Amortizing Intangible Assets		920	-	920	920	-	920
Total Intangible Assets, Net		\$ 18,786	\$ (11,447)	\$ 7,339	\$ 18,786	\$ (11,072)	\$ 7,714

Amortization expense for the three months ended June 30, 2021 and 2020 was \$0.18 million and \$0.74 million, respectively and for the six months ended June 30, 2021 and 2020 was \$0.38 million and \$1.78 million, respectively.

Goodwill

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

Goodwill is reviewed annually for impairment or more frequently if impairment indicators arise. The Company conducts its annual goodwill impairment assessment as of the last day of the third quarter, or more frequently under certain circumstances. For the purpose of the goodwill impairment assessment, the Company has the option to perform a qualitative assessment (commonly referred to as “step zero”) to determine whether further quantitative analysis for impairment of goodwill or indefinite-lived intangible assets is necessary or a quantitative assessment (“step one”) where the Company estimates the fair value of each reporting unit using a discounted cash flow method (income approach). Goodwill is assigned to the reporting unit, which is the operating segment level or one level below the operating segment. The balance of goodwill at June 30, 2021 and December 31, 2020 was unchanged and was \$6.17 million.

The Company tests for impairment annually on September 30, and between annual tests if the Company becomes aware of an event or a change in circumstances that would indicate the carrying value may be impaired. Management did not identify any impairment triggers during the second quarter of 2021 and therefore no impairment of goodwill was recognized.

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

NOTE 9 – NOTES PAYABLE

Notes payable consist of the following as of June 30, 2021 and December 31, 2020:

	(in thousands)	
	June 30, 2021	December 31, 2020
Promissory note dated January 18, 2018, issued for the purchase of real property. The promissory note is collateralized by the land and building purchased and matures January 18, 2022. The promissory note bears interest at 12.0% for year one and escalates 0.5% per year thereafter. The full principal balance and accrued interest are due at maturity. In the event of default, the note is convertible at the holder's option.	6,500	6,500
Promissory note dated October 5, 2018, issued for the purchase of real property. Matures October 5, 2021. The promissory note bears interest at 12.0% for year one and escalates 0.5% per year thereafter up to 13.5%. In the event of default, the note is convertible at the holder's option.	1,600	1,600
Promissory note dated June 11, 2019, issued to accredited investors, which matures December 31, 2021 and incurred interest at a rate of 7.5% per annum. The conversion price was the lower of \$4.50 or 87% of the average of the two (2) lowest VWAPs in the thirteen (13) trading days prior to the conversion date.	-	2,800
Promissory note dated October 21, 2019, issued to accredited investors, which matured April 21, 2021 and incurred interest at a rate of 7.5% per annum. The conversion price was the lower of \$4.50 or 87% of the average of the two (2) lowest VWAPs in the thirteen (13) trading days prior to the conversion date.	-	725
Secured promissory note dated December 30, 2019, issued to Matthew Lee Morgan Trust (a related party), which matured January 30, 2021, and incurred interest at a rate of 10% per annum.	-	500
Secured promissory note dated January 10, 2020, issued to an unaffiliated third party. The note matured on July 10, 2021 and incurred an interest rate of 15.0% per annum.	1,000	1,000
Promissory note dated May 4, 2020, issued to Harvest Small Business Finance, LLC, an unaffiliated third party. Loan is part of the Paycheck Protection Program ("PPP Loan") offered by the U.S. Small Business Administration. The interest rate on the note is 1%. The note requires interest and principal payments seven months from July 2020. The note matures in two years.	562	562
Promissory note dated July 29, 2020, issued to an unaffiliated third party. The note incurred an interest rate of 8% per annum and matured on April 29, 2021.	-	1,000
Unsecured promissory note dated January 22, 2021, issued to Michael Nahass (a related party), which matured July 25, 2021, and incurred interest at a rate of 3% per annum.	1,050	-
Unsecured promissory note dated January 22, 2021, issued to Michael Nahass (a related party), which matures January 25, 2022, and bears interest at a rate of 3% per annum.	1,050	-
Convertible promissory note dated January 25, 2021, issued to accredited investors, which matures July 22, 2022 and bears interest at a rate of 3% per annum. The conversion price is \$0.175 per share.	3,500	-
Notes payable - promissory notes	\$ 15,262	\$ 14,687
Vehicle loans	21	29
Less: Short term debt	(11,779)	(8,033)
Less: Debt discount	(4)	(51)
Net Long Term Debt	\$ 3,500	\$ 6,632

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

During the six months ended June 30, 2021, the Company converted debt and accrued interest into 20,391,774 shares of the Company's common stock.

Promissory Note Extensions

On January 7, 2021, 620 Dyer LLC ("620 Dyer"), a subsidiary of the Company, entered into Amendment No. 1 (the "Loan Agreement Amendment") to the Loan Agreement between 620 Dyer and Elizon DB Transfer Agent LLC ("Elizon"), dated as of January 18, 2018 (the "Loan Agreement"). The Loan Agreement Amendment, among other things, amends the maturity date of the Loan Agreement from January 18, 2021 to January 18, 2022. 620 Dyer paid a 1% fee to extend the maturity date.

On January 8, 2021, the Company entered an amendment to the Secured Promissory Note issued by the Company (the "Borrower") to Arthur Chan (the "Lender") on January 10, 2020. The Loan Agreement Amendment, among other things, amended the maturity date of the Loan Agreement from January 10, 2021 to July 10, 2021. See Note 19 – Subsequent Events for further discussion on Arthur Chan note.

Series A Preferred Stock Purchase Agreement

On January 22, 2021, the Company entered into a Series A Preferred Stock Purchase Agreement with Michael A. Nahass, pursuant to which the Company agreed to purchase from Mr. Nahass the four shares of the Company's Series A Preferred Stock held by Mr. Nahass for an aggregate purchase price of \$ 3.10 million, of which (i) \$1.00 million was paid in cash, (ii) \$1.05 million was paid in the form of an unsecured promissory note bearing interest at the rate of 8% and maturing on or about July 25, 2021 and (iii) \$1.05 million was paid in the form of an unsecured promissory note bearing interest at the rate of 8% and maturing on or about January 25, 2022.

Amendment of Existing Senior Convertible Promissory Notes and Securities Purchase Agreement

On January 25, 2021, the Company entered into several agreements with an accredited investor (the "Lender") that holds the promissory notes under the 2018 Securities Purchase Agreement. The amendments, among other things, (1) extended the maturity date of the June 2019 Note from January 26, 2021 to December 31, 2021 and (2) extended the maturity date of the October 2019 Note from April 21, 2021 to December 31, 2021. In connection with the Note Amendments, the Company issued to the Lender warrants to purchase 5,000,000 shares of the Company's common stock (the "**Old Note Warrants**") at an exercise price of \$0.01 per share. The Old Note Warrants are exercisable at any time before the close of business on June 25, 2026. The Old Note Warrants contain cashless exercise provisions and, to the extent not previously exercised, will be automatically exercised via cashless exercise on June 25, 2026.

In conjunction with the above amendments, the Company entered into a Securities Purchase Agreement with certain accredited investors (the "**Purchasers**"), pursuant to which the Company agreed to sell to the Purchasers \$3,500,000 in aggregate principal amount of the Company's senior convertible promissory notes (the "**Notes**") and warrants to purchase shares of the Company's common stock (the "**Warrants**"), exercisable at any time before the close of business on June 25, 2026. The Warrants are comprised of 15,000,000 "A Warrants" with an exercise price of \$0.01 per share and 15,000,000 "B Warrants" with an exercise price of \$0.2284 per share.

The Notes, which are convertible into common stock at any time at the discretion of the respective Purchasers at a conversion price of \$0.175 per share of common stock, will bear an interest rate of 3%. The Notes mature on or about July 24, 2022 unless accelerated due to an event of default. The Company has the right to prepay the Notes at any time upon 10 days' prior notice to the Purchasers. If the Company elects to prepay the Notes, the Company must pay the respective Purchasers an amount in cash equal to the product of (i) the sum of the then-outstanding principal amount of the Notes and all accrued but unpaid interest, multiplied by (ii) (x) 110%, if the prepayment date is within 90 days of the original issue date, (y) 115%, if the prepayment date is between 91 days and 180 days following the original issue date or (z) 125%, if the prepayment date is after the 180th day following the original issue date.

The Company can demand that the Purchasers convert the Notes at any time, on five calendar days' notice, that (i) the daily dollar volume-weighted average price for the Company's common stock for the prior five consecutive trading days is \$0.30 or more and (ii) (1) the shares underlying the Notes have been registered with the SEC or (2) there is a fundamental transaction that has been announced by the Company.

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

The Notes contain standard and customary terms concerning events of default. Events of default include, among other things, any failure to make payments when due, failure to observe or perform material covenants or agreements contained in the Notes, a material default under the Securities Purchase Agreement or related transaction documents or any other material contract to which the Company or any of its subsidiaries is a party, the breach of any representation or warranty in the Notes or the Securities Purchase Agreement, the bankruptcy or insolvency of the Company or any of its subsidiaries, the Company's common stock not being eligible for listing or quotation on a trading market and not eligible to resume listing or quotation for trading within 5 trading days, the Company's failure to meet the current public information requirements under Rule 144 under the Securities Act of 1933, as amended, the Company's failure to file required reports with the SEC, and the Company's failure to maintain sufficient reserved shares for issuance upon conversion of the Notes and exercise of the Warrants. If any event of default occurs, subject to any cure period, the full principal amount, together with interest (including default interest of 18% per annum) and other amounts owing in respect thereof through the date of acceleration shall become, at the Purchaser's election, immediately due and payable in cash.

Management performed an analysis to determine the appropriate accounting treatment of the above transactions and concluded (1) a troubled debt restructuring had not occurred, and (2) as the total change in cash flows was greater than 10% of the carrying value of the debt, the transactions should be treated as a debt extinguishment for accounting purposes. A loss on extinguishment equal to the difference between the carrying value of the old debt and the reacquisition price was recognized in current period earnings.

NOTE 10 – FAIR VALUE MEASUREMENTS

On March 30, 2020, Edible Garden Corp. ("Edible Garden"), a wholly-owned subsidiary of the Company, entered into and closed an Asset Purchase Agreement (the "Purchase Agreement") with Edible Garden Incorporated (the "Purchaser"), pursuant to which Edible Garden sold and the Purchaser purchased substantially all of the assets of Edible Garden (the "Business"). The consideration paid for the Business included two option agreements to purchase up to a 20% interest in the Purchaser for a nominal fee. The first option gives the Company the right to purchase a 10% interest in the Purchaser for one dollar at any time between the one and five-year anniversary of the transaction, or at any time should a change in control event or public offering occur. The second option gives the Company the right to purchase an additional 10% interest in the Purchaser for one dollar at any point prior to the five-year anniversary of the transaction. The second option is automatically terminated upon payment in full of the \$3.00 million secured promissory note.

Management estimated the fair value of the options using the Black-Scholes model, utilizing level 3 inputs that included the stock price, annual volatility, and the probability the second option will be terminated due to repayment of the secured promissory note. The estimated fair value of the options was \$0.33 million as of June 30, 2021 and December 31, 2020. The options are included in the "Investments" line within the consolidated balance sheet.

NOTE 11 – LEASES

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets ("ROU assets") are included in other assets while lease liabilities are a line-item on the Company's Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The terms used to calculate the ROU assets for certain properties include the renewal options that the Company is reasonably certain to exercise.

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

The Company occupies office facilities under lease agreements that expire at various dates. In addition, office, production and transportation equipment is leased under agreements that expire at various dates. The Company does not have any significant finance leases. Total operating lease costs for the six months ended June 30, 2021 and June 30, 2020 were \$0.39 million and \$0.45 million, respectively. Short-term lease costs during the 2021 and 2020 fiscal quarters ended June 30 were not material.

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

As of June 30, 2021 and December 31, 2020, short term lease liabilities of \$.50 million and \$0.81 million are included in “Accounts Payable and Accrued Expenses” on the consolidated balance sheets, respectively. The table below presents total operating lease ROU assets and lease liabilities as of June 30, 2021 and December 31, 2020:

	(in thousands)	
	June 30, 2021	December 31, 2020
Operating lease ROU assets	\$ 7,752	\$ 8,137
Operating lease liabilities	8,593	8,895

The table below presents the maturities of operating lease liabilities as of June 30, 2021:

	(in thousands) Operating Leases
2021 (remaining)	\$ 837
2022	2,506
2023	1,801
2024	1,562
2025	1,470
Thereafter	5,015
Total lease payments	13,191
Less: discount	(4,598)
Total operating lease liabilities	\$ 8,593

The table below presents the weighted average remaining lease term for operating leases and weighted average discount rate used in calculating operating lease right-of-use assets:

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

NOTE 12 – EQUITY

Preferred Stock

On January 22, 2021, the Company entered into a Resignation and Release Agreement and a Series A Preferred Stock Purchase Agreement with Michael A. Nahass. Mr. Nahass agreed to resign from his positions as a director, executive officer and employee of the Company, and the Company agreed to purchase from Mr. Nahass the four shares of the Company’s Series A Preferred Stock held by Mr. Nahass for an aggregate purchase price of \$ 3,100,000, of which (i) \$1,000,000 was paid in cash, and \$2.1 million was paid in the form of promissory notes. The Company recorded severance expense equal to the fair value of consideration paid to Mr. Nahass in current period earnings.

On January 22, 2021, the Company entered into a Resignation and Release Agreement with Derek Peterson, pursuant to which Mr. Peterson agreed to resign from his positions as a director, executive officer and employee of the Company effective immediately upon the Company’s closing of a private placement in the amount of not less than \$3,500,000, which occurred on January 25, 2021. In addition, the Company extended the time within which vested common stock options held by Mr. Peterson may be exercised to 150 days after the date of resignation.

Mr. Peterson agreed to the cancellation of his Series A Preferred Stock through conversion into 16,485,714 shares of common stock and, in consideration of the conversion, was issued 4,945,055 warrants to purchase common stock, expiring in June 2026, with an exercise price of \$0.01 per share, which are subject to a one-year lockup with registration rights. The Company recorded severance expense equal to the fair value of consideration paid to Mr. Peterson in current period earnings.

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

On February 3, 2021, the Company filed (1) a Certificate of Withdrawal of Certificate of Designation of the Company's Series A Preferred Stock with the Secretary of State of the State of Nevada, which withdraws the Certificate of Designation establishing the Company's Series A Preferred Stock and eliminates the Company's Series A Preferred Stock from the Company's Articles of Incorporation and (2) a Certificate of Withdrawal of Certificate of Designation of the Company's Series B Preferred Stock with the Secretary of State of the State of Nevada, which withdraws the Certificate of Designation establishing the Company's Series B Preferred Stock and eliminates the Company's Series B Preferred Stock from the Company's Articles of Incorporation.

Common Stock

The Company authorized 990.0 million shares of common stock with \$0.001 par value per share. As of June 30, 2021 and December 31, 2020, 234.24 million and 194.2 million shares of common stock were outstanding, respectively.

Treasury Stock

During 2021, the Company acquired 8 shares of Series A Preferred stock as part of the resignation and release agreements entered into with Mr. Nahass and Mr. Peterson, as described above. The shares were recorded at fair market value as of the date the agreements were executed.

NOTE 13 – STOCK-BASED COMPENSATION

2016 & 2018 Equity Incentive Plans

In the first quarter of 2016, the Company adopted the 2016 Equity Incentive Plan. In the fourth quarter of 2018, the Company adopted the 2018 Equity Incentive Plan. On February 14, 2020, the Company amended the number of shares reserved for issuance under the 2018 Equity Incentive Plan to 43,976,425. The following table contains information about the 2016 and the 2018 Equity Incentive Plans as of June 30, 2021:

	<u>Awards Reserved for Issuance</u>	<u>Awards Outstanding</u>
2016 Equity incentive plan	2,000,000	499,953
2018 Equity incentive plan	43,976,425	15,894,507

In the third quarter of 2021, the Company adopted UMBRLA's 2019 Equity Incentive Plan. The maximum number of shares of our common stock that may be issued pursuant to 2019 Equity Incentive Plan is 82,000,000 shares. See Note 19 – Subsequent Events for further discussion on acquisition of UMBRLA.

Stock Options

The following table summarizes the Company's stock option activity and related information for the three months ended June 30, 2021:

	<u>Number of Shares</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Weighted- Average Remaining Contractual Life</u>	<u>Aggregate Intrinsic Value of In-the-Money Options</u>
Options outstanding as of January 1, 2021	17,492,830	\$ 0.41		
Options granted	5,909,716	\$ 0.22		
Options exercised	(2,096,970)	\$ 0.05		
Options forfeited	(4,584,010)	\$ 0.19		
Options expired	-	\$ -		
Options outstanding as of June 30, 2021	16,721,566	\$ 0.45	8.7 years	\$ 2,943
Options exercisable as of June 30, 2021	8,225,610	\$ 0.72	9.0 years	\$ 1,119

As of June 30, 2021, there was \$1.20 million total unrecognized stock-based compensation. Such costs are expected to be recognized over a weighted-average period of approximately 1.46 years.

The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period.

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

The Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. Hence, the Company uses the “simplified method” described in Staff Accounting Bulletin 107 to estimate the expected term of share option grants.

The expected stock price volatility assumption was determined by examining the historical volatilities for the Company’s common stock. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company’s common stock becomes available.

The risk-free interest rate assumption is based on the U.S. Treasury instruments whose term was consistent with the expected term of the Company’s stock options.

The expected dividend assumption is based on the Company’s history and expectation of dividend payouts. The Company has never paid dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Accordingly, the Company has assumed no dividend yield for purposes of estimating the fair value of the Company stock-based compensation.

Stock-Based Compensation Expense

The following table sets forth the total stock-based compensation expense resulting from stock options and restricted grants of common stock to employees, directors and non-employee consultants in the consolidated statement of operations which are included in selling, general and administrative expenses, within continuing operations:

Type of Award	For the Three Months Ended			
	June 30, 2021		June 30, 2020	
	Number of Shares or Options Granted	Stock-Based Compensation Expense	Number of Shares or Options Granted	Stock-Based Compensation Expense
Stock options	5,409,716	\$ 641	9,650,000	\$ 294
Stock grants:				
Directors (common stock)	343,493	94	(173,610)	\$ (100)(a)
Employees (common stock)	250,000	68	826,429	\$ 58
Non-employee consultants (common stock)	-	-	250,000	\$ 32
Total stock-based compensation expense		\$ 803		\$ 284

Type of Award	For the Six Months Ended			
	June 30, 2021		June 30, 2020	
	Number of Shares or Options Granted	Stock-Based Compensation Expense	Number of Shares or Options Granted	Stock-Based Compensation Expense
Stock options	5,909,716	\$ 885	9,650,000	\$ 1,238
Stock grants:				
Directors (common stock)	885,159	214	(173,610)	(100)(a)
Employees (common stock)	250,000	67	3,179,544	58(b)
Non-employee consultants (common stock)	332,947	32	1,075,000	48
Total stock-based compensation expense		\$ 1,198		\$ 1,244

(a) clawback of shares granted in 2019.

(b) Expense for Q1 grants attributed to 2019 bonuses was recorded in 2019.

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

NOTE 14 – WARRANTS

The following table summarizes warrant activity for the six months ended June 30, 2021:

	Warrants	Weighted-Average Exercise Price
Warrants Outstanding as of January 1, 2021	1,076,555	\$ 1.99
Warrants Granted	39,945,055	\$ 0.09
Warrants Outstanding as of June 30, 2021	41,021,610	\$ 0.14

The Company estimated the fair value of the warrants issued in 2021 utilizing the Black-Scholes option-pricing model with the following weighted-average inputs:

	June 30, 2021
Expected term (years)	2.5 Years
Volatility	115.20%
Risk-free interest rate	0.09%
Dividend yield	0%

There was no activity related to warrants during the three months ended June 30, 2021.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

California Operating Licenses

The Company’s subsidiaries have operated compliantly and have been eligible for applicable licenses and renewals of those licenses. Currently, we have received annual as well as provisional licenses from California’s cannabis licensing agencies. We are actively working with the State to provide all required information and have confidence that the provisional licenses that we have received will become annual licenses in the future.

NOTE 16 – DISCONTINUED OPERATIONS

On May 8, 2019, MediFarm LLC, a wholly-owned subsidiary of the Company, entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Picky, LLC (the “Purchaser”) pursuant to which the Company agreed to sell and the Purchaser agreed to purchase substantially all of the assets of the Company related to the Company’s dispensary located at 1130 East Desert Inn Road, Las Vegas, NV 89109 (the “Business”). The aggregate consideration to be paid for the Business is \$10.00 million, of which \$7.20 million is cash (the “Purchase Price”). A portion of the Purchase Price is payable by the Purchaser pursuant to a 12 month Secured Promissory Note with a principal amount of \$2.80 million (the “Note”). The Note is secured by all the assets sold pursuant to the Purchase Agreement. In conjunction with the Note, Purchaser and the Company entered into a Security Agreement granting the Company a security interest in all the assets sold pursuant to the Purchase Agreement. The transaction has been approved by the Nevada Department of Taxation and is awaiting local government approval which is being impacted by COVID-19. It is expected to close promptly following receipt of such approval.

On August 19, 2019, MediFarm I LLC, a wholly-owned subsidiary of the Company, entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Picky Reno, LLC (the “Purchaser”) pursuant to which the Company agreed to sell and the Purchaser agreed to purchase substantially all of the assets of the Company related to the Company’s dispensary located at 1085 S Virginia St Suite A, Reno, NV 89502 (the “Business”). The aggregate consideration to be paid for the Business is \$13.50 million, of which \$9.30 million is cash (the “Purchase Price”). A portion of the Purchase Price is payable by the Purchaser pursuant to a 12 month Secured Promissory Note with a principal amount of \$4.20 million (the “Note”). The Note is secured by all the assets sold pursuant to the Purchase Agreement. In conjunction with the Note, Purchaser and the Company entered into a Security Agreement granting the Company a security interest in all the assets sold pursuant to the Purchase Agreement. The transaction has been approved by the Nevada Department of Taxation and is awaiting local government approval which is being impacted by COVID-19. It is expected to close promptly following receipt of such approval.

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

On April 15, 2020, MediFarm LLC, a wholly-owned subsidiary of the Company, entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Natural Medicine, LLC, a nonaffiliated third party (the “Purchaser”) pursuant to which the Company agreed to sell and the Purchaser agreed to purchase substantially all of the assets of the Company related to the Company’s dispensary located at 3650 S. Decatur Blvd., Las Vegas, NV. The aggregate consideration to be paid for the Business is \$5.25 million, of which \$2.50 million is cash and \$2.75 million is payable by the Purchaser pursuant to a 12-month Secured Promissory Note bearing 8% interest per annum, which is secured by all of the assets sold pursuant to the Purchase Agreement. The transaction has been approved by the Nevada Department of Taxation and is awaiting local government approval which is being impacted by COVID-19. It is expected to close promptly following receipt of such approval. The Company will recognize a gain upon completion of the sale of the assets, equal to the difference between the consideration paid and the book value of the assets as of the disposition date, less direct costs to sell, and reflect such loss in discontinued operations.

As of June 30, 2021, Management has classified a real estate asset held Nevada as available-for-sale, as it has met the criteria of ASC 360-10-45-9.

The pending sales of our Nevada dispensaries, expected sale of real estate, and assets divested during 2020 represent a strategic shift that will have a major effect on the Company’s operations and financial results. As a result, Management determined the results of these components qualified for discontinued operations presentation in accordance with ASC 205, “Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity”

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

Operating results for the discontinued operations were comprised of the following:

	(in thousands)		(in thousands)	
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Total revenues	\$ -	\$ 699	\$ -	\$ 3,275
Cost of goods sold	-	621	-	2,661
Gross profit	-	78	-	614
Selling, general and administrative expenses	58	1,274	58	3,868
Impairment of assets	-	6,316	-	6,316
Loss on sale of assets	-	9	-	3,197
Income (Loss) from operations	\$ (58)	\$ (7,521)	\$ (58)	\$ (12,767)
Interest expense				
Other income (loss)	2	(387)	15	(376)
Income (Loss) from discontinued operations	\$ (56)	\$ (7,908)	\$ (43)	\$ (13,143)
Income (Loss) from discontinued operations per common share attributable to Unrivald Brands, Inc. common stockholders - basic and diluted	\$ (0.00)	\$ (0.04)	\$ (0.00)	\$ (0.08)

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

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

	(in thousands)	
	June 30, 2021	December 31, 2020
Prepaid expenses and other assets	\$ -	\$ 2
Property, equipment and leasehold improvements, net	2,765	2,766
Intangible assets, net	-	-
Goodwill	-	-
Other assets	136	186
Assets of discontinued operations	<u>\$ 2,901</u>	<u>\$ 2,954</u>
Accounts payable and accrued expenses	\$ 823	\$ 985
Deferred gain on sale of assets	13,533	8,783
Long-term lease liabilities	-	28
Liabilities of discontinued operations	<u>\$ 14,356</u>	<u>\$ 9,796</u>

NOTE 17 – 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 material matters that required an accrual as of June 30, 2021.

NOTE 18 – RELATED PARTY TRANSACTIONS

On July 1, 2021, the Company entered into a Membership Interest Purchase Agreement with Nicholas Kovacevich and Dallas Imbimbo, pursuant to which the Company acquired 100% of the outstanding membership interests in Halladay Holding, LLC from Mr. Kovacevich and Mr. Imbimbo. Halladay Holding, LLC is the owner of real property located at 3242 S. Halladay Street, Santa Ana, CA 92705, where the Company operates a cannabis dispensary and maintains its principal office space. Pursuant to the Purchase Agreement, as consideration for the Acquisition, the Company paid Mr. Kovacevich and Mr. Imbimbo an aggregate purchase price of \$ 4.60 million in cash. The Company had an independent third-party perform a valuation of the Property prior to entering into the Purchase Agreement. Mr. Kovacevich is the Chairman of the Company's Board of Directors and Mr. Imbimbo is a director of the Company. As such, the Acquisition is a related party transaction.

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

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

NOTE 19 – SUBSEQUENT EVENTS

On July 1, 2021, the Company completed the acquisition of UMBRLA. Pursuant to Articles of Merger filed by the Company with the Nevada Secretary of State, which became effective upon filing on July 1, 2021. UMBRLA became a wholly owned subsidiary of the Company. Following the acquisition, the Company changed its name from “Terra Tech Corp” to “Unrivaled Brands, Inc.” in connection with the name change, the ticker symbol for the Company’s common stock was officially changed from “TRTC” to “UNRV” effective as of the open of the market on July 8, 2021.

On July 1, 2021, the Company entered into an Independent Director Agreement and a Director Indemnification Agreement with each of Dallas Imbimbo and Eric Baum in connection with their appointment to the Board of Directors of the Company.

On July 13, 2021, the Company entered into a First Amendment to Stock Purchase Agreement with Sterling Harlan and Matthew Guild to amend the Stock Purchase Agreement among the Company and the Sellers, dated as of June 9, 2021 (the “SPA”), pursuant to which the Company will purchase from the Sellers all the issued and outstanding shares of common stock of Silverstreak Solutions, Inc. (“Silverstreak”), a cannabis delivery service based in Sacramento, CA. The Amendment provides that, among other things, 1) in consideration for the Shares, at the closing of the transactions contemplated by the SPA, the Company will pay the Sellers on a pro rata basis a total of \$8.50 million (the “Purchase Price”). The Purchase Price is comprised of (i) \$1.50 million in cash, (ii) a number of shares of restricted common stock, par value \$0.001 per share, of the Company (the “Purchaser Shares”), equal to the quotient obtained by dividing (a) \$2.50 million, by (b) the volume-weighted average price of the Purchaser Shares as reported through Bloomberg for the ten (10) consecutive trading days ending on the business day prior to the Closing, (iii) a \$2.00 million unsecured promissory note with an interest rate of 3% and due six months after the Closing (the “Six-Month Note”), and (iv) a \$2.50 million unsecured promissory note with an interest rate of 3% and due twelve months after the Closing (the “Twelve-Month Note”), and 2) the Company will pay all reasonable and documented out-of-pocket costs and expenses incurred by Silverstreak in connection with the preparation of the audited financial statements of Silverstreak for the fiscal year ended December 31, 2020 (the “Audit Costs”); provided, however, that the Sellers will reimburse the Company for all Audit Costs if the Closing does not occur under certain circumstances.

On July 27, 2021, the Company entered into a Note Termination and Exchange Agreement with Arthur Chan, pursuant to which the Company issued to Mr. Chan 4,548,006 shares of the Company’s common stock at a price of \$0.23 per share as payment in full of the principal, interest and fees payable under the Secured Promissory Note issued by the Company to Mr. Chan on January 10, 2020 in the original principal amount of \$1.00 million. As a result, the Secured Promissory Note is no longer outstanding. Contemporaneously with the execution of the Exchange Agreement, the Company issued to Mr. Chan a Promissory Note in the amount of \$2.50 million. The New Note bears an interest rate of 8% and matures on July 26, 2024.

On August 10, 2021, the Company entered into a Stock Purchase Agreement with two individuals pursuant to which the Company sold all of the share of common stock of its wholly-owned subsidiary, 1815 Carnegie Santa Ana, Corp. (“1815 Carnegie”) to those individuals for aggregate consideration of \$1,700,000. 1815 Carnegie holds a permit to operate a cannabis dispensary in the City of Santa Ana, CA. On August 12, 2021, the Company also entered into a Supply agreement with an affiliate of purchasers to obtain a right of first refusal to purchase cannabis bulk and distillate to be integrated into the Company cannabis goods and products, as well as a Retail Space Agreement with 1815 Carnegie, pursuant to which the Company will receive guaranteed placement of 15 SKUs at the cannabis dispensary. Each agreement has a term of three years.

On August 15, 2021, the Company entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) with People’s California, LLC, a California limited liability company (“People’s California”) and People’s First Choice, LLC, a California limited liability company and wholly owned subsidiary of People’s California (the “Target”), which operates cannabis dispensary operations. Upon the terms and subject to the satisfaction of the conditions described in the Purchase Agreement, the Company will acquire 100% of the outstanding equity of the Target in two separate closings (the “Acquisition”), with 80% of the equity of the Target transferred at the first closing and the remaining 20% of the equity transferred at the second closing.

At the first closing of the Acquisition, People’s California shall receive from the Company: (a) a cash payment of \$24,000,000 less certain outstanding indebtedness and transaction expenses related to the Acquisition; (b) a secured note in an aggregate principal amount of \$36,000,000 less certain indebtedness; and (c) 40,000,000 shares of Company common stock valued at \$0.40 per share, subject to terms and conditions of a stockholder’s agreement by and between the Company and People’s California, which includes a one-year lockup of the shares. The first closing is currently intended to be October 1, 2021. The Purchase Agreement is subject to customary indemnification provisions.

On August 4, 2021, in connection with the Acquisition, People’s California issued senior secured indebtedness to the Company, pursuant to the terms of a certain Secured Promissory Note (the “Deposit Note”). The Deposit Note provided for a one-time advance of \$6,000,000 (the “Loan”) by the Company to People’s California at a flat rate of 3% per annum. The Deposit Note matures on August 4, 2022.

The full principal balance and all outstanding but unpaid interest is due and payable at the maturity date of August 4, 2022; provided that, if the Company consummates the first closing, pursuant to the terms of the Purchase Agreement, then the principal amount of the Deposit Note, but not the accrued interest, shall be deemed repaid, satisfied, or otherwise applied to the cash consideration paid for the equity of the Target and the Deposit Note shall be deemed satisfied.

On August 7, 2021, the Company received a letter from Eaze Technologies, Inc. (“Eaze”), raising an unspecified breach of a certain agreement between the Company and Eaze. Eaze also alleges that a contract it has with People’s Direct, Inc. (“People’s”) will be breached if People’s and the Company proceed with the Acquisition described above. The Company understands that People’s received a substantially similar letter from Eaze on the same date.

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

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which provides a "safe harbor" for forward-looking statements made by us. All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends, and other information, may be forward-looking statements. Words such as "might," "will," "may," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates, and projections will occur or can be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties, and other important factors, many of which are beyond our control, that could cause actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties, and other important factors that could cause actual results to differ include, among others, the risk, uncertainties and factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and in other filings we make from time to time with the U.S. Securities and Exchange Commission ("SEC").

We caution you that the risks, uncertainties, and other factors set forth in our periodic filings with the SEC may not contain all of the risks, uncertainties, and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that: (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct, or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this report apply only as of the date of the report or as of the date they were made and, except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise.

Company Overview

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

Our Business

The Company is a retail, production, and cultivation company, with an emphasis on providing the highest quality of medical and adult use cannabis products. We currently have a concentrated cannabis interest in California. All of the Company's cannabis dispensaries operate under the name Blüm. The Company's cannabis dispensaries in California operate as Black Oak Gallery in Oakland and Blum San Leandro in San Leandro and offer a broad selection of medical and adult-use cannabis products including flowers, concentrates and edibles.

From the acquisition of UMBRLA, the Company has become a cannabis multi-state operator and the parent company of multiple cannabis lifestyle brands. The Company is home to Korova, a brand of high potency products across multiple product categories, currently available in California, Oregon, Arizona, and Oklahoma. Other Company brands include Cabana, a boutique cannabis flower brand, and Sticks, a mainstream value-driven cannabis brand, active in California and Oregon. The Company also added a dispensary in California which operates as The Spot in Santa Ana and licensed distribution facilities in Portland, Los Angeles, Orange, and Sonoma County. See Note 19 – Subsequent Events for further discussion on the acquisition of UMBRLA.

Our Operations

We are organized into one reportable segment: *Cannabis Dispensary, Cultivation and Production*, which includes cannabis-focused retail, cultivation and production operations.

Either independently or in conjunction with third parties, we operate medical marijuana retail and adult use dispensaries, cultivation and production facilities in California and Nevada. Our retail dispensaries in California offer a broad selection of medical and adult use cannabis products including flowers, concentrates and edibles. In Nevada, we also produce and sell a line of medical and adult use cannabis flowers, as well as a line of medical and adult use cannabis-extracted products, which include concentrates, cartridges, vape pens and wax products.

Employees

As June 30, 2021, we had 53 employees.

RESULTS OF OPERATIONS

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

Revenue & Gross Profit Breakdown

Continuing & Discontinued Operations (in thousands)	Three Months Ended June 30		Change	%	Six Months Ended June 30		Change	%
	2021	2020			2021	2020		
Revenue								
Continuing Operations	\$ 6,262	\$ 2,706	\$ 3,556	131.4%	\$ 11,375	\$ 6,753	\$ 4,622	68.4%
Discontinued Operations	-	699	(699)	-100.0%	-	3,275	(3,275)	-100.0%
Total Revenue	6,262	3,405	2,857	83.9%	11,375	10,028	1,347	13.4%
Cost of Goods Sold								
Continuing Operations	3,924	1,458	(2,466)	-169.1%	6,604	3,181	(3,423)	-107.6%
Discontinued Operations	-	621	621	100.0%	-	2,661	2,661	100.0%
Total Cost of Goods Sold	3,924	2,079	(1,845)	-88.7%	6,604	5,842	(762)	-13.0%
Gross Profit \$								
Continuing Operations	\$ 2,338	\$ 1,248	\$ 1,090	87.3%	\$ 4,771	\$ 3,572	\$ 1,199	33.6%
Discontinued Operations	-	78	(78)	-100.0%	-	614	(614)	-100.0%
Total Gross Profit \$	2,338	1,326	1,012	76.3%	4,771	4,186	585	14.0%
Gross Profit %								
Continuing Operations	37.3%	46.1%	-8.8	%	41.9%	52.9%	-11.0%	
Discontinued Operations	--	11.2%	--		--	18.7%	--	
Total Gross Profit %	37.3%	38.9%	-1.6	%	41.9%	41.7%	0.2%	

Comparison of the Three Months Ended June 30, 2021 and 2020

Revenues

For the three months ended June 30, 2021, the Company generated revenues of \$6.26 million, compared to \$2.71 million for the three months ended June 30, 2020, an increase of \$3.55 million or 131.4 percent. The increase was primarily due to a \$3.02 million increase in revenue from our cultivation and production operations and further lifted by a \$1.21 million increase from our retail stores. These revenues were partially offset by a \$0.70 million decrease stemming from winding down distribution operations.

Gross Profit

Our gross profit for the three months ended June 30, 2021 was \$2.34 million, compared to a gross profit of \$1.25 million for the three months ended June 30, 2020, an increase of \$1.09 million or 87.3 percent.

Selling, General and Administrative Expenses and Other Operating Expenses

Selling, general and administrative expenses for the three months ended June 30, 2021 were \$6.19 million, compared to \$6.28 million for the three months ended June 30, 2020, a decrease of \$0.09 million or 1.4 percent.

Table of Contents

The decrease was largely due to Management's ongoing expense reduction efforts contributing a decrease to salaries and wages expense of \$0.88 million as well as a \$0.33 decrease in professional services including but not limited to legal, accounting and technology. SG&A was also decreased by \$0.82 million due to intangibles becoming fully amortized, decreases in depreciation and inventory absorption costs. The overall decrease was offset by (i) a \$0.83 million increase in stock option expense and directors or employee stock compensation and (ii) a \$0.36 million increase in insurance & licensing and permit fees.

Operating Income (Loss)

We realized an operating loss of \$3.86 million for the three months ended June 30, 2021, compared to an operating loss of \$10.03 million for the three months ended June 30, 2020, an improvement in loss of approximately \$6.17 million or 61.6 percent.

Other Income (Expense)

Other expense for the three months ended June 30, 2021 was \$1.06 million, compared to \$0.54 million recognized in the three months ended June 30, 2020.

The increase of approximately \$0.52 million, or 95.4 percent, was attributed to a \$0.87 million reduction in income from unrealized loss on investments recognized in June 30, 2021 offset by a \$0.64 million decrease in interest expense.

Discontinued Operations

We realized a net loss of \$0.06 million for the three months ended June 30, 2021. This was an increase of \$7.85 million over the three months ended June 30, 2020 primarily due to an impairment loss of goodwill and intangible of \$6.32 million of OneQor.

Net Loss Attributable to Unrivaled Brands, Inc.

We incurred a net loss of \$4.11 million, or \$0.02 per share, for the three months ended June 30, 2021, an improvement of 77.4 percent compared to a net loss of \$18.18 million, or \$0.10 per share, for the three months ended June 30, 2020.

The improvement in net loss from continuing operations was mainly attributable to Management's continued focus on cost efficiency within the corporate function; including but not limited to strategic reductions in headcount and the elimination of non-core assets. Furthermore, as our cultivation facilities progress in northern and southern California – the Company expects to further improvements through a comprehensive marketing campaign and by expanding the market share of our in-house brands.

Management plans to continue its efforts to lower operating expenses and increase revenue through strategic investments, improvements to our technology stack and furthering the education of potential clients. Due to the quasi-fixed nature of the company's operating structure, Management expects that, as revenue increases, those expenses will significantly decrease as a percentage of revenue.

Because the Company is subject to various macro-economic trends and legislative outcomes which can materially impact the condition, financial performance and future performance in succeeding quarters, there can be no assurance that we will be able to increase our revenues to the degree Management expects. Deviations to expectations around these trends could cause actual results to differ materially from any forward-looking information expressed in this MD&A and the Company's financial statements.

Comparison of the Six Months Ended June 30, 2021 and 2020

Revenues

For the six months ended June 30, 2021, the Company generated revenues of \$11.38 million, compared to \$6.76 million for the six months ended June 30, 2020, an increase of \$4.62 million or 68.4 percent. The increase was primarily due to a \$4.87 million increase in revenue from our cultivation and production operations and further lifted by a \$0.49 million increase from our retail stores. These revenues were offset by a \$0.74 million decrease due to winding down distribution operations.

Gross Profit

Our gross profit for the six months ended June 30, 2021 was \$4.77 million, compared to a gross profit of \$3.57 million for the six months ended June 30, 2020, an increase of \$1.20 million or 33.6 percent.

[Table of Contents](#)

Selling, General and Administrative Expenses and Other Operating Expenses

Selling, general and administrative expenses for the six months ended June 30, 2021 were \$20.33 million, compared to \$14.82 million for the six months ended June 30, 2020, an increase of \$5.51 million or 37.1 percent. The increase was due to severance expenses paid out in the first quarter of 2021 of \$9.0 million.

Excluding this extraordinary event, Management's ongoing expense reduction initiative contributed to a decrease of \$3.49 million predominately from salaries & wages and other efforts. Similarly, there was a \$0.79 million decrease in professional services including but not limited to legal, accounting and technology and SG&A expenses were further decreased by \$1.79 million due to intangibles becoming fully amortized, decreases in depreciation and bolstered inventory controls.

The overall decrease was offset by (i) a \$0.19 million increase in stock option expense and directors or employee stock compensation, (ii) a \$0.35 million increase in insurance & licensing and permit fees, (iii) a \$0.28 million increase in operating costs incurred primarily by corporate office including but not limited to; rent, leases and enterprise infrastructure costs.

Operating Income (Loss)

We realized an operating loss of \$15.56 million for the six months ended June 30, 2021, compared to an operating loss of \$21.33 million for the six months ended June 30, 2020, an improvement in loss of approximately \$5.77 million or 27.1 percent.

Other Income (Expense)

Other expense for the six months ended June 30, 2021 was \$1.07 million, compared to \$1.38 million recognized in the six months ended June 30, 2020. The variance was primarily attributable to the adoption of ASU 2020-06 which was implemented as of January 1, 2021.

Discontinued Operations

We recognized a loss from discontinued operations of \$0.04 million for the six months ended June 30, 2021. This was an improvement of \$13.1 million over the six months ended June 30, 2020 where the Company recorded a loss of \$13.14 million.

Net Loss Attributable to Unrivalled Brands, Inc.

We incurred a net loss of \$16.18 million, or \$0.07 per share, for the six months ended June 30, 2021, an improvement of 54.4 percent compared to a net loss of \$35.51 million, or \$0.20 per share, for the six months ended June 30, 2020.

The improvement in net loss was mainly attributable to Management's continued focus on cost efficiency within the corporate function; including but not limited to strategic reductions in headcount and the elimination of non-core assets. Furthermore, as our cultivation facilities progress in northern and southern California – the Company expects further improvements through a comprehensive marketing campaign and by expanding the market share of our in-house brands.

Management plans to continue its efforts to lower operating expenses and increase revenue through strategic investments, improvements to our technology stack and furthering the education of potential clients. Due to the quasi-fixed nature of the company's operating structure, Management expects that, as revenue increases, those expenses will significantly decrease as a percentage of revenue.

Because the Company is subject to various macro-economic trends and legislative outcomes which can materially impact the condition, financial performance and future performance in succeeding quarters, there can be no assurance that we will be able to increase our revenues to the degree Management expects. Deviations to expectations around these trends could cause actual results to differ materially from any forward-looking information expressed in this MD&A and the Company's financial statements.

DISCLOSURE ABOUT OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our "Management's Discussion and Analysis of Financial Condition and Results of Operations" section discusses our unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. These accounting policies are described in Note 2, "Summary of Significant Accounting Policies" of the notes to unaudited condensed consolidated financial statements included in this report.

LIQUIDITY AND CAPITAL RESOURCES

We incurred net losses for the three months and six months ended June 30, 2021 and 2020 and have an accumulated deficit of approximately \$234.93 million and \$219.80 million at June 30, 2021 and December 31, 2020, respectively.

As of June 30, 2021, we had working capital of \$9.43 million, including \$40.28 million of cash compared to working capital of \$11.18 million, including \$0.95 million of cash, as of December 31, 2020. Current assets were approximately 1.26 times current liabilities as of June 30, 2021, compared to approximately 1.42 times current liabilities as of December 31, 2020.

We have not been able to generate sufficient cash from operating activities to fund our ongoing operations. Since our inception, we have raised capital through private sales of preferred stock, common stock, and debt securities. Our future success is dependent upon our ability to achieve profitable operations and generate cash from operating activities. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations.

We anticipate requiring additional capital for the commercial development of our facilities. The Hegenberger facility will require approximately \$0.40 million in capital to complete.

We will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow. We believe our existing and available capital resources will be sufficient to satisfy our funding requirements through the end of 2021. However, we continue to evaluate various options to further reduce our cash requirements to operate at a reduced rate, as well as options to raise additional funds, including obtaining loans and selling common stock. In March 2018 we entered into a \$40.0 million 2018 Master Security Purchase Agreement with an accredited investor. As of June 30, 2021, the Company has received \$37.4 million under this agreement. There is no guarantee that we will be able to generate enough revenue and/or raise capital to support our operations, or if we are able to raise capital, that it will be available to us on acceptable terms, on an acceptable schedule, or at all.

Operating Activities

Cash used in operating activities for the six months ended June 30, 2021 was \$6.43 million, compared to \$8.16 million for the six months ended June 30, 2020, a decrease of \$1.73 million, or approximately 21.2 percent. The decrease in cash used in operating activities was due to primarily to a \$8.23 million decrease in cash used for discontinued operations. The remaining decrease was due to normal fluctuations in the timing of operating receipts and payments.

Investing Activities

Cash provided by investing activities for the six months ended June 30, 2021 was \$43.52 million, compared to cash provided by investing activities of \$5.43 million for the six months ended June 30, 2020, an increase of \$38.08 million, or 700.9 percent. The increase in cash provided by investing activities was primarily due to proceeds from the sale of our Hydrofarm investment. The remaining increase was due to receipt of \$4.75 million in partial proceeds from pending sales of two Nevada dispensaries.

Financing Activities

Cash provided by financing activities for the six months ended June 30, 2021 was \$2.31 million, compared to \$2.25 million for the six months ended June 30, 2020, an increase of \$0.06 million, or 2.76 percent. The increase in cash provided by financing activities for the six months ended June 30, 2021 was primarily due to \$3.50 million of additional proceeds from the issuance of debt, offset by \$1.16 million cash outflows for debt principal and financing fees, \$0.25 million of lower proceeds from the issuance of common stock, and a \$0.80 million decrease in cash contributions received from Nuleaf joint owners with a non-controlling interest.

Non-GAAP Reconciliations

Non-GAAP earnings is a supplemental measure of our performance that is neither required by, nor presented in accordance with, U.S. generally accepted accounting principles (“US GAAP”). Non-GAAP earnings is not a measurement of our financial performance under US GAAP and should not be considered as alternative to net income, operating income, or any other performance measures derived in accordance with US GAAP, or as alternative to cash flows from operating activities as a measure of our liquidity. In addition, in evaluating Non-GAAP earnings, you should be aware that in the future we will incur expenses or charges such as those added back to calculate Non-GAAP earnings. Our presentation of Non-GAAP earnings should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Non-GAAP earnings has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under US GAAP. Some of these limitations are (i) it does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) it does not reflect changes in, or cash requirements for, our working capital needs, (iii) it does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-GAAP earnings does not reflect any cash requirements for such replacements, (v) it does not adjust for all non-cash income or expense items that are reflected in our statements of cash flows, and (vi) other companies in our industry may calculate this measure differently than we do, limiting its usefulness as comparative measures.

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

We believe that non-GAAP earnings facilitates operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present Non-GAAP earnings because (i) we believe that this measure is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe that investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use Non-GAAP earnings internally as benchmark to compare our performance to that of our competitors.

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

On a non-GAAP basis, the Company recorded a non-GAAP loss of \$1.12 million for the three months ended June 30, 2021, compared to a non-GAAP loss in the amount of \$1.49 million for the three months ended June 30, 2020. For the six months ended June 30, 2021, the Company recorded a \$2.40 million loss compared to a \$20.16 million loss for the six months ended June 30, 2020. The details of those expenses and non-GAAP reconciliation of these non-cash items are set forth below:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2021	2020	2021	2020
Net loss attributable to Unrivald Brands Inc. - Continuing Operations	\$ (4,105)	\$ (18,182)	\$ (16,183)	\$ (35,512)
Non-GAAP adjustments				
Amortization of intangible assets	184	-	376	761
Depreciation expense	928	956	1,877	1,913
Stock based compensation	800	284	1,198	1,244
Impairment of assets	-	4,998	-	10,118
Interest expense	204	454	604	1,356
Severance expense for Series A share repurchases	-	-	8,990	-
Loss (Gain) on sale of investments	874	-	(5,337)	-
Gain on sale of assets	-	-	-	(35)
Gain for debt forgiveness	-	-	(86)	-
Loss on extinguishment of debt	-	-	6,161	-
Non-GAAP loss	<u>\$ (1,115)</u>	<u>\$ (11,490)</u>	<u>\$ (2,400)</u>	<u>\$ (20,155)</u>

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Non-GAAP net income (loss)	\$ (1,115)	\$ (11,490)	\$ (2,400)	\$ (20,155)
Denominator				
Weighted average common shares - Basic	258,897,777	186,068,175	248,066,926	174,781,579
Weighted average common shares - Diluted	258,897,777	186,068,175	248,066,926	174,781,579
Non-GAAP earnings (loss) per common share:				
Non-GAAP earnings (loss) - Basic	\$ (0.00)	\$ (0.06)	\$ (0.01)	\$ (0.12)
Non-GAAP earnings (loss) - Diluted	\$ (0.00)	\$ (0.06)	\$ (0.01)	\$ (0.12)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

(not required for a smaller reporting company)

ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, our principal executive officer and our principal financial officer are responsible for conducting an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2021. Disclosure controls and procedures means that the material information required to be included in our SEC reports is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms relating to our company, including any consolidating subsidiaries, and was made known to us by others within those entities, particularly during the period when this report was being prepared. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were effective as of June 30, 2021.

We regularly assess the adequacy of our internal controls over financial reporting and enhance our controls in response to internal control assessments and external audit and regulatory recommendations. No changes in internal control over financial reporting have been identified in connection with the evaluation of disclosure controls and procedures during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. See Note 17, “*Litigation and Claims*” for further information about legal activity.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Part I, Item 1A, “*Risk Factors*”, of our Annual Report on Form 10-K for the year ended December 31, 2020, except for the risk factors noted below. Please refer to that section for disclosures regarding the risk and uncertainties relating to our business.

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

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

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

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit	Description
2.1	Agreement and Plan of Merger dated February 9, 2012, by and among the Company, a Nevada corporation, TT Acquisitions, Inc., a Nevada corporation, and GrowOp Technology Ltd., a Nevada corporation (1)
2.2	Articles of Merger (1)
2.3	Share Exchange Agreement, dated April 24, 2013, by and among the Company, a Nevada corporation, Edible Garden Corp., a Nevada corporation, and the holders of common stock of Edible Garden Corp. (2)
2.4	Agreement and Plan of Merger, dated December 23, 2015, by and among the Company, a Nevada corporation, Generic Merger Sub, Inc., a California corporation, and Black Oak Gallery, a California corporation (3)
2.5	First Amendment to Agreement and Plan of Merger, dated February 29, 2016, by and among the Company, a Nevada corporation, Generic Merger Sub, Inc., a California corporation, and Black Oak Gallery, a California corporation (3)
2.6	Form of Agreement of Merger, dated March 31, 2016, by and among Generic Merger Sub, Inc., a California corporation and Black Oak Gallery, a California corporation (3)
2.7	Agreement and Plan of Merger, dated March 2, 2021 (15)***
2.8	Membership Interest Purchase Agreement, dated as of July 1, 2021, by and among the Company and Nicholas Kovacevich and Dallas Imbimbo (5)***
2.9	Name Change Agreement and Plan of Merger, dated as of June 30, 2021, by and between the Company and Unrivald Brands, Inc. (5)
3.1	Articles of Incorporation dated July 22, 2008 (4)
3.2	Certificate of Amendment dated July 8, 2011 (6)
3.3	Certificate of Change dated July 8, 2011 (6)
3.4	Certificate of Amendment dated January 27, 2012 (1)
3.5	Form of Amended and Restated Articles of Incorporation of Black Oak Gallery, a California corporation (3)
3.6	Certificate of Amendment to Articles of Incorporation, Dated September 26, 2016 (8)
3.7	Articles of Merger, filed with the Nevada Secretary of State on July 1, 2021 (5)
3.8	Name Change Articles of Merger, filed with the Nevada Secretary of State on July 7, 2021 (5)
3.9	Second Amended and Restated Bylaws (7)

Table of Contents

4.1	Form of Amendment No. 2 to 7.5% Senior Convertible Promissory Note, dated January 11, 2021 (12)
4.2	Form of Amendment No. 3 to 7.5% Senior Convertible Promissory Note (13)
4.3	Form of Amendment No. 1 to 7.5% Senior Convertible Promissory Note (13)
4.4	Form of Common Stock Purchase Warrant (13)
4.5	Form of 3.0% Senior Convertible Promissory Note (13)
4.6	Form of Common Stock Purchase Warrant (“A Warrant”) (13)
4.7	Form of Common Stock Purchase Warrant (“B Warrant”) (13)
4.8	Form of Straight Promissory Note (“6-Month Note”) (13)
4.9	Form of Straight Promissory Note (“12-Month Note”) (13)
4.10	Common Stock Purchase Warrant (16)
10.1	Independent Director Agreement between the Company and Tiffany Davis, dated April 6, 2021 (17)♦
10.2	Director Indemnification Agreement between the Company and Tiffany Davis, dated April 6, 2021 (17)♦
10.3	Stock Option Agreement between the Company and Tiffany Davis, dated April 6, 2021 (17)♦
10.4	Separation Agreement between the Company and Steven J. Ross, dated April 13, 2021 (18)♦
10.5	Stock Purchase Agreement between the Company and Sterling Harlan and Matthew Guild, dated June 9, 2021 (9)
10.6	First Amendment to Stock Purchase Agreement between the Company and Sterling Harlan and Matthew Guild, dated July 13, 2021 (10)
10.7	Form of Six-Month Note (9)
10.8	Form of Twelve-Month Note (9)
10.9	Employment Agreement between the Company and Francis Knuettel II, dated June 7, 2021 (9)♦
10.10	Amendment to Amended and Restated Executive Employment Agreement between the Company and Francis Knuettel II, dated July 27, 2021 (7)♦
10.11	Employment Agreement between the Company and Uri Kenig, dated June 7, 2021 (9)♦
10.12	Employment Agreement between the Company and Jeffrey Batliner, dated June 7, 2021 (9)♦
10.13	Independent Director Agreement, dated as of July 1, 2021, by and between the Company and Dallas Imbimbo (5)♦
10.14	Independent Director Agreement, dated as of July 1, 2021, by and between the Company and Eric Baum (5)♦
10.15	Director Indemnification Agreement, dated as of July 1, 2021, by and between the Company and Dallas Imbimbo (5)♦
10.16	Director Indemnification Agreement, dated as of July 1, 2021, by and between the Company and Eric Baum (5)♦
10.17	Form of Securities Purchase Agreement (11)
10.18	Note Termination and Exchange Agreement between the Company and Arthur Chan, dated July 27, 2021 (7)
10.19	Promissory Note issued by the Company in favor of Arthur Chan, dated July 27, 2021 (7)
10.20	Executive Employment Agreement between the Company and Oren Schauble, dated July 27, 2021 (7)♦
10.21	Indemnification Agreement between the Company and Oren Schauble, dated July 27, 2021 (7)♦
10.22	2019 Equity Incentive Plan of UMBRLA, Inc. *
10.23	Amendment to 2019 Equity Incentive Plan of UMBRLA, Inc., dated March 1, 2020 *
10.24	Amendment to 2019 Equity Incentive Plan of UMBRLA, Inc., dated October 22, 2020 *

Table of Contents

31.1	Certification of Francis Knuettel II, Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Jeffrey Batliner, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Francis Knuettel II, Chief Executive Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **
32.2	Certification of Jeffrey Batliner, Chief Financial Officer, pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. **
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Cash Flow, (iv) Consolidated Statements of Stockholders Equity, and (v) Notes to Unaudited Consolidated Financial Statements.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith

** Furnished herewith

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

◆ Indicates a management contract or compensatory plan or arrangement.

- (1) *Incorporated by reference to Current Report on Form 8-K (File No. 000-54258), filed with the SEC on February 10, 2012*
- (2) *Incorporated by reference to Current Report on Form 8-K (File No. 000-54258), filed with the SEC on May 6, 2013.*
- (3) *Incorporated by reference to Annual Report on Form 10-K filed with the SEC on March 29, 2016*
- (4) *Incorporated by reference to Registration Statement on Form S-1 (File No. 333-156421), filed with the SEC on December 23, 2008.*
- (5) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on July 8, 2021.*
- (6) *Incorporated by reference to Registration Statement on Form S-1 (File No. 333-191954), filed with the SEC on October 28, 2013.*
- (7) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on August 2, 2021.*
- (8) *Incorporated by reference to Annual Report on Form 10-K filed with the SEC on March 16, 2018.*
- (9) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on June 10, 2021.*
- (10) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on July 19, 2021.*
- (11) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on June 14, 2021.*
- (12) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on January 13, 2021.*
- (13) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on January 25, 2021.*
- (14) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on February 4, 2021.*
- (15) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on March 3, 2021.*
- (16) *Incorporated by reference to Annual Report on Form 10-K filed with the SEC on March 30, 2021.*
- (17) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on April 9, 2021.*
- (18) *Incorporated by reference to Current Report on Form 8-K filed with the SEC on April 13, 2021.*

SIGNATURES

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

UNRIVALED BRANDS, INC.

Date: August 16, 2021

By: /s/ Jeffrey Batliner

Jeffrey Batliner
Chief Financial Officer

UMBRLA, INC.

2019 EQUITY INCENTIVE PLAN

1. Purpose: Eligibility.

1.1 General Purpose. The name of this plan is the UMBRLA, Inc. 2019 Equity Incentive Plan (the "**Plan**"). The purposes of the Plan are to (a) enable UMBRLA, Inc., a Nevada corporation (the "**Company**"), to attract and retain the types of Employees, Consultants and Directors who will contribute to the Company's long range success; (b) provide incentives that align the interests of Employees, Consultants and Directors with those of the shareholders of the Company; and (c) promote the success of the Company's business.

1.2 Eligible Award Recipients. The persons eligible to receive Awards are the Employees, Consultants and Directors of the Company and its Affiliates.

1.3 Available Awards. Awards that may be granted under the Plan include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Restricted Stock and (d) Restricted Stock Units.

2. Definitions.

"**Affiliate**" means a corporation or other entity that, directly or through one or more intermediaries, controls, is controlled by or is under common control with, the Company.

"**Applicable Laws**" means the requirements related to or implicated by the administration of the Plan under applicable state corporate law, United States federal and state securities laws, the Code and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan.

"**Award**" means any right granted under the Plan, including an Incentive Stock Option, a Non-qualified Stock Option, a Restricted Stock Award or a Restricted Stock Unit Award.

"**Award Agreement**" means a written agreement, contract, certificate or other instrument or document evidencing the terms and conditions of an individual Award granted under the Plan which may, in the discretion of the Company, be transmitted electronically to any Participant. Each Award Agreement shall be subject to the terms and conditions of the Plan.

"**Board**" means the Board of Directors of the Company, as constituted at any time.

"Cause" means, unless the applicable Award Agreement provides otherwise:

With respect to any Employee or Consultant:

(a) If the Employee or Consultant is a party to an employment or service agreement with the Company or an Affiliate and such agreement provides for a definition of Cause, the definition contained therein; or

(b) If no such agreement exists, or if such agreement does not define Cause: (i) failure to perform such duties as are reasonably requested by the Board; (ii) material breach of any agreement with the Company or an Affiliate, or a material violation of the Company's or an Affiliate's code of conduct or other written policy; (iii) commission of, or plea of guilty or no contest to, a felony or a crime involving moral turpitude or the commission of any other act involving willful malfeasance or material fiduciary breach with respect to the Company or an Affiliate; (iv) use of illegal drugs or abuse of alcohol that materially impairs the Participant's ability to perform his or her duties to the Company or an Affiliate; or (v) gross negligence or willful misconduct with respect to the Company or an Affiliate.

With respect to any Director, a determination by a majority of the disinterested Board members that the Director has engaged in any of the following:

(a) malfeasance in office;

(b) gross misconduct or neglect;

(c) false or fraudulent misrepresentation inducing the Director's appointment;

(d) willful conversion of corporate funds; or

(e) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance.

The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause.

"Change in Control" means:

(a) The acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of the combined voting power of the then outstanding voting securities of the Company; *provided, however*, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (A) any acquisition by the Company or any Affiliate, (B) any acquisition by any employee benefit plan sponsored or maintained by the Company or any subsidiary, (C) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of persons including the Participant (or any entity controlled by the Participant or any group of persons including the Participant); or (D) the acquisition of securities pursuant to an offer made to the general public through a registration statement filed with the Securities and Exchange Commission; or

(b) The sale, transfer or other disposition of all or substantially all of the assets of the Company to any Person other than an Affiliate.

"Code" means the Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder.

"Committee" means a committee of one or more members of the Board appointed by the Board to administer the Plan in accordance with Section 3.4 and Section 3.5.

"Common Stock" means the common stock, \$0.001 par value per share, of the Company.

"Company" means UMBRLA, Inc., a Nevada corporation, and any successor thereto.

"Consultant" means any individual who is engaged by the Company or any Affiliate to render consulting or advisory services, whether or not compensated for such services.

"Continuous Service" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Consultant or Director, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, *provided that* there is no interruption or termination of the Participant's Continuous Service; *provided further that* if any Award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an Employee of the Company to a Director of an Affiliate will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal or family leave of absence.

"Detrimental Activity" means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of the Company or any of its Affiliates; (ii) any activity that would be grounds to terminate the Participant's employment or service with the Company or any of its subsidiaries for Cause; (iii) the breach of any non-competition, non-solicitation, non-disparagement or other agreement containing restrictive covenants, with the Company or its Affiliates; (iv) fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion; or (v) any other conduct or act determined to be materially injurious, detrimental or prejudicial to any interest of the Company or any of its Affiliates, as determined by the Committee in its sole discretion.

"Director" means a member of the Board.

"Disability" means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment; *provided, however*, for purposes of determining the term of an Incentive Stock Option pursuant to Section 6.9 hereof, the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. The determination of whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an Incentive Stock Option pursuant to Section 6.9 hereof within the meaning of Section 22(e)(3) of the Code, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates.

"Disqualifying Disposition" has the meaning set forth in Section 14.10.

"Effective Date" shall mean the date as of which this Plan is adopted by the Board.

"Employee" means any person, including an officer or Director, employed by the Company or an Affiliate; *provided, that*, for purposes of determining eligibility to receive Incentive Stock Options, an Employee shall mean an employee of the Company or a parent or subsidiary corporation within the meaning of Section 424 of the Code. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company or an Affiliate.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto.

"Fair Market Value" means, on a given date, (i) if there is a public market for the shares of Common Stock on such date, the closing price of the shares as reported on such date on the principal national securities exchange on which the shares are listed or, if no sales of shares have been reported on any national securities exchange, then the immediately preceding date on which sales of the shares have been so reported or quoted, and (ii) if there is no public market for the shares of Common Stock on such date, then the fair market value shall be determined by the Committee in good faith after taking into consideration all factors which it deems appropriate, including, without limitation, Sections 409A and 422 of the Code.

"Grant Date" means the date on which the Committee adopts a resolution, or takes other appropriate action, expressly granting an Award to a Participant that specifies the key terms and conditions of the Award or, if a later date is set forth in such resolution, then such date as is set forth in such resolution.

"Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

"Non-qualified Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

"Option" means an Incentive Stock Option or a Non-qualified Stock Option granted pursuant to the Plan.

"Optionholder" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

"Option Exercise Price" means the price at which a share of Common Stock may be purchased upon the exercise of an Option.

"Participant" means an eligible person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

"Permitted Transferee" means: (a) a member of the Optionholder's immediate family (child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships), any person sharing the Optionholder's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Optionholder) control the management of assets, and any other entity in which these persons (or the Optionholder) own more than 50% of the voting interests; or (b) such other transferees as may be permitted by the Committee in its sole discretion; provided that, unless otherwise determined by the Committee, no person shall be a Permitted Transferee unless he or she executes and becomes a party to the Shareholders' Agreement.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

"Plan" means this UMBRLA, Inc. 2019 Equity Incentive Plan, as amended and/or amended and restated from time to time.

"Restricted Period" has the meaning set forth in Section 7.

"Restricted Stock" means Common Stock, subject to certain specified restrictions (including, without limitation, a requirement that the Participant provide Continuous Service for a specified period of time) granted under Section 7 of the Plan.

"Restricted Stock Unit" means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (including, without limitation, a requirement that the Participant provide Continuous Service for a specified period of time) granted under Section 7 of the Plan.

"Stockholders' Agreement" means the Stockholders' Agreement by and among the Company and its shareholders, dated March 6, 2019, as in effect from time to time.

"Ten Percent Shareholder" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

3. Administration.

3.1 Authority of Committee. The Plan shall be administered by the Committee or, in the Board's sole discretion, by the Board. Subject to the terms of the Plan, the Committee's charter and Applicable Laws, and in addition to other express powers and authorization conferred by the Plan, the Committee shall have the authority:

- (a) to construe and interpret the Plan and apply its provisions;
- (b) to promulgate, amend, and rescind rules and regulations relating to the administration of the Plan;
- (c) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;
- (d) to delegate its authority to one or more officers of the Company;
- (e) to determine when Awards are to be granted under the Plan and the applicable Grant Date;
- (f) from time to time to select, subject to the limitations set forth in this Plan, those Participants to whom Awards shall be granted;
- (g) to determine the number of shares of Common Stock to be made subject to each Award;
- (h) to determine whether each Option is to be an Incentive Stock Option or a Non-qualified Stock Option;
- (i) to prescribe the terms and conditions of each Award, including, without limitation, the exercise price and medium of payment and vesting provisions, and to specify the provisions of the Award Agreement relating to such grant;
- (j) to amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award; *provided, however*, that if any such amendment impairs a Participant's rights or increases a Participant's obligations under his or her Award or creates or increases a Participant's federal income tax liability with respect to an Award, such amendment shall also be subject to the Participant's consent;
- (k) to determine the duration and purpose of leaves of absences which may be granted to a Participant without constituting termination of their employment for purposes of the Plan, which periods shall be no shorter than the periods generally applicable to Employees under the Company's employment policies;
- (l) to make decisions with respect to outstanding Awards that may become necessary upon a change in corporate control or an event that triggers anti-dilution adjustments;

(m) to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; and

(n) to exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan.

3.2 Acquisitions and Other Transactions. The Committee may, from time to time, assume outstanding awards granted by another entity, whether in connection with an acquisition of such other entity or otherwise, by either (i) granting an Award under the Plan in replacement of or in substitution for the award assumed by the Company, or (ii) treating the assumed award as if it had been granted under the Plan if the terms of such assumed award could be applied to an Award granted under the Plan. Such assumed award shall be permissible if the holder of the assumed award would have been eligible to be granted an Award hereunder if the other entity had applied the rules of this Plan to such grant. The Committee may also grant Awards under the Plan in settlement of or in substitution for outstanding awards or obligations to grant future awards in connection with the Company or an Affiliate acquiring another entity, an interest in another entity, or an additional interest in an Affiliate whether by merger, stock purchase, asset purchase or other form of transaction.

3.3 Committee Decisions Final. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on the Company and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious.

3.4 Delegation. The Committee, or if no Committee has been appointed, the Board, may delegate administration of the Plan to a committee or committees of one or more members of the Board, and the term "**Committee**" shall apply to any person or persons to whom such authority has been delegated. The Committee shall have the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board or the Committee shall thereafter be to the committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revert in the Board the administration of the Plan. The members of the Committee shall be appointed by and serve at the pleasure of the Board. From time to time, the Board may increase or decrease the size of the Committee, add additional members to, remove members (with or without cause) from, appoint new members in substitution therefor, and fill vacancies, however caused, in the Committee. The Committee shall act pursuant to a vote of the majority of its members or, in the case of a Committee comprised of only two members, the unanimous consent of its members, whether present or not, or by the written consent of the majority of its members and minutes shall be kept of all of its meetings and copies thereof shall be provided to the Board. Subject to the limitations prescribed by the Plan and the Board, the Committee may establish and follow such rules and regulations for the conduct of its business as it may determine to be advisable.

3.5 Committee Composition. Except as otherwise determined by the Board, the Committee shall consist solely of two or more Directors appointed to the Committee from time to time by the Board.

3.6 Indemnification. In addition to such other rights of indemnification as they may have as Directors or members of the Committee, and to the extent allowed by Applicable Laws, the Committee shall be indemnified by the Company against the reasonable expenses, including attorney's fees, actually incurred in connection with any action, suit or proceeding or in connection with any appeal therein, to which the Committee may be party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted under the Plan, and against all amounts paid by the Committee in settlement thereof (*provided, however*, that the settlement has been approved by the Company, which approval shall not be unreasonably withheld) or paid by the Committee in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee did not act in good faith and in a manner which such person reasonably believed to be in the best interests of the Company, or in the case of a criminal proceeding, had no reason to believe that the conduct complained of was unlawful; *provided, however*, that within 60 days after institution of any such action, suit or proceeding, such Committee shall, in writing, offer the Company the opportunity at its own expense to handle and defend such action, suit or proceeding.

4. Shares Subject to the Plan.

4.1 Subject to adjustment in accordance with Section 11, a total of 18,000,000 shares of Common Stock shall be available for the grant of Awards under the Plan. During the terms of the Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Awards.

4.2 Shares of Common Stock available for distribution under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

4.3 Any shares of Common Stock subject to an Award that is canceled, forfeited or expires prior to exercise or realization, either in full or in part, shall again become available for issuance under the Plan. Notwithstanding anything to the contrary contained herein: shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such shares are (a) shares tendered in payment of an Option or (b) shares delivered or withheld by the Company to satisfy any tax withholding obligation.

4.4 If the Committee authorizes the assumption of awards pursuant to Section 3.2 or Section 12.1 hereof, the assumption will reduce the number of shares available for issuance under the Plan in the same manner as if the assumed awards had been granted under the Plan.

5. Eligibility.

5.1 Eligibility for Specific Awards. Incentive Stock Options may be granted to Employees only. Awards other than Incentive Stock Options may be granted to Employees, Consultants and Directors.

5.2 Ten Percent Shareholders. A Ten Percent Shareholder shall not be granted an Incentive Stock Option unless the Option Exercise Price is at least 110% of the Fair Market Value of the Common Stock at the Grant Date and the Option is not exercisable after the expiration of five years from the Grant Date.

6. Option Provisions. Each Option granted under the Plan shall be evidenced by an Award Agreement. Each Option so granted shall be subject to the conditions set forth in this Section 6, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options shall be separately designated Incentive Stock Options or Non-qualified Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates will be issued for shares of Common Stock purchased on exercise of each type of Option. Notwithstanding the foregoing, the Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the terms of such Option do not satisfy the requirements of Section 409A of the Code. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

6.1 Term. Subject to the provisions of Section 5.2 regarding Ten Percent Shareholders, no Incentive Stock Option shall be exercisable after the expiration of 10 years from the Grant Date. The term of a Non-qualified Stock Option granted under the Plan shall be determined by the Committee; *provided, however*, no Non-qualified Stock Option shall be exercisable after the expiration of 10 years from the Grant Date.

6.2 Exercise Price of an Incentive Stock Option. Subject to the provisions of Section 5.2 regarding Ten Percent Shareholders, the Option Exercise Price of each Incentive Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the Grant Date. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an Option Exercise Price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

6.3 Exercise Price of a Non-qualified Stock Option. The Option Exercise Price of each Non-qualified Stock Option shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option on the Grant Date. Notwithstanding the foregoing, a Non-qualified Stock Option may be granted with an Option Exercise Price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 409A of the Code.

6.4 Method of Exercise. The Option Exercise Price shall be paid, to the extent permitted by Applicable Laws, either (a) in cash or by certified or bank check at the time the Option is exercised or (b) in the discretion of the Committee, upon such terms as the Committee shall approve: (i) by delivery to the Company of other shares of Common Stock, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery equal to the Option Exercise Price (or portion thereof) due for the number of shares being acquired; (ii) by a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Option Exercise Price; (iii) by any combination of the foregoing methods; or (iv) in any other form of legal consideration that may be acceptable to the Committee. Unless otherwise specifically provided in the Option, the Option Exercise Price that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, shall be paid only by shares of Common Stock that have been held for more than six months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

6.5 Transferability of an Incentive Stock Option. An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

6.6 Transferability of a Non-qualified Stock Option. A Non-qualified Stock Option may, in the sole discretion of the Committee, be transferable to a Permitted Transferee, upon written approval by the Committee to the extent provided in the Award Agreement. If the Non-qualified Stock Option does not provide for transferability, then the Non-qualified Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

6.7 Vesting of Options. Each Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Committee may deem appropriate. The vesting provisions of individual Options may vary. No Option may be exercised for a fraction of a share of Common Stock. The Committee may, but shall not be required to, provide for an acceleration of vesting and exercisability in the terms of any Award Agreement upon the occurrence of a specified event.

6.8 Termination of Continuous Service. Unless otherwise provided in an Award Agreement or in an employment agreement the terms of which have been approved by the Committee, in the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (a) the date three months following the termination of the Optionholder's Continuous Service or (b) the expiration of the term of the Option as set forth in the Award Agreement; *provided that*, if the termination of Continuous Service is by the Company for Cause, all outstanding Options (whether or not vested) shall immediately terminate and cease to be exercisable. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Award Agreement, the Option shall terminate.

6.9 Disability of Optionholder. Unless otherwise provided in an Award Agreement, in the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (a) the date 12 months following such termination or (b) the expiration of the term of the Option as set forth in the Award Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein or in the Award Agreement, the Option shall terminate.

6.10 Death of Optionholder. Unless otherwise provided in an Award Agreement, in the event an Optionholder's Continuous Service terminates as a result of the Optionholder's death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death, but only within the period ending on the earlier of (a) the date 12 months following the date of death or (b) the expiration of the term of such Option as set forth in the Award Agreement. If, after the Optionholder's death, the Option is not exercised within the time specified herein or in the Award Agreement, the Option shall terminate.

6.11 Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds \$100,000, the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Non-qualified Stock Options.

6.12 Detrimental Activity. Unless otherwise provided in an Award Agreement, all outstanding Options (whether or not vested) shall immediately terminate and cease to be exercisable on the date on which an Optionholder engages in Detrimental Activity.

7. Restricted Awards. A Restricted Award is an Award of actual shares of Common Stock ("**Restricted Stock**") or an Award of hypothetical Common Stock Units ("**Restricted Stock Units**") having a value equal to the Fair Market Value of an identical number of shares of Common Stock. Restricted Awards may, but need not, provide that such Restricted Award may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation or for any other purpose for such period (the "**Restricted Period**") as the Committee shall determine. Each Restricted Award granted under the Plan shall be evidenced by an Award Agreement. Each Restricted Award so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

7.1 Restricted Stock. Each Participant granted Restricted Stock shall execute and deliver to the Company an Award Agreement with respect to the Restricted Stock setting forth the restrictions and other terms and conditions applicable to such Restricted Stock. If the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than delivered to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (A) an escrow agreement satisfactory to the Committee, if applicable and (B) the appropriate blank stock power with respect to the Restricted Stock covered by such agreement. If a Participant fails to execute an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and stock power, the Award shall be null and void. Subject to the restrictions set forth in the Award, the Participant generally shall have the rights and privileges of a shareholder as to such Restricted Stock, including the right to vote such Restricted Stock and the right to receive dividends.

7.2 Restricted Stock Units. The terms and conditions of a grant of Restricted Stock Units shall be reflected in an Award Agreement. No shares of Common Stock shall be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside funds for the payment of any such Award. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

7.3 Restrictions.

(a) Restrictions on Restricted Stock. Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award Agreement: (A) if an escrow arrangement is used, the Participant shall not be entitled to delivery of the stock certificate; (B) the shares shall be subject to the restrictions on transferability set forth in the Award Agreement; (C) the shares shall be subject to forfeiture to the extent provided in the applicable Award Agreement; and (D) to the extent such shares are forfeited, the stock certificates shall be returned to the Company, and all rights of the Participant to such shares and as a shareholder with respect to such shares shall terminate without further obligation on the part of the Company.

(b) Restrictions on Restricted Stock Units. Restricted Stock Units awarded to a Participant shall be subject to (A) forfeiture until the expiration of the Restricted Period and satisfaction of any applicable performance goals during such period, to the extent provided in the applicable Award Agreement, and to the extent such Restricted Stock Units are forfeited, all rights of the Participant to such Restricted Stock Units shall terminate without further obligation on the part of the Company and (B) such other terms and conditions as may be set forth in the applicable Award Agreement.

(c) Committee Discretion to Remove Restrictions. The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock or Restricted Stock Units whenever it may determine that, by reason of changes in Applicable Laws or other changes in circumstances arising after the Grant Date, such action is appropriate.

7.4 Restricted Period. The Restricted Period shall commence on the Grant Date and end at the time or times set forth on a schedule established by the Committee in the applicable Award Agreement; *provided, however*, that notwithstanding any such vesting dates, the Committee may in its sole discretion accelerate the vesting of any Restricted Award at any time and for any reason. The Committee may, but shall not be required to, provide for an acceleration of vesting in the terms of any Award Agreement upon the occurrence of a specified event.

7.5 Delivery of Restricted Stock and Settlement of Restricted Stock Units. Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in Section 7.3(a) and the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Participant, or his or her beneficiary, without charge, the stock certificate evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (to the nearest full share). Upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or his or her beneficiary, without charge, one share of Common Stock for each outstanding Restricted Stock Unit; *provided, however*, that if explicitly provided in the Award Agreement, the Committee may, in its sole discretion, elect to pay part cash or part cash and part Common Stock in lieu of delivering only shares of Common Stock for vested Restricted Stock Units. If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the Fair Market Value of the Common Stock as of the date on which the Restricted Period lapsed.

No Restricted Award may be granted or settled for a fraction of a share of Common Stock.

8. Securities Law Compliance.

8.1 Securities Registration. No Awards shall be granted under the Plan and no shares of Common Stock shall be issued and delivered upon the exercise of Options granted under the Plan unless and until the Company and/or the Participant have complied with all applicable federal and state registration, listing and/or qualification requirements and all other requirements of law or of any regulatory agencies having jurisdiction.

8.2 Representations; Legends. The Committee may, as a condition to the grant of any Award or the exercise of any Option under the Plan, require a Participant to (i) represent in writing that the shares of Common Stock received in connection with such Award are being acquired for investment and not with a view to distribution and (ii) make such other representations and warranties as are deemed appropriate by counsel to the Company. Each certificate representing shares of Common Stock acquired under the Plan shall bear a legend in such form as the Company deems appropriate.

9. Use of Proceeds from Stock. Proceeds from the sale of Common Stock pursuant to Awards, or upon exercise thereof, shall constitute general funds of the Company.

10. Miscellaneous.

10.1 Acceleration of Exercisability and Vesting. The Committee shall have the power to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

10.2 Shareholder Rights. Except as provided in the Plan or an Award Agreement, no Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until such Participant has satisfied all requirements for exercise or settlement of the Award pursuant to its terms (including any obligation to execute the Shareholders' Agreement) and no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions of other rights for which the record date is prior to the date such Common Stock certificate is issued, except as provided in Section 11 hereof.

10.3 No Employment or Other Service Rights. Nothing in the Plan or any instrument executed or Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or shall affect the right of the Company or an Affiliate to terminate (a) the employment of an Employee with or without notice and with or without Cause or (b) the service of a Director pursuant to the By-laws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

10.4 Transfer; Approved Leave of Absence. For purposes of the Plan, no termination of employment by an Employee shall be deemed to result from either (a) a transfer of employment to the Company from an Affiliate or from the Company to an Affiliate, or from one Affiliate to another, or (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the Employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing, in either case, except to the extent inconsistent with Section 409A of the Code if the applicable Award is subject thereto.

10.5 Withholding Obligations. To the extent provided by the terms of an Award Agreement and subject to the discretion of the Committee, the Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Common Stock under an Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (a) tendering a cash payment; (b) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the exercise or acquisition of Common Stock under the Award, *provided, however*, that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law; or (c) delivering to the Company previously owned and unencumbered shares of Common Stock of the Company.

11. Adjustments Upon Changes in Stock. In the event of changes in the outstanding Common Stock or in the capital structure of the Company by reason of any stock or extraordinary cash dividend, stock split, reverse stock split, an extraordinary corporate transaction such as any recapitalization, reorganization, merger, consolidation, combination, exchange, or other relevant change in capitalization occurring after the Grant Date of any Award, Awards granted under the Plan and any Award Agreements, the exercise price of Options and the maximum number of shares of Common Stock subject to Awards stated in Section 4 will be equitably adjusted or substituted, as to the number, price or kind of a share of Common Stock or other consideration subject to such Awards to the extent necessary to preserve the economic intent of such Award. In the case of adjustments made pursuant to this Section 11, unless the Committee specifically determines that such adjustment is in the best interests of the Company or its Affiliates, the Committee shall, in the case of Incentive Stock Options, ensure that any adjustments under this Section 11 will not constitute a modification, extension or renewal of the Incentive Stock Options within the meaning of Section 424(h)(3) of the Code and in the case of Non-qualified Stock Options, ensure that any adjustments under this Section 11 will not constitute a modification of such Non-qualified Stock Options within the meaning of Section 409A of the Code.

12. Effect of Change in Control.

12.1 In the event of a Change in Control, the Committee may, but shall not be obligated to:

(a) accelerate, vest or cause the restrictions to lapse with respect to all or any portion of any Award;

(b) cancel Awards and cause to be paid to the holders of vested Awards the value of such Awards, if any, as determined by the Committee, in its sole discretion, it being understood that in the case of any Option with an Option Exercise Price that equals or exceeds the price paid for a share of Common Stock in connection with the Change in Control, the Committee may cancel the Option without the payment of consideration therefor;

(c) provide for the issuance of substitute Awards or the assumption or replacement of such Awards; or

(d) provide written notice to Participants that for a period of at least ten days prior to the Change in Control, such Awards shall be exercisable, to the extent applicable, as to all shares of Common Stock subject thereto and upon the occurrence of the Change in Control, any Awards not so exercised shall terminate and be of no further force and effect.

12.2 The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

13. Amendment of the Plan and Awards

13.1 Amendment of the Plan. The Board at any time, and from time to time, may amend or terminate the Plan. However, except as provided in Section 11 relating to adjustments upon changes in Common Stock and Section 13.3, no amendment shall be effective unless approved by the shareholders of the Company to the extent shareholder approval is necessary to satisfy any Applicable Laws. At the time of such amendment, the Board shall determine, upon advice from counsel, whether such amendment will be contingent on shareholder approval.

13.2 Shareholder Approval. The Board may, in its sole discretion, submit any other amendment to the Plan for shareholder approval.

13.3 Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees, Consultants and Directors with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options or to the nonqualified deferred compensation provisions of Section 409A of the Code and/or to bring the Plan and/or Awards granted under it into compliance therewith.

13.4 No Impairment of Rights. Rights under any Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

13.5 Amendment of Awards. The Committee at any time, and from time to time, may amend the terms of any one or more Awards; *provided, however*, that the Committee may not affect any amendment which would otherwise constitute an impairment of the rights under any Award unless (a) the Company requests the consent of the Participant and (b) the Participant consents in writing.

14. General Provisions

14.1 Clawback; Forfeiture. Notwithstanding anything to the contrary contained herein, the Committee may, in its sole discretion, provide in an Award Agreement or otherwise that the Committee may cancel such Award if the Participant has engaged in or engages in any Detrimental Activity. The Committee may, in its sole discretion, also provide in an Award Agreement or otherwise that (i) if the Participant has engaged in or engages in Detrimental Activity, the Participant will forfeit any gain realized on the vesting, exercise or settlement of any Award, and must repay the gain to the Company and (ii) if the Participant receives any amount in excess of what the Participant should have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with Applicable Laws.

14.2 Shareholders' Agreement. In connection with the grant, vesting and/or exercise of any Award under the Plan, the Committee may require a Participant to execute and become a party to the Shareholders' Agreement as a condition of such grant, vesting and/or exercise. The Shareholders' Agreement may contain restrictions on the transferability of shares of Common Stock acquired under the Plan (such as a right of first refusal or a prohibition on transfer) and such shares may be subject to call rights and drag-along rights of the Company and certain of its investors. The Company shall also have any repurchase rights set forth in the Shareholders' Agreement or any Award Agreement.

14.3 Sub-plans. The Committee may from time to time establish sub-plans under the Plan for purposes of satisfying blue sky, securities, tax or other laws of various jurisdictions in which the Company intends to grant Awards. Any sub-plans shall contain such limitations and other terms and conditions as the Committee determines are necessary or desirable. All sub-plans shall be deemed a part of the Plan, but each sub-plan shall apply only to the Participants in the jurisdiction for which the sub-plan was designed.

14.4 Unfunded Plan. The Plan shall be unfunded. Neither the Company, the Board nor the Committee shall be required to establish any special or separate fund or to segregate any assets to assure the performance of its obligations under the Plan.

14.5 Recapitalizations. Each Award Agreement shall contain provisions required to reflect the provisions of Section 11.

14.6 Delivery. Upon exercise of a right granted under this Plan, the Company shall issue Common Stock or pay any amounts due within a reasonable period of time thereafter. Subject to any statutory or regulatory obligations the Company may otherwise have, for purposes of this Plan, 30 days shall be considered a reasonable period of time.

14.7 No Fractional Shares. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan. The Committee shall determine whether cash, additional Awards or other securities or property shall be issued or paid in lieu of fractional shares of Common Stock or whether any fractional shares should be rounded, forfeited or otherwise eliminated.

14.8 Other Provisions. The Award Agreements authorized under the Plan may contain such other provisions not inconsistent with this Plan, including, without limitation, restrictions upon the exercise of the Awards, as the Committee may deem advisable.

14.9 Section 409A. The Plan is intended to comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant's termination of Continuous Service shall instead be paid on the first payroll date after the six-month anniversary of the Participant's separation from service (or the Participant's death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any additional tax or penalty on any Participant under Section 409A of the Code and neither the Company nor the Committee will have any liability to any Participant for such tax or penalty.

14.10 Disqualifying Dispositions. Any Participant who shall make a "disposition" (as defined in Section 424 of the Code) of all or any portion of shares of Common Stock acquired upon exercise of an Incentive Stock Option within two years from the Grant Date of such Incentive Stock Option or within one year after the issuance of the shares of Common Stock acquired upon exercise of such Incentive Stock Option (a "**Disqualifying Disposition**") shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such shares of Common Stock.

14.11 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries by whom any right under the Plan is to be exercised in case of such Participant's death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

14.12 Expenses. The costs of administering the Plan shall be paid by the Company.

14.13 Severability. If any of the provisions of the Plan or any Award Agreement is held to be invalid, illegal or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

14.14 Plan Headings. The headings in the Plan are for purposes of convenience only and are not intended to define or limit the construction of the provisions hereof.

14.15 Non-Uniform Treatment. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who are eligible to receive, or actually receive, Awards. Without limiting the generality of the foregoing, the Committee shall be entitled to make non-uniform and selective determinations, amendments and adjustments, and to enter into non-uniform and selective Award Agreements.

15. Termination or Suspension of the Plan. The Plan shall terminate automatically on May 15, 2029. No Award shall be granted pursuant to the Plan after such date, but Awards theretofore granted may extend beyond that date. The Board may suspend or terminate the Plan at any earlier date pursuant to Section 13.1 hereof. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

16. Choice of Law. The law of the State of Nevada shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of law rules.

As adopted by the Board of Directors of the Company on May 15, 2019.

As approved by the shareholders of the Company on May 15, 2019.

UMBRLA, INC.

AMENDMENT TO 2019 EQUITY INCENTIVE PLAN

This Amendment (this "**Amendment**") to the 2019 Equity Incentive Plan (the "**Plan**") of UMBRLA, Inc., a Nevada corporation (the "**Corporation**"), is made and entered into effective as of March 1, 2020.

Pursuant to the authorization granted by the Board of Directors of the Corporation as of March 9, 2020 and in accordance with Section 13 of the Plan and the approval of the stockholders of the Corporation as of March 13, 2020, the Plan is hereby amended as follows:

1. Section 4.1 of the Plan is hereby amended by deleting the number "18,000,000" and replacing such number with "37,500,000" reflecting an increase in the number of shares of Common Stock (as such term is defined in the Plan) available for issuance under the Plan.
2. Except as expressly amended hereby, the Plan shall remain in full force and effect with no further amendments, modifications, or changes.

IN WITNESS WHEREOF, the Corporation has duly executed this Amendment to be effective as the date first above written.

UMBRLA, INC.

By: _____
Name: Dallas Imbimbo
Title: Chief Executive Officer

UMBRLA, INC.

SECOND AMENDMENT TO 2019 EQUITY INCENTIVE PLAN

This Second Amendment (this "**Amendment**") to the 2019 Equity Incentive Plan (the "**Plan**") of UMBRLA, Inc., a Nevada corporation (the "**Corporation**"), is made and entered into effective as of October 22, 2020.

Pursuant to the authorization granted by the Board of Directors of the Corporation as of October 22, 2020 and in accordance with Section 13 of the Plan and the approval of the stockholders of the Corporation as of October 22, 2020, the Plan is hereby amended as follows:

1. Section 4.1 of the Plan is hereby amended by deleting the number "37,500,000" and replacing such number with "55,000,000" reflecting an increase in the number of shares of Common Stock (as such term is defined in the Plan) available for issuance under the Plan.
2. Except as expressly amended hereby, the Plan shall remain in full force and effect with no further amendments, modifications, or changes.

IN WITNESS WHEREOF, the Corporation has duly executed this Amendment to be effective as the date first above written.

UMBRLA, INC.

By: _____
Name: Dallas Imbimbo
Title: Chief Executive Officer

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

I, Francis Knuettel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Unrivaled Brands, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 16, 2021

By: /s/ Francis Knuettel II
Francis Knuettel II
Chief Executive Officer and Director

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

I, Jeffrey Batliner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Unrivald Brands, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 16, 2021

By: /s/ Jeffrey Batliner

Jeffrey Batliner
Chief Financial Officer

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

In connection with the Quarterly Report of Unrivald Brands, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021 (the "Form 10-Q"), I, Francis Knuettel II, Chief Executive Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company's Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

By: /s/ Francis Knuettel II

Francis Knuettel II
Chief Executive Officer and Director

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

In connection with the Quarterly Report of Unrivald Brands, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021 (the "Form 10-Q"), I, Jeffrey Batliner, Chief Financial Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, that the Company's Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

By: /s/ Jeffrey Batliner

Jeffrey Batliner
Chief Financial Officer